Crossing Pointe Crosses Technology and Fashion in Multi-Channel Shopping

HURWITZGROUP ▶   translating technology into business success

Executive Summary

Blair Corporation, a national catalog and direct marketer of high–quality, women's and men's apparel and home products, have grown to serve millions of value-conscious consumers by offering a unique combination of value, quality, service, and guaranteed satisfaction to its customers. After 91 years in business, the average age of the company's core customer was 60+ years. Blair wanted a strategy to attract a younger, more fashion-conscious customer to help fuel significant corporate growth. The solution was the introduction of a new brand, Crossing Pointe, designed to appeal to value- and fashion-conscious women between the ages of 30 and 55.

Blair's research showed that this desirable demographic had money to spend on fashion, and that a large portion of the group wanted to shop on the Internet. Up until this point, Blair didn't have a Website of its own, and the existing business systems had been in place for over thirty years. Executives knew that they needed a more integrated, real-time, Web-based system to service Blair's new Crossing Pointe division, formed in late 1999.

Crossing Pointe teamed up with IBM Business Partners CommercialWare and Integrated Information Systems to launch a Webstore commerce site in under six months, to coincide with its catalog launch. Despite challenging timetables, the site went live on time, immediately after the first catalogs were mailed. Crossing Pointe proved an immediate success. Crossingpointe.com achieved a considerable presence on the Web, and within weeks reached industry sales percentage averages.

Crossing Pointe has developed a large customer base, and is growing all the time. Repeat customer order rates are higher than industry averages. Since its introduction, the Website has continued to evolve and now offers such advanced features as "My Virtual ModelTM," which allows customers to set up an online model with build and coloring similar to the customer's own. The virtual look-alike can then "try on" fashions the customer is interested in purchasing. This allows customers to preview what the clothes would actually look like, making online shopping more fun and less risky for them. A recent deal with Jane Seymour has added a touch of glamorous star power with her new Signature Collection added to the line. With all this going for them, Crossing Pointe is clearly a success. The momentum keeps on building, thanks in part to the scalable, flexible technology Crossing Pointe selected to support its efforts.

Crossing Pointe's Solution at a Glance	
Core Function	A Web-based e-commerce business-to-consumer solution, integrated with a mission-critical back end system, retail.dot.commerce, a catalog management system from CommercialWare.
Software	IBM WebSphere Commerce Suite Professional CommercialWare retail.dot.commerce catalog management system IBM MQSeries IBM DB2 Universal Database
Servers	IBM AS/400 Windows NT
Business Partners	Integrated Information Systems (IIS) CommercialWare
Key Benefits	Allowed Blair Corporation to launch a new brand in a short time period Attracted over 200,000 new retail customers in a little over a year Repeat customer and bounce back rates exceed industry averages

Situation Analysis

Background

Blair Corporation is a national catalog and direct marketer of value-priced, high-quality women's and men's apparel and home products. Located in Warren, Pennsylvania, Blair has been in business for over 91 years. In that time, the multi-channel direct marketer has built a strong and loyal customer base for its Blair brand, but that customer base has begun to age, with the average customer now over 60-years-old.

Like most consumer catalogers, Blair relies on brand image to attract customers, and was beginning to feel the need for a newer image that would appeal to younger, more fashion-conscious women. Blair hit on the idea of launching a new brand, and Crossing Pointe was born.

The Need — Launching a New Brand Meant New Business Systems to Support IT

Blair Corporation's existing information systems had been in place for over 30 years. Corporate systems ran on an IBM S/390 Parallel Enterprise Server, but the applications themselves were mostly custom-code written in Assembler. Clearly, the existing systems couldn't support the launch of a young, hip brand that intended to make a high percentage of its sales over the Internet.

In order to support the launch of the new brand and become more competitive, Blair Corporation needed to adopt new systems that could change and adapt over time as business needs changed. Blair executives wanted the business systems to function in real-time, unlike the existing batch process information systems. They felt that the systems also needed to be well-integrated to allow rapid order processing, and that systems must be adaptable by end-users without a lot of support from IT staffers.

The plan was to introduce the new brand and launch its Website on the same day. Blair's research showed that the desired demographic for the new brand included many women who wanted to buy apparel over the Internet. This was a tall order for the Crossing Pointe team.

Countdown to Success

Late 1999	Blair Corporation decides to launch a new brand, dubbed Crossing Pointe
Q1, 2000	Crossing Pointe team selects CommercialWare's retail.dot.com and IIS as solution partners
June, 2000	First test catalog mailed to 200,000 potential customers
July, 2000	Crossing Pointe's Webstore opens for business
Q3-Q4, 2000	The Internet achieved industry sales averages within weeks of launching
2001	The percentage of Crossing Pointe's orders from the Internet have tripled, and the percentage grows every month.

Challenges — The Need for Speed

The biggest challenge facing Blair's Crossing Pointe team was the timetable. It took just six months from the start of development to launch Crossing Pointe's Website. The aggressive time frame was necessary to ensure that the site was well established before the crucial holiday shopping season.

Since Blair had no previous experience with Websites or e-Commerce, the choice of partners was crucial. And with the time constraints facing the Crossing Pointe team, there was no time for a lengthy application evaluation process. Gary Smith, Director of Marketing for Crossing Pointe, an experienced Blair associate, had this to say: "IIS and CommercialWare were very good choices. We felt confident in their rapid implementation approach and that they would deliver on their commitments. They were committed to our success."

Communications was another key challenge. The Crossing Pointe team had limited experience in setting up the communication infrastructure needed for a high volume Website. While getting this in place was longer and more complicated than Smith imagined up front, they eventually got everything installed and running in time for the launch.

As a small division within a large conservative corporation, the Crossing Pointe team needed both the authority and the willingness to get things done quickly, while learning a whole new way of doing business. Because the Crossing Pointe systems are all integrated and operating in real-time, throughput is much faster and the success of the system is much more in the users' hands than Blair employees were used to. Choosing the right people for the project team was therefore an important consideration.

Action Plan and Decision Process

First Steps

Clearly the mandate to adopt systems that were real-time, integrated, end-user adaptable, and able to change over time as the business changed, coupled with the short time frames involved, meant that upgrading the existing systems wasn't really an option. The team decided that a catalog management and an e-Commerce/Web storefront application needed to be the cornerstones of the new system design. Several commerce applications were brought in for initial demonstrations and evaluations.

> "As a long-term IBM customer, we just felt more comfortable because of the support and service we had received over the years."
> — *Gary Smith*
> *Director of Marketing*
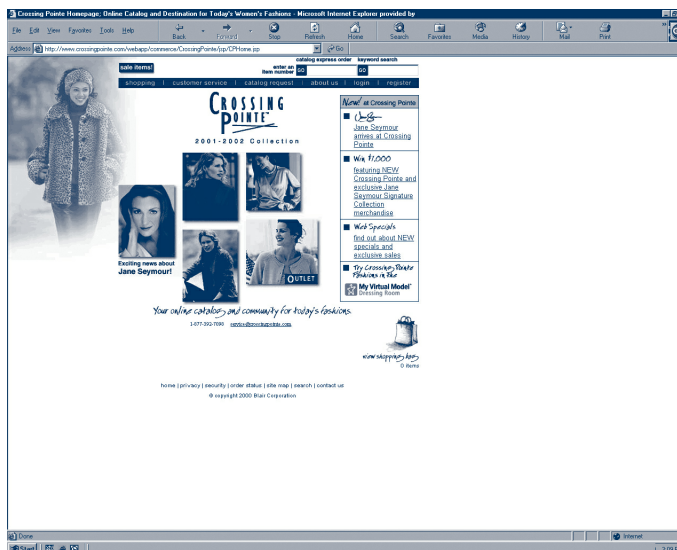> *Crossing Pointe*

An IBM customer for many years, Blair Corporation felt more comfortable turning to IBM technology as the foundation for the new e-commerce system. Although Crossing Pointe also evaluated systems on other technology platforms, IBM Business Partner CommercialWare was the leader almost from the first. "It just seemed that CommercialWare had thought through the business issues, whereas other commerce application vendors we looked at had not," commented Smith. "We could envision deploying this application quickly."

CommercialWare's retail.dot.commerce solution is a complete business system and catalog management application that offers everything from marketing analysis to merchandising, to order entry to customer service, to

warehouse management, and order fulfillment. Most important to Crossing Pointe, it offers a common customer view for both catalog and e-Commerce channels, something Crossing Pointe felt was key to maintaining brand image. The real-time processing, along with the flexible, rules-based business processes were also important to ensure the fast service and process adaptability needed to flourish in the competitive marketplace targeted by Crossing Pointe.

CommercialWare recommended Integrated Information Systems as the developer for the custom storefront. Smith agrees IIS was a great choice. "We could see after just one meeting that they understood our business and had the technical expertise to accomplish our business objectives. They had the initial development and integration work done in just three months."

The Web storefront needed to provide a consistent extension of the Crossing Pointe brand image established by the catalogs. In keeping with Blair Corporation's philosophy of superb service, Crossing Pointe also wanted exceptional navigation and search capabilities, to ensure customers would have an enjoyable shopping experience on the site.


Whether shopping from a catalog or browsing over the Internet, Crossing Pointe's Website provides a consistent, speedy, and pleasurable experience.

Yet one key feature of the e-Commerce site, its integration with retail.dot.commerce, had to be invisible to consumers. Once again, IBM technology provided a solution. IIS used IBM's WebSphere Commerce Suite as the basis of the Web storefront. IBM's DB2 was chosen to store item and

inventory information, along with pricing and promotion detail, for fast response to customer orders placed on the Internet. IBM's MQSeries was used to provide two-way integration between retail.dot.commerce, running on an IBM AS/400 at Blair Corporation and the e-Commerce site, hosted on NT servers at IIS.

This integration ensures that orders placed on the Web are seamlessly loaded into retail.dot.commerce. This enables Crossing Pointe to analyze all market demand and customer activity from a single dataset. Order status information, such as shipment and delivery schedules, is available to customers from the Web for fast, simple self-service access. This immediate self-service inquiry capability is essential to satisfying Crossing Pointe's target customers.
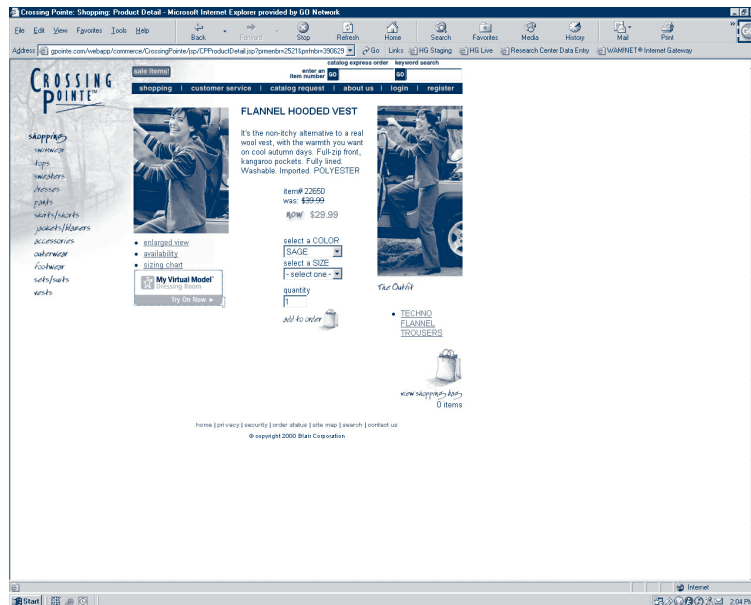
Crossing Pointe's Website reflects the high-quality fashion image of the brand.

Smith and the cross-functional project team of about eight people were able to agree on the chosen solution partners and bring a proposal to the board of directors just six weeks after starting the project. Smith elaborates, "The combination of IBM, CommercialWare, and IIS clearly offered the best functionality and the most integrated solution, with retail.dot.commerce and WebSphere Commerce Suite the clear leaders in the area. We also felt confident about the project team, and the fast implementation philosophy CommercialWare and IIS recommended made sense to us."

Even though the team examined solutions that ran on several technology platforms, the consensus was that CommercialWare and IIS offered the best solution, partly because of their strong partnership with IBM. "We felt good about their compatability with IBM technology. As a long term IBM customer, we just felt more comfortable because of the support and service we had received over the years," Smith explained.

Solution Profile and Implementation Strategy

Developing the Solution

After being selected as Crossing Pointe's development partner, Integrated Information Systems went right to work. With a team of five, including four programmers and a project manager, IIS delivered the first iteration of the integrated storefront and commerce system in approximately three months. Before beginning the actual coding, the project team held a two-day strategy workshop. IIS next delivered a high-level site map and a priority list of business requirements as part of the project plan.

IIS and CommercialWare worked together to integrate retail.dot.commerce with IBM's WebSphere Commerce Suite 4.1, the foundation of Crossing Pointe's new Website, hosted at an IIS facility. IIS used IBM's MQSeries to provide two-way integration between retail.dot.commerce, IBM WebSphere Commerce Suite and IBM DB2 Universal Database. WebSphere Commerce Suite captures Internet order information, which is passed by MQSeries to retail.dot.commerce running on an IBM AS/400 at Blair headquarters. On the other side of the equation, MQSeries also updates the DB2 database running on an NT server at IIS with price, promotion, and inventory availability information in order to ensure the near instantaneous response times customers expect when shopping on the Internet. Both retail.dot.commerce and WebSphere Commerce Suite easily handle the high volumes of commerce transactions required by Crossing Pointe. The result is that Crossing Pointe has an immediate and consistent picture of customer and item demand regardless of the order channel.

IIS used standard JSP, Java servlets, and JavaBeans for custom commands to ensure that Crossing Pointe could take advantage of future upgrades of WebSphere Commerce Suite and retail.dot.commerce. Crossing Pointe, along with IIS, did extensive testing of the resulting e-Commerce applications to ensure they provided both high availability and solid business processes for the most efficient and enjoyable consumer shopping experience possible.
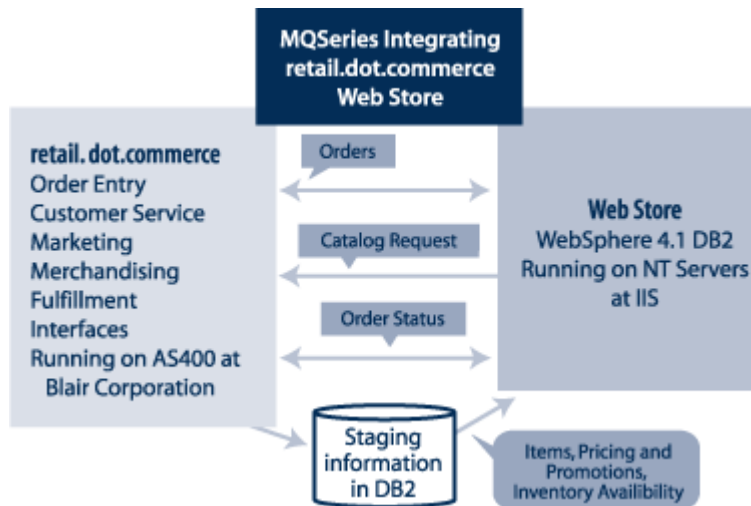
Figure 1. IBM MQSeries provides tight, two-way integration between the Web storefront and the catalog management application giving Crossing Pointe customers immediate access to inventory and order status information.

After a few weeks of training by IIS, the Crossing Pointe team ran a conference room pilot to ensure that all was in readiness for the launch. At the end of June, 2000, the first catalog was mailed to 200,000 potential customers as a test. The system performed even better than the Crossing Pointe team had expected. Gary Smith recalls, "Although we made a lot of adjustments after the fact, the launch went smoothly — much more smoothly than I would have expected given all that had to be done in such a short time."

Solution Architecture
The front-end server consists of three NT systems hosted by IIS to run IBM's WebSphere Commerce Suite and DB2, as well as to handle the Website. The retail.dot.commerce back-end catalog management runs on an IBM AS/400 located at Blair Corporation's Warren, Pennsylvania headquarters. IBM's MQSeries provides the tight two-way integration between the two systems, moving inventory, and pricing and order information seamlessly in both directions between the systems in the two locations.

MQSeries provides two-way integration

IBM's WebSphere Commerce Suite running on NT servers at IIS

Commercial Ware retail.dot.commerce running on IBM AS/400 at Blair Corporation

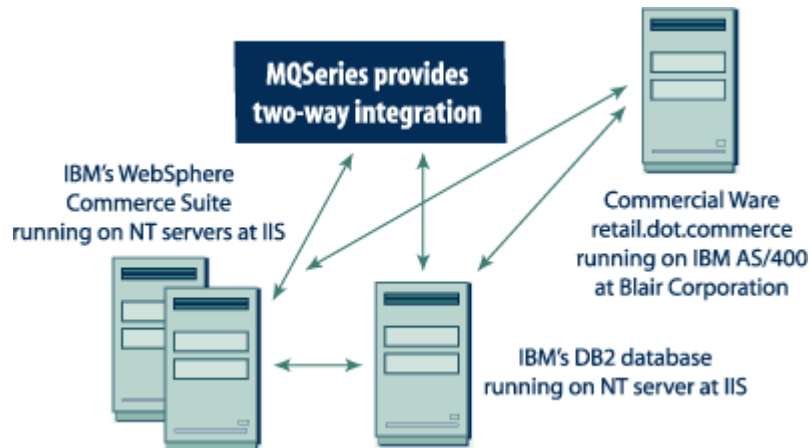IBM's DB2 database running on NT server at IIS

Figure 2. IBM DB2 and MQSeries integrates WebSphere Commerce Suite with retail.dot.commerce for a complete real-time view of Crossing Pointe's multi-channel business.

Business Results

Blair's research had shown that Crossing Pointe's target demographic had a strong propensity for multi-channel shopping, often selecting items from catalogs but placing actual orders on the Internet or browsing Websites to make selections later ordered by telephone. This research mandated the multi-channel commerce approach chosen by Crossing Pointe, and the prediction proved to be right on the money. Shortly after the Crossing Pointe Website actually went live in July, 2000, the percentage of sales generated over the Internet equaled industry averages. Internet sales order percentages have tripled, and the percentage continues to rise every month. Crossing Pointe now has a very solid customer base of over 200,000, and a very high percentage of these customers turn out to be repeat buyers.

For example, in the retail catalog industry, it is standard practice to include a catalog with shipped orders. Usually a small percentage of customers will place an additional order from this catalog. This consumer phenomenon, known as the "bounce back" rate, is a strong indicator of customer satisfaction with their order. Smith proudly states, "We are extremely pleased with our response rates. For example, on average the "bounce back" rate would be about four to six percent. We're enjoying rates well above that. Consumer acceptance of the brand has been well above our expectations, and that's partly attributable to the consistent image and enjoyable shopping experience we provide through our catalogs and Website."

Crossing Pointe has successfully launched and established a new brand appealing to the target demographic, and has been an important part of Blair Corporation's growth strategy. Average sales to date are significantly ahead of projections. As Smith says, "This technology gave us the platform and flexibility to help grow our customer base quickly in our desired demographic."

Business Results Achieved

- ▶ Launched a successful new brand in under six months
- ▶ Attracted 200,000 new customers in slightly over a year
- ▶ Achieved repeat customer and "bounce back" rates well in excess of industry averages.
- ▶ Exceeded revenue targets for the Crossing Pointe brand in its first full year of operation
- ▶ Since launch, sales percentages have tripled coming in over Web

Lessons Learned

Gary Smith muses, "We felt that it was critically important to select our team carefully up front. Our decisions here really paid off when the going got tough. By assigning the responsibility and authority to get things done, our small team accomplished a lot." Smith notes that the valuable project management skills that the IBM Business Partners brought to the table really paid off. For example, when installation of communication lines took longer than expected, the team adjusted and recovered quickly to get back on schedule.

Smith also commented that Crossing Pointe's IBM Business Partners recommended that they start simply and phase in additional functionality over time, and that this was the approach Crossing Pointe needed to be able to launch in record time. "We didn't try to accomplish too much up front," he explains. "We stayed focused on what was required to start the business. By testing carefully, and customizing later as needed, we achieved remarkable results. We are well-positioned against the competition, and we are very optimistic about the future!"

State 5: Adapt Dynamically

State 4: Integrate Externally

State 3: Integrate Internally
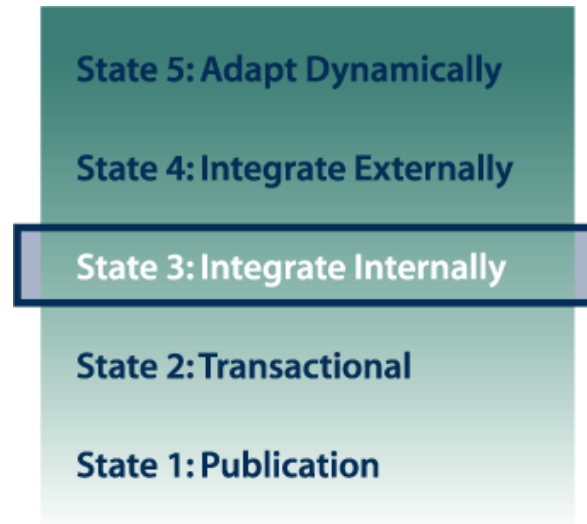
State 2: Transactional

State 1: Publication

Figure 3. Crossing Pointe's two-way integration of multiple applications at multiple facilities provides an e-Commerce solution to its customers, placing them solidly in state three.

Case Epilogue

No business can rest on its laurels for long, and a retail fashion business has less breathing room than many others. Customer tastes change rapidly, and the competition continually raises the bar for what customers expect. Crossing Pointe's team has risen to meet these challenges as enthusiastically as they tackled the initial launch.

The team continues to add new features to the Website to keep customers coming back. Recently, Crossing Pointe launched "My Virtual ModelTM" which allows customers to design and maintain their own look-alike model on the Website. The virtual model allows the customer to "try on" Crossing Pointe's fashions. A recent agreement with Jane Seymour, the actress, to launch a designer line under the Crossing Pointe name has also been very successful in attracting new customers.

As Gary Smith says, "This is a brand new business, and there'll always be a new challenge ahead of us. We have aggressive growth plans, even in this tough economy, but our technology is scalable. We're well covered to support our growth with the choices we've made. We had the right team, and we're excited and confident about our future."
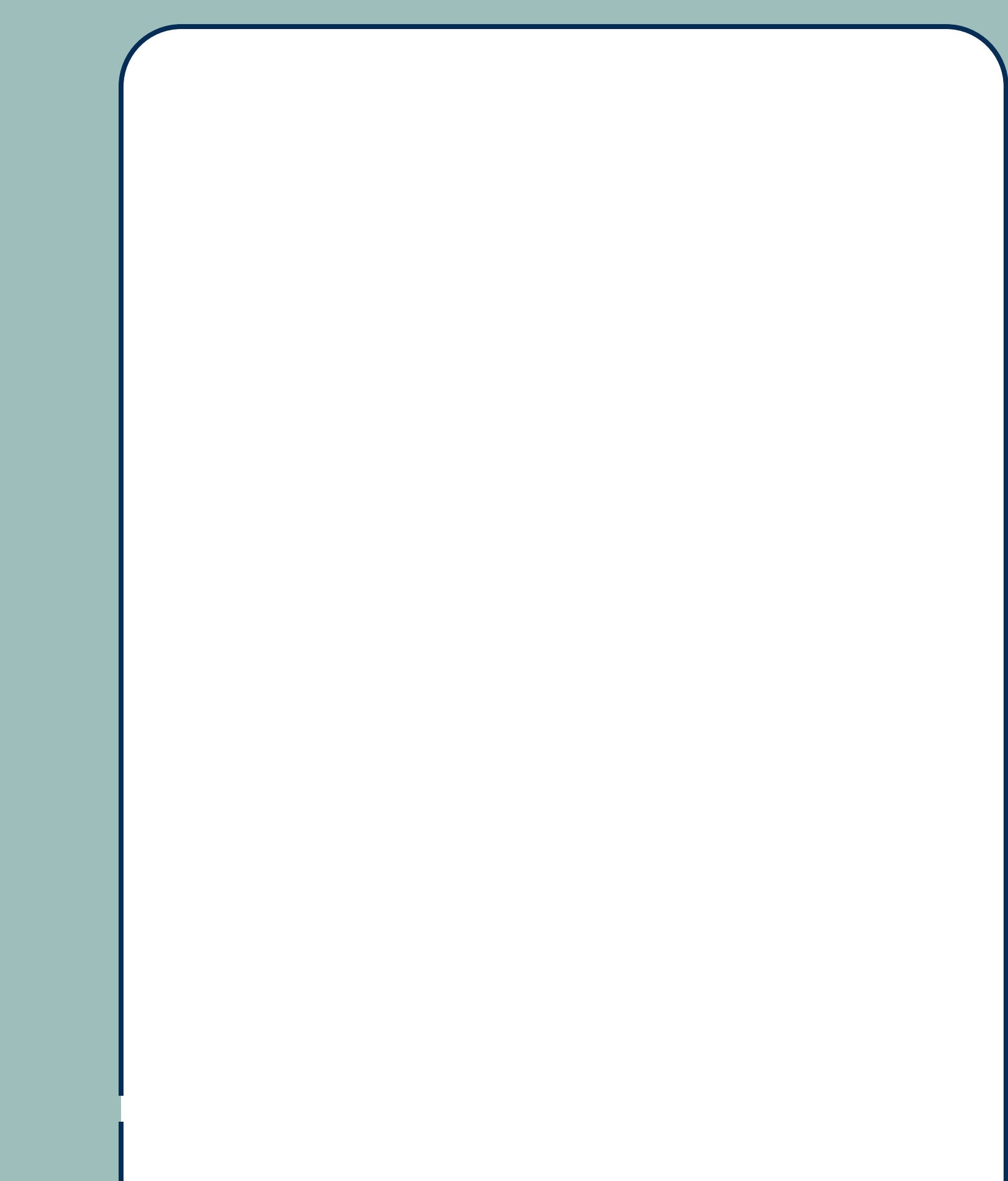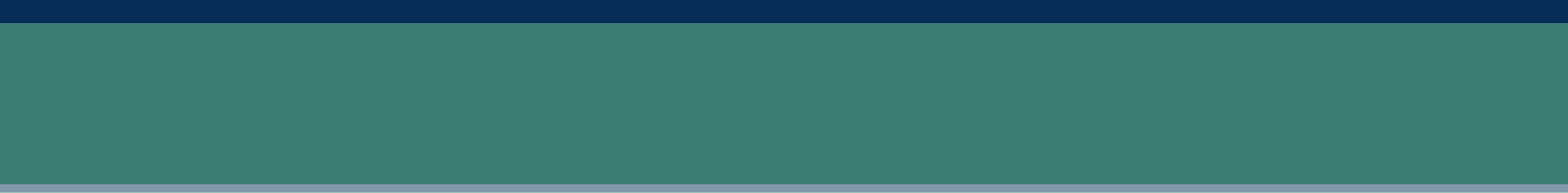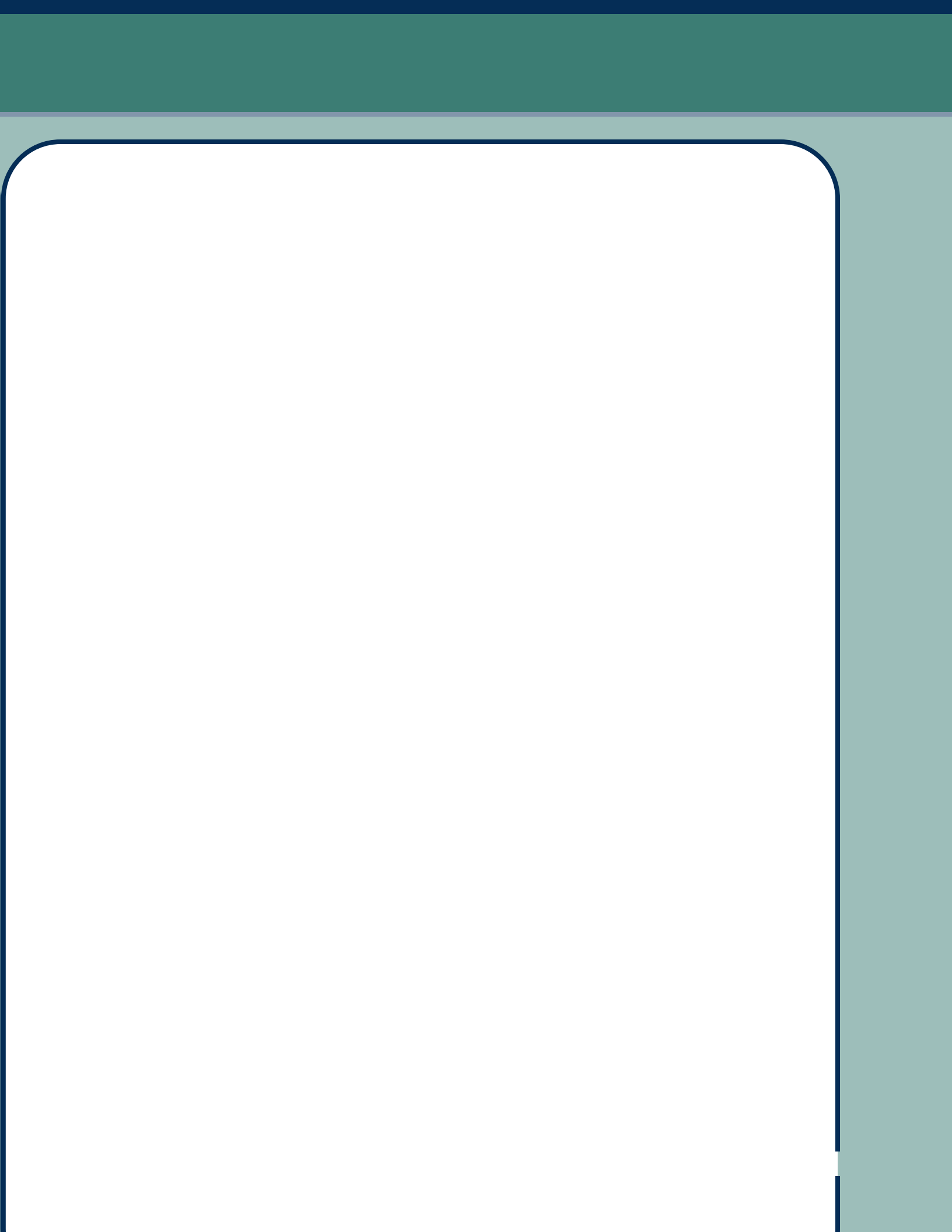
Crossing Pointe Crosses Technology and Fashion in Multi-Channel Shopping

is published by Hurwitz Group, Inc.
111 Speen Street, Framingham, MA 01701
T: 508 872 3344; F: 508 872 3355
info@hurwitz.com
www.hurwitz.com

February 2002

G325-1919-00