

# White Paper

## **Delivering on the Multichannel Promise:**

*How supermarkets can bring customers closer and win greater share of wallet using smarter strategy and integrated technology*

*Prepared by:*



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*V. 1.2*

## MESSAGE FROM THE AUTHOR

While the specialty store industry continues to rack up impressive early results from implementing and integrating online retailing activities, the supermarket industry has in large part remained on the sidelines. This is understandable, as the failures of pure-play online grocers in North America - notably Webvan, Streamline and HomeRuns - would seem to constitute persuasive evidence that online grocery sales may not be a viable business.

And yet, some of the largest grocery chains in the world continue to press on with their multichannel pilot programs. Among them, Tesco (U.K.), Safeway (U.S.), Albertsons (U.S.), Publix (U.S.), Royal Ahold (U.S. and Europe) and Seiyu (Japan) have made significant investments toward what may be considered the future of supermarket retailing. Tesco in particular is reporting that its online sales are a contributor to profits. While methodologies and practices differ widely (indeed there are no recognized "best" practices at this time), the progress to date compels study and action by competitors worldwide.

It is foreseeable that supermarket operators will require online shopping, pantry management and home delivery offerings as a matter of competitive necessity. The business systems that support these capabilities will impact on supply chain, merchandising, pricing, promotion management, relationship management and store systems. While the technology challenges may seem overwhelming on first look, a new generation of more economical, quick-to-implement, pre-packaged applications can provide a large measure of the solution in the competition over share of the consumer's wallet.

The successful business strategies for the next generation of multichannel supermarkets will incorporate prudent use of available technology and tools that provide decision support and real-time visibility into the retailer's operations. Alignment will be increased, decisions will

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happen faster, and human capital will be focused on managing by exception, not sifting and crunching data.

In the front of the house, the consumer will enjoy a consistent shopping and service experience across store, Internet, kiosk, call center and wireless contact points. In the back of the house, supermarket decision-makers will make merchandising, pricing and promotion decisions that propagate consistently throughout the business.

The consumer will be persuaded to shop more often and more enthusiastically at the multichannel supermarket that offers a consistent, high-quality experience and less often at the competitor whose service seems comparatively haphazard or indifferent.

At VSN we are convinced that this may be accomplished for most retailers without massive re-engineering of legacy platforms. This White Paper outlines our vision for next generation supermarket operators who are pursuing what we like to call the "Multichannel Promise." We invite and encourage your feedback.

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**ABSTRACT**

Evidence of multichannel retail success in the supermarket sector is appearing concurrently with a broadening of IT philosophy beyond cost-savings considerations to encompass revenue generation. The trend is from a purely operational focus toward a more strategic view.

In general, leading supermarket chains are on a path toward greater multichannel integration of their businesses. This investment is occurring despite the added business complexity that such activities engender.

In densely stored markets, future top-line growth will come from two sources only: Expansion through acquisitions and by attracting a larger percentage of household grocery spending, a.k.a., “share of wallet.”

Multichannel means something different for the supermarket retailer than it does for the apparel and specialty retailer. The solutions that supermarkets implement must be developed with the particular characteristics of the FMCG business in mind. Speed, efficiency, category management, and supply chain optimization continue to be essential competencies in a multichannel scenario, as they have been for decades.

Clearly, supermarket enterprises must evolve or perish. The multichannel payoff will be seen in terms of competitive advantage in the battle over the wallets of an increasingly sophisticated and demanding consumer.

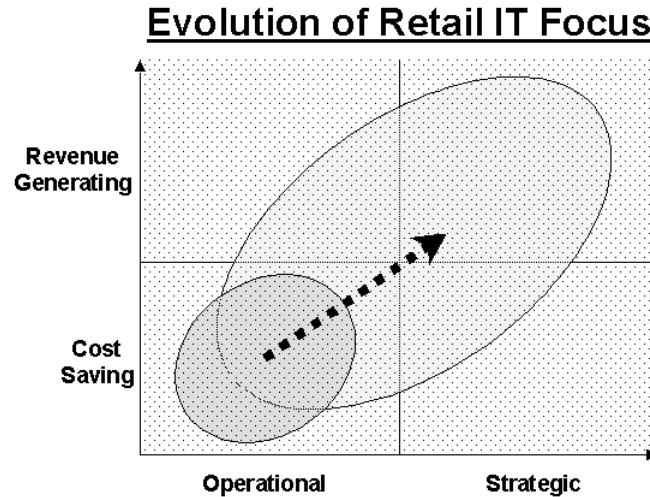
## I. Introduction - Multichannel for the Masses

Evidence of multichannel retail success in the supermarket sector is appearing concurrently with a broadening of IT philosophy beyond cost-savings considerations to encompass revenue generation. The trend is from a purely operational focus toward a more strategic view.

This concurrence is not merely coincidental. Indeed, the investment in online sales and service capabilities by large multichannel supermarket operators is occurring despite the added business complexity that such activities engender. While a rare few online grocery businesses are now generating a contribution to profits (Tesco UK may be the only reported example of this), many others appear to be justifying their current pilot programs in terms of customer relationship enhancement, competitive defense, telling a progressive story to stakeholders, or all three.

In general, leading supermarket chains are on a path toward greater multichannel integration of their businesses. In the U.S. and Europe it is the rare major chain that does not at least operate a “brochure” type Web site. Increasing numbers are able to offer some form of transactional capability to shoppers, from printable coupons, to gift basket and catering orders, to prescription refills.

For a handful of leaders, the effort has extended to encompass a fully featured online ordering and delivery service. Such an offering implies establishment of relationships with households across multiple channels - at minimum the physical store and the Web. In a growing number of instances, the mobile phone, interactive kiosks and delivery services are integrated into the mix.

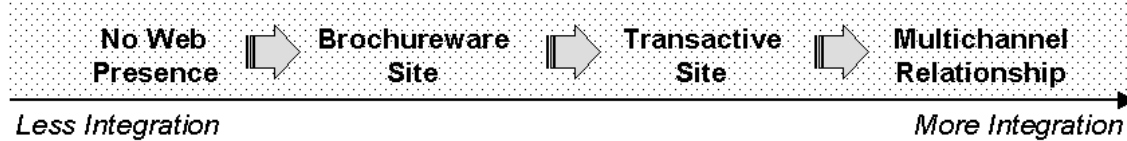


At the highest levels of channel integration, the supermarket and the consumer household will be collaborating in the home pantry management process. This will benefit the retailer with a competitive advantage by capturing a greater “share of wallet” versus less connected operators.

True cross-channel competency — practical integration of the online and offline channels — has significant implications for managing the supply/demand chain. Looking backward toward the suppliers it remains a single channel view. But the demand side looks far more complex. Merchandising, promotion, assortment management, and pricing optimization all gain added dimensions of complexity that must be translated back to the supplier relationship. Filtering this information is difficult. ROI determination can seem all but impossible against the noise.

Multichannel integration can be expected to increase over time in fast-moving consumer goods (FMCG) retailing. This carries implications for the entire enterprise and poses a critical policy judgement for senior retail managers: At what point should the addition of an online channel that initially makes but a tiny contribution to top-line revenues begin to influence technology decision making in other areas of the business? This has been described as the “digital tail wagging the analog dog.”

## Multichannel Integration Continuum



### ***Principles of a Multichannel Solution***

A balanced perspective on multichannel retailing begins with the recognition that the Web channel is highly strategic - much more than a mechanism for generating incremental sales. When its other contributions are considered - a means for customer education, a way to move the customer to the store, a pre-selling tool, a way to communicate and gather customer information and insight - the Web channel begins to assume a central role in the cultivation of consumer relationships. This is critical in the competitive battle over share of the consumer's wallet.

In general, a multichannel retail solution for the supermarket chain will reflect the following realities specific to this retail sector:

- **Supply chain and inventory visibility** remains a critical challenge for retailers and wholesalers of every stripe. A solution that incorporates multiple consumer-facing channels must still link back to a single-channel view of the supply chain. Regardless of which channel the product is sold through, it remains the same product, and the same supplier.
- **Leveraging the existing supply chain** is surely desirable. This is proved by the failures of born-for-the-Web e-grocers which were forced to “reinvent the wheel,” investing excessive amounts in something that supermarket operators already do very well. This is especially important in food retailing, as it demands high efficiency. Unique factors to this channel (each of which requires close management) include: large SKU counts;

perishability; high rate of item turn; continuous churn of the assortment; price optimization; and vendor- and retailer-financed sales promotions.

- **In contrast with department and specialty stores**, supermarkets have little or no sales help in the store and call centers are rare to non-existent. This relegates a very important sales and service role to the Web channel (and potentially the kiosk and wireless channels). The Web site in particular can expose consumers to sell strategies, reminders, cross and complementary sales, frequently answered questions, product information, and personalized services. Exact same branded products sold store to store.
- **Frequency of consumer interaction** - as many as 100 shopping occasions per year per household - presents an unparalleled opportunity to cultivate consumer relationships. The associated data management challenges are significant, however, and optimizing consumer relationships will cause ripple effects in other functional areas of the enterprise, including merchandising, pricing, and promotion.

## II. e-Retailing Comes Mainstream

The strategic and economic advantages of multichannel retailing are currently understood and of interest to competitors in a number of retail categories. Many of the most notable successes have come among apparel and specialty chains. These tend to share a similar three-channel structure, combining store, Web and catalog channels, with a common call center tying customer service together.

In recent months, retailers as diverse as Eddie Bauer, JC Penney, Saks, and Staples have reported that this three-channel structure improves the value of their best customers.<sup>1</sup> Their results show that three-channel shoppers spend from five to 12 times as much as single-channel shoppers.

These anecdotal reports are supported by findings of the Shop.org "Multi-Channel Retail Report 2001" a study conducted by J.C. Williams Group and BizRate.com. "Cross-channel

shoppers spend 50% more and visit stores 70% more frequently than the average shopper,” stated the study authors. The report also found that store shoppers who also bought online from the same retailer spent an average of \$600 more annually in-store than typical store shoppers of that retailer.<sup>2</sup>

Notably, the Shop.org study reported significant levels of cross-channel shopping, and indicated that among online shoppers, 78% made purchases from both the Web site and the brick and mortar store.

Online advertising firm DoubleClick reported corroborative findings in its “Holiday Shopping Study” for 2001. “Consumers that either browsed or purchased in all three transaction channels spent \$995 on holiday shopping, compared with ... consumers who only used one channel (\$591),” the study said.<sup>3</sup>

Data supporting similar shopping behavior in the supermarket channel of trade is more difficult to obtain. Nevertheless, a few leading supermarket chains are investing aggressively to establish their online channels, even as the memory of failed born-for-the-Web operators like Webvan and Streamline fades.

Perhaps most celebrated of the multichannel supermarket operators is Tesco (U.K), which has reported a positive contribution to profits from its Tesco.com operation in recent financial statements. Other aggressive efforts by top supermarket operators world wide include:<sup>4</sup>

- **Safeway** (U.S.) acquired control of the **GroceryWorks** online operation in 2000 and has been integrating its know how and technology into the Safeway.com online grocery service. Safeway recently retained **Tesco** to consult on some aspects of this business model.
- **Royal Ahold** (Netherlands) acquired the **Peapod** online grocery operation in the U.S. through its Ahold USA division and is now integrating the business model across several owned U.S. and Dutch chains.

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- **Albertsons** (U.S.) has been testing home-developed online grocery ordering and delivery services in multiple markets since 1998 and is now operating third-generation pilots in San Diego, Los Angeles, Riverside and Orange counties, California, among others.
- **Publix** (U.S.) launched its home-developed online grocery service last Autumn in one of its strongest retail markets, the gold coast of South Florida. It is promoting the service aggressively.
- **Seiyu** (Japan) has established a limited online ordering and delivery service called Seiyu Net Super, developed in partnership with Cocodes, a technology integration firm.
- **Ocado** (U.K.) recently launched a pilot service in Hertfordshire covering 100,000 households and plans to extend the service across greater London and the Southeast of the UK. Ocado offers 10,000 items from the **Waitrose** supermarket product offering and runs the same promotions as in the Waitrose stores.

These aggressive steps into multichannel business by some of the world leaders in supermarket retailing are harbingers of a greatly intensified competition over share of the consumer's wallet. These retailers recognize that in densely stored markets, future top-line growth will come from two sources only: Expansion through acquisitions and by attracting a larger percentage of household grocery spending, a.k.a., "share of wallet."

Multichannel retailing plays well into the latter strategy, as it takes advantage of multiple interactions and service opportunities to draw the consumer closer and create the habit of patronage. Multichannel shoppers can be expected to become most-valuable shoppers, as they shift ever-greater proportions of their household spending to the best all-round service provider. While the grocery sector may be adopting this mode of business more deliberately than the apparel and specialty chains, the trend is clear.

This poses a clear and critical challenge for supermarket chains that have yet to establish themselves as leading multichannel operators, and it raises several important strategic questions:

- How will the modern supermarket remain competitive?
- How will you know if you are winning?
- What is the right technology strategy?

In the present marketplace, the argument for a multichannel business approach may be anywhere from mildly persuasive to airtight. There is little doubt that competition is intensifying; that consumer expectations are rising; that market leaders are taking bold steps to consolidate their positions. Clearly, retail enterprises must evolve or perish. But there are also real and pragmatic considerations that retailers must weigh when contemplating a multichannel strategy. Most relate to implementation, cost, and expected return.

### **III. Implementation Challenges Loom**

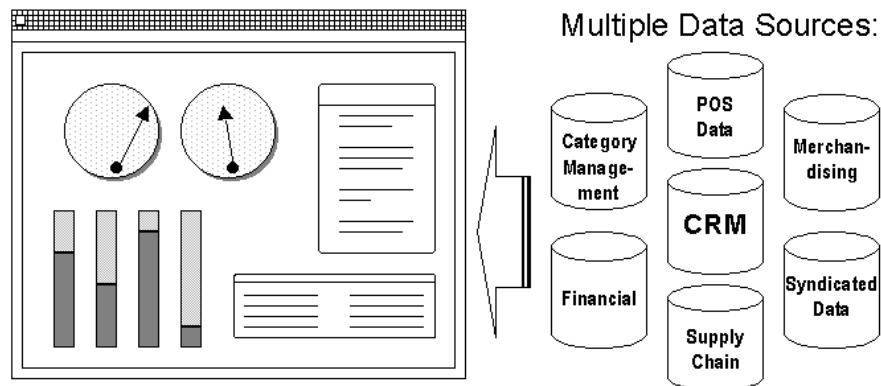
Multichannel retailing begins with optimizing the quality and value of the consumer experience. A simple premise, but in practice one that engenders a mountain of implementation complexity within the retail enterprise.

Multiple channels of shopper contact generate an expanded flow of data and a need to collate, store, retrieve and analyze it. As retailers attend to more facets of the customer relationship, they are faced with vastly increasing numbers of data-driven decisions, many of which must be optimized in near real time.

#### ***‘Compound Eyes’***

For a multichannel retailer, each customer profile must be assembled as a composite of demographic data and interactions that take place at several touch points. The desired result may be compared with the faceted eye of an insect, which creates a compound image from multiple overlapping smaller images.

## Intelligent Retail Decision Dashboard



The ability to understand the whole picture depends first upon capturing all the relevant images, next upon accurately identifying them, finally upon the ability of the visual cortex behind the eye to collate them into a meaningful composite. Only then can the “brains” of the organism formulate action.

In the multichannel retailer, the CRM database may be considered the “visual cortex” of the customer-facing side of the organization. Of course, human decision-makers are the brains of the business.

The compound eye metaphor is also apt in understanding how consumer relationship data can be collated with a host of other data flows from other operational areas of the supermarket enterprise, including the point of sale, category management, supply chain, finance, merchandising and syndicated data. Here again the human decision-maker is the “brains” of the organism — who all too often is too overwhelmed with data to make timely and accurate decisions.

The complexity and relentless nature of multichannel data flows demand that those decision-makers be provided with a “dashboard” — a set of tools and gauges that taps into the immensity of data from multiple sources and uses filters, algorithms, automated alerts and intuitive displays to extract a relevant and actionable picture for each user.

These intelligent retail decision tools should sit astride the retailer's data library and other major systems mentioned above, continuously monitoring them in real time, then delivering appropriate and relevant insights and alerts to managers and executives throughout the business. This enables swift and certain action, while assuring that each manager's attention is focused on optimizing the metrics that matter.

### ***Multichannel Order Management***

The supermarket operator that chooses to present multiple points of contact to its shoppers (i.e., store, Web, kiosk, wireless) must plan to manage the complexity that parallel demand streams will bring to its order management processes.

One cannot assume that selling patterns will align channel to channel. Experience may reveal that while many products are purchased through any available means, some consumers may reveal differing behaviors. Wireless orders may tend to be from pre-set shopping lists, for example, while store shoppers may be influenced by sensory cues to try unfamiliar products. Online shoppers may appreciate cross-merchandising suggestions for items that they might not otherwise consider.

While each channel will reveal unique strengths, the whole set must roll up to the supply side, where a single order may be assembled from the combined and differing demands of multiple channels. Order planning and forecasting will reflect the additional complexity that this implies. Initially, the online channel will have but a minor influence the size and shape of a total manufacturer order, but this may be expected to evolve over time, as more shoppers learn to use the online channel to advantage.

### ***Merchandising and Price Optimization***

Similarly, trade promotion programs will, of necessity, reflect merchandising development funds and per-case allotments accumulated from the total multichannel sales volumes.

Promotion order size will be determined from a combination of anticipated store volume and

sales from other channels. Associated trade funds may be allocated on a channel-by-channel basis, aligned in proportion to historical volumes.

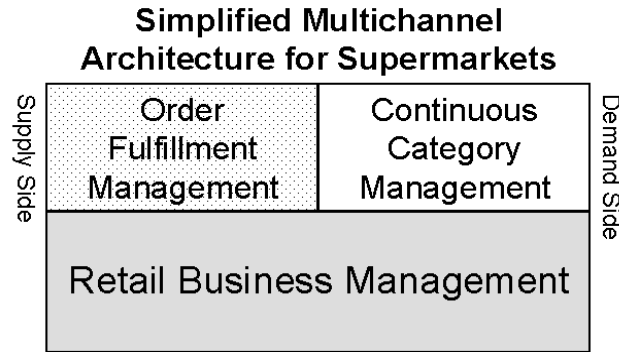
Multichannel order management enables other competitive capabilities as well, including the ability to price, assort, and promote items and categories by channel, by region or even down to a single store level.

This is enabled in part by incorporating the principles of Category Management into the Retail Decision Dashboard. The real time tools, metrics and alerts make the impact of merchandising and promotion decisions immediately visible and the process continuous rather than episodic.<sup>5</sup>

Of particular relevant interest at present is the benefit of strategic pricing optimization. Software packages that offer the capability to manage pricing so as to improve gross margins are gaining more users. Often this tactic is being considered as a stand-alone solution, a decision motivated by the anticipated return on investment.

The arithmetic is simple and compelling. In a “penny business” — one with roughly a 1% net like the North American supermarket business — adding an average of one percentage point to selling prices will come close to doubling net profits. A report recently publicized by Arthur Andersen indicated that the positive impact on operating profit could reach 11 percentage points.<sup>6</sup>

In a multichannel environment like the supermarket, where well-known brand name goods are sold in head-to-head competition with other retailers, the benefits of price optimization must be tempered by the alignment of pricing across channels, lest the consumer become alienated. There are also other considerations in choosing an implementing a solution, such as ease of use, user interface, and integration into the enterprise. This strategic context may be all-too-easily ignored in the rush to implement a solution with such an apparent ROI benefit.



*Continuous Category Management incorporates price and assortment optimization and promotion management. Order Fulfillment Management optimizes the supply chain. The base layer, Retail Business Management, must be optimized to support Multichannel retailing.*

#### IV. Making Multichannel Happen

“Multichannel” clearly has numerous implications for supermarket retailers as they endeavor to remain competitive in the contest over consumer relationships and share of wallet. Clearly it is an over-arching business strategy, not merely a technology implementation project - or even a set of projects.

On the other hand, multichannel supermarket retailing will not succeed without an array of tools and solutions that work together seamlessly to keep decision-makers continually informed.

Taking a modular approach to choosing and developing the tools that support multichannel retailing will dramatically improve organizational flexibility - allowing the retailer to react to competitive shifts and changing business environment without extensive cross-training and retraining of personnel. The Intelligent Retail Decision Dashboard should be designed using common and intuitive conventions, so that new applications may be quickly learned.

Following are several considerations that supermarket operators should understand as they formulate their approach to multichannel retailing:

- 1. Put multichannel goals into context** with respect to the broader goals of Retail Business Management, including customer relationship management, merchandising, store management, and pricing strategies. Order Fulfillment Management and Continuous

Category Management are no less critical in a multichannel retail enterprise - in fact, these activities gain in significance.

2. **Don't reinvent the wheel.** Leading edge and very large supermarket chains have advanced the multichannel learning curve by implementing costly, custom-developed solutions. The next wave can select among various off-the-shelf, pre-packaged technologies that are designed to integrate smoothly with existing ERP and legacy systems. The best of these will offer significant advantages versus custom-developed solutions.
  - Reduced costs - both for initial purchase and implementation and for ongoing maintenance, and updates.
  - Shorter time to implementation, due to modular architecture and experienced vendor implementation consultants.
  - Proven tools that deliver reliable results.
  - Additional and more sophisticated capabilities that empower decision-makers to optimize business functions.
  - Avoid the ongoing development headaches that are a virtual certainty with home-developed or one-off technology solutions.
  - Establish a flexible platform that will permit the addition of future capabilities, known and unknown
3. **Leverage existing assets.** The primary advantages a multichannel supermarket holds over the first generation of Web-only grocers lie on the traditional side of the business: stores; local supply chain; distribution centers; systems; branding; and consumer relationships and loyalty programs. Those assets do not become less relevant when a Web, wireless or kiosk channel is added into the mix. In fact they are essential elements to multichannel success.
4. **CCM and CRM must be in place.** To permit superior customer care, the multichannel supermarket must be adept at both Continuous Category Management and Customer

Relationship Management. The formula will be familiar: The right merchandise in the right place, at the right time, at the right price, wrapped in the right ongoing customer experience.

5. **Work from reliable data.** It's almost a cliché in the IT world, but worth repeating: Any enterprise system can only be as effective as the data that is fed into it. Applications that empower various consumer demand channels and the supply side must all read from the same page. Meticulous attention to such mundane details as units of measure, conversion tables, state codes and country codes, and of course the product library can make the difference between success and failure.
6. **Apply intelligent automation.** Optimal visibility and control for decision makers depends upon the establishment of automated alerts, business controls that may be pre-set and user maintained, and real-time monitoring of critical business performance metrics. A user-friendly interface (Intelligent Retail Decision Dashboard) will be a key enabler.
7. **Consider the costs.** Keeping pace with necessary technology will require ongoing investment. Examine not only the present costs of a multichannel solution, but also the anticipated costs of maintaining your competitive position
8. **Remain open to the future.** Choose solutions that position your organization to embrace unanticipated possibilities, not close off options. One-off and custom solutions are likely to require major overhauling as new business imperatives surface. A flexible, modular architecture will permit feature upgrades without reengineering the entire enterprise. Consider what else is enabled for the future.
9. **Show a consistent face to consumers.** The customer experience will of course vary in some fundamental ways as they access the supermarket through different channels. However, customer experiences must also maintain certain consistencies across channels - including merchandise offerings, service policies, and the assurance that the retailer can recognize the consumer at every moment of contact. "Multichannel" does not mean

separate but parallel. To the consumer, the multichannel supermarket is one retailer. To the retailer, each consumer must represent a single, valued relationship.

**10. Choose solutions designed for the supermarket channel.** Not every vendor or systems integrator incorporates knowledge and understanding of the way the supermarket business works. The distinctions between the high-consideration purchases of the fashion retailer and the high-speed purchases of the FMCG chain are numerous and profound. Not all multichannel solutions are created equal - nor should they be.

## **V. Conclusion - Meeting the Multichannel Promise**

Multichannel retailing promises to bring enormous advantages to supermarket businesses and their shoppers worldwide. With the hysteria of the dot-com gold rush era now fading, the stalwart companies in this industry can now begin to truly understand what that means to be a multichannel supermarket and to put the lessons of the past half decade to profitable use.

Investing in the right technology is quite clearly a primary consideration in the pursuit of the multichannel ideal. To turn away from that imperative is tantamount to conceding to your competitors in the competition over the hearts, minds, and wallets of the consumer. New capabilities, such as Web, wireless and kiosk-based ordering, order management and fulfillment, and Customer Relationship Management are fast becoming the essential new skill sets for our industry.

But the fundamentals of FMCG retailing remain as essential as ever. Supply chain competency and category management skills - the two great innovations of the 1990s become not just competitive advantages but competitive requirements. Their importance is only further highlighted in the context of a multichannel enterprise.

New areas of capability - such as pricing optimization and trade promotion management are rapidly approaching the same critical level of importance. Such tools and skills are the price of continued play in the competitive game.

Solutions must be found and implemented. For the supermarket operator intent on preserving a place in the competitive hierarchy there is little doubt that multichannel strategy is a requirement. The early positive reports from other retail channels are just a hint at the economic advantages that this may bring to this industry. But the strategies and solutions that have brought those early, positive returns to the apparel and specialty sector may not be optimized for the supermarket sector. Choose solutions that are designed with the supermarket channel in mind, incorporating knowledge and understanding of the way the supermarket business works.

The approach to multichannel retailing boils down to four primary actions:

1. Begin with the consumer
2. Lead with strategy
3. Implement technology that makes technique possible and sets up future gains
4. Turn data into knowledge

The multichannel payoff will be seen in terms of competitive advantage in the battle over the wallets of an increasingly sophisticated and demanding consumer. It's the relationship that counts. It's service experience that defines the relationship. Service quality is the product of value, assortment, consistency, and the loyalty that the retailer shows to its customers.

At the end of the day, the supermarket operator with the most profitable portfolio of consumer relationships will win.

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## VI. End notes/references

<sup>1</sup> Published reports and retailer presentations at the National Retail Federation convention, New York, January 2002.

<sup>2</sup> "Multi-Channel Retail Report 2001" study conducted by J.C. Williams Group and BizRate.com for Shop.org, 2001.

<sup>3</sup> "Holiday Shopping Study," DoubleClick, 2001.

<sup>4</sup> Various published news reports and press releases from the retailer Web sites.

<sup>5</sup> "Continuous Category Management" white paper published by Armature, Ltd., The Partnering Group, and Interactive Edge, August 2001.

<sup>6</sup> "Live Testing Finds the Right Price and Paves the Way for E-Commerce Profitability," *Executive Technology*, February 2002.

## VII. Appendices

### Appendix 1.

<b>Supermarkets Versus Apparel/Specialty Retailers: Comparing Multichannel Characteristics</b>		
<b>Consumer Need State</b>	<b>Supermarket</b>	<b>Apparel/Specialty</b>
Product Characteristics	Freshness / quality / selection / brand	Color / style / size / brand
Purchase Behavior	Repeat purchases / pantry and health consciousness	Unique purchases / wardrobe and home style consciousness
Product Intimacy	Maximum — food is placed inside the body; HBA inside and on the body	Significant — apparel is placed on the body; hardlines inside the home
Shopping Experience	Utilitarian; sanitary; time-pressed	Shopping aesthetics, discovery, indulgence
Shopper Goal	Save time and money on repetitive task; nourish self and family	Enhance/reflect self and family image
Customer Service	Minimal in-store, by design. No call center services.	Varies from self-serve to attentive. Catalogers have extensive call centers.
<b>Technique / Features</b>	<b>Supermarket</b>	<b>Apparel/Specialty</b>
Fulfillment Process	Some operators pick orders in stores, others operate specialized depots with automated equipment	Most retailers fill orders from catalog depots; a few outsource this .
Delivery Method	Usually owned services with fleets of specialized trucks	Almost always 3 <sup>rd</sup> party services — USPS, UPS, FedEx. Staples' owned fleet is a notable exception
Shopping Cart/List	Extensive online. Most services allow lists to be saved for repeat ordered or printed for the store.	A few sites can remember prior purchases for color coordination.
Loyalty Program	Card-based programs are common but seldom strategic. Supported by manufacturer promotion funds	Usually based on private label credit card. Works across channels
Call Centers	Rare to none	Centerpiece of multichannel customer service; often grew from a catalog operation
Mobile / Handheld Commerce	Now in test at several grocery chains, incorporating shopping list management tools	Few exist — Amazon one-click ordering via wireless hand-held is a rare example
In-Store Kiosks	Rare but being tested – loyalty card links to shopping lists	Rare but being tested — credit card links to promotions
Free-Standing Kiosks	None presently known in the U.S. for grocery. BP tested concept 3-4 years ago in European G-stores	Rare tests in transport hubs, malls

## Appendix 2.

<b><i>Delivering on the Multichannel Promise:</i></b> <b>Benefits of Multichannel Integration</b>	
<b>Common Integrated Processes</b>	<ul style="list-style-type: none"> <li>• Establish a single, uniform set of processes, systems and platforms for all business users whose activities impact purchasing and distribution</li> <li>• Common, shared processes enable business units to work more easily with each other: Ease cross-training; Facilitate management decisions; Improve response to changing market conditions</li> <li>• Integrate processes to provide seamless interaction. The output from one set becomes the input for another set of processes</li> </ul>
<b>Single Point of Reference</b>	<ul style="list-style-type: none"> <li>• Provide common item, vendor, store, warehouse numbers and reference data for use by all business units</li> <li>• Standardize business processes to create and maintain common data</li> <li>• Provide a single repository of historical data upon which management can base informed decisions</li> </ul>
<b>Competitive Advantage</b>	<ul style="list-style-type: none"> <li>• Enterprise-wide merchandising and category management tools increase usage by both headquarters staff and retail outlets</li> <li>• Evaluate category performance, set category goals and objectives, control pricing, assortments and promotions across all channels</li> <li>• Gain competitive leverage in the battle over share of the shopper's wallet by ensuring a consistent set of customer service standards, policies, practices, and merchandise offerings across channels.</li> </ul>
<b>Improve IT Efficiency</b>	<ul style="list-style-type: none"> <li>• Reuse objects in development of applications</li> <li>• Standardize platforms, databases, systems software, and tools enterprise-wide</li> <li>• Eliminate technology redundancy</li> <li>• Leverage IT expertise across all business units</li> <li>• Reduce implementation times for new and/or changed business applications</li> </ul>

**ABOUT VSN STRATEGIES:**

This White Paper was prepared by VSN Strategies.

VSN Strategies is a small consulting firm that prides itself on thought leadership. We help technology and services companies position their solutions for the retail and brand marketing sector. We help retailers and marketers master the multichannel proposition through pragmatic application of Web strategy and consumer relationship know-how.

Founded by consultant/author James Tenser, the firm blends the analysis and opinion content of *VStoreNews* with the actionable strategic insight of our Retailativity™ Consulting services.

VSNStrategies.com is a knowledge center for professionals concerned with the profitable application of Web technology and technique to the business of marketing and retailing consumer goods.

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