

Case Study

Extended/ Endless Aisle

Overview:

10% of retail store sales are lost due to items being out of stock. Customers will look to competitors, online, or other stores to find the item they want.

To combat this problems, retailers are turning to technology to make sure that they always seemingly have items "in-stock." They're leveraging "endless aisle" strategies.

Implementing an endless aisle program for retail isn't easy. In this article, we'll discuss some of the common challenge retailers run into when deploying an endless aisle strategy.

This case study explores a real life implementation of an endless aisle for our client; Lifestyle which is part of Landmark Group.

Client: Lifestyle

Well-defined concept store Lifestyle offers a wide range of exclusive products from home décor, furnishings, lighting and bath décor to makeup, perfumes, fashion bags & accessories, spa products and teen accessories.

Since its inception in 1998, Lifestyle has expanded into a chain of over 200 stores across the Middle East, Africa & Pakistan offering an incredible range of products across all departments. Its dedication to offer a wide range of leading international brands in individual departments has complemented Lifestyle's own brand 'Adore', which delivers value products across most departments. With more than 2,000 dedicated staff supporting and servicing more than 950,000 sq. ft. of retail space, Lifestyle continues to grow rapidly across the region.

Increasing Sale Opportunities

With consumers now in the driver's seat with high expectations, retailers much choose to invest in technology for endless aisle or face the reality of lost sales.

When items are out-of-stock, customers are given a reason to look elsewhere for the product. Surveyed U.S. online adults have said that when they find an item out-of-stock, they would:

- 17% would use their mobile device to make an immediate purchase at a competitor's site
- 37% would buy that item from an online retailer when they get home
- 35% would go to a different store to buy it

An endless aisle strategy helps retailers avoid these situations and secure the otherwise lost sales. You can provide customers with a seamless shopping experience that leads to an overall better customer experience.

But, it's not easy for retailers to make this type of strategy a reality. You must be committed to investing in the technology, hardware, and the people needed.

Challenges of a Retail Endless Aisle Strategy

Endless aisle capabilities require integration of your technology and coordination of your processes and people.

Here are some of the common challenges you need to be aware of when considering an endless aisle retail strategy:

Keeping Inventory Updated in Real-Time

First and foremost, retailers must know when stock is available and where. Otherwise, you won't be able to order an item with confidence for your customer.

Retailers from the Forrester report mentioned above recommended that inventory levels be 98% accurate. This means that inventory levels across your sales channels must be updated in real-time.

Inventory is going to change constantly across all your sales channels if you sell online on Amazon or your own site, sell in-store, and place drop ship orders with suppliers.

To truly know how much inventory, you have on-hand and where it is, you'll have to integrate your systems. This way all inventory levels are updated whenever an order is placed.

Empowering Staff

It's not enough to just make sure that inventory levels are correct. Staff also must have easy access to be able to see inventory levels.

Your staff is who is communicating with your customer. For them to be able to provide customers with the best experience, staff must be able to ensure that they are placing an order that can be fulfilled.

This means that the present inventory availability must be within the shopper's order screen, a cashier's point-of-sale screen, or an inside-sales rep's ERP order. You must have a system with these capabilities.

Centralizing Orders

For inventory to be tracked and updated across all your sales channels, all orders must be also be managed in a centralized location.

With orders being placed across channels, it's inefficient to manage orders by channel separately. You won't be able to easily track order status and inventory levels across all your sale channels.

This can easily run you into problems when fulfilling in-store orders with drop shippers or via your online channel.

To solve this problem, retailers need a single place to manage and track all orders.

Working With Suppliers

The biggest challenge of endless aisle is arguably managing order processes with the suppliers you are drop shipping with.

Retailers must have a three-way match process in place. But, this is usually the downfall of many retailers. Three-way match involves the vendor's invoice for the order, the purchase order by the retailer, and the receiving report by the retailer. This process helps avoid paying any incorrect or fraudulent invoices.

When working with a drop shipper, you must ensure that vendors are accurately invoiced for items ordered, at the cost you expected, and track that the items were actually shipped to the customer.

This is a lot to handle and track when you don't have physical possession of the product. This process will have to be thoroughly developed before thinking about selling products via drop shipping.

Communicating Order Status with Customer

Placing an order for a seemingly out-of-stock item in-store for a customer is just the first part of the customer experience. The second step is keeping the customer informed about that the status of their order. Retailers who did this provide a complete customer experience.

Unlike when an item is purchased in-store, the customer isn't going to be able to walk out with their product in-hand as they originally planned. They have to trust you to deliver as promised.

Retailers must keep customers informed of when they can expect to receive their item and when it is shipped. You don't want to keep your customers in the dark throughout the process.

When shipping status notifications comes from the supplier, it can be hard to track and communicate it with the customer. Your software has to be able to do it through to keep your customer informed.

Project Description

The current business process for the retailer involves showcasing products in the retail area for customers to choose and make a purchase decision. The purchase transaction is made at the point of sale within the retail area. Any deliveries to be made are also noted down and the lead time for delivery is communicated to the customer. However, there is no way for the customer to browse through the products which are currently not available in the store.

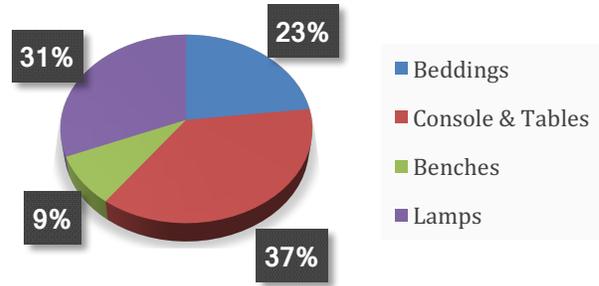
The scope of the work was to develop a solution where customers can browse through products and their related detail on an interactive platform. The products would be confined to those that are not available in the store and would typically be high valued products.

Key Objectives

- + Increase sale opportunities by allowing customers to browse through products which are not available in the store
- + Engage the customer through a simple yet intuitive platform to scan through products
- + Provide sufficient information in a visually appealing manner to help customers make a purchase decision.
- + Increase sales through the concept of extended aisle

Benefits

1. It eliminates the need for retailer to carry product inventory. When a buyer places an order for an item, the order is sent directly to the supplier, which can be a manufacturer or a wholesaler. That supplier then is responsible for shipping the item to the buyer.
2. Some companies even use this as their main fulfillment mode. They carry no inventory at all. Others use this in certain scenarios like for abnormally large orders, large items with high shipping costs, private labeled items, or selling on online marketplaces.
3. By offering a large assortment of product, it can be a one-stop shopping experience for customers.
4. Implementing an extended aisle allows retailers to have the freedom to offer a product catalog of any size without space constraint. With a larger and more diverse product catalog, retailers can use better cross-selling techniques and give more product recommendations. Even when the retailers is out of a popular size or color in-store, the customer can still have that item shipped to them. The retailer will always be able to meet the customers' expectations.
5. The endless aisle solution will increase sales opportunities and customer satisfaction.



- 23% of the users clicked on online shopping indicating a need for a wider range of products
- 14% of the users shared their experience feedback through the application of which 95% rated their experience as excellent.
- The solution generated a sales opportunity worth 225,000 AED in a two-week period.

For more information

To learn more about how IXFocus can add value, email hello@ixfocus.com



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Learnings from the Project

The pilot project with Lifestyle ran for a period of two weeks at one of the low traffic stores in Dubai. The learnings were as follows:

- 173 unique users interacted with the extended aisle
- 87% of these users created their own collection or basket of products to purchase expressing their interest in making a purchase
- The average transaction value (ATV) per user session amounted to AED 1,500.
- The most active periods of the week were Wednesday, Thursday and Friday.
- The product categories had the following share of purchase intention: