

# A FRESH APPROACH TO MANAGING RETAIL FOOD OPERATIONS

## INSPIRING SHOPPER LOYALTY AND INCREASING PROFITABILITY

Manage every aspect of your operation with greater efficiency and control. SAP for Retail solutions help food retailers gain a deeper understanding of shopper needs, manage the merchandise life cycle, optimize varied and complex supply chains, and manage the buying experience to inspire shopper loyalty.



Your shoppers have certain expectations, namely, to find the items they want to buy at a price they expect to pay. Your job is to meet those expectations while maintaining your own profitability. With disparate software solutions to manage core business processes, however, accomplishing both objectives can be a challenge.

With an integrated software solution, you gain an accurate understanding of shopper demand and achieve the control you need to drive effective operational strategies. The SAP for Retail solution portfolio addresses this need by enabling you to create a business process platform that serves as a foundation for establishing and implementing cohesive strategies across your retail chain. This approach lets you leverage insight into shopper behavior, use it to define your merchandise strategy, and optimize your supply chain operations (see figure). Your organization evolves into an integrated, responsive, and agile business, able to react quickly to changing economic and competitive conditions.

### A Complete Solution Framework

SAP for Retail provides a complete framework that lets you effectively satisfy your shoppers and execute your strategies. Using the SAP® solution portfolio, you can deploy the functionality you need in a modular fashion as you need it. Preloaded best-practice templates allow you to

start using and adapting the solutions immediately to drive enterprise-wide best business practices. With SAP for Retail, you can deliver a shopping experience that heightens not only short-term revenue but long-term shopper loyalty – and boosts residual sales generated by promotions, increases shopper basket size, and encourages positive word of mouth.

### An Inspired Shopping Experience

Delivering an inspired shopping experience is not a simple task. It requires deep shopper insight, careful strategizing and planning, and flawless execution of those plans. SAP for Retail helps you every step of the way with the tools to positively impact performance and profitability. The software supports these objectives through the following five-step process:

- **Discover the insight** – Understand your target shoppers, the impact of regional differences, and your competitors so you can provide better service and increase market share.
- **Define the strategy** – Align the organization's short- and long-term goals to differentiate your offerings and become a preferred destination, based on a clear and understandable strategy to develop your brand and image.
- **Develop the plan** – Develop a proactive plan to increase sales and drive higher margins. Factor in the needs of your shoppers, and identify execution tactics for all levels of the business.

- **Drive the execution** – Execute your plan to ensure fast distribution of the best-quality products at the lowest cost based on shopper demand.
- **Deliver the experience** – Deliver an outstanding in-store shopping experience and at-home eating experience to keep your shoppers coming back.

#### Discover Insight Through Accurate Data

To provide a more inspired shopping experience, you need to understand shopper preferences, the competitive environment, and key economic indicators that influence buying habits. SAP for Retail software includes data management and analysis functionality that helps you harmonize data and perform intelligent analysis of buying patterns. You can analyze gross margins, inventory performance, point-of-sale data, and shopper data by key performance indicators.

This functionality extends to the analysis of trends, economic data, and analyst reports. You gain a better understanding of the macro trends that impact your business as well as the micro trends that affect individual store performance, such as how the holidays and seasonality of items will impact sales. By gaining greater insight into your shoppers, their response to marketing campaigns, and the market at large, you can drive new business models to meet shopper needs and stay ahead of the competition.

#### Define Strategies Based on Comprehensive Understanding

As you understand more about your shoppers, you can establish more effective strategies to define and differentiate your brand and continue to grow your business. SAP for Retail helps you develop strategies to establish and reinforce your image, geographic

coverage, competitive positioning, and business partnerships. The software helps you manage promotional cam-

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paings and identify untapped revenue opportunities such as private-label programs. What-if analysis tools help you explore and understand the impact of new products, services, and locations.

The software also helps you control downstream spending by keeping all category budgets within top-line limits. Ensuring that your organization is aligned with your overall business strategy, and having the tools to understand and adjust tactics when necessary, can mean the difference between holding steady and growing profitably in a tight economic environment.

#### Develop Plans to Meet Objectives

With your strategies in place, SAP for Retail provides merchandise life-cycle tools so you can develop plans to realize your objectives. By supporting a comprehensive approach to life-cycle pricing that leverages understanding of all factors influencing shopper demand, these tools help you plan and assort your



Figure: How SAP for Retail Supports Retail Processes

merchandise based on that demand – and to shape demand in line with your brand image.

Advanced category-planning functionality helps drive localized merchandising strategies. You can connect category plans to financial plans and share sales data with suppliers to manage the supplier relationship more effectively when reconciling promotions. Additionally, instead of manually maintaining recipe ingredients at the store level, you can centralize this function to plan accurately for the ingredients of bakery items, not just the bakery items themselves. Price and promotion planning and optimization software helps ensure that you are achieving the highest margins possible. All of this is done with an understanding of your shoppers' price sensitivity so you can be competitive on known-value items and increase your margins on others. By managing to a plan that is visible and coherent to the entire organization, you can impact sales while improving overall efficiency.

#### Drive Supply Chain Execution

Plans are only as beneficial as your ability to execute them. With SAP for Retail, you can leverage comprehensive functionality to optimize the flow of merchandise through the supply chain. The software supports traditional replenishment and procurement planning as well as direct-store-delivery management processes.

SAP for Retail helps you standardize and streamline fresh-item procurement and delivery to help ensure that you are procuring and presenting goods from the right local vendors. The software also

helps you with the end-to-end planning and execution of the manufacturing and distribution of private-label items. Throughout all of these processes, you are able to share information with suppliers to ensure smooth operations and few surprises. The software helps you determine the consequences of each supply chain decision so you can strike the appropriate balance between each vendor's cost and the service you provide your shoppers. This visibility and control allows you to manage your business more effectively.

#### Deliver the Experience Your Shoppers Expect

SAP for Retail provides an integrated store solution platform that can be deployed all at once or as individual components to optimize key processes and help ensure that you make a positive impression. For example, you can implement solutions to manage the presentation and preservation of goods, especially perishable items, to help ensure that each store reaches its operational goals. The software helps you optimize workforce coverage for actual store demand to help ensure the right employee mix – for example, the right number of associates in the deli, the various checkout lines, and the bakery during peak hours. The software supports your efforts to train employees to help ensure exceptional customer service.

Flexible point-of-service software integrates information kiosks, mobile sales, and mobile payment functionality. These features set the stage for a point-of-purchase system that can be configured to provide offers relevant to individual



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shoppers. This way, the software helps ensure a quick and cost-effective check-out while personalizing the shopping experience (and increasing basket size) – serving to convert occasional shoppers into loyal customers that choose your store first. Meanwhile, fraud prevention software helps mitigate the risk of theft, directly impacting your profitability.

#### Realize the Benefits

SAP for Retail helps enable the key processes that are critical to delivering a first-class shopping experience. By focusing on these processes, you are instilling shopper loyalty to ensure short-term sales and long-term gains. Not only will your customers find the products they need, but they are also likely to buy additional goods and services and to spread the word about their positive shopping experience. SAP for Retail gives you the tools to transition shoppers who visit your store just because it's convenient into shoppers who view it as their store of choice.

#### For More Information

To learn more, please call your SAP representative or visit us online at [www.sap.com/industries/retail](http://www.sap.com/industries/retail).

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## Summary

The SAP for Retail solution portfolio enables you to create a business process platform that serves as a foundation for implementing cohesive strategies across your retail chain. This approach lets you leverage insight into shopper behavior, use it to define your merchandise strategy, optimize your supply chain operations – and deliver an inspired shopping experience.

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## Business Challenges

- Establish master data to gain better insight and support decision making
- Understand shopper demand for both promoted and nonpromoted items
- Optimize supply chain processes to replenish based on accurate store inventory and shopper demand information
- Improve supplier visibility to planned demand
- Deliver a positive in-store shopping experience

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## Supported Business Processes and Software Functions

- **Strategy management** – Define business goals and performance measures at the corporate, zone, store, department, category, and shopper levels
- **Life-cycle management** – Leverage understanding of shopper demand across all pricing activities from product introduction through season's end
- **Replenishment** – Predict demand through enterprise-wide collaborative forecasting
- **Supply chain visibility and tracking** – Monitor and control processes through global supply chain visibility and analytics
- **Point-of-sale management and operations** – Improve staff productivity and shopper satisfaction
- **Multisite workforce development** – Improve customer service by providing adequate staffing levels during peak hours

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## Business Benefits

- **Drive new business models** and identify untapped revenue opportunities
- **Understand shopper behavior** relative to marketing campaigns
- **Access clean, consistent data** to reduce time spent manually gathering data
- **Increase agility** with quicker decisions and execution
- **Increase inventory turns** while reducing out-of-stock situations
- **Maximize revenue** by optimizing price and promotion to match shopper profiles
- **Manage service levels** with cross-channel visibility

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## For More Information

Call your SAP representative, or visit us online at [www.sap.com/industries/retail](http://www.sap.com/industries/retail).

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