



Retailers create connected customer relationships to differentiate their brands and build loyalty

Connected Experiences for Retail
with Microsoft Dynamics

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www.microsoft.com/dynamics

CUSTOMER LOYALTY AND SHARE OF WALLET DEPEND ON MORE THAN PRICE AND AVAILABILITY

Consumers increasingly are taking control of the retail environment. A major contributor to this development is today's pervasive digital technology that makes it easy to gather information and shop anytime from anywhere. No longer can retailers count on product availability and attractive pricing to win and keep customers. Instead, digitally literate, time-starved, value-driven consumers insist on a complete shopping experience—a *connected* experience—convenient, personalized, available in the store, by telephone or online. And this experience must feel the same regardless of channel; service levels that vary by channel can leave a bad impression with shoppers.

For the retailer, the goal is to convert the connected shopping experience into a connected customer relationship that will withstand changing economic conditions and consumer tastes. A connected customer relationship creates opportunities for you to differentiate your brand, build loyalty among your customers, and increase your share of wallet. But consumers are ever less tolerant of slips: they are willing to “vote with their feet” if their latest experience with your brand was unsatisfactory, or if they discover negative online reviews posted by other shoppers.

CONNECTED CUSTOMER RELATIONSHIPS

Recent experience has identified three important technology factors to consider in building or enhancing connected customer relationships:

- **Online investigation.** Experience in the United Kingdom suggests that a significant majority of shoppers who investigate online before they buy will visit more than one Web site, and will likely conduct multiple searches. Building relationships with customers such as these means providing information online so that they do can do their pre-purchase homework with you.
- **Social networking.** Other datapoints reveal the digital generation's tendency to post online comments and opinions about their shopping experiences. Such posts hold the potential to influence other shoppers' buying decisions because shoppers seem more inclined to trust them than advertisements. Smart retailers will monitor social media to stay informed about what their own customers and other shoppers are saying.
- **Multi-channel presence.** A leading U.S. retail analyst firm notes that shopping using more than one channel is growing as a percent of total retail sales, and this pattern will continue. Clearly, creating connected customer relationships means being “open for business” whenever and wherever consumers want to shop. The complete online presence supports pre-purchase information-gathering, the purchase transaction itself, and post-purchase contacts. Failing to establish this presence means leaving a growing portion of your revenue opportunity to competitors who do offer a multi-channel experience.

Connected customer relationships enable you to differentiate your company with a value proposition built around convenience, a multi-channel presence, and a consistent customer experience. In addition to the potential for greater customer satisfaction and positive online shopper reviews, connected customer relationships can benefit your employees in their various roles, as the following table suggests:

Role	Sample Information	Potential Benefit
Store, Web, and call center managers	<ul style="list-style-type: none"> Hours of operation and staffing input Product purchase and pick-up location coordination Assortment planning input 	<ul style="list-style-type: none"> Optimum availability to shoppers/cost-effective staffing Customer convenience/satisfaction Revenue and inventory costs balanced
Advertising and marketing managers	<ul style="list-style-type: none"> Print and online advertising plan input Direct mail plan input Loyalty program plan input Coupon and special offer plan input 	<ul style="list-style-type: none"> Greater advertising effectiveness Greater direct mail effectiveness Higher customer retention at attractive cost Personalized incentives that enhance loyalty at attractive cost
Supplier relations manager	<ul style="list-style-type: none"> Inventory plan input Product sales comparisons Vendor performance comparisons 	<ul style="list-style-type: none"> Product availability and inventory costs balanced Stronger overall product offerings Improved product availability and cost of goods sold
Operations manager	<ul style="list-style-type: none"> Back-order, shipping, and delivery status 	<ul style="list-style-type: none"> Greater customer satisfaction and loyalty

GETTING STARTED

State-of-the-art business software applications can help you seamlessly integrate your company's systems, tools, and processes. They offer the flexibility, interoperability, ease of use, and affordability that make today a great time to invest in building connected customer relationships. And the benefits realized from this investment can be game-changing. You will be open for business when, where, and how customers want to shop, so you will increase your total revenue opportunity. The actual purchase process can be more efficient because shoppers will be better informed and more ready to buy. By keeping abreast of shoppers' comments and opinions, you will gain insight to help you fine-tune retailing operations from end to end. By delivering the connected shopping experience that shoppers demand, you will differentiate your company's value proposition for shoppers and encourage their long-term loyalty. Your company's bottom line should also benefit.

Microsoft Dynamics® offers the retail community a comprehensive, flexible, fully integrated set of business software solutions that help you compete effectively today, adapt to changing conditions, and capitalize on tomorrow's opportunities—all with a compelling total cost of ownership. How?

- Microsoft Dynamics solutions are familiar. They work like and with Microsoft® Office, Microsoft SQL Server®, Microsoft Office SharePoint® Server, and other Microsoft products that your employees, customers and suppliers already know and use. This helps simplify development, deployment, and training.
- Microsoft Dynamics solutions are comprehensive, and they work together. They help you deliver connected customer relationships that are convenient, efficient, and consistent across multiple channels.
- Microsoft Dynamics solutions are supported by a robust partner ecosystem, so you can get help customizing or deploying your applications if you choose.
- Microsoft Dynamics solutions fit into your current technology environment, so they deliver value today. And they deliver value tomorrow by enabling you to cost-effectively integrate new, more robust applications as these become available.

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Retailers transform connected people into customer relationship agents

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TRANSACTIONS VERSUS RELATIONSHIPS

How well do your sales associates and customer service team actually know your customers? Do they approach each customer encounter as a simple stand-alone transaction or as one element in a multi-faceted relationship?

Do your customers shop with you just occasionally, when they happen to be “in the neighborhood”? Or do they visit you *first* when they shop? Do they keep coming back? What would they say about their experiences with your company in an online review? The answers to such questions are strategic, and they depend on the ability of your frontline people to establish and sustain enduring customer relationships. These people are, after all, the “face” of your business. They directly engage with your customers, they impact customer satisfaction, and they influence your share of the customer’s wallet. Why not empower them to be more productive, more engaging, more effective? Why not transform your in-store sales associates and call center representatives into customer relationship agents?

Information technology can help you accomplish this transformation by helping you connect your people to the tools, processes, and information they need to excel in customer interactions. And empowering a legion of customer relationship ambassadors can deliver transformative value to your business.

CONNECTED PEOPLE

To outshine the competition in managing customer relationships, your frontline people need access to information that goes well beyond what is needed for a stand-alone transaction. The ideal dataset might include customer purchase history, in-store inventory, availability in other stores, payment history and credit limits, order and shipping data, and more. Relevant information resides in many systems throughout your business, such as in-store point-of-sales (POS) systems and kiosks, call center databases, inventory systems, customer relationship management (CRM) systems, and financial/accounting systems. These systems may interoperate to some degree or not at all.

Merging data to gain new perspectives may require department data specialists to re-enter data and custom-build reports. And the new customer view, costly and labor-intensive to create, may differ across stores, call centers, and online channels. This approach makes it difficult to transform your sales and customer service people into customer relationship agents. Executing a two-step process can help improve the situation:

Connect your data. Define the information that will empower your sales associates and customer service staff, transforming them into your company’s ambassadors. If the POS, CRM, inventory, financial and other software applications now supporting your stores, Web site, and call center make it difficult and expensive to build this connected set of information, it may be time to upgrade the weak links.

Connect your people. Upgraded POS applications, in-store kiosks, wireless hand-held devices, and other solutions can be leveraged to deliver a more comprehensive customer view to store employees, who may already be comfortable with the interfaces these applications use. Deliver the same information to call center personnel and your e-commerce team. Building long-term, positive relationships with your customers requires that they enjoy a consistent, personalized, positive experience no matter how they choose to engage with your company. Build self-service functionality into your Web site, so that connected customers can be productive on their own.

And finally, keep security in mind as you connect your people to the information they need to become customer relationship agents. Delivering more information to them could expose sensitive information. Build in functionality that provides role-based data access. Customers need to have confidence that personally identifying information is carefully managed.

Connecting your frontline people to the processes, tools, and information they need to become customer relationship agents offers a host of benefits with the potential to improve your company's bottom line and long-term prospects, as the following table suggests. Note too that other roles, such as the buyer, can benefit.

Role	Sample Information	Potential Benefit
Store manager	<ul style="list-style-type: none"> • Customer requests • Effectiveness of different price points • Revenue per sales associate • Sales by day part 	<ul style="list-style-type: none"> • Improved assortment planning • Improved product mix • Targeted training/coaching • More cost-effective staffing
Sales associate	<ul style="list-style-type: none"> • Shopper preferences (color, brand, and so on) • Upsell and cross-sell opportunities • Availability in store or other stores • Promotional offers and credit limits 	<ul style="list-style-type: none"> • Improved assortment planning • Increased sales associate productivity • Increased customer satisfaction/revenue • Greater customer satisfaction
Call center representative	<ul style="list-style-type: none"> • Purchase history, previous returns, complaint resolution history • Workload per call center representative • Warranty status, back-order status 	<ul style="list-style-type: none"> • Increased call center representative productivity • Targeted training/coaching • Faster time to customer issue resolution; greater customer satisfaction
Buyer	<ul style="list-style-type: none"> • Sales by store, product, and region • Sales by price point • Vendor performance monitoring 	<ul style="list-style-type: none"> • More cost-effective buying and inventory management • Improved product mix • Better management of cost of goods sold

GETTING STARTED

Investing in technology that helps your people transform customer interactions into long-term relationships offers a compelling return on investment (ROI). Potential benefits include improved sales associate productivity; larger average shopping transactions; and increased call volume per call center representative. But the greater return will be enduring customer relationships. Information-empowered frontline staff can help establish your company—your stores, your Web site, and your call center—as the preferred shopping venue in your customers' minds, the retailer they check first when they shop, the retailer they return to.

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- Microsoft Dynamics solutions are comprehensive, and they work together. They help you create an end-to-end view of your total business and transform your sales associates and call center team into customer relationship agents.
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Retailers use connected insight to build customer-driven, proactive business processes

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MANAGING CHANGE REQUIRES INSIGHT

The retail environment is constantly evolving. Consumer tastes change, reducing the profitability window for products in stock and shrinking allowable time-to-market for new lines. Online sales growth rates exceed older channels, causing retailers to focus more on their e-commerce sites. New markets emerge, established market sales slow. New suppliers offer chances to reduce cost of goods sold or ensure product availability. Growing social and environmental concerns influence consumers' product choices. New competitors and new regulatory requirements squeeze profit margins. Population shifts mean that new stores must be opened, and their performance must be measured against existing stores. Faster inventory turnover requires more, and more cost-effective, marketing campaigns, which require faster, more accurate price-point analyses, merchandising, assortment planning, and so forth. Everywhere you look, solutions that worked yesterday may be broken today. Managing change requires insight into all aspects of the business. The more factors that change, and the faster change occurs, the more essential insight becomes.

Information technology is indispensable in gaining insight, but technology itself changes. More robust applications hit the market. Computing hardware grows smaller, more powerful, and more mobile. New approaches such as "cloud" computing emerge. User-friendliness improves. And the long-term total cost of ownership (TCO) continues to trend downward. Technology solutions that were state-of-the-art yesterday, and perhaps adequate today, almost certainly will be problematic tomorrow, making it more difficult to gain essential insight into your business. A major reason for this is the end-to-end "connectedness" of your business processes and operations. Over time, it will become more and more difficult to manage the interconnected elements of your company using a set of point solutions that are cobbled together with proprietary interfaces.

CONNECTED INSIGHT

Business processes form the backbone of any retailer. Connected insight is all about creating an end-to-end view of your company that uncovers insights to help your people continuously adapt these processes to perform smoothly in changing conditions. Examples include:

Role	Sample Information	Potential Benefit
Store manager	<ul style="list-style-type: none">• Store-level and company-wide product availability• Store-to-store and sales person performance comparisons• Campaign status and effectiveness• Analysis of clearance sale terms and timing	<ul style="list-style-type: none">• Fewer missed sales• Improved store performance; employee coaching/training• Improved planning/execution• Inventory/revenue optimization
Shipping/receiving manager	<ul style="list-style-type: none">• Incoming order status• Order processing monitoring• Delivery and availability status	<ul style="list-style-type: none">• Improved supply chain management• Improved efficiency• Improved customer satisfaction
Credit manager	<ul style="list-style-type: none">• Outstanding balances• Payment history• Credit limits	<ul style="list-style-type: none">• Incremental revenue potential properly balanced against uncollectible debt risks
Inventory manager	<ul style="list-style-type: none">• Optimal order quantity and frequency• Inventory by location	<ul style="list-style-type: none">• Warehouse/inventory optimization• Stock-out opportunity cost and cost of unsold inventory properly balanced

Consider these attributes as you rate your company on connected insight, and identify steps to take to improve the situation.

- **Integrated.** You achieve connected insight when your financial, supply chain, and customer relationship management (CRM) processes work together to produce perspectives on your store, Web, and call center operations that are not revealed by any one system alone. These new perspectives must be available in customizable, role-based views promptly—even real-time as appropriate. Solutions that are difficult and costly to integrate, or that deliver information on a set schedule in pre-formatted reports rather than on demand in user-defined views, are barriers to connected insight.
- **Flexible.** Changing market conditions and technology requirements can disrupt connected insight. Software applications that drive financial, supply chain, and CRM processes must be extensible; adaptable; easy to deploy, use, and maintain; upgradeable; and compatible with other newly-installed applications. Solutions that miss these criteria put at risk the continuous flow of connected insight.
- **Customer-driven.** Connected insight flows from a consolidated, comprehensive view of the company. This view makes it possible to quickly fine-tune each business process and operation from the perspective of cost-effectively delivering the best possible overall customer experience.
- **Proactive.** Becoming more customer-driven is all about carefully analyzing completed marketing campaigns and other retailing processes, and then using the insights gained to streamline operations and design more effective future campaigns. Proactive, continuous improvement offers attractive opportunities to reduce operating costs, and it stems from connected insight.

GETTING STARTED

Investing in technology to gain connected insight is a wise move. Insight helps you reduce time to market; improve customer service levels; minimize unsold inventory or inventory sold at discount; quickly spot under-performing products, stores, or sales associates, and take appropriate action; manage suppliers to ensure product availability and low cost of goods sold; improve marketing campaign effectiveness; and more. Such benefits help you improve the bottom line and deliver the connected experience that today's shoppers demand.

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