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Oracle Industry Connect
2014
Retail Best Practices
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ORACLE INDUSTRY CONNECT 2014

RETAIL BEST PRACTICES AND INNOVATION

While the numerous retail IT practitioners and experts who gave presentations at the recent Oracle Industry Connect 2014 conference in Boston discussed a wide variety of issues and topics, some common themes emerged across their discussions. Based on the general retail content presented at Oracle Industry Connect, it is safe to say today's retail technology professionals are interested in "vanilla" IT implementations, Commerce Anywhere and personalization.

Vanilla Implementations

In this context, vanilla means implementing an enterprise platform as designed, minimizing customization or use of one-off "best of breed" solutions. Vanilla implementations are much faster than custom implementations. Speakers at Oracle Industry Connect estimated that a vanilla rollout can take as much as 50% less time to complete than a custom rollout. Time that would otherwise be spent testing, integrating and modifying various applications is eliminated.

In addition, vanilla implementations tend to be more cost-effective than custom implementations. The workload on systems integration partners is typically much less, the need for middleware solutions is reduced, and cost of operation tends to be lower with fewer personnel needed. Furthermore, speed-to-market tends to be quicker as the implementation is less complex.

For example, Hot Topic and its sister Torrid swimwear brand — despite having different customer bases and products — share a common integrated Oracle application platform that was installed in as vanilla a fashion as possible in 10 months, with three months of data preparation beforehand. With modification, Hot Topic CIO Don Hendricks estimated the implementation would have taken two to four years.

Furthermore, vanilla implementations offer an easily followed and proven upgrade path. By partnering primarily or wholly with a single vendor, retailers that choose a vanilla IT deployment strategy enter a long-term relationship that ensures their systems' infrastructures will always operate with the most up-to-date applications and links.

Commerce Anywhere

Another central theme of Oracle Industry Connect was "Commerce Anywhere," or the new customer experience paradigm that requires enabling the consumer to purchase products how they want, when they want and to do so in a connected, nearly seamless fashion. Commerce Anywhere also entails delivering targeted assortments, making inventory transparent and accessible to customers and employees in real time, and integrating the systems supporting retail operations to meet demand.

During a morning keynote panel session conducted by Mike Webster, senior VP and general manager of Oracle's Retail Global Business Unit, Stage Stores CIO Steven Hunter said in his organization, everyone takes ownership of customer experience. Data and metrics are key to Stage's successful delivery of a segmented and targeted experience.

"Sixty percent of our 900 stores are in small towns of 50,000 people or less," said Hunter. "They are a destination. The store manager needs to know customers' names, their families, their likes and dislikes. Information helps. Then we have metro market customers who want to get in and out quickly. We use mobile devices for checkout and credit applications. We manage two different customer metrics."

Hunter said metrics are the "needle" that has moved the company toward universal ownership of customer experience. Customers are segmented into high, medium and low value, allowing Stage Stores to determine the level of targeted customer experience to allocate to each segment.

Personalization

Consumers now expect to have custom content and product assortments delivered to them, regardless of which channel they use to engage with a retailer. This means retailers must be able to deliver thousands or even millions of highly individualized experiences within their larger, overall customer experience.

For instance, in August 2013, Z Gallerie went live with Oracle Commerce, resulting in more relevant content, improved navigation and better ease-of-use, regardless of the device customers use to access the site. The full implementation was completed quickly, and sales from on-site search have dramatically increased.

Using the solution, the retailer has expanded the products available on its e-commerce site and delivered better content, improved navigation and ease-of-use for store associates and customers alike. As a result of the Oracle Commerce deployment, Z Gallerie has seen a strong rise in sales on items searched.

Personalization is the logical extension of Commerce Anywhere. Once customers can receive a consistent experience across all touchpoints, the finishing step is to continue to customize that experience to maximize its relevancy to the consumer and profitability to the retailer. ■

TRANSPARENCY, ANALYTICS, ENGAGEMENT LEADING AREAS OF INTEREST FOR 2014

By Mike Webster
Senior VP and general manager, Oracle

Mike Webster, senior VP and general manager of the Oracle Retail Global Business Unit, recently answered some questions about the leading areas of interest for retail IT professionals in 2014. His answers provide a good overview of where retail IT practitioners should be focusing their efforts in the coming months.

What are the most important areas of interest for retail IT professionals in 2014?

"Three separate focal points that represent different aspects of one overarching theme stand out. This year, retail executives are most interested in inventory transparency, in-context analytics and consumer engagement. And all three of these areas are important factors supporting various functions of commerce anywhere and a seamless customer experience, which of course are the ultimate goals of any innovative retailer."

How should retailers approach inventory transparency?

"Inventory transparency is still a perplexing challenge for most retailers. Visually, they can see what is (and is not) available in stores by looking at empty shelves and missing product placement. But they generally lack a clear view of whether inventory that is not stocked on store shelves is accessible elsewhere within the enterprise, such as at a nearby store or in a warehouse.

"Out-of-stocks remain a high source of frustration for retailers. They also represent a huge opportunity to establish a competitive advantage. By achieving inventory transparency, retailers can allow customers to buy, fulfill and return orders anywhere. They can also greatly improve their in-store assortments by having the right amounts of the right inventory in the right places."

How do in-context analytics differ from the data analytics retailers have already been conducting?

"The days of providing data, or raw numbers, about retailers' performance and the customer base have evolved into providing information, or summaries of what those numbers mean. The next extension is to evolve that information into actionable insights, or specific strategies and steps retailers can take to improve their performance and better serve their customer bases based upon historical analysis.

"There is information contained within business processes that can be used to empower and aid decisions by store associates, managers, corporate executives and others within the enterprise. However, for maximum effectiveness, recommendations need to be based not just on analytics, but also placed in context.

"For example, it's great for a retailer to know when they are exceeding their forecasts. But it's even better to directly present a buyer with that information as they are preparing to issue a purchase order."

What's new in the area of consumer engagement?

"Mobile devices, social platforms, wearable technologies and other leading-edge connective tools allow customers to directly participate in the retail enterprise. Combined, all these different connective points reflect 'consumer engagement,' or the ability to consistently interact with the consumer via any physical or digital channel of their choosing.

"For the retail executive, the main question behind consumer engagement is how to optimize promotions across all of these various touchpoints, and then ensure merchandise is available when and where the customer wants it. Thus consumer engagement links back to in-context analytics and inventory visibility, and all three interest areas must be properly accounted for if true omnichannel commerce and seamless customer experience are to be achieved.

"Retailers should also remember that even for the inward-looking customer-focus areas of inventory visibility and in-context analytics, the ultimate priority is external. Meeting the demands of the consumer in a timely, accurate and platform-agnostic fashion is the true 'area of interest' for retailers in 2014, and everything they do should be mindful of this fact." ■

INDUSTRY CONNECT SESSIONS ILLUSTRATE
WIDE-RANGING VALUE OF ORACLE RETAIL

C. Wonder Grows Fast with Vanilla Support

Specialty chain C. Wonder has been able to achieve rapid corporate growth thanks to a "vanilla" hosted implementation of Oracle Retail Merchandise Operations Management. C. Wonder implemented a fully managed, hosted Oracle enterprise environment, rather than undergoing the time and expense of developing an entire on-site, physical infrastructure.

C. Wonder rolled out Oracle Retail solutions, including merchandising and stores, between October 2012 and March 2014. During the same time frame, C. Wonder grew from 10 to 30 stores, including its first international store in Dubai, thanks in part to its ability to quickly scale technology with vastly reduced time, effort and expense.

"We changed the IT department from an enabler of technology to an enabler of business," said McFadden. "We got out of the traditional role of IT as an enabler of infrastructure. We don't own servers and are not responsible for operating systems or even application upgrades, in some instances."

As a result of turning over the management of IT capabilities, training and support staff to its business partners, C. Wonder has reduced infrastructure costs while increasing the functionality of its technology with an outsourced model. This advantage allows C. Wonder to focus on their top priority: the customer.

"Customization typically represents less than 1% of functionality delivered. It has little real value but a high perceived value," stated McFadden. ■

GROUPE DYNAMITE EASES
GLOBAL EXPANSION WITH ORACLE RETAIL

Having the potential for growth that exceeds the capability of your existing systems is a good problem to have, but it's still a problem. Groupe Dynamite, a 300-store fast-fashion women's apparel retailer based in Montreal and operating the Garage and Dynamite brands in North America and the Middle East, faced that very issue in early 2010.

"We had a highly customized legacy environment and a strategic plan to go global that were not congruent," stated Ian Booler, senior director, business transformation and project management, Groupe Dynamite. "We needed to invest in a new technology platform to get to another level."

Groupe Dynamite implemented an Oracle Retail Merchandising, Analytics, Stores and Commerce solutions to establish a foundation for growth and innovation. The retailer was able to increase transaction volume capabilities, roll out a shared online shopping cart for the Groupe Dynamite and Garage e-commerce sites, and process an increased volume of allocation messages in real time.

The new SOA platform has allowed for real-time integration of some key applications and increased transaction volume capabilities, with allocation message volume rising from 20,000 daily messages to 100,000 daily messages, as well as the ability to process them in real time. The Oracle Retail Store Inventory Management now provides customers with the ability to look up in-store inventory from all parts of the enterprise. With the Oracle Stores, the stores' inventory will be updated in a near real-time basis. All this will enable continued global growth on a highly integrated basis, on both the back and front ends, to the benefit of both customers and merchandisers. ■

NEIMAN MARCUS GOES SEAMLESS

Luxury retailer Neiman Marcus is leveraging Oracle Retail solutions to deliver a seamless customer experience that lets shoppers purchase the items they want, whenever and however they want. One step Neiman Marcus has made is replacing the "black books" of written notes on customers associates used to carry with iPhones.

"Associates can also use the iPhones to communicate with customers through text, email or call," said Karen Katz, president and CEO of Neiman Marcus. "We're developing a strategy for associates to use mobile phones to communicate with customers." Katz said the retailer can show customers exactly the merchandise they want online and then be sure they can go pick up the same items in the store. Neiman Marcus also extends its product assortment to include furniture and bedding online that it cannot stock in stores.

With the Oracle enterprise transformation, the company is moving from legacy applications and adopting the best practices of an enterprise application. Neiman Marcus extended the Oracle footprint beyond Oracle Financials, Human Resources and Commerce to include the full suite of Oracle Retail applications.

Neiman Marcus sees more channel integration as the key to achieving its seamless customer experience goal. When a customer arrives at the Neiman Marcus e-commerce site, they are served the exact content and products they want to see. Using the mobile Neiman Marcus customer app, shoppers in a Neiman Marcus store can quickly find their preferred associate or locate an available associate to provide assistance.

The retailer also uses in-store solutions such as mobile POS terminals to ease the customer experience and make it as seamless across channels as possible. Neiman Marcus further supports these efforts with an entire team focused on omnichannel commerce, led by a vice president of omnichannel. ■

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ZENNI OPTICAL OFFERS A BIGGER AND BETTER DEAL

Global online prescription eyewear retailer Zenni Optical began when senior VP Julia Zhen and her husband started the company in their garage in 2002 after realizing that the huge markup between costs of manufacture and retail price of prescription eyeglasses left substantial room to offer consumers a better deal.

Zenni Optical implemented Oracle Commerce. The Oracle Commerce open source platform allows Zenni Optical to leverage a homegrown system to change the face of the company. The combined technology lets customers upload a photo of their face and have precisely fitted glasses displayed. Zenni now sells millions of glasses in 80 countries.

"We order eyewear to make for the individual," said Zhen. "Typically it takes about two weeks to get the product to the customer. Customers in the U.S. are the hardest to satisfy."

Zenni orders glasses to customer specifications in a vertically integrated factory in China and generally delivers them in two weeks. Controlling manufacture of inventory allows Zenni to pass substantial savings to customers and also ensure that the tens of thousands of variables that go into a unique pair of prescription glasses are properly managed.

Of course, this process is not an easy one. Each pair of glasses must exactly match a customer's prescription, which has 12 variables, each with dozens of discrete subvalues.

"There are tens of thousands of unique prescriptions," said Zhen. "It complicates our order process online."

However, with Oracle Commerce platform, Zenni Optical allows customer to enter their pupillary distance, size a frame for their face, upload an image of their face, and receive an image showing a realistic fit with their selected eyewear that can be immediately shared on Facebook for social feedback. ■