Dydacomp®

Drive Your Retail Sales Growth With Operational Efficiencies eBook

7 Retail Operational Improvements That Make a Difference

One of the biggest, and most overlooked, opportunities to grow your business is through operational efficiencies. Automating the order fulfillment and inventory management processes frees up your time to focus on your target marketing efforts, leads to improved customer service and opens the door to significantly expanding your market visibility. It is much simpler to drive awesome growth than you might expect if you know where to look.

Freestyle commerce™

M.O.M.® multichannel order manager

Drive Your Retail Sales Growth With Operational Efficiencies

Executive Summary

While consumers are still being careful about their spending, the National Retail Federation (NRF) has predicted that retail sales will show an increase of 4.1% in 2014, outpacing the 3.7% increase delivered in 2013. As a part of this increase, the NRF is predicting online sales to increase 9% to 12%, good news for our online and multichannel merchants.[1]

Behind the optimistic forecast is the NRF's expectation that 2014 will be less volatile than 2013 which brought economic concerns from a fiscal-cliff scare, a government shutdown and a tax increase. Jack Kleinhenz, the NRF's Chief Economist has said that he "expects less drag on growth from fiscal policy" which will greatly benefit retailers as shoppers show more confidence amid fewer economic concerns.

So prepare for a good year by determining where operational improvements can be made to help you to respond to sales opportunities. If you haven't already done so, now's the time to think about connecting your back office with your eCommerce store to simplify your day-to-day operations leaving you more time to source new products and reach new markets.

At Dydacomp, we've worked with thousands of small and medium-sized retailers and fulfillment operations to help them simplify commerce and grow their business. Our customers engage over a million shoppers daily, generating nearly 10 million in gross merchandise sales every day, and we've learned from them what has been most effective in helping them grow. It's that experience which has enabled us to assemble the "7 Retail Operational Improvements That Make a Difference" outlined below. We hope you find this information useful in growing your business.

#7: Build Brand Loyalty

It costs five times more for companies to earn a new customer than to retain an existing one. If you're not effectively marketing to your existing customers, you're missing one of the biggest opportunities to grow your business. This means that your customer list is one of your most valuable assets, but can you unleash its value?

In order to get the most out of your current customer base, you need:
- Visibility into customer preferences and behavior across all of your sales channels.
- The ability to segment your list for targeted offers that increase response rates.
- To incorporate 'offline' buying history in your retargeting campaigns.
- To track and evaluate your ad spend to measure response and determine the cost of acquiring a customer, including PPC and online campaigns.

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[1] National Retail Federation, February 6, 2014, "NRF Forecasts 4.1% Increase in Retail Sales for 2014", http://www.nrf.com/modules.php?name=News&id=557

If you are not able to do the above, then you are underutilizing your assets. Instead, you are most likely spending more time and money than you need to in order to increase revenue by focusing all of your efforts on new leads.

Your order management infrastructure needs to handle all the necessary customer information to answer these questions, and more. It should not only process orders, but enable you to generate targeted lists and develop specific campaigns and offers to select classes of customers, such as those who have not ordered in the past six months, or those who have ordered one product but none of the complementary products offered, and so on.

#6: Integrate Shipping, Labeling and Rates

As your business starts to grow, so do the bottlenecks in the processes. These bottlenecks begin to appear for various reasons - you start to process 12 or more orders per day during the off-peak sales season; your multichannel mix increases, such as adding online stores or point of sale; or perhaps you added drop ship products to the mix and now rely on drop shippers to fulfill some of your orders - whatever the reason, as the complexity of your operations increases, so do the issues that slow everything down.

Typically, these bottlenecks occur because as the orders increase, the manual processes get bogged down and the inefficiencies become readily apparent. More work has to be done to obtain the paperwork and move an order out the door, resulting in delays. Unfortunately, this has a negative impact on customer service and it happens very quickly. And the last thing you need are angry customers calling customer service or posting negative reviews online because they had to wait for their orders.

To alleviate these bottlenecks and avoid the risks involved with manual data entry, you need to integrate your shipping processes into your order management system. With fully integrated shipping functionality, you can verify addresses, print finished shipping labels, access tracking information, control shipping rates, and more. This means you can avoid shipping delays and carrier imposed penalty fees. The result is not only a win for you, but also for your customer who receives his or her package faster!

If drop shipping is your method of choice for some or all of your products, you want to ensure fast and efficient communication between you and your drop shipper so you can get shipments out to customers in a timely manner. Being able to communicate with your supplier directly from your order management system allows for this and also makes it easier for you to track the fulfillment process so you don't lose sight of the order after you send it off to your supplier.

To avoid shipping delays and ensure happy customers, you need be able to:
- Integrate with your shipping partners to reduce the risk of manual data entry errors.

- Send order information to shipping partners electronically.
- Easily access package tracking information to pass on to your customers.
- Print out finished shipping labels with bar codes, tracking and account information.

Remember that the cost to obtain a new customer is high so you can't lose them because of delays on their first order. After all, customer satisfaction is linked to the time to shipment and expected delivery time. You must be able to break through the bottlenecks to streamline your processes, increase efficiencies, and boost productivity. The result will be satisfied and repeat customers.

#5: Make Customer Service Improvements To Be A Stand Out

It only takes one poor customer experience to produce countless lost customers due to a negative review online. For a retailer, leveraging customer service can be a differentiator. You can make your business stand out from the competition by being customer-centric and providing instant responses to requests for order information.

According to Consumer Reports, 64% of survey respondents have walked out of stores due to poor assistance and 67% have hung up on a call before their problems are addressed. [2] And with the internet groups, blogs and product rating platforms available today, a very small number of unhappy customers can have a much larger negative impact than ever before. Are you at risk of generating negative feedback about your business?

In order to provide the best customer service possible, you need to:
- Have visibility into your customers' orders across all of your sales channels.
- Provide your customer service team with the tools to quickly respond to customer inquiries and engage them.
- Provide customers with the ability to view the status of an order online or be able to call up and get information in real-time from a customer service team member.

Customer service is especially critical in this age of the customer. In order to succeed, you must be able to effectively engage with your customers and empower them through an effective and efficient user experience.

According to Yelp, "focus on great customer service and the ratings and reviews will come."[3] If a yelper mentioned good customer service, they are over 5 times as likely to give a 5 star review rather than a 1 star.

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[2] ConsumerReports.org,June 7, 2011,"Consumer Reports Survey: Two In Three Consumers Have Walked Out Of a Store Because Of Poor Customer Service"
[3] Yelp, May 3, 2012, "Customer Service" has a Big Impact on Yelp Ratings"

Again, this information should already be in your order management infrastructure, enabling you to improve service immediately. You don't need multiple specialized systems that are a nightmare to integrate and maintain. One good Order Management System should be all the infrastructure needed.

#4: Gain Visibility & Control Of Inventory Across All Sales Channels

The last thing you need is to have too much inventory on hand and too few orders coming in, leading to reduced margins. Excessive inventory ties up cash that could have been invested in new equipment, enhancing your eCommerce store, or boosting your marketing efforts to drive additional revenue. At the same time, not having enough inventory on hand results in backorders, cancellations, and lost customers. It's a balancing act and it is a major issue for all businesses.

Accurate inventory data is critical to delighting customers and driving growth. Multichannel selling significantly complicates inventory management and other business processes. Visibility into your inventory and forecasting is critical to a healthy operation. You need to be able to track inventory across all sales

channels – your eCommerce store(s), catalog fulfillment business, offsite fulfillment centers or shopping channels like Amazon, eBay or any of the many marketplaces available - in one solution. This information will help you determine what products are selling, what periods may require more inventory, and ultimately give you 'the big picture' on how your business is performing across all channels at quick glance without having to log in to multiple systems and/or weeding through various spreadsheets!

In order to effectively manage inventory, you may also need to:

- Track those inventory products that you don't actually stock yourself but are shipped directly to your customer by your supplier.
- Manage inventory products made up of other items and sold as a set or group with a special price.
- Manage continuity programs like a "fruit-of-the-month" club where you determine what is shipped and when.
- Account for inventory that a particular sales channel requires you to allocate, yet isn't physically segregated from the rest of your inventory.

The bottom line is that you need to have an accurate view into what inventory is actually 'available to sell' to avoid stock outs and disappointing customers. Using an order management system that manages multiple sales channels in one solution will not only streamline your operations by centralizing your workflow, but ensure accurate inventory counts, which your accounting system alone can't do.

#3: Use Multiple Channels To Grow Your Business Faster

Today's environment enables even the smallest of retailers to reach a market of millions. Do you take advantage of the many sales channels available to expand your reach and grow your business as fast as possible? If you do, are you managing them in the most efficient manner? Adding sales channels can grow your business but it can also add bottlenecks if not managed properly.

To efficiently manage and ensure you make the most of your multichannel sales strategy, make sure your order management system can:

- Seamlessly integrate your business operations across all of your sales channels into a single workflow from shopping to shipping!
- Enable you to sell your entire inventory or just a small sample through your Amazon storefront and other channels.
- Automatically download new orders, publish product information, and synchronize your inventory.

These capabilities, and more, can and should be a regular part of your business mix.

#2: Apply An Omnichannel Retailing Strategy

Everywhere you look these days you see the phrase 'Omnichannel Retailing'; you see it at trade shows, in industry publications, news blasts, etc., but what does it mean and why is it important to you as a retailer? More importantly, how do you apply it?

Omnichannel refers to the 'experience' your customer has when shopping in one or more of your sales channels. An omnichannel approach ensures that your customers have a consistent and positive experience with every sales touch point with an emphasis on the importance of cross channel promotion. Obviously customers aren't going to have the exact same experience shopping in your storefront versus on your website but there are a few keys things you can do that customers can expect to see across channels – consistent service, product availability, and pricing. You've worked hard to build out each of these channels, now start using them to your advantage!

Here are a few ways to apply an Omnichannel retailing strategy:

- Making use of social media
- Integrating customer reviews (for online channels)
- Offering cross channel services
- Providing consistent pricing across all channels!

If you use Facebook, Twitter and/or Pinterest to promote your business then you already know that social media is an easy and free way to get in front of your customers. Additionally, it can help you expand your reach! Each time a customer 'follows', 'likes' or 'retweets' something you post, each and every one of their connections now sees it – essentially it's like free marketing!

#1: Integrate New Systems As Your Business Grows

The top business issue that is preventing growth is also the easiest to fix. Many retailers are still moving data manually across different systems and this lends itself to countless disconnects in your business, including visibility into your customers.

These manual processes, including retyping order information, invariably lead to errors. For example, an order comes in through your eCommerce store. The order information is then printed out and the data is retyped into your inventory management system. The details then need to be retyped when completing the shipping information.

And, sometimes, the data needs to be retyped again into your accounting system. All of these manual processes and disconnects slow down your business and open the door to human error, leading to delayed shipments and missed deliveries. The costs begin to pile up and it affects all areas of your operations, including customer service, purchasing & receiving, warehouse & fulfillment, accounting, management, and marketing.

Order fulfillment is your business hub. Eliminate the manual steps and streamline your operations by managing all of your processes in one solution:

- eCommerce
- Phone/call center
- Payment processing
- Shipping and 3rd party fulfillment
- Accounting, tax and billing systems
- Customer information management

Finding The Best Solution To Make These Operational Improvements

Now that we've outlined 7 operational improvements that can make a difference in driving your sales growth, how do you achieve these efficiencies? Dydacomp's Multichannel Order Manager (M.O.M.) on-premise and Freestyle Commerce (Freestyle) cloud-based solutions are the leading integrated inventory, order and customer management software built for eCommerce, multi-channel and distribution businesses that enable you to achieve these efficiencies.

M.O.M. and Freestyle enable you to achieve these operational efficiencies as follows:

#7: Build Brand Loyalty

- Gain visibility into customer preferences and behavior across channels.
- Build targeted offerings and generate lists that meet only the specific criteria you select.
- Use 'offline' buying history.
- Track ad spending, including PPC and online campaigns.

#6: Integrate Shipping, Labeling and Rates

- Integrate with your shipping partners to reduce the risk of manual data entry errors.
- Send order information to shipping partners electronically.
- Manage drop shipping.
- Link to your preferred shipper's online system seamlessly to shop for rates, print accurate labels, etc.
- Communicate with the leading shipping carriers and platforms while managing cost.
- Achieve scalability.

#5: Make Customer Service Improvements To Be A Stand Out

- Instantly access order information to respond to customers.
- Enter new orders, review previous orders, list products purchased, record payments, manage contacts, and update customer demographics from one screen.
- Track all customer calls and keep detailed notes.

#4: Gain Visibility & Control Of Inventory Across All Sales Channels

- Manage inventory across all channels in one solution.
- Manage multiple bins and warehouses.
- Create a report of top sellers, loss leaders and more.
- Handle content descriptions across channels to ensure consistency.

#3: Use Multiple Channels To Grow Your Business Faster

- Maintain your product information in <u>one</u> place, but publish it to multiple channels to maximize market exposure and reach.
- Use non-branded channels to discount select products while protecting price and margins through your branded channels.

#2: Apply An Omnichannel Retailing Strategy

- Make use of social media.
- Integrate customer reviews on your website and in promotions.
- Have consistent pricing across channels.
- Provide cross channel services such as:
    - *Buy online, pick up in store*
    - *Buy in store, initiate return online*

#1: Integrate New Systems As Your Business Grows

- Interface to the systems you need to run your business, such as shippers, payment processers, accounting systems and eCommerce platforms – so you don't have to.
- Streamline your operations to automate manual steps and manage your processes in one solution.

From shopping to shipping, Dydacomp solutions manage the critical aspects of your business - including essential integrations with carrier, payment processing and accounting systems - so you can be sure that inventory is always accurate, orders ship smoothly, and your customer service team can respond with confidence. And with Dydacomp solutions handling all the complicated details, you'll be free to focus on sourcing new products, finding new customers and ultimately growing your business.

About Dydacomp

Dydacomp provides essential order, inventory and customer management solutions to growing multichannel retailers that integrate easily with eCommerce platforms to drive efficiency, productivity, insight and growth. Dydacomp's proven on premise & cloud-based solutions enable small to medium sized retail & fulfillment businesses to grow faster by expanding their eCommerce presence & automating back office operations to manage critical aspects of their business: multichannel order management; inventory visibility & control across multiple channels; drop ship management; rapid, reliable order fulfillment; customer management; integration with Magento, eBay & more.

Freestyle Commerce is Dydacomp's latest cloud-based innovation. Freestyle is tightly integrated with third-party eCommerce software Magento, providing users with the smartest order management dashboards for the always up-to-date business insight they need to grow sales.

Over 2,000 multichannel merchants already rely on Dydacomp's Freestyle Commerce, Multichannel Order Manager (M.O.M.) and SiteLINK solutions to automate their back office operations and drive business growth. Dydacomp's clients engage over a million shoppers daily, generating nearly 10 million in gross merchandise sales every day. For more information, visit www.dydacomp.com and follow us on Twitter @dydacomp.