

KSA'S PERFORMANCE SOLUTIONS

for the RETAIL ENTERPRISE

The **SUCCESSFUL** RETAILER will **FOCUS** on creating **SEAMLESS ALIGNMENT** and **INTEGRATION** between **ALL RESOURCES** at the point of **CUSTOMER INTERACTION**.

CREATING RETAIL CONVERGENCE

Does your retail enterprise successfully:

- Identify, stimulate, and satisfy your customers' needs and wants?
- Provide customers with appropriate and consistent merchandise?
- Create a stimulating and efficient shopping environment?
- Operate profitably using the most productive and efficient best practices?
- Seamlessly integrate alternate retail channels?

If you answered "No" to any of these questions, you will want to investigate how the concept of customer-centric "Retail Convergence" can improve your organization's ability to increase sales, create customer loyalty, and build market share.

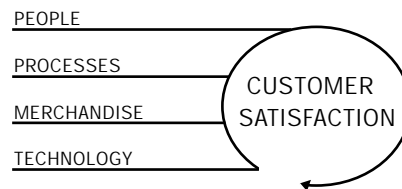
WHAT IS RETAIL CONVERGENCE?

In today's fast changing marketplace, successful retail-consumer interactions occur in a wide variety of formats, including traditional storefront, catalog, and E-commerce. Competitive choices, the need for shopping efficiency, and the challenge to stimulate brand loyalty have created a need for higher levels of shopper conversion from browsers to satisfied customers.

KSA's Annual Consumer OutlookSM Survey indicates that while 66 percent of consumers have a clear idea of what they want to buy, 49 percent leave empty-handed for the following reasons:

- 75% cannot find a style they like
- 70% find the prices too high
- 63% cannot find their size
- 60% cannot find an item that fits well
- 42% do not find the desired item in stock

To meet the needs of this customer-driven marketplace, the successful retailer will coordinate the entire supply chain, with specific emphasis on creating seamless alignment and integration between all resources at the point of customer interaction. This is the "point of convergence" for these key elements.



PROBLEM-FOCUSED, PROCESS-CENTRIC APPROACH

In the 1980s and 1990s, progressive retailers underwent major change, focusing their resources on functional re-engineering, adoption of best

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practices, labor management, and improved information technology. As new concepts were tested, processes were redesigned, and organizational charts were, in some instances, redrawn.

While generally effective, efforts to enhance the retail enterprise were often narrowly focused, non-integrated, and provided limited solutions to multi-faceted opportunities. Retailers often made tangible improvements in operational productivity, labor efficiency, and cost containment. Unfortunately, retailers did not realize the best performance, which could have been obtained from a more comprehensive integration and balancing of supply chain activities, along with a true focus on customer satisfaction.

SOLUTION-BASED, CUSTOMER-CENTRIC APPROACH

The challenge today is to create a consumer-focused retail experience in which all resources perform in a seamless fashion to meet consumers' needs.

THIS REQUIRES THE SIMULTANEOUS ALIGNMENT OF:

FORM (multiple channels of customer contact, such as a high service apparel department)

FUNCTION (effective operational processes and systems, such as a real-time stock locator system)

CONTENT (stimulating and satisfying merchandise, such as a visually appealing, in-stock display)

An approach that identifies the implications for the customer will yield increased loyalty, conversion, average transaction rates, and shopping efficiency. Progressive retailers will accept this challenge, identify key operational elements within their organization, and develop programs to maximize their impact on the consumer buying decision.

Retailers who continue to focus on individual operational processes, rather than integrating them in a customer-centric solution, will find their sales, market share, and competitive viability will decline.

For information on how Retail Convergence programs can impact your organization, contact Pat Fitzpatrick or Karl Bjornson at (404) 253-0000 or pcfitz@kurtsalmon.com.

Kurt Salmon Associates is the leading global management consulting firm specializing in a full range of traditional and E-business solutions for retailers and consumer products suppliers.

COMMON ELEMENTS OF TRADITIONAL AND NEW ENTERPRISE RETAIL-CUSTOMER INTERACTIONS			
MERCHANDISING	OPERATIONS	LABOR MANAGEMENT	INFORMATION TECHNOLOGY
Inventory mix and levels	Receiving and processing	Budgeting/scheduling	Point of Sale systems
Display strategy	Merchandise stocking	Product standards	Inventory/reorder systems
Ordering and replenishment	Recovery	Product knowledge	Price change clearance systems
Price file integrity	Store layout	Customer service	Labor scheduling programs
Shopping efficiency	Checkout/cashiering/returns	Workload balance	Catalog/E-commerce kiosks
		Span of control balance	Payroll/human resource interface