

RETAIL

SMARTER **retailing**

Constant motion. Growth of global big-box retailers continues to squeeze the business outlook for small- and medium-size companies. To survive, these retailers must find smarter ways to compete that are not based just on price.

The Internet has also had a significant impact on the retail industry by switching pricing power from the retailer to the consumer. However, there are still many opportunities for small- and medium-size retailers. Today's sophisticated shoppers are looking for knowledgeable merchants who offer unique products that can't be found in the big box stores.

Running a competitive retail operation in today's ever-changing retail environment is not as easy as it sounds. Inventory management is a constant challenge. Retailers must find ways to optimize this asset while keeping all products, especially the in-demand products, in stock. Finding and keeping customers is also vital to success. A retailer can lose a customer over one bad experience. For instance, a customer who can't find a product or gets stuck in a long checkout line is likely to "cross the street" to a competitor's store. Operational efficiency is crucial to a retailer's success.

To thrive in this competitive environment, small- to medium-size retailers must become smarter in the way they deploy retail management technologies. Fortunately, the price of retail and business management technology has come down, while software functionality rivals that of systems run by the largest retailers.

Smarter Operations

Using advanced technology, smaller retailers are finding they can source and deliver more differentiated product offerings

and superior customer service, even as they lower costs and increase profitability.

For retailers operating a single store or small chain, Microsoft® Business Solutions offers an integrated, easy-to-use collection of point-of-sale (POS) and store management tools. Everything for an expanding, full-size store is included in these computing solutions — transaction processing, customer profiling, inventory management, reporting, integration, and central accounting.

For medium-size retailers operating in centralized environments, robust enterprise resource planning (ERP) systems can support warehouse management, distribution, payroll, and customer relationship management (CRM) functionalities all integrated on one platform. Back-office financial and inventory management systems that integrate with robust POS systems provide centralized merchandising and purchasing for smoother coordination among multiple stores across different geographic areas. Technologies like radio frequency identification (RFID), self-checkout, and wireless devices are poised to boost operational productivity in the stores and across the supply chain.

Smarter Selling

Retail associates are on the front line and need to be focused on assisting customers — not stocking shelves. With flexible IT solutions, associates can work with a customizable POS screen to help them check prices and availability, locate stock instantly, and improve the quality of customer interactions.

MANAGE TO **win**

Customer Success Philadelphia Eagles

When the Philadelphia Eagles, an NFL football franchise located in Philadelphia, Pennsylvania, built their new stadium, their new retail capacity required a more sophisticated merchandising system. Microsoft Business Solutions, integrated with an independent software vendor (ISV) POS solution from Compass Technologies, provides the Eagles with visibility into game-day sales in a near real-time environment. Maximizing the features within their solution allows their staff to manage cash flow and track inventory as 68,000 fans enter and exit from the stadium within a six-hour window.

"Our motto has always been 'Prior Planning Prevents Poor Performance.' We took that on-field philosophy and have successfully applied it to our retail operations."

Greg McDonald :: Assistant Controller — Operations, Philadelphia Eagles

Software can give sales clerks access to complete customer information, process returns, backorders, and layaways to meet specific customer purchasing needs. The integrated customer tracking features encourage the retail staff to up-sell and cross-sell more items more aggressively.

Transaction systems accept multiple forms of payment like cash, check, credit card, gift certificates, gift vouchers, coupons, government stamps, and store credit accounts. They also include integrated credit and debit card processing—eliminating the need for card payment terminals and ensuring fast, secure card processing. Automated processes make it easier to balance multiple tenders efficiently and accurately.

Smarter Shopping

Profitability is directly connected to attracting and, more importantly, keeping customers. Research shows that acquiring new customers can cost four to five times as much as reselling to existing customers. CRM capabilities help retailers gather, analyze, and use customer data to better respond to customer needs. The software can track the interactions between sales and service employees and customers. Each interaction can be recalled individually or combined to create a complete 360-degree customer view.

With accurate customer data in hand, in-store staff can respond quickly to customer needs with efficient, personalized service that can turn a single purchase into a lasting and profitable customer relationship. Associates can also expedite checkouts, target customer preferences to offer up-sells and cross-sells, and implement automatic discounts for frequent shoppers to build loyalty.

Beyond the four walls of the store, retailers can reach customers through the Internet. A robust IT infrastructure can provide all the tools for Internet retailing, including Web site setup, Web shopping cart capability, and business-to-consumer (B2C) e-commerce functionality using secure credit card transactions.



Customer Success World Lux, Inc.

World Lux, Inc. sells a wide range of luxury men's accessories through their mail-order catalog, Web site, and downtown retail location in Seattle, Washington. Installing Microsoft Retail Management System instantly resolved stability problems and gave staff and management instant access to needed information on-screen or in printed or e-mailed reports. A simple interface from their Microsoft partner sends Web orders into the Microsoft Retail Management System.

"This is the system we needed for years. Microsoft Retail Management System gives me the bullet-proof accuracy that IT needs as a bedrock. You need simple, one-time data entry, unequivocal data retention, universal use of that data, and reporting muscle that shows the facts the way different people need them. We got it all in the Microsoft Retail Management System."

Nate Hogle :: IT Director, World Lux, Inc.



Powerful, Flexible Inventory Management

The greatest financial asset a retailer owns is their inventory. Managing inventory levels that satisfy customers and yet don't overtax costly warehouse space is critical for a retailer of any size. Without a centralized view into store operations, merchandise management is little more than a guessing game.

Inventory management applications are available for small retailers to support optimization of their inventory turnover ratio. It is now possible to cost-effectively track inventory sales by SKU and calculate turnover ratios for a single item, merchandise category, or for an entire retail operation. For medium-size retailers, more sophisticated back-office applications support centralized inventory tracking for physical chain stores, catalog operations, and e-business retailers. Technology can track inventory across the enterprise—whether it's on the dock, in the warehouse, on the store shelf, or being purchased by a customer.

This real-time visibility helps retailers stay on top of inventory turns and gross margin return on inventory investment (GMROI) to quickly detect shifts in customer buying trends. A retailer can respond immediately, increasing orders of fast selling items, and instructing stores to mark down slower moving merchandise. Buyers will make smarter purchasing decisions and customers will be pleased to find just the items they want on the store shelves.

Smooth Operation

To keep shelves stocked with products customers want to buy, retailers are relying on solutions focused on optimizing operational efficiency.

Purchasing applications save labor and reduce errors by automating and accelerating the processing of purchase orders, payables, and invoices. Corporate or institutional buyers can

Customer Success WineBid.com

WineBid.com is the world's largest Internet wine auction site, with 37 employees. In search of an integrated approach to their business software, they decided to standardize on Microsoft Business Solutions to improve service, productivity, and data visibility.

Within the Microsoft solution, employees are saving 100 hours a month, providing better customer service, and making better business decisions. Revenue has increased by 10 percent and WineBid.com has reduced accounting staff by 43 percent.

"Standardizing on Microsoft technologies enabled our IT department to build a platform with the technological capabilities to support our corporate goals."

Nate Cluett :: Director of Information Technology, WineBid.com

easily set up blanket POs and generate releases automatically at predetermined intervals. These systems give purchasing agents leverage when negotiating with vendors by providing metrics on orders, cost, on-time delivery, and damaged goods.

Once items enter a retailer's warehouse or stores, IT solutions can track the inventory through the entire stocking and inventory process. Retailers can adjust pricing at a centralized computer and discounts are automatically registered when the item is scanned at checkout. This results in fewer errors and guarantees that each item is sold for the right price.

Supply-chain management functionality enables retailers to create a community of suppliers with tight links to their retail operation and customers. For example, if an item is out of stock, a consumer can order it and the retailer can provide periodic updates on the order status. Business-to-business (B2B) e-commerce functionality allows suppliers secure Internet access for order entry, order status, inventory pricing and availability, invoice status, and online payments.

A strong back-end financial system is crucial to the success of any size of retail organization. Accounting, distribution, purchasing, scheduling, and payroll can be tightly integrated with the leading retail systems on the market. This complete retail management system provides retailers a competitive advantage.

Real-Time Retailing

The extensive reporting functionality helps retailers react to consumer trends. Accurate reporting based on hard data gives store managers and executives the information they need to make better tactical and strategic decisions in real time.

Sales associates can conduct the crucial end-of-day reporting. Retail management solutions include the ability to view and print journals from any register by batch and/or receipt

number, and run reports by SKU, category, store, region, and more. The software maintains transaction history along with an audit trail of voided receipts, date and time changes, etc. Other audit functions are standard reports, such as cash receipts balancing, bank reconciliation, and detailed audit reports.

In addition to these standard reports, reporting software can interface with third-party reporting software to create custom reports. For companies with more sophisticated requirements, online analytical processing (OLAP) tools are available to perform advanced data analysis.

Store information can be uploaded to headquarters, giving management a view of the store's operations and enabling company-wide changes, such as sales and promotions. The IT infrastructure can also support chain-wide decisions that can improve efficiencies, reduce inventory, and increase sales. This includes budgeting and forecasting for daily, weekly, monthly, and seasonal budgets; assortment planning to deliver the right mix of products and value for targeted customers; and seasonal adjustments for adjusting pricing and markdown dollars by period, to meet seasonal sales targets.

Smarter Retailing with Microsoft Business Solutions

Microsoft Business Solutions delivers a compelling suite of technologies for small- to medium-size retail organizations. Our integrated tools give retailers the critical capabilities they need to manage every aspect of their operations from POS solutions to back-end inventory management and financials. These integrated applications can be deployed quickly and inexpensively without complicated customizations or drawn-out implementation projects. Working with our partners, we have added the deep vertical functionality needed for the wide range of retail operations.

MAKE FASTER, **better** DECISIONS

Customer Success J.E. Mondou

J.E. Mondou Ltée — a 33-store Montreal-based pet food and accessory chain with 220 employees — recently deployed an end-to-end Microsoft Business Solutions Retail Management System across all its stores. The solution encompasses retail tasks from transactions and gathers thorough customer data from inventory, purchasing/receiving, and cash management. This has led to significant improvements in sales, margin, stock turns, and inventory control. Reporting tasks have shrunk from days to literally seconds. Now there is more time for customer-focused activity on the store floor and improved store management.

"Our managers have time to mingle with customers, learn new products, and impart their knowledge to new staff. They can be more profit-conscious and make smarter big-picture decisions."

Pierre Bazinett :: Controller, J.E. Mondou



Our solutions are based on advanced, secure Internet technology that extends and enhances traditional ERP and provides a powerful development environment. Moreover, Microsoft Business Solutions provides a solid growth path for years to come, with our ongoing commitment to enhanced solutions along with the continued integration of Microsoft software to deliver ever-increasing value.

Build a World-Class Operation

Microsoft knows that deep industry expertise is required to address the range of retail needs. That is why we partner closely with more than 6,000 companies from around the world to bring firms outstanding software applications combined with the world-class capabilities needed to meet specific business needs. To ensure a seamless computing environment, all our solutions and our partners' offerings integrate fully with Microsoft Office and financial tools to meet the diverse requirements of the retail industry.

Stay Ahead of the Competition

Thousands of retail operations around the globe use Microsoft Business Solutions tailored to their specific needs—helping to level the competitive playing field with the large chains. Our solutions for the store, corporate and back-end offices are all focused on promoting successful growth and continued viability for small- to medium-size retailers.

We offer an outstanding portfolio of enterprise-wide solutions combined with first-rate financial resources and the technical expertise to improve those systems over time. Plus, an outstanding and cost-effective implementation channel to deliver solutions for the small- to medium-size retailer.

To learn more about how Microsoft Business Solutions Smarter Retailing solutions can help retailers keep ahead and thrive in the turbulent, competitive retail industry, visit:

www.microsoft.com/BusinessSolutions/retail

THE COMPETITIVE **edge**

Customer Success Lassen's Health Foods #5

Lassen's carries a full range of healthful products from hard goods to vitamins to fresh produce and bulk herbs. To efficiently manage 15,000 SKUs with several inventory types in a 4,200-square-foot store, depend on Microsoft Business Solutions Retail Management System. The solution can easily handle the highly diverse inventory types including mix/match, lot matrix, parent/child, weighed and bulk items, and products they package.

With Microsoft Retail Management System, the company has dramatically cut staff time-in-task, resulting in 20 percent lower staff expenses without having to reduce the workforce. They have also streamlined purchasing and the easy-to-learn POS functionality, drastically reducing the learning curve for new sales clerks—all boosting their bottom line.

*"We used to spend two employee days every week just purchasing from our main distributor...
We've slashed that to half a day."*

Jim Lassen, CPA :: Owner, Lassen's Health Foods #5

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