



the results company



Respond to changing
retail customers with
Microsoft Dynamics 365

Quick wins in order to survive as a retailer





Content



CHAPTER 1

The changing customer

5

Digitization means possibilities Fast and easy, but also personal

CHAPTER 2

Challenges in retail

6

Trend 1: The powerful consumer

Trend 2: Dynamic range of products and fast delivery

CHAPTER 3

The golden combination of transactional and relational data: Microsoft Dynamics 365

11

CHAPTER 4

Quick wins with Dynamics 365

12

Align your sales activities with the customer

Smart inventory management

Omni-channel


Microsoft Dynamics 365 for Sales

Microsoft Dynamics 365 for Operations

CHAPTER 5

Conclusion

19

A woman with blonde hair, wearing a red textured sweater, is smiling and looking towards the camera while sitting at a desk. She is using a computer mouse. In the background, there is a computer monitor displaying a green dress design, and a clothing rack with various garments is visible. The setting appears to be a clothing store or a design studio.

*It is not the strongest
of the species that
survives, nor the
most intelligent that
survives. It is the
one that is the most
adaptable to change.*

Charles Darwin

The changing customer

It seems almost impossible for today's retailers. The customer's demands are changing on a daily basis and becoming increasingly challenging. While Amazon recently delivered its first package with a drone, Coolblue just placed an ad online for the position of package hugger. Various organizations are also using WhatsApp for customer service; what comes next in this crazy world? As a consequence, the customer expects even more: they are more aware of prices than ever, they expect fast, high-quality service, short delivery times and user convenience, and they have an open attitude towards innovative products. In addition to these trends in services, above all the consumer wants convenience and speed. Slogans such as 'Ordered before 23:00, delivered to your house in the morning' are important selling points that appeal to the customer. A store that is only open during office hours is not flexible and will therefore lose to the online competition which is 'always open for business'.

Developments in the market show that this 'new way of buying' has been an ongoing process for a considerable time. Consequences of this process include the downfall of certain stores. Some big, nation-wide

chains could no longer survive, mostly due to online competition.

However, the 'new way of selling' is just slowly getting started. Too many entrepreneurs are still thinking in old patterns, market needs and selling methods, with all the consequences that entails. Retailers who focus on the customer and comply with the changing demands of the customer will adapt, and they are the ones who will survive in this market.

Digitization means possibilities

These new possibilities are primarily created by the digital transformation we are currently experiencing. Coolblue, for instance, has a very extensive IT department and also makes use of innovative technologies to make all these possibilities come to life for the customer. Of course it is not (yet) necessary for every retailer to provide same-day deliveries and to set up a customer service desk that responds via WhatsApp, but it is important to remain competitive and make sure not to trail too far behind the competition. Concepts such as a consistent store experience, both online and offline, and fast product delivery are indispensable to this end. As the saying goes, 'inertia is tantamount to decline'; however, to

truly characterize the current retail sector, it would be better to say 'inertia is tantamount to downfall'.

Fast and easy, but also personal

Fast delivery, online customer portals and chat options on the website are therefore possibilities that warm the customer's heart. On the other hand, all this digitization also stresses how important it is for customers to feel that an organization has a personal touch. People want to be able to order products quickly and easily, but they also want to receive appropriate personal offers. To meet both needs, two specific components should be deployed effectively in the area of digitization: an ERP system to ensure processes are agile and a CRM system to handle the relational aspect. Microsoft integrates both of these systems in Microsoft Dynamics 365.

In this white paper, we will explore the following question in more detail: How can retailers get the most from the combination of their IT systems to respond to the changing customer and provide optimal service? For a clear answer, we must first zoom in a bit more on the specific challenges that this sector faces.

Challenges in retail

There are of course more examples than just the retailers mentioned in the introduction. There are more trends which have turned the retail sector. We will line up the most important ones:

TREND

The powerful consumer

Everyone knows that shopping has undergone revolutionary changes over the past twenty years. The consumer has taken control; the seller is no longer in charge. Where people used to need the retailer for information about their products, that situation has changed radically. Based on reviews and online information, the consumer can get their hands on a

trove of knowledge about products, or pull out their smartphone and ask friends for advice. There are so many possibilities that even retailers sometimes have a hard time keeping up to date. Much has already been written about the new consumer-driven purchasing process, for instance by McKinsey.

An example of a radical change is that today's consumers are more inclined to contact organizations directly and that the proper handling of these contact requests has become a more important marketing tool than approaching consumers yourself. In the current customer journey, the consumer takes control; 'pull' marketing is more important than pushing information from organizations to customers. Traditional marketing remains important,

but these changes in the consumer decision-making process ensures that marketers need to understand consumers better and better and have to learn how to influence consumer-driven touch points, such as word-of-mouth advertising and informative sites on the internet.

In addition, consumers exercise their power through social media. Brands are frequently discussed on channels such as Twitter and Facebook. Products and services are discussed and reviewed in blog posts and on sites. Consumers absorb information through countless channels. Some of these channels can be influenced by organizations, while others cannot.

This factor is used to interact with the market. It is important to keep the focus on the consumer and avoid providing any reasons to be negative about the relevant brand. In actual fact, just maintaining a focus on the consumer is not even sufficient any more. It is imperative for organizations to operate from the customer's needs as a direct trigger for structuring the entire organization – in innovation,

McKinsey: "The shift in consumer decision making means that marketers need to adjust their spending and to view the change not as a loss of power over consumers but as an opportunity to be in the right place at the right time, giving them the information and support they need to make the right decisions."

Gartner Research

Gartner recently interviewed 503 IT managers in companies with over 1,000 employees in North America, Europe and China, asking them about the B2B purchasing process. These results show a number of important characteristics that define the current B2B purchasing process. Gartner presents these characteristics as follows:

A number of important elements of this model are:

Teams - B2B purchases are done by teams, with various people who are in charge of various elements of the decision-making process. This means that many activities take place simultaneously.

Streams - These simultaneous actions should be regarded as streams of activities instead of separate phases. The big difference is that the components of each stream will continue during the entire cycle. What is different is which stream is most prominent at a given point in time.

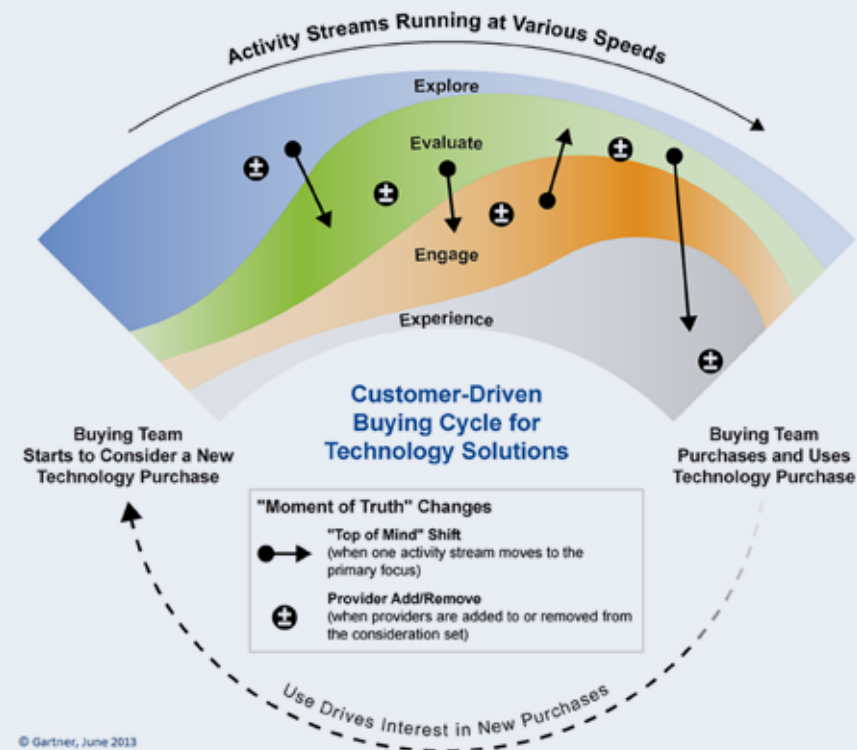
The 4 Es - The streams can be labelled as Exploring, Evaluating, Engaging and Experiencing. These streams contain a combination of a search for personal information and live interaction with

sales people. Since they take place simultaneously, it is not always necessary to wait before initiating direct contact, because the buyer is usually already pretty far along in the purchasing cycle. The form of contact is chosen to suit the situation.

Self-service, but interactive - The majority of the activities in the Exploring and Evaluating streams are personally initiated by the buyers, without any direct contact with the vendors. However, as they

approach the point when they decide whether or not to buy, they want direct interaction with the vendor's employees; those interactions need to have added value instead of rehashing information they have already gathered themselves.

It is essential for marketers as well as sales people to understand this model and learn how to adapt their marketing activities and sales approach.





in marketing, but also for instance in setting up internal processes. Consider the importance of sustainability in this context.

Data also plays a major role in meeting the demands of the powerful consumer. Organizations have a continually increasing amount of data at their disposal from which relevant information can be distilled. The collected data must be a source to enhance the customer experience by personalizing the products and services on offer. Examples include loyalty schemes, access to Wi-Fi networks and more effective use of those networks, and beaconing. The point here is recognizing and acknowledging the consumer. The buzz word is: personalized shopping experience. Organizations that have already started on this are preparing for the changing customers who will only become more powerful than they already are.



2

Dynamic range of products and fast delivery

"Internet store Amazon announced that the company will start delivering packages by drone using autonomous vehicles sometime in the coming years. Amazon is working on a new

method, called Prime Air, to deliver packages to the customer within 30 minutes," the company's public statement announced. "Development of the drones will take several more years." This announcement on Nu.nl, a Dutch news site, caused quite a stir on 2 December 2013. One and a half years later, in July 2015, Amazon was ready for it, but they were halted in their tracks by legislation:

"New rules issued by the Federal Aviation Administration (FAA) have made it impossible for Amazon to start making deliveries with drones in the USA. The FAA and the Department of Transport have drafted new rules to ensure that this new delivery method will be safe. Aviation safety in particular must be safeguarded." (Source: Dutchcowboys). By 7 December 2016, Amazon had made its first delivery by drone a reality: A fully automated 13-minute flight through England.

Following in Amazon's footsteps, Dutch company Royal Brinkman has also undertaken several tests involving delivery by drones. The company supplies a range of products to the horticulture sector and has delivered a box of bumblebees and elastic bands to two plant nurseries. Particular attention was paid to the process of take-off, landing and lifting. However,

the carrying capacity of drones has its limitations, and drones must be flown in compliance with the prevailing rules and regulations. "Of course you cannot just randomly start flying a drone," explains Ton van Mil, CEO of Royal Brinkman. "Something might accidentally drop, for instance, and that's obviously not the intention."

This example from the horticulture sector can be used in a side-by-side comparison with the retail sector. Drone delivery is a perfect example of the trend in both sectors: rapid availability of the product range. It is simply no longer acceptable to have a delivery time of 2-3 days. The Royal Brinkman executive explains: "That trial run with the drone symbolizes the direction the company is taking. We want to be front-runners. We used to get in the car to go visit customers, but it is far easier and faster for customers to order things in the web shop. That has already been an important step in the traditional horticulture sector."

Efficient inventory management is very tricky these days. Retail often works with separate ring-fenced inventory, using picking and distribution processes for their physical stores and online environments. Actually, that is a short-sighted approach. A lack of coordination can have major consequences. A flexible range of products and fast delivery are therefore becoming increasingly important. Customer needs

also include the ability to view their order and estimate delivery time, and those needs are increasing steadily. When a product is available on two sites at the same price, but one company ensures you will have the product in your hands the next day and the other company takes 3-5 working days, then the choice is easily made. And once things are ordered, we really like to keep informed about the current location of our order. RFID tagging and other track & trace systems are the result.

In addition, the steadily shortening product life cycle has an impact on the retail sector. Many products currently have a life cycle of one year, or even just one season, such as clothing or consumer electronics. Consumers tend to lose interest in the product range more quickly. The inventory management for products with a short life cycle is quite a complex endeavor.



A close-up photograph of a person's hands working on a laptop. The person is wearing a blue shirt. One hand is typing on the keyboard, while the other holds a credit card. The background is a bright, out-of-focus window with a view of a city. The text is overlaid on the image in a dark blue box.

Respond quickly to trends
and strengthen your position
in the market

The golden combination of transactional and relational data: Microsoft Dynamics 365

The challenges covered in the last chapter require retailers to be highly adaptable. As has been stated previously, all these developments have been made possible by IT. Digitization has made it possible to map an online customer experience, to deliver within a day, and to provide a personalized shopping experience. The golden combination of an ERP system and a CRM system enables retailers to respond to these trends and fortify their place in the market.

ERP and CRM have different functions within a company. ERP focuses on the internal processes, which could also be considered the transactional aspect of the processes, while CRM targets the external processes, or the relational aspect.

An ERP solution is an integrated information system for purchasing, financial and logistic processes which are directly connected to it. This will help employees with their operational activities. ERP ensures that planning, purchasing and e.g.

inventory management are handled as well and efficiently as possible in an organisation. This goes far beyond an efficient fulfilment process. In order to compete, you need to understand the market. In addition, you need to be aware of your customers' preferences and demands and be able to provide services through various channels (omni-channel). Order management (ERP) and CRM systems

together form the foundation and opportunity to take the organization to a higher level, respond to changing customers, and remain competitive. These modules are available separately as Microsoft Dynamics 365 for Sales (CRM) and Microsoft Dynamics 365 for Operations (ERP). The complete package of Microsoft Dynamics 365 integrates these two systems in one.

System of Innovation	Mobile SMS Mobile E-commerce Application	Mobile Browser Social Community	Social Commerce Location-based Marketing
System of Differentiation	Commerce Engine Shopping Cart Email Campaign Mgmt. Customer Service Web Content Management Catalog Management Promotion Management Image Management Site Search and SEO Personalization	Site Merchandising Multi-variable (A/B) Testing Content Distribution Gift Cards Product Reviews Site Monitoring Site analytics Web Analytics Reporting and BI Guided Selling	Product Configuration Product Visualization Cross Sell/Up Sell Product Comparison Customer Profile Customer Account Mgmt. Store Locator Warranty>Returns Mgmt.
System of Record	Distributed Order Mgmt. Financial Applications Warehouse Management	Payment Processing Alternative Payment Methods Fraud Management	Tax Management Master Data Management ERP Systems

Quick wins with Dynamics 365

No, you do not need to go out and immediately buy drones or attach RFID tags to your products in order to be one of the 'best'. It is all about responding to the market. There are various other possibilities to please a customer. This chapter covers three actions retailers can use to respond to these challenges as well as the corresponding quick wins. These are items that you can start out with and make a difference. They will enable you to respond flexibly to all the developments and changes in your relevant sectors.

1 Align your sales activities with the customer

Microsoft Dynamics 365 helps you to align your sales activities with your customers. Sales representatives can use a more targeted approach, succeed faster, and boost their sales. Thanks in no small part to Microsoft Dynamics 365, your salespeople will be able to do their jobs more effectively in this new digital age. Data also plays an important role. All the data currently available creates many extra opportunities for organizations. When this data is structured and incorporated into the system, many interesting

and promising insights will be revealed. When you provide your salespeople with the essential insights, coaching and the tools they need, you will be able to focus on the right customers and priorities, sell a product or service faster by using personalized and relevant customer contacts, and increase your sales by collaborating with colleagues in order to combine the strengths of the organization as a whole.

As a retailer, you will regain complete control over the process. You will have a complete overview of each customer, allowing you to see instantly when a customer buys a product online and when they buy it in the store. In addition, the software also shows the number of transactions through all sales channels.

In short, the approach documents the customer experience. The next time a customer contacts customer service, the employees will also know that the customer has shopped in the store in Amsterdam, but occasionally also visits the store in The Hague, and most of all, that he has seven dress shirts on his wish list. Using that knowledge, the store owner can advertise his products to that customer, use up-sell-

ing and cross-selling, and provide better service because he has more detailed knowledge about the customer.

Quick win:

An integral customer image is at the top of the ICT agenda for most companies in retail. Relying on



Microsoft Dynamics 365 for Sales and the proper management information, companies are able to respond far more effectively to market opportunities and their customers' demands. Microsoft Dynamics 365 makes that is easy to achieve. An efficient quick win would therefore be to ensure that your employees can access the data for the right customer at a glance. Even just the fact that employees no longer have to switch between different screens or systems makes it possible for them to respond more effectively to customer preferences. When employees can see which products were purchased, for example, it is easy to make a similar or complementary offer. Or if they see that previous invoices have not been paid yet, they can assess whether it would be better to postpone offering new products or services.

Microsoft Dynamics 365 provides call center functionality that easily allows you to generate a customer overview. One recent user of this specific function within the Sales system is Sorgente, specialist in home nutritional care: "A major advantage is that employees can now see the patient, his dietitian, the authorization, the complete history and order status, all at a glance. We now have a 360° customer image. That saves time and ensures that our employees are able to respond more effectively to the patient's needs and preferences."

2 Smart inventory management

Using Microsoft Dynamics 365 for Operations, retailers are able to solve the inventory problems we discussed previously. Because they have a complete overview of the entire purchasing process, their employees immediately know when the inventory of an online sales channel needs to be replenished. In such a situation, the inventory in physical stores can quickly be assigned to an online channel, and they can predict how much they will sell in the future and when new inventory needs to be ordered.

Retailers who work with Microsoft Dynamics 365 now have access to the functionality they need to do business through different sales channels. They gain a much better overview of their organization and are able to surpass customer expectations, build better relationships with customers, and achieve a much faster return on investment.

Take for instance a men's fashion store that works with separate inventory. When the most popular red T-shirt is sold out, the online sales of this product are temporarily put on hold, disappointing potential customers. Ironically, there are plenty of these T-shirts in stores, where they are much less in demand. Despite that fact, these T-shirts are not used to fulfill the online demand. They just remain unsold in stores until the end of the season.



Eventually, they will end up on a rack of clothing that is sold at a 50% discount and the store owner will not make a penny on them – while he could have sold all the T-shirts at full price and served his customers better by having a clearer overview of his inventory.

Quick win:

Effective inventory management is a challenge all in itself. This requires a proper alignment of your online logistics and direct sales. This can be achieved by ensuring that everyone is working with the same information anywhere and at any time: from the purchasers that order from your suppliers, the transporters that transport the order, all the way to the order pickers in the warehouse. As a result, you have a clear overview of your optimal inventory levels, and know exactly what to order when. This ensures that the right product will be delivered to its destination just in time. Although there are already many solutions for digital inventory management, many companies still do their planning in Excel. The risk they run is that they have many redundant actions: exporting figures from Excel, making calculations, importing the figures again... A planning system can do that much more efficiently, quickly and easily.

The support Microsoft Dynamics 365 for Operations provides in the process from ordering to check-in and storage, and from e-commerce to warehouse management, also provides the option to achieve solid, efficient control of the inventory issue. This approach considerably reduces the amount of inventory that needs to be thrown away or sold at a discount. In addition, it also secures your position on the market. Competition is fierce, but this solution

will make sure you will never have to say no and that you can fulfil consumer demand. This win might be a little less quick, but it is incredibly valuable.

3 Omni-channel

It might just very well be a retailer's worst nightmare: a consumer staring at a wall of flat screen

TVs, considering a purchase and then whipping out a smartphone to check if there is a better deal available elsewhere. We see this tragedy frequently, making retailers believe that they are 'trapped in an inevitable race to rock-bottom prices'. But despite the tough price competition, McKinsey consumer and customer experiences surveys show that value



creation still is very important in the increasingly complex omni-channel retail environment. Retailers can use tried-and-tested tactics to create perceptions and to benefit from the fact that consumers consider more than just the price tag when they want to buy something. (Source: McKinsey & Co.).

Omni-channel knowledge management is combined in one central system. All the information you need for optimal customer contact is centralized to make that possible. This approach improves the quality of your services: customers will receive a consistent answer to their questions, regardless of the channel used to contact your organization, or the point in time, or the employee who offers assistance. There are already several tried-and-tested concepts out there that do not provide the lowest price, but do offer an optimal omni-channel experience. Consider srprs.me, a travel organization that offers unique, small-scale holidays. Their price is higher than the price offered by competitors, but the experience that is offered to the consumer makes it a successful concept.

Quick win:

‘Just’ implement an omni-channel approach. Everyone will understand that this will not happen overnight. Microsoft Dynamics 365 provides a complete store experience based on an easy and dis-

tinctive omni-channel approach with a clear focus on mobile and global. End-to-end possibilities, from modern point-of-sale options, store processes, merchandising, e-commerce, call center, marketing and customer service through to supply chain and finances: all of these can be implemented into a single solution within your company. Customers are able to buy products, pick them up, return them or exchange them on their own terms.

As stated previously, a solution like this is not deployed overnight. Omni-channel is about having a strong integration with the channels that your customers use. It is about providing information, achieving a simple and consistent store experience, and encouraging customers to develop a relationship with your brand. Customers switch from social networks to web shops and then to a trip to the store. On this journey, they expect the same consistent experience at the store. That is why it is smart to first take stock of your customers’ preferences. What is the course of the customer journey and where are you currently missing out on opportunities?



Microsoft Dynamics 365 for Sales

- **Boost your sales and marketing to a higher level** – access archived data or previous customer and potential customer communication to give your sales and marketing channels information for future interactions.
- **Overview of your campaigns** – analyse the effectiveness of campaigns and assess the results.
- **All your customers in one place** – all the information about customers and potential customers gathered in one clear, user-friendly customer dashboard. You will no longer have to flip through multiple tabs and screens; instead, you can access your customer data directly.
- **Customer relations management, wherever you are** – no longer limit your work-related interactions to office or working hours. Microsoft Dynamics 365 is accessible through smartphones and tablets: you can manage your customer relations at home, on the road or wherever you are. Always keep your customer your top priority, not just during office hours.
- **Social media anywhere, any time** – keep up-to-date on each online conversation with your customers. Use Microsoft Dynamics 365 social media analysis to see where your customers and potential customers are active and what they're saying.
- **Integration in your business** – information and documents in Microsoft Dynamics 365 can be integrated into Microsoft SharePoint and are therefore accessible for all your employees.

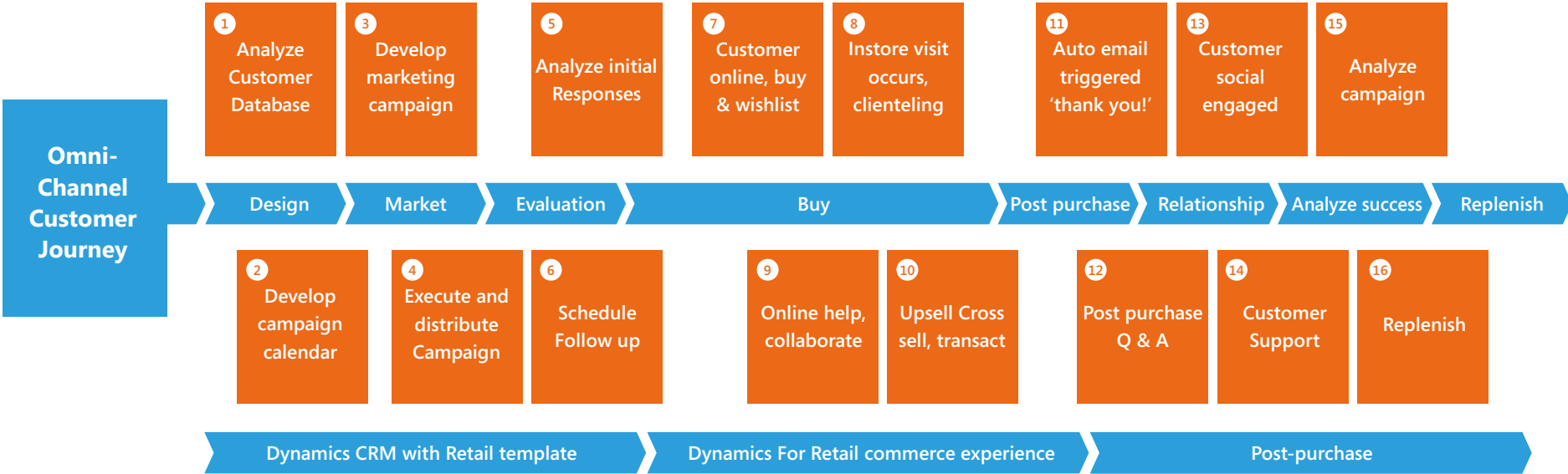


All of these advantages can be found in the Omni-Channel Customer Journey by Microsoft. For a clear overview, we have provided an infographic below:

Microsoft Total Solution for Retail

How Microsoft delivers superior service and insights for low to high touch omni-channel customers

From client engagement to revenue recognition



Microsoft Dynamics 365 for Operations

- **Supply chain** – clear overview and management of various channels used for product sales. You can keep everything in a single central location and will be able to serve the customer wherever they want to be served. Plan your supply chain in order to achieve optimal availability of your inventory and reduce discounts.
- **Omni-channel** – you want to have a strong presence in the channels where your customers shop. It is all about providing information, together with achieving a clear and consistent store experience, encouraging customer loyalty. Customers move amongst social networks, web shops and offline stores, and expect a seamless and consistent experience in all three.
- **E-Commerce** - through e-commerce and social functions in Microsoft Dynamics 365, retailers will be able to attract customers with an omni-channel store experience. For instance, people can easily get into contact with friends and followers and compile purchasing plans and preferences from various sources, such as Facebook, Twitter and Pinterest.
- **Point of Sale** – complete integration of payments, making it possible to easily generate dashboards that can be used to produce thorough sales analysis reports. Includes a flexible and configurable EPOS with omni-channel support and a direct overview of customer and transaction data.
- **Centralized store management** – Microsoft Dynamics 365 easily allows you to work with vouchers, returns management, inventory management, sales support for quotations, real-time customer loyalty programs and more.
- **Merchandising** – optimal control of inventory placement at all stages in the product life cycle in order to achieve better margins.
- **Supply chain management** – the management of purchasing, replenishment and warehouse and transport logistics.
- **Marketing** – the option to easily plan, implement and assess campaigns from start to finish. Approach customers with personalized campaigns over multiple channels, build a pipeline, and show the impact of your marketing with actual results, clearly revealing your ROI.
- **Promotional activities** – creating and monitoring time, product, store and customer-based offers. Campaigns can easily be planned, implemented and assessed. Approach your customers with personalized campaigns over multiple channels.
- **Management information** - accurate and timely information about your customers, your turnover and your inventory.
- **Call center** - quick follow-up on questions and complaints with case management capabilities. Includes TAPI integration, the link to commonly used telephone switchboards.



Conclusion

The world is changing. Where it may seem impossible for traditional retailers to defend their very existence, it is no longer all that complicated to keep up with current trends. A combination of IT systems offers opportunities to provide optimal, personal service to the changing customer and stay ahead of the competition. This approach lets you take your first steps towards using 'the new way of selling' to develop solid customer relationships.

An important message for the retailer is that you do not have to be a Coolblue or Amazon.com in order to be a successful retailer and survive this battle. However, it is essential to avoid standing still. Retailers who do not take steps toward 'the new way of selling' should not expect to last more than two years. It is therefore imperative to thoroughly

map the opportunities in the market and identify how IT solutions can provide support in this context. It is for instance no longer possible to mimic the old-school milkman and know all your customers personally, remembering all of their personal preferences. If you're looking to optimize sales and solidify customer relationships, Microsoft Dynamics 365 is the tool you need to provide a clear overview of customer preferences and then deliver services and products and finalize the process properly.

In the future, we will continue to be surprised by new possibilities, whatever comes after drones, RFID tagging and 'package huggers'. By jumping aboard this moving digital train already, retailers can already look forward to seeing these developments on the horizon instead of perceiving them as a threat.



Point of Sale



E-commerce



Omni-channel



Marketing



Supply Management



Finance



1500

Projects

13

Offices

800

Employees

Hso

the results company

www.hso.com

About HSO HSO has been a Microsoft Solution Integrator since 1989, throughout the years HSO has become a successful ICT-organization with more than 550 employees with locations in Europe, North-America and Asia. HSO supports local and international organizations in the retail, wholesale and manufacturing industry as well as service providers to make the difference with digital technology. Microsoft Dynamics 365 is the foundation used to accomplish this. Microsoft Dynamics 365 is the complete platform for CRM, ERP, Office 365 and BI-software. HSO implements, optimizes, manages the 24/7 support of these cloud solutions. HSO is a member of the Microsoft Dynamics Inner Circle and has proudly been named 'Microsoft's most customer-focused partner'. For more information about HSO please visit our website www.hso.com/us