

## Driving Business Value for Retailers Through Unified Communications



The retail market has changed dramatically over the past few years, placing new demands on stores of all sizes. Competing successfully is no longer simply a matter of offering a range of products at the lowest price. To create a multidimensional shopping experience for the customer - corporate executives, field managers, and store employees need access to a broad range of product and organizational information. However, achieving that access presents a new set of challenges.

The retail environment is undergoing a dramatic change, doing away with many commonly held assumptions - both how the retail customer of this generation shops, and the rapidly transforming business environment.

### The New Generation of Shoppers

Both the retail customer and retail employees are changing, as they interact and communicate differently from traditional norms. With the largest new workforce since the baby boom, this new generation is characterized by certain features. They include:

- Totally connected - anytime, anywhere (eg. cell phones)
- Multi-cultural, social networkers (eg. MySpace)
- Video, multimedia generation (eg. YouTube, Flickr)
- Real-time communicators (eg. Skype, IM, Cell phones. Email is considered "old")
- Collaborators (eg. Wikipedia, citizen journalism, blogging)

Fundamentally, the way a customer shops has changed. Historically, the customer has had limited ability to impact value levers. (see Diagram 1)

For instance, the historical customer had very limited ability to do comparison shopping, which is typically limited to checking out malls in their vicinity. The selection was also limited to a small number of channels, such as malls, specialty stores, supermarkets, etc.

With the Internet and the connected customer, the customer now has unlimited choices and access. Now a customer on the web can buy goods from multiple countries regardless of whether the shop is in China or in the US, and via online shopping sites can check the inventory available in mall A versus mall B.

### The New “Connected Customer” Has Virtually Unlimited Impact On Value Levers

Value Lever	Historical Customer	Connected Consumer
Price	limited comparison	<i>unlimited</i> comparisons
Selection	limited channels	<i>unlimited</i> channels
Convenience	one standard process	<i>multiple</i> options
Assistance	limited, unqualified, standard	virtual, expert, personalized
In-Stock	sometimes	virtually 100%
Channel	primarily store	<i>multi-channel</i> , customizable
Privacy	anonymous	user defined
Entertainment/ Lifestyle	primarily print and TV	rich media, multi-channel, focus at POP

Diagram 1

### New Business Realities

The characteristics of this new generation has translated into a number of business realities, which affects both the customers and the employees of the retailer. Today's business environment is characterized by:

- One real-time, 24x7 time zone: How does a global business keep time-sensitive processes in continuous motion – 24x7?
- Mobility & Uniformity of Experience: Mobile workers are hopping between high, low and no bandwidth. How does a business deliver uniform, rich interaction in such a landscape?
- Working Moments: We are moving from the concept of continuous "working hours" to fragmented "working moments." How does a business support and leverage this new work-life paradigm?
- Security & Surveillance: Human interaction is unstructured. Decision support information is semi-structured. Transactions are highly structured. Community collaboration blends all three. How can a business ensure that collaborative interaction is secure and delivery is guaranteed?
- New and Changing Regulations: How can a business ensure that collaborative interaction is auditable in an increasingly regulated world?
- Business Continuance: How does a business achieve all of this with minimal disruption to its ability to conduct business?

### Unified Communications Enables Rapid Response to Customer Demand

Retail communication systems can enable retailers to rapidly respond to customer demand and enable its employees to work more efficiently. With vigorous competition from volume discounters and low-cost chains, effective retailing requires more than just offering products at a low price. It also means:

- Ensuring that promotional campaigns are not short-circuited by stock-outages.
- Creating and sustaining a rich, multi-dimensional customer experience.
- Enabling stores and corporate headquarters to connect in real time.
- Delivering the information that drives profitable decisions and quality customer service.

Retail communication networks built on unified communications technology support real-time access across communication channels. Unified communications - with advanced Session Initiation Protocol (SIP) that reaches multiple devices simultaneously - simplifies connecting to others.

### **Retail Communication System that Closes the Information Gap**

Implementing a retail communication system solution aims to get the right information to the right people at the right time. For example:

- Managers and executives can quickly come together to strategize on promotional campaigns and the best response to merchandise shortfalls.
- Associates can accurately answer product feature and availability questions, increasing sales opportunities and the likelihood of future purchases.
- Management can quickly inform associates about corporate goals, career opportunities, and the latest sales promotions. Associates can more easily share feedback from customer interactions with headquarters.
- Companies can communicate consistent policies and deliver uniform training across the enterprise.

Unified Communications enables people to find peers or decision-makers using a single telephony number or Internet address. It integrates email, instant messaging, and calendaring application with communications devices and applications like telephony; voice messaging; and audio, video, and Web conferencing.

In addition, unified communications applications support advanced presence-sensitivity and find-me capability, and media independence. These applications are easy to use, with a familiar intuitive interface linked to powerful functions. On top of all that, they provide voice access to applications and data.

### **Unified Communications Can Transform Retail Businesses Across All Elements of the Value Chain**

There are multiple ways that Unified Communications can transform the way a retailer does business. An example is for apparel retail, where "fast fashion" is becoming a key enabler of success.

For instance, a customer sees a new style that she likes on the red carpet at the Oscars award-giving ceremony. The designer or retailer who can get it to them fastest at the right price point, with the right delivery, the right tactile feel, would be the company that is the winner.

Unified Communications can provide capabilities that can dramatically compress the end-to-end development cycle by shaving weeks off from the classic 15 or 18 week development cycle. Unified Communications can help people to communicate in real-time and significantly save time, enabling them to talk to each other faster, exchange ideas, exchange documents, and have video meetings to show and share what the look might be like.

## Unified Communications Enables Faster Response to Out of Stock (OOS) Situations

At a typical retailer, the process and communications required to address out-of-stock (OOS) situations tends to be complex, cumbersome and time-consuming. The process consists primarily of many one-to-one communications from store to the headquarters, store to vendor, store to warehouse, store and marketing etc.

Unified Communication capabilities such as Presence, single number reach, integrated audio/web conferencing etc., can bring all key decision makers together much more quickly, and speed decision-making and issue resolution.

According to a Forrester study, 50 percent of the respondents expect that store managers could save up to 30 min to 1 hour per day by streamlining response to OOS situations. (see Diagram 2)

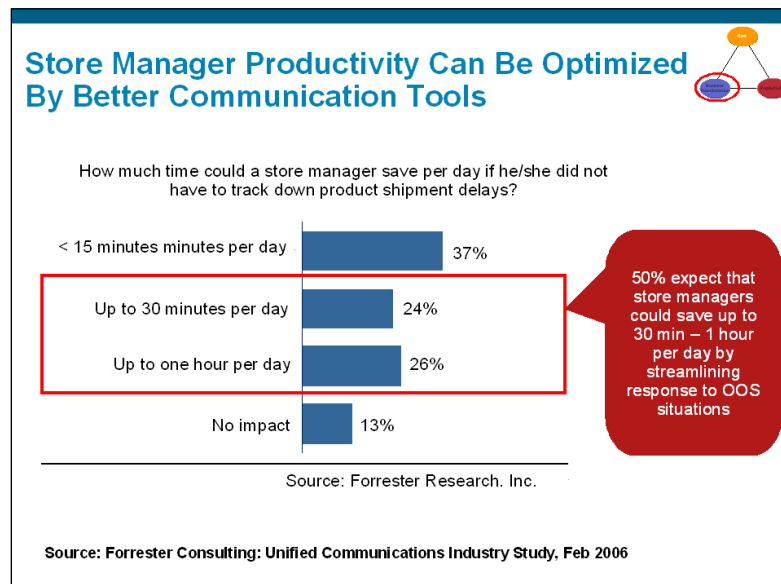


Diagram 2

## Unified Communications Expedites Shipments

An end-to-end Unified Communications solution can help virtually any business process flow more effectively, especially in the cases that require escalation to a decision maker, subject matter expert or require exception handling.

An example is when goods need to be shipped from a vendor or a third party. A problem in the shipment means that it is not going to arrive in time. As the retailer has bought advertising space and flyers have gone out telling people that a certain product is going to be in the store on a certain date, it is critical that the shipment arrives as expected.

The product manager or the buyer uses Unified Communications, specifically the presence server to find out where the general manager of the business is. He then notifies the general manager about this potential shipment problem, then initiates a conference with the vendor. The buyer then speaks with the vendor to determine if there is a way to solve the problem. They determine that the shipment can be expedited.

In real-time, they conference in the shipper, get all of the necessary people into an audio conference session, identify what the issue is, and resolve the issue. They then immediately notify the interested parties that the issue has been solved.

### **Video Content Delivery Improves Effectiveness of Window Advertising**

Another example of retail transformation is the use of video to improve the effectiveness of window advertising and drive increased store traffic.

A major time investment in the apparel segment is to refresh the displays in store windows, which is critical to continue to entice shoppers to come into the store. For a large retail chain, this would typically entail a huge investment in labor, amounting to over US\$19 million per year to keep the displays “fresh”. Even with that investment, they can only refresh once every three weeks. For a refresh to happen every day, it is going to cost them \$420 million a year.

An alternative is to have a mixture of mannequins and, high-definition video displays, which allows them to push new content out from a central location, central server to the windows in each of their stores. The video displays can then be changed on demand, even changed multiple times a day.

### **Unified Communications Enables Rapid Delivery Of Training, Executive Communications**

Unified Communications can help to rapidly ramp up new team members with the immediate delivery of expert content at the time of need with no associated labor. This enables the immediate availability of experts for key products through voice / video/ web conferencing. This approach can help to avoid the cost of training-related travel and facilities.

### **Unified Communications Increases Customer Conversion and Retention**

Unified Communication can help to retain and expand the size of the sale, versus having the customer walk out of the store empty-handed.

An example is when a customer walks into the store, and looks at the price of an item. Digital signage tells them that the price has been discounted. They like it and think that this is going to be a good buy. They decide to get it, but cannot find the product in the color and the size that they want. A kiosk right there allows them to walk over and check store inventories, or check the inventory in either that store or inventories in nearby stores.

If they have a customer loyalty card, they can swipe that, and it identifies who they are. They could use a phone in the kiosk to connect to the contact center, where there are agents immediately available to help them – on information about sizes, available colors, related items that work with that article of clothing. With the loyalty card, the retailer knows who the customer is, and can ship the requested product to their home the next day.

### **Employee Dashboard Streamlines Delivery of Information to Associates**

One example of a store process that can be improved by streamlining communications is when employees begin their shift for the day.

An employee would walk to the back room and clock-in for their shift. They can then walk over to the schedule which is posted on the wall and determine their shift and meal break for the day. Next, they walk over to the bulletin board or PC and read reports (store sales, department top items, personal productivity) and other information/news (company messaging). Then they have to find and approach the manager to determine today's goals and tasks (personal sales goals, departmental tasks). Finally, they walk to their assigned department and begin their work.

A Unified Communications tool like an IP-enabled device (the IP Phone) can improve this employee's performance. The employee has one daily on-boarding "experience" right from his/her assigned department and does not have to log into multiple systems off the sales floor.

When the employee clocks-in for the shift from the department they are working in for that day (i.e. Women's, Produce, Electronics). The system authenticated who they are from the sign-in and provides other information (icons on the screen). The employee confirms their work shift and meal break for the day. They then check voicemails, and find one that is marked urgent (example: it could be from the CEO announcing a special promotion for the day). The employee then receives his/her sales goal (eg. \$1000) and tasks for the day which could be to replace the promotional signage.

Unified Communications can improve productivity by providing all employee information from one source that is located within their department, reducing the walking time. There is a consistent message as all the messaging is provided through one interaction, versus word-of-mouth, flyers, or handwritten message boards.

With the elimination of the need for employees to leave the sales floor, it provides more face-to-face time with customers. There is greater accessibility to information. Information can be provided near real-time to employees throughout the workday. There is also increased accountability as the employee has access to task management applications which an employee can use to confirm when a task is complete. (Note: This also provides reporting metrics to corporate to determine percentage compliance).

### **Example: Mitsukoshi Uses RFID Enabled Phones to Change Customer Experience**

Mitsukoshi is a high-end retailer in Japan. Their jeans department has high-end jeans selling between \$300 and \$500 a pair. Space is typically a constraint for retailers, with small changing rooms.

In a typical scenario, a customer walks in, picks up a pair of jeans and goes into the changing room. The customer finds it is the wrong size, needs to come out, find another size or style, does not find the right size or right style. The store could potentially lose the sale, or the customer picks up another pair of jeans, goes back, and tries it on. Think of the amount of time and the sales opportunity wasted.

Mitsukoshi has installed IP phones with RFID tag readers. Customers go into the changing room, and swipe the RFID tag. The phone application tells the customer what other sizes are in the store's inventory. It can also tell what inventory is in other stores that are nearby, as well as what other styles would be available. If that is not in inventory, it will suggest a complementary style that might be there.

The IP phones also have applications implemented like the "attendant call" button used to ask for a store employee to come to the fitting room to provide assistance. There is also an application to obtain product information through integrated bar code scanner, and application to check inventory.

Mitsukoshi has seen huge benefits - in the six months that they have piloted this, they have had 113 percent increase in sales in the pilot stores.

The second thing they found is that because of the system, customers are now spending 20 percent less time in buying the pair of jeans. They are able to use the changing rooms at a 20

### **Cisco Unified Communications for Retail Solutions**

The Cisco Business Communications Solution delivers a complete set of communications applications and infrastructure products, together with integrated security, a lifecycle services approach, and tools to bring intelligent, effective communication to businesses of all sizes.

Cisco is responding to retailer's needs with an advanced suite of retail communication tools and applications built on the Cisco Intelligent Retail Network (IRN).

This turnkey retail communication system solution leverages unified communications technology to integrate voice and data applications on wired and wireless devices such as PDAs, IP phones, cell phones, pagers, and e-mail servers.

The open architecture of the Cisco IRN reduces the cost and complexity of managing multiple store locations-providing the following benefits:

- Meets stringent quality of service (QoS) standards
- Promotes efficient resource use through a single IP address per user
- Delivers optimal information availability and security
- Integrates with existing systems to protect earlier capital investments
- Enables gradual migration to full IP communications
- Increases sales and supports promotions of new products and services
- Enables better management decision-making
- Protects brand image and assets

These powerful retail communication networking applications offer the tools that shoppers need to locate the information that supports buying decisions. Integrated into Cisco networks and IP phones, they enhance the customer experience through their ability to:

- Offer immediate product, inventory, and price information throughout a store
- Facilitate self-service interactions such as loyalty card enrollment, point balance inquiries, gift card purchases or "recharges," and product ordering through a Cisco Unified Contact Center
- Support one-touch remote or in-store customer service and intelligent call routing

## **Simplified Store Administration and More Selling Opportunities**

Cisco and its solution partners have also targeted store employee needs. The Cisco Unified Communications system incorporates store productivity and merchandise management applications into a single wired or wireless Cisco IP phone—linking them with back-office systems. These powerful retail communication system applications:

- Give employees access to critical voice services and data over the Internet without requiring retailers to rewire their networks or invest in additional devices.
- Allow employees to clock in, check scheduling, and get payroll information on a single platform.
- Reduce operating costs through converging voice and data networks and one-to-many communications.
- Reduce the time employees spend on routine tasks and increase their time with customers.

## **Store Collaboration Tools**

Cisco store collaboration tools close the retail communication loop. Retailers can leverage single-platform conferencing and unified communications capabilities to:

- Optimize information flow and messaging across a multiple-store network stores.
- Provide associates with consistent corporate directives and timely merchandising updates.
- Encourage collaborative relationships by enabling employees to provide feedback about customer preferences and behavior.
- Slash travel costs by reducing the need for in-person management meetings, training sessions, and all-hands meetings.