



The Point-of-Service:
Customer Engagement in the Modern
Retail Environment



INTRODUCTION

THE POINT-OF-SERVICE: CUSTOMER ENGAGEMENT IN THE MODERN RETAIL ENVIRONMENT

“Our goal with moving to a new system was unified inventory, unified customer data, interstore transfers, click-and-collect or ship to home, easy replenishment, a robust back office, and a more empowered store associate.”

– Marc Kermisch, CIO,
Red Wing Shoe Company

The modern POS is much more about service than it is about sales. As stores increasingly become a place for brand enthusiasts to mingle and discover new experiences the point-of-service takes on an enhanced role in the customer lifecycle. In the store, the POS should empower associates to engage with customers on a deeper level with mobile commerce capabilities and seamless inventory visibility across all channels. It should provide associates with real-time customer data so that they can deliver a personalized approach and it should allow associates to work the way they live—intuitive UX, social, and mobile.

Unfortunately, the POS has not been thought of strategically compared to other aspects of the retail environment and its one of the last projects to make it to IT’s priority list. That said, we are seeing a significant increase in retailers with older, less capable systems including POS in their current-year IT budgets. In fact, according to the latest RIS Store Systems Study, two-thirds of surveyed global retailers plan an increase in store IT spend for 2016. Of those, 36% indicated they plan to purchase both POS software and mobile POS, and 30% plan to purchase POS hardware.¹

In a recent presentation, Marc Kermisch², CIO of Red Wing Shoe Company, shared his company’s experience in replacing a complex, custom-built legacy POS system with Oracle Retail Xstore Point-of-Service. The implementation was facilitated by retail systems integration consultant BTM Global.

¹ [Store Systems Study 2016](#), Retail Information Systems News

² [Red Wing Shoes: Point-of-Service Upgrade](#), Oracle Webinar, July 2016

DIVERSE CUSTOMER BASE

Red Wing began as a supplier of work shoes for farming, logging, and mining, followed by Army shoes and boots during the world wars. In recent decades, the company's heavy-duty footgear has been adopted by rock musicians, movie stars, and other celebs resulting in a cult following of millennial hipsters. Delivering the right experience for each customer segment is essential to increased engagement with the brand.

Today, Red Wing and its consumer brands (Red Setter, Worx, and Vasque) are distributed by 4,000 retail outlets in 110 countries, plus 700 Red Wing stores and mobile units that service industrial clients. This diversity of both customer profile and distribution channel presents operational challenges, and was one reason for the very high level of customization in the legacy system replaced by Xstore.

Improving POS for its mobile units was a particular goal of the upgrade. Red Wing has thousands of corporate customers—companies who buy shoes for their employees—and maintains a fleet of over 100 trucks to service these accounts. The trucks pull into the parking lot of a factory or a distribution warehouse, and 15 to 30 workers at a time will come out to replenish their employer-supplied shoes; during a site visit, the truck will sell anywhere from 25 to a thousand pairs of shoes.

The pre-Xstore system for managing these sales was essentially manual. Now, Red Wing is able to provide real-time credit card transactions, access the appropriate industrial account information, and for the individual employees, activate consumer loyalty programs.



“This was something really important to us that Xstore helped us solve. Before, we were literally writing hand tickets and having to go back to the store itself and enter those into our old point-of-sale system. Oracle and Xstore enabled us to build a modernized experience on the back of these mobile stores. It really allows us to extend what we want to be our preferred retail experience out into each one of these industrial sites.”

– Marc Kermisch, CIO,
Red Wing Shoe Company

USER EXPERIENCE

In addition to optimizing their business processes, Red Wing wanted a system that was much easier to learn than the legacy POS technology. Like most retailers that are hiring part-time associates and hourly employees, the company has a basic turnover rate of over 20% per year.

A major requirement was that it be possible to train new associates in a matter of days, not weeks. By its nature as an out-of-the-box plug-and-play solution, Xstore allowed Red Wing to standardize transactions that could be taught on the fly.

Once the system was installed and in use, it quickly became apparent that associates who went through the full training were 100% more likely to succeed than those that did not. Especially in dealer stores, where Red Wing has less control over associate hiring practices, it became clear to Kermisch and his colleagues that completing the training was key to success. They facilitated the process by enabling the training to be done online at the store or via a mobile device, depending on the associate's preference.





“We broke the Xstore learning modules down into three- to seven-minute clips, so associates could go through them when there was downtime in the store, or at the beginning or end of their shift. We also streamlined the learning process. To get them through the training quickly, we identified 24 key modules that teach about 90% of the system.”

– Marc Kermisch, CIO,
Red Wing Shoe Company

THE IMPETUS FOR UPGRADE

Red Wing Shoe Company has some very specific, and somewhat unique requirements including:

- Two-thirds of its 700 stores are independent dealers that license the Red Wing name; these dealers needed enterprise software capabilities such as employee scheduling.
- A significant amount of Red Wing’s volume is business-to-business. These customers have complex invoicing and billing requirements, and—on the Red Wing side—the vouchers the employees submit for their shoes create some unique tender types.

The impetus to putting a new point-of-service, Xstore in particular, was to go from a collection of stores to a chain of stores where they had a unified view of consumer data, inventory, and real-time or near-real-time sales data to help us make more timely decisions around our business.

Oracle Xstore provides, that unified inventory, allowing Red Wing to execute inventory transfers among stores, get near real-time, front-door sales information and manage their collection of stores as a chain. As a result, Red Wing’s store operations and store management can actually see the performance of each individual store broken up, rolled up to region and ultimately up to national performance.

“You want to select your Oracle partner early and embrace them 100 percent: bring them into your fold so they can participate in steering committee meetings, work with your business users, and get out to the store environments so they can see in detail how the system is going to operate.

This has been a key to success for us with BTM”

– Marc Kermisch, CIO, Red Wing Shoe Company



“One of our mantras is, don’t develop just because you can. Because Xstore is so flexible, we focused as a team on making sure that we were challenging Red Wing with fully leveraging the product’s out-of-the-box capabilities we had at our fingertips before looking at doing some sort of modification or extension.”

– BTM Global

BEST PRACTICES FOR A SUCCESSFUL IMPLEMENTATION—BTM GLOBAL

Based on its experience working with Red Wing, as well as its extensive experience with a variety of retailers and with Oracle Retail, BTM Global highlights some key components of a successful implementation.

Close collaboration. BTM worked not only to leverage their onshore and offshore team members, but to have Red Wing team members closely involved in the process, which included a lot of joint testing. This helped provide quick, efficient, and predictable releases that met Red Wing’s quality expectations. The team can now spin up a new release cadence in 4 to 6 weeks.

Define the “right” solution, not just “a” solution. At BTM they strongly emphasize the need to look not just at a project not just as a process solution, but from an end-to-end business perspective. This results in fewer gaps and issues before go-live.

Combine predictability and flexibility. It’s essential to establish predictable release cadences. At the same time, if an urgent issue is identified, you need to have the flexibility to run separate work streams and have governance in place that can bring them back together.

Build rapport and trust for the bad days. An implementation is like going downhill in a bobsled. You can run alongside for a little while, but if you really want high efficiency, high quality, and a solid, trusting relationship, at some point the client and the vendor have to jump in and be in the bobsled together. That level of trust and collaboration is in large part why BTM was able to help Red Wing with their successes.



CONCLUSION

DRIVE PERFORMANCE, DELIVER CRITICAL INSIGHTS AND FUEL GROWTH ACROSS TRADITIONAL, MOBILE AND COMMERCE CHANNELS

“One thing that’s important, if you’re in a complex environment where you may have things that are outside the core of the Xstore system, is to challenge yourself to change your business process to match the core capabilities of Xstore. Or think about how you might avoid any customizations by exiting the system for a particular requirement and using a bolt-on application

– Marc Kermisch, CIO,
Red Wing Shoe Company

Given the continued increase in both the velocity and complexity of retail operations, a powerful, tightly integrated point-of-service system has become a basic business necessity—and one that requires planning. Implementing a system like Oracle Retail Xstore, particularly if it replaces a highly customized legacy system, requires strong governance from both the business and IT side, as well as a willingness to question and reassess long-standing business practices.

Time and again—and the Red Wing Xstore implementation is no exception—Oracle and its customers, when solving problems, encounter the virtues of “vanilla”: using the solution exactly the way it is designed to be used and adapting procedures to it, rather than vice versa. In many cases legacy POS systems have significant customizations which need to be maintained by IT staff. Most retailers are realizing that this is an inefficient model and are adopting solutions that are purpose-built and based on best practice. To this end, Oracle Retail has documented every implementation—covering thousands of projects worldwide—and has derived best practices, process designs and workflows for everything from POS to Loss Prevention. These best practices are documented in the Oracle Retail Reference Library which includes over 680 process designs covering every aspect of the retail enterprise.

[Learn more about the Oracle Retail Reference Library, a freely available resource to all Oracle customers and partners.](#)

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Retail Reference Library: Harnessing the Power of Oracle Retail

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