



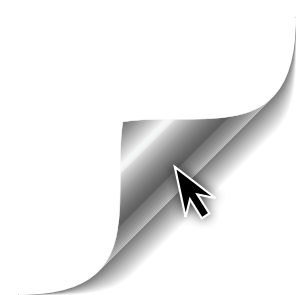
A retail
TouchPoints
E-Book

The Store:

The Intersection Of All Channels

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How Innovative Companies Are Using Unique Strategies & Channels To Drive Margin Expansion

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Cautious Optimism Buoy Consumerism

Although consumer spending continues to have its ups and downs since the height of the recent recession, retailers can be cautiously optimistic that retail spending will not take another swift fall.

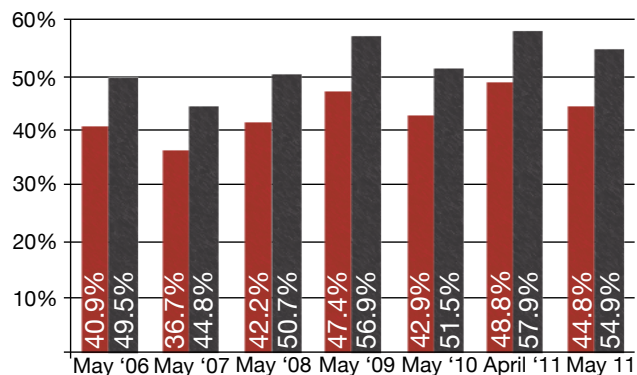
In part, shoppers have what some industry experts refer to as “frugality fatigue” — they are simply tired of not spending. That said, they are not likely to

return to frivolous spending. Today’s shoppers are much more conscious of where every penny is going; they are looking for deals and sales on the products they desire. With the growth of mobile technology and the ability to find information on products and pricing in real time, consumers are better educated and are not willing to settle, or make as many impulse purchases. Recent BIGresearch data shows that consumers are more focused on “needs” than “wants” and have become more practical when making purchase decisions (see chart).

Practicality in Purchasing

In the last 6 months, have you made any of the following changes?

Adults 18+



Upward
Trend
Continues

■ I have become more practical and realistic in my purchases

■ I focus more on what I NEED rather than what I WANT.

BIGresearch Consumer Intentions & Actions Survey, May 2011



Yet, year-over-year (y/y) and month-to-month, shopping is on the rise. Retail spending was up 8.1% y/y as of September 2011, according to the U.S. Economic Statistics (USECON) database from Haver Analytics. A selection of specific retail segments has fared particularly well, year-over-year. Clothing & accessory stores grew 7.6%; general merchandise grew 4.5%; and furniture & appliances were up 1.5%.

Retailers know that the stakes are high when it comes to increasing sales, improving loyalty and growing revenue. In order to reach those goals,

Retailers that fail to introduce processes and technology to capitalize on cross-channel shopping across key customer touch points will fall behind their competitors.

**- Gartner,
*Key Issues for Retail 2011***

cross-channel consistency is key. If retailers don't achieve cross-channel consistency, they may be faced with immediate and serious risk of losing current and future customers.

To that end, **social media** and **mobile technology** could be the culprits behind this demise. By 2015 as many as 75% of consumers, up from 25% in 2010, will tell their friends about bad experiences using social media, according to Ed Thompson from Gartner in the report *Key Issues for Customer Experience Management, 2011*. Retailers simply cannot afford this type of bad press. "Retailers that fail to introduce processes and technology to capitalize on cross-channel shopping across key customer touch points will fall behind their competitors," Gartner asserted in its *Key Issues for Retail 2011* report.

Meeting Consumers Where They Shop

Engaging with consumers at their channel of choice is a key element in the quest for overall cross-channel success. Consumers are increasingly responding to personalized merchandising opportunities and product recommendations. In fact, 39% of consumers say these tactics motivate them to purchase a product often to once in a while, according to the e-tailing group in its 2011 study titled *Consumer Insights Into Multi-Channel Interactions: Practical Tools For Profitable Selling*.

"It's encouraging to see that retailers are completely aware that the customer is driving the bus here," added Steve Rowen of RSR Research. "From a consumer perspective, the more free and actionable the flow of product and brand information, the better." Rowen noted that as many as 75% of retailers agree that social media helps round out the retail consumer experience; and 72% say the customer is forcing them to have a social media presence in the first place.

Even in today's challenging economy, when retailers have their eye on cost containment, improving customer service remains a top priority. Close to

70% of retailers cited a customer service strategy as a leading priority, a 13% increase over 2010, according to the National Retail Federation (NRF) in its 2011 *Retail Horizons* report.

Retailers are working towards improved customer service, and increased revenue and profitability, with investments in technology solutions and services that are designed to improve customer-centricity and create more efficient store operations. Some of the challenge areas retailers are specifically attuned to include:

- **Hyper-focused CRM** — meeting the needs of the individual consumer
- **Consistent Cross-Channel retail** — with the store as the center of operations
- **Mobile technology** — an ingredient in all go-forward strategies

To address these challenges, retailers are employing **5 strategies** outlined in this E-book.



1. Retailing in a Social World

Today's retailers must join the social world that consumers are now increasingly involved in. Consumers are using social media to gather information, share reviews and comments, and purchase products via social commerce sites. Retailers must be where their shoppers are and participate in a relevant and effective manner. Social media analytics will help retailers understand how

their target market thinks and acts, and how they can reach out via social media to those shoppers.

It's also important for retailers to know exactly how consumers are participating in social networking or community sites. The largest portion (35%) of social media users log on to Enthusiast/Specialty Blogs or other sites that offer a high level of personal interest, according to *The 2011 Social Shopping Study* from the e-tailing group and PowerReviews. Another 31% join communities on their favorite retail sites; 30% tap into their favorite manufacturer sites; 30% also become fans of their favorite manufacturers; and 29% join their favorite retailers' fan pages.

Retailers can take advantage of the benefits of social media in a number of ways, beginning with social media merchandising. "On the promotion side, social media allows you to understand what the community is doing and who influences who," said Andrea Morgan, Vice President, Product Strategy and Solution Marketing at Oracle Retail. "In terms of assortment, it allows you to much better target the assortment and be much closer to where your customers want you to be. More traditionally, the



merchandiser made the decisions in terms of assortments; now the customers in the communities can help shape those merchandising decisions.”

Industry-leading retailers are combining social media initiatives with a holistic cross-channel strategy.

Best Buy, for example, is using the gamut of social media tactics to reach customers, including blogs, social networking tools, forums and video. In the **forums**, shoppers can join “Product Discussions” to share information and learn about specific

products. On **Facebook**, Best Buy has added “Shop + Share” to allow users to view weekly ads and current promotions. Via **Twitter**, Best Buy posts blog updates, product releases, promotions, and new store locations. Additionally, the retailer uses Twitter to respond to customers’ questions and complaints. The company also houses an area called **Connect** to give employees a voice; and **IdeaX** – a community for shoppers to share feedback.

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- *the e-tailing group and PowerReviews, The 2011 Social Shopping Study*



2. Optimizing Cross-Channel Merchandising and Product Assortment

Armed with mobile technology, shoppers expect to have the same customer experience and access consistent information across all channels. Facilitating data consistency across all channels will allow retailers to facilitate product fulfillment, including order/delivery if items are out-of-stock, or other shipping/delivery/pickup options. Additionally, retailers can use this consistent information stream to more effectively merchandise products in-store, online and via mobile apps.



With the implementation of Oracle Retail store applications, Stein Mart is aiming to optimize store performance by aligning merchandise with customer demand.

Retail “winners,” as defined by RSR Research, have been focused on providing cross-channel shipping/delivery/pickup options for their customers. Close to 80% of retail winners offer buy-online/return in-store; 68% allow shoppers to buy in-store/fulfill through online/direct; and another 68% facilitate mobile purchasing, according to the July 2011 report titled “Enabling Buy Anywhere/Get Anywhere: The Future of Cross-Channel.” **Best Buy** has been an industry leader in this area, as one of the first retailers to offer buy online/pickup in store. To further enhance this type of offering, recently the electronics retailer added buy online/allow a friend or family member to pick up in-store.

As part of a merchandising and inventory overhaul, **Stein Mart** implemented a broad suite of Oracle Retail store, merchandising and planning applications. With this implementation, the 267-location department store retailer is aiming to optimize store performance by aligning merchandise with customer demand. “Stein Mart’s investment in merchandising and planning operations is a critical part of our long-term strategy to transform the business,” said Andrew Black, Chief Information Officer of Stein Mart. “We selected Oracle because

of the company’s proven track record helping retailers to drive business value and ability to sustain a long-term partnership with Stein Mart.”

Alltel also has taken the reigns in terms of inventory management. Using Oracle Retail store and inventory management solutions, Alltel is now able to improve customer service through better localized assortments, improve stock availability and turnover — with real-time access to store inventory, and better understand customers’ purchase history in order to prepare more effective future inventory allocations.

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return in-store; 68% allow shoppers to buy in-
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- RSR Research,
*Enabling Buy Anywhere/Get Anywhere:
The Future of Cross-Channel*



3. The New Era of POS

While POS systems remain the “point of sale” in the store, they have morphed into the heart of the retail operation and become the “point of service.” Beyond sales transactions, a number of service- and loyalty-related activities occur at the POS. To keep pace with the consumer demands and expectations related to the POS, retailers must make sure their technology is up to the job.

Wet Seal, for one, recently replaced its entire point-of-sale system with Oracle Retail Point-of-Service in order to reach its goals of assortment localization, transparency, and personalization. Now the 500-store retailer’s complex promotions are automated and executives can see sales and real-time inventory data that allows them to provide information to consumers so they know where they can get the products. The system also allows the merchant to provide customized promotions at the Point of Service.

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Mobile technology also is playing a key role in the new era of the POS. Mobile provides a multitude of opportunities for retailers to engage consumers, from pre-purchase researching to post-purchase promotions and feedback. Merchants that implement mobile applications, solutions and services will have a leg up on the competition. Some of the opportunities forward-thinking retailers are taking advantage of include providing real-time, customized messages and offers to consumers in-store via SMS and mobile applications; and localization applications that draw shoppers into a store when they are nearby.



Disney Store created a big splash with its implementation of mobile POS in 2010. In November 2010 Disney Store completed initial rollout of Oracle Retail Point of Service into its global network of stores worldwide. SkillNet (partner and systems integration company) helped to complete the initial rollout into seven countries including the U.S., Canada, Spain, Portugal, Italy, France, and the UK. Global deployment has continued in 2011 across Denmark, Belgium, and Ireland with further geographical opportunity to present itself in 2012. The point of service implementation is helping customers get through

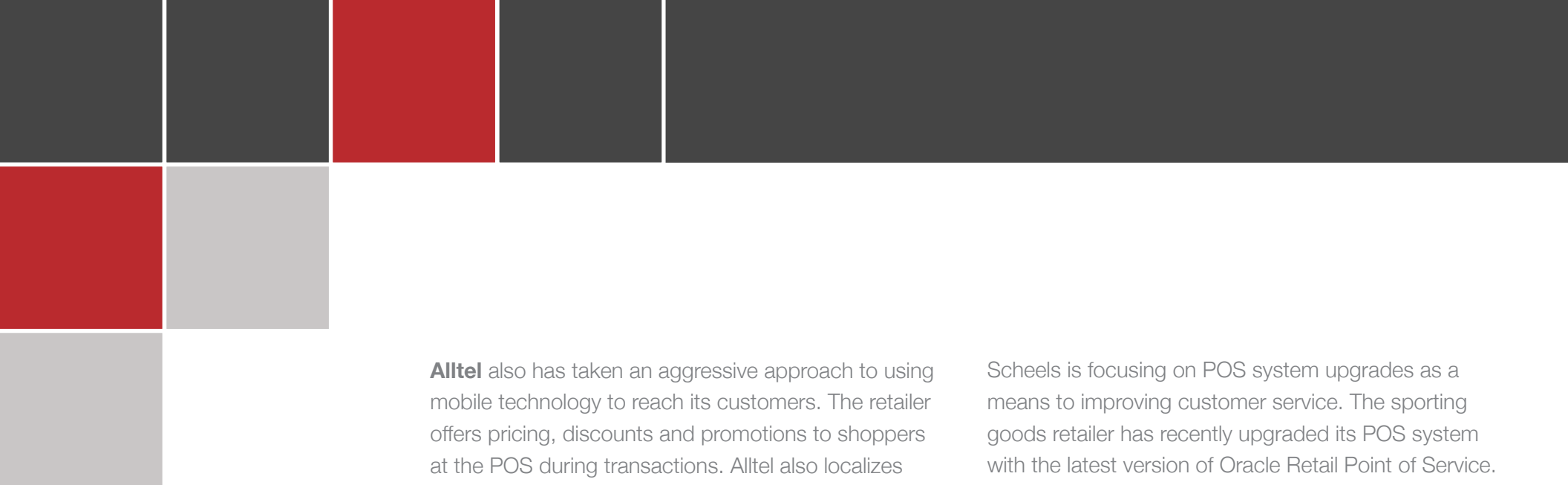
During the 2010 holiday season at Disney Store, mobile sales accounted for 15% to 18% of total sales in the stores that implemented mobile POS. For the 2011 holiday season, 140 of the 200 U.S. stores have been outfitted with mobile POS.

*- Paul Gainer,
Disney Store Worldwide*

checkout quicker and more efficiently. Additionally mobile POS, implemented with Oracle and partner InfoGain, is allowing customers to complete their transactions in the aisle and at different locations throughout the store.

While improving the in-store experience for customers, the new Point of Service delivered a 2% to 2.5% increase in comp store sales during a holiday season 12-store test of the system, versus the non-test stores, all other variables equal, according to Paul Gainer, VP and General Manager, North America for Disney Store Worldwide. This is significant for the retailer, he explained, noting that on Black Friday alone Disney Store typically have 300-500 guests in line at midnight.

Mobile also has proven to be a successful addition to checkout at Disney Store. During the 2010 holiday season, in the stores that implemented mobile POS, mobile sales accounted for 15% to 18% of total sales, Gainer reported. For the 2011 holiday season, 140 of the 200 U.S. stores have been outfitted with mobile POS.



Alltel also has taken an aggressive approach to using mobile technology to reach its customers. The retailer offers pricing, discounts and promotions to shoppers at the POS during transactions. Alltel also localizes promotions, discounts and offers based on the shoppers' customer designation, store or market.

When implementing the new POS system with Oracle Retail, the wireless communications provider had very specific goals in mind. Following the implementation, Alltel achieved the following results:

- Reduced complexity/steps for sales team
- Streamlined the payment process
- Improved design minimized custom screens
- Successfully integrated Oracle cash and inventory management tools

Scheels is focusing on POS system upgrades as a means to improving customer service. The sporting goods retailer has recently upgraded its POS system with the latest version of Oracle Retail Point of Service. "It provides an interface that makes our cashiers more efficient so they can spend more time talking to the customer," said Marc Windahl, Vice President of Information Technology, Scheels. In researching point of sale systems, he continued: "We were literally growing out of the current system. The Oracle (Retail) POS system scored the highest and stayed consistent in terms of where we believe a point of sale system needs to go. Oracle (Retail) POS has allowed us at a lower cost to meet our current needs and prepare for the future because it's architecture makes is easier for us to add things to it...and we can plug other things into that architecture." The retailer is currently leveraging the Oracle retail Stores platform to implement a solution that will provide feedback to customers on special order transactions.

4. Employee Motivation and Customer Engagement: The Heart of the Retail Store

Many retail organizations have streamlined their staff in order to cut down on expenses. To educate and motivate this pared-down workforce, retailers are turning to mobile technology for employee empowerment through cross-channel data exchange. With mobile applications, merchants can easily conduct education and training, including sharing one store's success visually with another store.

When store associates are engaged and motivated, customer service improves. The end result is increased loyalty, increased sales, larger baskets, more upsells and cross-sells and an overall revenue spike. With mobile devices in hand, store associates can provide better customer service by accessing real-time shopper information; and completing purchases on the store floor with mobile checkout, cutting down on line queues and speeding the entire purchase process.

As many as 27% of retailers already have armed their store associates with tablets and/or smart phones, and another 27% plan to add the devices to their employee arsenal, according to the September 2011 *Cross-Channel Checkup* report conducted by Retail TouchPoints. The benefits of these implementations are substantial. More than 75% of retailers report that, with mobile devices, store associates are better informed and therefore more confident in their jobs; and 66% said their store associates can provide a higher level of service.



Disney Store has taken mobile to the next level by providing the Apple iPod Touch devices to store associates.



“Mobile technology is altering the retail landscape, creating an array of opportunities for merchants and communications service providers,” added Dan Ford, Vice President of Product Marketing, Oracle Communications. “Oracle’s *Mobile Trends: Consumer Views of Mobile Shopping and Mobile Service Providers* report demonstrated the importance of streamlining mobile and retail services to enhance sales and the customer experience. This includes synchronizing billing and operating support systems as well as ensuring optimal network functionality.”

A total of 48% of consumers used their mobile devices in 2011 to research or browse products and services, an 11% increase from 2010 and a 21% rise from 2009.

**- Oracle,
*Mobile Trends: Consumer Views of
Mobile Shopping and Mobile Service Providers***

The Mobile Trends report outlined the growth of personal use of mobile devices, prompting retailers to arm store associates with similar or better devices. A total of 48% of consumers used their mobile devices to research or browse products and services, an 11% increase from the previous year and a 21% rise from 2009. As mobile technology reaches a saturation point in consumer use, retailers must respond in kind.

Best Buy has provided some store associates with iPads and has developed both mobile applications and a mobile web site (m.bestbuy.com), in addition to SMS marketing campaigns. While in the store or before arriving, shoppers can plug in their zip code to Best Buy’s Remix program to find out what products are available in a local store.

Disney Store has taken mobile to the next level by providing the Apple iPod Touch devices to store associates. Via the iPod Touch, associates can not only tender transactions, but conduct product lookup, print gift receipts and suspend the transaction if the customer needs to complete it at the cash wrap.

5. Harnessing The Latest In-Store Technologies

There's no ignoring the technology revolution. Digital signage, QR codes, SMS marketing, mobile apps and web sites, and kiosks are all playing a role in bringing more information, offers and customized promotions to individual customers.

Pep Boys has enhanced the availability of product information and promotions in-store via digital signage. While waiting for a service repair, customers have a real-time, dynamic view of the latest Pep Boys products and promotions.



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Using QR codes in-store, **Best Buy** is allowing customers to use their mobile devices to learn about products and services while browsing products.

By integrating mobile initiatives with the in-store experience, retailers can optimize quality of customer service, said David Dorf, Senior Director of Technology Strategy for Oracle Retail. For example, retailers can leverage mobile technology as their “little black book” to capture customer information, and analyze browsing and buying behaviors. This technique will help store associate recommend the right products, and encourage cross-sells and upsells to shoppers on the store floor. “Brick-and-mortar is still alive and well,” he added. “Mobile is actually going to increase the consumer experience while they’re shopping, so retailers need to embrace it.”

But, while many retailers have implemented mobile web sites and mobile applications, the future of mobile applications is under debate. “I think apps are temporary,” Dorf noted. “The rich, multimedia experience with applications is great and that’s why consumers use them. But from a retailer perspective it’s a pain to provide that on different platforms, such as Apple iOS, Android and Windows. I think in the

long-term, HTML5 will be the top resource because it allows retailers to create an application that works across all platforms. It provides that rich experience right from the browser.” Dorf advises that retailers leverage short message service (SMS) to gain shopper attention and send digital coupons, and release an app as a vehicle to deliver more in-depth content.

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**- David Dorf,
Oracle Retail**





Conclusion: Merging Channels to Delight Customers and Deliver Profits

Improving the overall customer experience is the end game for retailers today. Embracing the concept and strategies around consistent cross-channel messaging is the strategy merchants need to adopt to reach the goal.

As channels have proliferated, merchants have had to move beyond the printed circular and word-of-mouth to bring new customers into the store and create loyal brand advocates.

This E-book has outlined 5 strategies that industry-leading retailers are adopting in their efforts to forge long-term success and staying power.

As merchants are entering the world of social media, updating their Point of Service offerings, improving inventory functionality and working to motivate employees, they can't ignore the fact that mobile technology is a key component in each strategy. The power of mobile is cemented by recent industry research, including an Oracle retail consumer survey. Retailers can't afford to ignore that power and find ways to bring mobile technology to the forefront of their operations.



About Oracle

Oracle provides retailers with a complete, open and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their business. 20 of the top 20 retailers worldwide — including fashion, hardlines, grocery and specialty retailers — use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels.

To learn more, please visit oracle.com/goto/retail or email oneretailvoice_ww@oracle.com to contact an Oracle representative.



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