

## Retail

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Retailers around the world are dealing with pressures emanating from a tough global economic environment. Finding ways to improve business performance, reduce costs and increase revenue through information technology gives companies a tactical and strategic advantage.

Retailers can reduce current costs by automating and streamlining processes, leveraging Business Process Management (BPM) to pave the path to continuous process improvement.

Many BPM initiatives can be accomplished in months, and return investments in less than a 12-month period. While reaping the rewards of process efficiencies in the near term may be enough motivation for many retailers to initiate projects, the transformational nature of implementing dynamic business processes will attract visionary retailers looking for a winning long-term strategy.

Did you know?

- 60% of items are sold at promotional prices at any given time versus regular prices in certain retail formats<sup>1</sup>
- Retailers run the risk of having 4 weeks of lost sales and margins from inefficient new product introduction process<sup>2</sup>

**“This solution will help us build an information platform together with our suppliers in their internal information system. Exchanging our data and interacting closely will enable us to respond to the market appropriately.”**

Source: Director of Yansha Technical and Information Department

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- Retailers can reduce vulnerability to supply chain risk by streamlining supplier selection and recruitment

### **Choose BPM Designed to Meet Retail Challenges**

Whether processes are simple and localized, or complex and global, IBM BPM can help address a variety of retail challenges:

*Promotions Planning & Management* – Enable smarter decision services for promotions, cross-sell, up-sell and loyalty programs across the enterprise. Automate the promotions planning workflow and integrate with inventory planning for effective promotions executions.

*Multi-Channel Demand Driven Inventory Locator* – BPM provides visibility and automation of processes to locate inventory across the enterprise and allows for successful sales execution despite lack of available inventory at point of purchase. Optimized process should allow for the fastest and least costly option for product sourcing and fulfillment.

*Vendor Trade Funds Management* – BPM optimizes the processes that help define, plan and model vendor incentives such as trade fund receivables, types of promotional activities, margins and

expected sales impact. With BPM retailers can monitor vendor compliance for timeliness and completeness of remittances versus plans.

*Vendor On-Boarding* – Manage process complexity between retailers and vendors to efficiently obtain merchandise by addressing issues such as vendor agreements, shipment guidelines, vendor markdowns and approval processes.

*Workflow Management of New Product Introduction & Attributes Management* – Automating the new product introduction process is the first step in creating clean data, which currently is one of the more costly errors for retailers. BPM reduces cycle time to introduce products faster, offer new products, and go to market with consistent and complete product information across the web, print, and store while being able to translate, localize and manage market-specific information effectively.

*Merchandise Planning Calendar Process* – BPM can do much more than a PLM (Product Lifecycle Management) solution's ability to manage calendaring of product development lifecycle. BPM allows for full integration of Merchandise Planning Calendar processes – the coordination of all activities required to execute on the retailer's corporate strategy from concept to merchandise floorset.

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In any of these processes, gain greater consistency in employee behavior and process execution with BPM. Document, execute and optimize business processes and minimize cost and waste of inefficiencies resulting from high employee turnover. For example, a retailer specializing in pet products achieved ROI in 2 months by automating their Accounts Payable process. A North American apparel retailer achieved ROI in 6 months by optimizing their inventory locator process with BPM, reducing cost and exceeding sales expectations.

### **Speed Your Implementation of BPM Retail Projects**

The IBM Retail Integration Framework helps retailers accelerate their BPM solution development at lower risk by offering a structured approach based on proven usage patterns and reference architectures. These elements are supplemented by selected assets that have been developed during the course of numerous client engagements with winning retailers. The IBM Retail Integration Framework provides the foundation to accelerate a retailer's transformation towards delivering a smarter shopping experience for customers, developing smarter merchandising and supply chains, and building smarter operations.

With a global presence and a broad ecosystem of Business Partners, IBM delivers deep expertise in BPM technology and in addressing retail industry challenges. IBM BPM can help your organization make smarter decisions and implement changes more rapidly.

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### References:

<sup>1</sup> Sternecker, Kevin, "The Real Issue Behind Promotion Optimization Adoption," AMR Research, 2009

[http://www.amrresearch.com/content/View.aspx?compURI=tcm:7-39342&title=The Real Issue Behind Promotion Optimization Adoption](http://www.amrresearch.com/content/View.aspx?compURI=tcm:7-39342&title=The%20Real%20Issue%20Behind%20Promotion%20Optimization%20Adoption)

<sup>2</sup> IBM Institute of Business Value Study, "Shopper advocacy: Building consumer trust in the new economy," 2008

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IBM Corporation  
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January 2010  
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