



Improving customer satisfaction and operational efficiencies with a proven portal solution.



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Executive summary

Customer loyalty, pressure to stand out from the competition and an inability to see or access critical information are some of the key challenges that face the retail industry today. Either by reducing costs, offering better customer service or providing unique specialty products, retailers must differentiate themselves. Information and technology are quickly becoming useful tools for gaining customer loyalty and increasing employee productivity. By improving visibility into online shopping metrics, inventory levels and corporate communications, retailers can make better decisions to gain more market share.

This executive brief shares how IBM's portal solution, IBM WebSphere® Portal software, when built on a service-oriented architecture (SOA), provides the integrated user environment that retailers need to address the unique challenges facing their industry. With an integrated environment customized by user role, retailers can help to improve employee productivity—thereby enhancing customer satisfaction, increasing business responsiveness and driving new revenue opportunities.

Retail trends

Retailers face the ongoing challenge of driving more sales through differentiating their business from their competitors'. As part of this effort, store and online performance may be optimized, from stockroom to the point of sale, using store technology. Improved technology enhances the customer experience and improves the effectiveness of in-store employees. Not only is the store the outward face to customers, it's also an important source of enterprise information used to establish buying patterns for a specific region. It is important to know when inventory levels are low. Gaining real-time visibility into stock levels helps minimize out-of-stock situations and keep customer satisfaction levels high.

“For the first time, retailers are linking technology with core business processes and making capital investment based on a fully aligned strategy.”

—Jeff Roster, Gartner, 2004¹

With the proliferation of online shopping experiences, the value of a positive customer experience online is increasingly important. Industry sources say that as high as 77 percent² of all potential online transactions are abandoned before the final sale. The right technology, presented in the right context, can give online shoppers the right information to make a final purchase decision. Today, retailers with an online presence want to support customers with an effortless Web shopping experience.

Related to the investment in retail technology is the need to create an integrated information flow from the cash wrap through to the corporate merchandising, purchasing and inventory systems. Retailers interested in creating this seamless flow of information from simple transactional systems to analytical systems are making investments in the infrastructure necessary to make this happen. Often this means integrating new functionality into existing systems, rather than replacing current application suites.

Over the next five years some basic factors will drive the retail industry to a highly consolidated market with complex customer demands. Shoppers, armed with ubiquitous access to information, will demand better value from every shopping experience. Customers will seek out and share information using the methods most comfortable to them, including the Internet and trusted proprietary sources. More and more consumers will either be looking for higher-end products or looking for the lowest price, depending on the customers' own preferences and the particular item or service being purchased.

To meet the demands of low-cost shoppers, megaretailers will attempt to dominate the low-price markets through their breadth and scale, expanding rapidly across geographies, categories and segments. Specialist boutique retailers will also continue to thrive, serving customers who seek a unique and high-end shopping experience. Market leaders at both ends of this spectrum will differentiate themselves by exploiting new capabilities, such as real-time information, advanced analytics and automated systems, to reach operational optimization. They will become efficient, responsive enterprises built around agile, global data networks.

“Without timely information from our stores, we couldn’t react to market trends as quickly as we should, and risked missing out on sales opportunities and hurting our profitability as a result.”

— Harry Bekkema, Mark’s Work Wearhouse

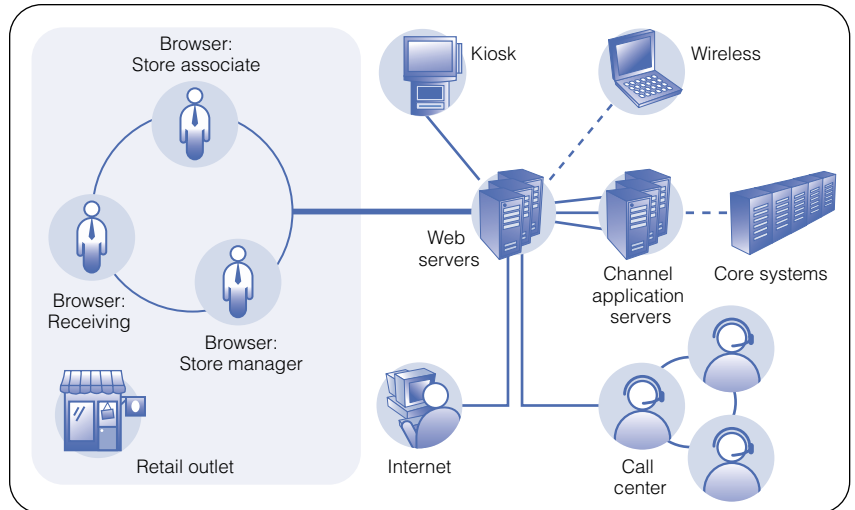


Figure 1: An open standards-based Web or centralized model provides the ideal base to address a number of retail challenges.

Portals help address the challenges of the retail industry

To meet productivity and differentiation needs, many retail organizations are turning to the flexibility and capabilities of portals. A portal is a single, personalized interface that integrates people, processes, applications and information. Personalized portals can help customers, employees, vendors and partners gain easy access to information. Portals can also help employees gain access to data crucial to performing their particular jobs, thereby improving overall productivity, increasing customer satisfaction, enhancing business responsiveness and maintaining a competitive edge.

To help address these challenges, IBM has developed IBM WebSphere Portal software, a member of the IBM® Workplace™ family.³ IBM WebSphere Portal software provides the framework that retailers are able to use to build and deploy portals personalized for a user’s role, preferences, profile and the security needs of the enterprise. With IBM WebSphere Portal software, organizations can integrate business applications, workflow, content and presence awareness in a single, role-based environment, enabling employees to gain easy access to information and resources, collaborate with other portal users inside and outside the store or company, and respond more quickly to customer needs.

Enhance customer satisfaction and retention

Customer satisfaction plays a large role in forecasting retail revenue. The retail industry often correlates revenue and cross-selling opportunities to a customer satisfaction index. As customer satisfaction measurements improve, increased revenue generation can be more easily projected. Therefore, gaining and keeping customers is a key goal across all types of retail, including online shopping.

With online shopping growing at an annual rate of 22 percent in 2005, as opposed to the traditional retail growth rate of 7 percent,⁴ gaining unique Web functionality with a portal can enhance customer brand loyalty. Portals can improve the online shopping experience by not only enabling customers to make purchases, but also by streamlining their ability to interact directly with sales associates. Online customers can shop, learn about store locations and hours, and find out about sales and specials, 24x7. These self-service capabilities help maximize customer satisfaction. Satisfied customers are more likely to finish the original transaction and buy additional products. Reduced customer turnover can translate directly into improved retail profitability.

Portals can also facilitate collaboration between Internet customers and store associates. With portal technology, a Web site can give customers enough data to make a purchase decision. For example, a portal shopper may need an item quickly; through portal technology, the customer might be able to access real-time inventory information to see that the item is ready for same-day shipment.

Or, if the customer has additional questions that the portal site cannot answer, the portal's instant messaging capability could be utilized to facilitate an online, real-time conversation with a sales associate. If the shopper has found the desired item but is having difficulty with the checkout process, a single

click on a “Chat with sales associate” button can open an online messaging session. Perhaps the customer entered in an incorrect credit card number or isn't certain what the credit card safety code is. An immediate answer can be a click away via instant messaging, enabling the purchase to be completed in the same online session. A satisfactory shopping experience can lead to greater brand loyalty, which can ultimately increase shopper satisfaction, enabling executives to better predict revenues.

Drive to operational efficiencies

Portals can improve operational efficiencies by providing simplified access to the critical applications and information employees need to effectively perform their daily tasks. A portal can aggregate all components that an employee needs into one role-based portal page, which can help lead to lower costs and increased profits. For example, a merchandiser's portal page might include product order history, current inventory levels, projected lead times and any current marketing activities. With all this information in one place, the merchandiser can quickly assess whether the retailer has enough of a particular product in stock. If inventory needs to move to another store location to meet upcoming demands due to an in-store promotion, the merchandiser can order product to be relocated, thus avoiding a stock-out. The retailer will not lose sales due to a lack of product, improving overall operational efficiencies.

Information flowing from the corporate office to individual stores can also be integrated into a user's portal page to support an individual store's operations. The in-store manager is often responsible for coordinating merchandise displays and promotions that are received from the corporate office. Having all information in one view helps the manager see the seasonal fluctuations for a particular location, as well as what is selling well currently in a specific outlet. Combining that information with marketing promotions enables the manager to make smarter decisions regarding how much floor space to dedicate to sale items, for maximized sales.

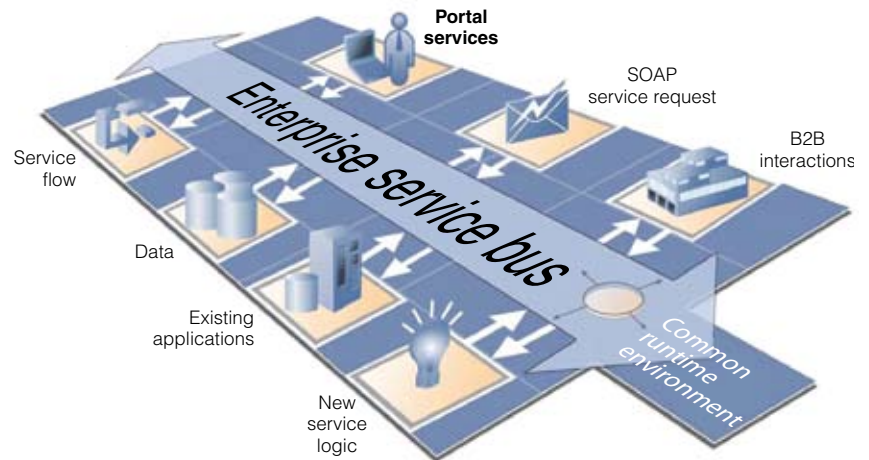


Figure 2: A service-oriented architecture (SOA) is an approach to build distributed systems that enable flexible connectivity.

Creating the ideal infrastructure for portals

To employ a portal solution effectively, retailers must have the proper infrastructure. A service-oriented architecture (SOA) is the ideal foundation for a retail portal. An SOA is a technical architecture that takes everyday business applications, such as customer relationship management (CRM) systems or inventory tracking, and breaks them down into individual business functions and processes, called *services*.

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Once a retail organization defines its competencies, each one can be executed as a service and then combined and recombined to support the different activities and changing needs of the retailer. A service could be a business function such as *check inventory level* or a system capability such as *log in user*. The role of the portal is to act as the delivery mechanism for services, aggregating them and exposing them to each unique audience in a secure and personalized way.



Figure 3: Retail portals assemble sufficient information to act on business requirements.

A retail portal can be personalized depending on the user's role. For instance, a merchandise manager's portal page can provide a consolidated view of product order history, current inventory levels, projected lead times and any current targeted marketing activity—all in a single view. With all the information in one place, the manager can make more-informed decisions and forecast what current product sales might be.

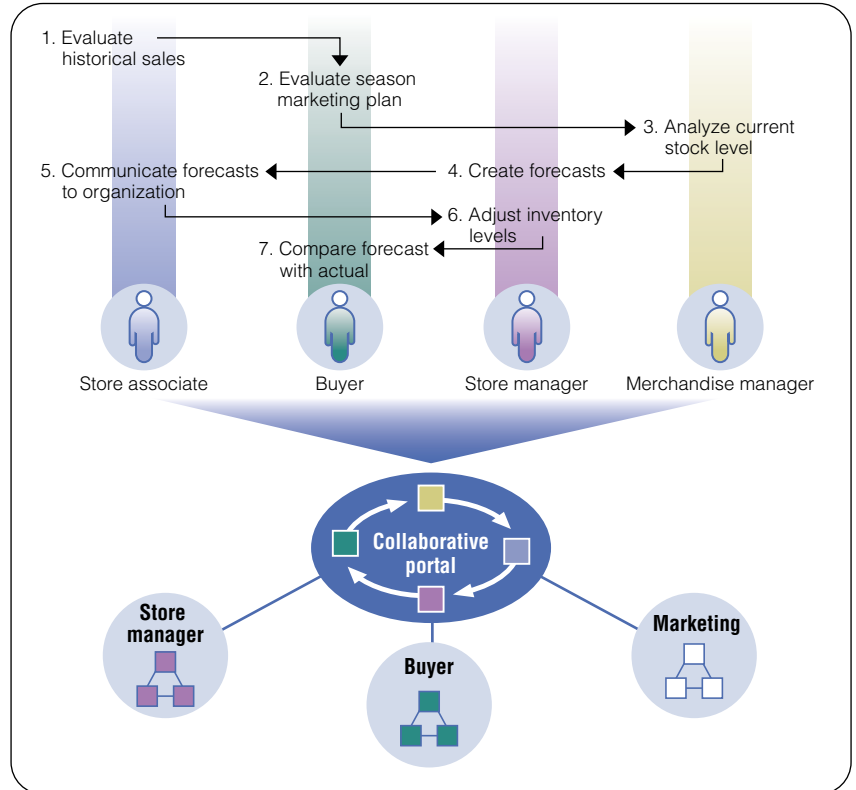


Figure 4: Each retail portal user has a Workplace environment that assembles access to people, applications and processes to facilitate process execution.

To further improve productivity and streamline business processes, multiple portal applications, or portlets, can be choreographed to facilitate the execution of an end-to-end process (which can be especially useful when multiple people are involved in a single business process). In the case of merchandising, for example, different portlets and personalized portal pages can be created for the individual users involved: the store associate, buyer, store manager and merchandise manager. Each audience can then use the portal for a variety of purposes, yet the portal would capture and deliver the information relevant for each user, while providing a unified view.

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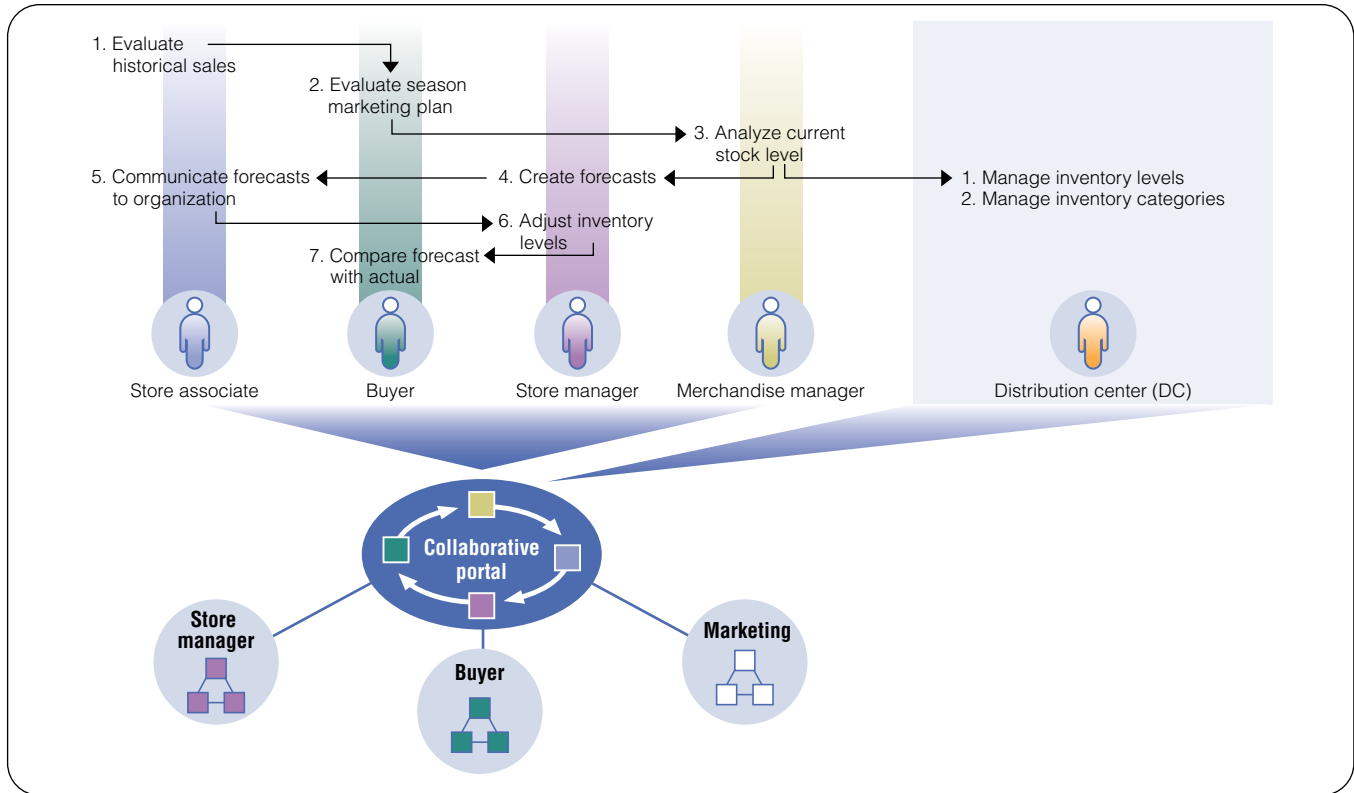


Figure 5: The componentized model enables new roles and capabilities to be dynamically introduced when and where they differentiate the process.

The componentization of business processes also allows retailers to extend those processes (in the form of services) to customers, partners and suppliers as warranted, or recombine them as new market opportunities arise.

The business value of portals

Portals can deliver significant business benefits that go beyond improved productivity. The productive and collaborative environment enabled by portals can help a retailer become an On Demand Business. As defined by IBM, an On Demand Business is an enterprise whose business processes—integrated end to end across the company and with key partners, suppliers and customers—can respond with flexibility and speed to any customer demand, market opportunity or external threat. IBM WebSphere Portal software provides dynamic access to information and applications, thereby enhancing collaboration between users and enabling retailers to respond in real time to changing market conditions.

An integrated portal solution can help retailers realize the following business benefits:

- Cost savings: build and deploy applications and services faster; consolidate the procurement of hardware and software; reduce back-office staff and administration costs
- Operational efficiency: enable internal employees and external partners to communicate through one channel; link event-based, cross-functional business processes; increase data accuracy and speed decision making
- Revenue generation: provide more cross-selling opportunities to employees; leverage the expertise of knowledge experts through enhanced collaboration and learning; expand market share and move into new markets
- User satisfaction: increase customer retention through enhanced service capabilities; improve productivity with easier access to information; gain a competitive distinction by enabling superior customer service

A trusted provider of technology in retail solutions

In today's highly dynamic market, retailers need to improve their productivity as a means to enhance customer satisfaction, increase business responsiveness and optimally leverage their human and IT assets to differentiate themselves and maintain a competitive edge. With IBM WebSphere Portal software, retailers can integrate their electronic user environment into a single, cohesive interface and provide employees with easier access to the information and resources they need to be more productive. Retailers can feel confident that IBM can help them achieve their business initiatives with integrated and proven portal solutions.

For more information

To find out more about IBM WebSphere Portal software, please visit:

ibm.com/websphere/portal



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Cambridge, MA 02142
U.S.A.

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- 1 Roster, Jeff. "Alignment Hits a Tipping Point: Technology strategy and business process alignment set the stage for real-time retailing. 14th Annual Retail Technology Study." June 2004. Gartner.
 - 2 www.finfacts.com/intpurchases.htm
 - 3 IBM WebSphere Portal software is a single component of the IBM Workplace family of offerings.
 - 4 "The State of Retailing Online 8.0," an annual report published by Shop.org in conjunction with Forrester Research.