Retail and ERP in the Experience Economy
Key Business Drivers in Retail

20% of revenue will come from products less than three years old by next year.

90% of industry growth is captured by companies that offer engaging experiences.

>50% of organizations will rely on AI to drive supply chain transformation.

STRATEGIC PRIORITIES

Customer Centricity
- Mass customization
- Zero-click ordering
- Customer-for-life relationships

Serving the “Segment of One”
- Configurability
- Personalization
- Adaptability

Digital Supply Chain
- Hands-free robotics supply chain
- Connected homes and smart products
- Flexible delivery, anywhere, anytime

Smart Stores
- Unified digital experiences
- Ultra convenience
- Experiential retail

Selling Outcomes Beyond products
- Extend to other verticals
- Value-add services
- New engagement models

"Quickly adapting to change – foreseen and otherwise – is the critical, central capability for every organization. Systems and technology must be an enabler to this change, not an impediment.”

Simon Ellis, Program Vice President, IDC
Personalized and Synchronized Retail Is Driving Technology Change

Retailer points of connection with customers have proliferated, leading to new business models. They take advantage of opportunities for sustained, value-added relationships with consumers seeking loyalty-based relationships rather than just transactions. Deeper connections enable real-time understanding of evolving customer needs and demands the use of new intelligent, predictive technology in order to stand out.

From ...
- Selling products
- Static, one-size-fits-all experience
- Reactive, push-based marketing
- Limited analytical capabilities

To ...
- Delivering outcomes
- Dynamic, highly personalized experience
- Value-added recommendations
- Real- and full-time analytics
Traditional Processes Are No Longer Good Enough
Example: Assortment Planning
Sales data imported post-event, demand reviewed after the fact, manual stock adjustments, reliance on markdowns and clearance sales.

Plan launch

No integration between planning, inventory, and purchasing systems, disconnected execution, items purchased and listed in regions with no insight into regional demand.

Profitability analysis

After-the-fact profitability analysis with no opportunity to respond to demand and shopper takeaway.

Challenges

“Central” spreadsheet-based assortment planning based on historical data, error-prone manual work, no systematic inclusion of external or forward-looking data.

Outcomes

Inaccurate demand analysis

Higher inventory costs

Lost sales

Disappointed customer

Data collection

Planning and purchasing

Plan launch

Profitability analysis

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Enabling Better Customer Experiences in Retail
Example: Intelligent Customer-Centric Assortment Planning
**Key capabilities delivered**

**Understand market demand**
- Demand signal data collected in SAP C/4HANA® and SAP® Customer Activity Repository application
- Real-time demand data
- Search rankings provide additional product suggestions

**Store clustering**
- Intelligent store clustering
- Multi-attribute assortment planning
- Revenue- and margin-based optimization strategies
- Simulation of assortment decisions
- Seamless procurement of private labels through SAP Ariba®

**Plan launch**
- Predict sales and order quantities
- Support the planning of initial launch and in-season replenishment
- Unified demand forecast updated in real time based on new data

**Profitability monitoring**
- Integration of POS data and SAP S/4HANA® for flawless execution of decisions
- Easily execute push orders for stores and distribution centers
- Continuous monitoring of volumes and item-level profitability

**Rapid response**
- RFID-enabled store process support
- Intelligent inventory control
- Automated stock transfer to rebalance supply across stores and eliminate markdowns
- Integrated warehouse and transportation management

**Intelligent technology outcomes**

**SAP S/4HANA® customer achieve**
- 25%–30% reduction in excess inventory levels
- 10%–30% higher inventory turns
- 10%–15% reduction in revenue loss due to stock-outs
- 10%–20% increase in customer satisfaction
- 46% fewer markdowns

Real-time inventory and rule-based allocation for optimized fulfillment
Identify the best supplier and minimize safety stock with just-in-time material availability
Real-time product availability improves customer confidence and satisfaction
Combined transactions and analytics for greater transparency and improved decision making
Single transportation management platform with real-time analytics to achieve customer delivery promise

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What **Industry Leaders** Are Doing Today

Examples
What Industry Leaders Are Doing Today

**Mod Pizza**

**Challenges**
- Rapid growth with need for established best practices for corporate and restaurant retail operations
- Need to establish a business blueprint with systems integrity that delivers business insights for rapid adaptation of business models and ways to drive growth
- Need for rapid, cutting-edge, technology-enabled business innovation

**SAP S/4HANA Innovations**
- All of Mod Pizza is managed using integrated SAP solutions
- Providing digital core operations with SAP S/4HANA Cloud and SAP Cloud Platform, for faster innovation and execution across the enterprise
- Mod Pizza gained global, real-time visibility into critical financial and resource availability data with the SAP S/4HANA Cloud suite, and fulfilled important needs around financial, HR and compliancy requirements under the digital core framework in the cloud as a service.

**Benefits**
- $400K savings expected over 3 years
- Reduced TCO to run processes in the cloud
- Established a scalable platform with native integration
- Triple-digit, year-over-year growth

“With SAP S/4HANA we are arming ourselves with an enterprise system that will support our aggressive growth and align with our business requirements both today and for years into the future.”

Carole McCluskey, CTO, MOD Super Fast Pizza Holdings LLC
What Industry Leaders Are Doing Today

Sports Basement

Challenges
A favorite in the San Francisco Bay Area, Sports Basement Inc. offers more than top-quality sporting goods at bargain prices. But as more stores opened, daily transactions got more complex. Sports Basement needed to upgrade its ERP landscape to increase visibility with real-time data access and reporting on the fly. It also needed a better user experience for employees to simplify and enhance the customer interactions crucial to brand success. Sports Basement was ready for game-changing technology – it just needed the right IT team to put it in place.

SAP S/4HANA Innovations
Working with partner Savantis to upgrade from the SAP ERP application to SAP S/4HANA, Sports Basement Inc. converted its systems with zero downtime and disruption for staff, allowing the company to:

- Make more informed, data-driven business decisions, including better demand forecasting, targeted markdowns and promotions, and precise ordering and fulfillment
- Track inventory in real time, with drill-down reporting to the item level across 1.2 million SKUs
- Improve overall system and process performance, including streamlining PO processes with automated forecasting and smart replenishment
- Simplify the user experience (UX) – especially for new and casual users with the SAP Fiori® UX
- Reap massive cost savings by eliminating redundant data and reducing the number of tables and clicks
- Establish a flexible and agile digital foundation that can adapt quickly to changing customer expectations

“Sports Basement’s upgrade to SAP S/4HANA has created a seismic shift in every department. Instead of managing limitations, we are now empowered to dream up and execute the future of retail. The future is bright.”

Anthony Biolatto, CTO, Sports Basement Inc.
Operating in the fiercely competitive wine retail market, Jacques’ Wein-Depot aims to maintain customer loyalty by offering the convenience of online ordering, click-and-collect services, easy reservations, and hassle-free returns. With SAP for Retail solutions and SAP S/4HANA, Jacques’ Wein-Depot is laying the foundations to support super-smooth customer journeys.

**Challenges**
- Aimed to foster greater customer loyalty and increase total sales
- Wanted to modernize business processes to future-proof operations
- Set out to deliver omnichannel services suited to today’s tech-savvy customers
- Held back by lack of integration between business applications and IT systems

**SAP S/4HANA Innovations**
Jacques Wein-Depot implemented SAP S/4HANA to standardize and digitalize business processes enterprise-wide, paving the way for future deployments of SAP Omnichannel Point-of-Sale by GK and SAP Customer Experience solutions to further streamline the customer journey. Jacques Wein-Depot also enabled closer integration between business applications and IT systems.

**Benefits**
- Increased data transparency, enabling systematic monitoring of everything from orders to deliveries
- Greater flexibility to scale IT systems in the cloud
- 100% integration between systems

"Our ultimate goal is to be able to integrate data from all touch points to get a 360-degree view of the customer, which will enable us to deliver the very best service."

Dirk Bungarz, Authorized Representative, Accounting/HR/IT Management, Jacques’ Wein-Depot Wein-Einzelhandel GmbH