

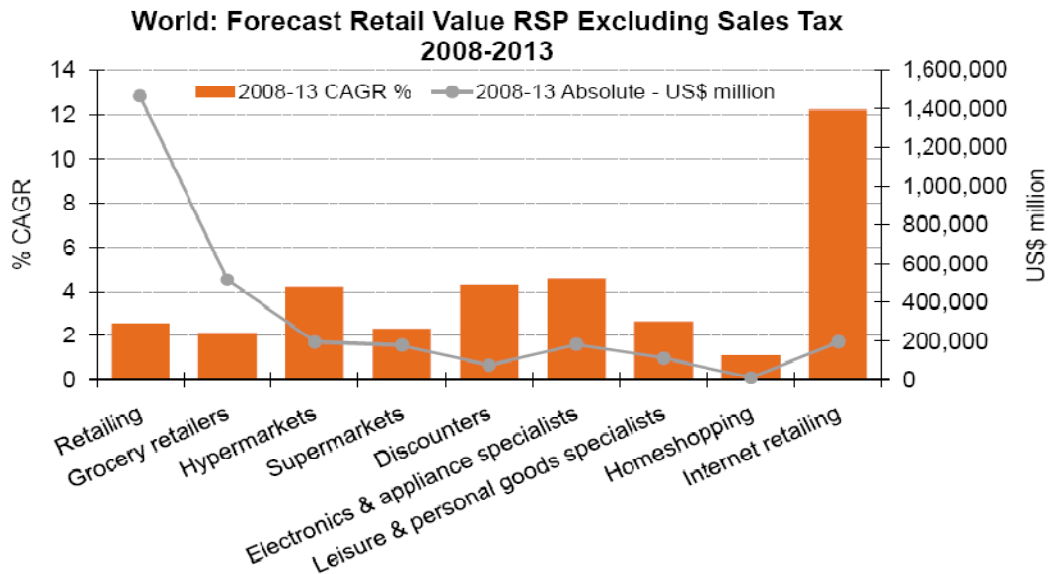
Transforming retail from bricks to clicks

By Leslie Belcher, President, Jesta I.S. Inc.

The economic downturn has created a challenging environment for retailers as the concentration of consumer spending has had a direct effect on overall retailing. Individuals are looking more closely at their discretionary spending and are cutting back most on non-essential products while performing more active price comparison. Today, internet retailing enables consumers to compare prices, save money and limit their delivery costs.

The traditional brick-and-mortar retailers built their IT infrastructure in a piecemeal fashion using legacy merchandising and planning systems to support their growing business (although now it is becoming more expensive to sustain). In the 1990's, the catalog/call-centre system was introduced to manage that sales channel. Presently, various new web-based e-commerce platforms are helping to grow the business by effectively tying together processes and procedures for the internet channel, with systems that help ensure service excellence by giving the customer the opportunity to buy anything, anywhere, anytime.

Internet retailing is expected to outpace all store-based formats, as most retailers will either enter or expand in the internet retailing channel, while a significantly higher proportion of the world population will have access to the internet.¹



By the end of 2010, non-store sales will account for nearly 7% of global retailing. Virtual retailers, which initially dominated internet retailing, are coming under pressure from store-based retailers, as they harness the benefits of multi-channel retail, such as

¹ Source: Global Retailing: Expansion Strategies of the World's Leading Retailers – Euromonitor International, July 2009. P 31



collect-in-store options, driving sales and improving the customer's experience by eliminating common obstacles surrounding order delivery.²

The conventional retailing business model is no longer working as it was. Retailers are seeking to transform themselves into multichannel enterprises that will use new channels to grow and to cut service costs without abandoning their traditional strengths; however the systems that worked once to manage brick-and-mortar, catalog and call center channels are not designed to support the complexity of the e-channel operations. While it is typically not feasible to instantaneously change a promotion or a marketing message within the brick-and-mortar store, the same is not true of a transactional e-commerce site which will often provided up to date information at the click of a button.

The virtual channel is expected to put increasing pressure on store-based retailing in the coming years. If retailers remain stagnant they risk alienating their evolving customer base who are in turn becoming accustomed to enhanced services such as order tracking, customer service and online account management, thus increasing operational expenses, leaving them out of the competition and out of their customers' scope.

In order to be a successful multichannel enterprise, retailers should follow a four-stage process: Create a multichannel strategy; Determine the relative positioning and priority for the channels; Organize for multichannel operation; and adopt best practices for integrating the traditional and virtual business.³ Their competitive advantage will rely on how they control their multichannel operations. It is essential to ensure the right offering when expanding via online channels. Moreover companies need to have the capability to capture accurate demographic information about their online customer base in order to meet their expectations and be consistent through the channels. To do this, retailers must have the right systems in place to collect such information therefore improving their customer relationship management and service excellence/delivery capabilities.

Finally, the technology associated with e-commerce systems will support a wide range of retail applications offering the ability to improve product supply, enhance service and/or reach otherwise inaccessible markets. Providing real-time data and allowing customers to access to inventory information is crucial for internet retailing operations because is directly related to the effective execution of customer relationship management practices.

About Jesta I.S. Inc.

Jesta I.S. is a leading supplier of business solutions in supply chain management systems for manufacturers, distributors and retailers primarily in the soft goods and specialty industries worldwide. Jesta I.S. is recognized for its expertise, innovative products and services and its commitment to evolving business solutions in today's rapidly changing business world. Jesta I.S.' solutions process essential business

² Retailing: New Concepts in Retailing-The thin line between Success and Failure – Euromonitor International July 2009,p.22

³ Multichannel Retailing: Bringing the New Into the Old. David Flint, Geri Spieler, July 2001.



management information for well known industry leaders including Perry Ellis International (NASDAQ: PERY), PUMA (German: PUM), Genesco Inc. (NYSE: GCO), Town Shoes Limited, Tween Brands Inc. (NYSE: TWE), Cole Haan, Hagggar Clothing Co., Cavender's Boot City and DSW Inc. (NYSE: DSW) as well as many others. Additional information is available at www.jestais.com.

About the Vision Suite

All of Jesta I.S.' solutions are real-time, web-ready applications that automate complex business processes, manage workflow and deliver exception-based business intelligence to our clients. Each solution is internationalized and modular allowing our clients to use only the modules they need. Jesta I.S. is committed to continuous product development based on customer feedback as well as internal and external market analysis. From retailers who source their own goods, to manufacturers who are selling direct to the consumer, Jesta's Vision Suite provides organizations with end-to-end solutions for ERP, Retail, Store Operations and Supply Chain Management. The Vision Suite includes; Vision Merchandising, Vision Financials, Vision Planning, Vision Store, Vision SCM, and Vision Sourcing & Demand Management, Vision E-DOM (Electronic Distribution Order Management)

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