

HELPING HARDLINES RETAILERS DIFFERENTIATE AND GROW

TOOLS TO INSPIRE SHOPPER LOYALTY AND INCREASE PROFITABILITY

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



As a retailer, are you fully prepared to meet your customers' needs by having the right item available at the right price at the right time? For many retailers with disparate software solutions to manage core business processes, the answer is no. Without an integrated software foundation, it's difficult to truly understand your customers and achieve the control you need to execute effective retail operational strategies.

Say, for example, your marketing strategies are not aligned with your merchandising program. A promotion that succeeds in creating excitement can lead to out-of-stock situations and disgruntled customers if you're not prepared with the right inventory and staffing levels – the opposite of the desired outcome. You certainly don't want to be the retailer whose Web site says you have a product only to have your potential customer learn otherwise when arriving at the store. Even worse is if the customer, after learning that a desired item is out of stock, can't find a sales associate to help look for a replacement item. Not only have you lost that customer to a competitor, but you've lost all of the residual sales when family and friends hear about a poor experience in your store.

To meet shoppers' expectations and create the type of shopping experience that will inspire loyalty, hardlines retailers require the support of an integrated software solution. 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, optimize supply chain operations – and deliver an inspired shopping experience (see figure).

A Complete Solution Framework

SAP for Retail provides you with a complete framework that lets you effectively meet the needs of your customers 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 company-wide best business practices. With SAP for Retail, you can deliver a shopping experience that heightens not only short-term sales revenue but long-term shopper loyalty – and boosts residual sales generated by promotions, up-selling, and referrals.

An Inspired Shopping Experience

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

- **Discover the insight** – Understand your shoppers and the competitive environment.
- **Define the strategy** – Align your organization's short- and long-term goals based on a clear and understandable strategy.

- **Develop the plan** – Develop a proactive plan that takes into account the needs of the shopper and identifies execution tactics for all levels of the business.
- **Drive the execution** – Execute the plan and deliver the right products at the right time at the lowest cost.
- **Deliver the experience** – At the point of purchase, be it on the Web, the phone, or at the store, deliver an outstanding experience that will get the customer talking and creating a positive buzz.

data and provide intelligent analysis of buying patterns. You can analyze point-of-sale data and shopper data by key performance indicators and understand the impact of promotions and marketing campaigns across all sales channels.

The data analysis 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 multiple sales channels. By gaining greater insight into your shoppers and the market at large, you can focus on the products, services, promotions, and processes that matter the most. With renewed focus, you can continually increase efficiency and drive innovation to stay ahead of the competition and exceed customer expectations.

Define Strategies Based on Comprehensive Understanding

As you understand more about your shoppers, you can establish more

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effective strategies to support profitability and growth objectives. SAP for Retail helps you accomplish this with expert analysis tools, enabling you to evaluate your retail strategies and align top-line plans with operational actions. What-if analysis tools provide a means to explore and understand the impact of new products and services and what it might mean to enter a new market or region. Ensuring that your retail 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. These tools help you not only to plan, price, and assort your merchandise based upon shopper

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 analysis functionality that helps you harmonize



Figure: How SAP for Retail Supports Retail Processes

demand but also to shape demand in line with your offering. The software's merchandising and assortment-planning functionality can drive localized merchandising strategies that help you tailor your offering to respond quickly to changing economic conditions. Also, optimization software helps ensure that you are achieving the highest margins possible for everyday prices, promotions, and markdowns, given the inventory and marketing investments you have made at any point in the product's life cycle. By managing to a plan that is coherent and visible to the entire organization, you can make a dramatic impact on growing 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 supply chain management functionality across retail and wholesale operations to optimize the flow of merchandise through the supply chain. This ability is particularly important in today's retail environment as operating costs rise and supply chains grow in complexity. To be competitive, you must execute supply chain management flawlessly. SAP for Retail supports vendor collaboration and event management, plus retail and wholesale procurement processes, to increase sales and inventory turns while reducing out-of-stock situations. The software helps you determine the consequences of each supply chain decision so you can strike the appropriate balance between each vendor's cost versus the service you provide your shoppers. This detailed visibility and control allows you to manage your business more effectively.

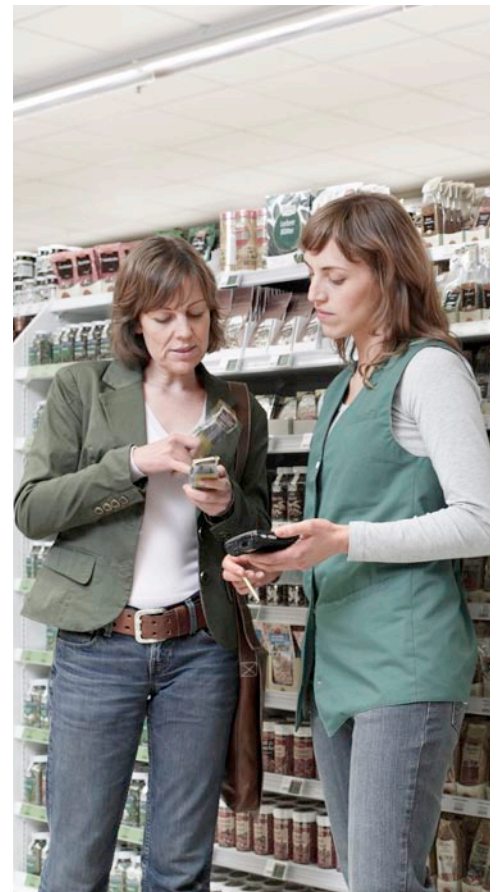
Deliver the Experience Your Shoppers Expect

Arguably the most important step in ensuring an inspired shopping experience is the ability to deliver a superior customer experience at the point of purchase – regardless of the sales channel. SAP for Retail provides an integrated solution platform that lets you deliver unmatched customer service while keeping an eye on the bottom line.

The software can be deployed as a complete solution or as individual components to optimize key processes. You can implement solutions to optimize workforce coverage for actual store demand and quickly train employees on standard and advanced sales techniques. This knowledge will help ensure that your employees are always prepared to recommend alternative products as well as additional accessories and services when engaging customers. Fraud prevention software supports your efforts to mitigate risks and maintain profitability. Flexible POS software that integrates mobile sales and mobile payment functionality sets the stage for a point-of-purchase system that offers fast service and can have a dramatic impact on customer satisfaction and conversion rates.

Realize the Benefits

SAP for Retail provides a complete retail offering to help enable the key processes that are critical to delivering a first-class shopping experience. By focusing on the key processes that deliver an inspired shopping experience, you are instilling customer loyalty to ensure short-term sales and long-term



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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 with others.

For More Information

To learn more, please call your SAP representative or visit us online at www.sap.com/industries/retail.

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 customer behavior, use it to define merchandise strategy, optimize supply chain operations – and deliver an inspired shopping experience.

Challenges

- Understand shopper demand by region
- Understand the potential impact of promotions
- Align marketing with merchandising
- Gain cross-channel visibility
- Distribute and price products for maximum return
- Ensure that trained staff members are available at the appropriate levels

Supported Business Processes and Software Functions

- **Shopper insight** – Understand shopper preferences and influences and how to deliver across all channels
- **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** – Increase service levels while decreasing total inventory and streamlining the ordering process
- **Supply chain management** – Monitor and control processes with better visibility and analytics
- **Cross-channel control** – Leverage transaction data to compare demand to inventory levels across channels to improve performance
- **Workforce deployment** – Balance store needs with employee skill sets and shopper demand

Business Benefits

- **Drive new business models** to meet shopper needs and be competitive
- **Leverage clean and consistent data** for quicker decisions and faster execution
- **Increase sales and inventory turns** with the right assortment in the right place at the right time
- **Maximize revenue** by optimizing price and promotion to match shopper profiles
- **Plan more efficiently**
- **Manage service levels** with cross-channel visibility
- **Collaborate with suppliers** via shared forecasts

For More Information

Call your SAP representative, or visit us online at www.sap.com/industries/retail.

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