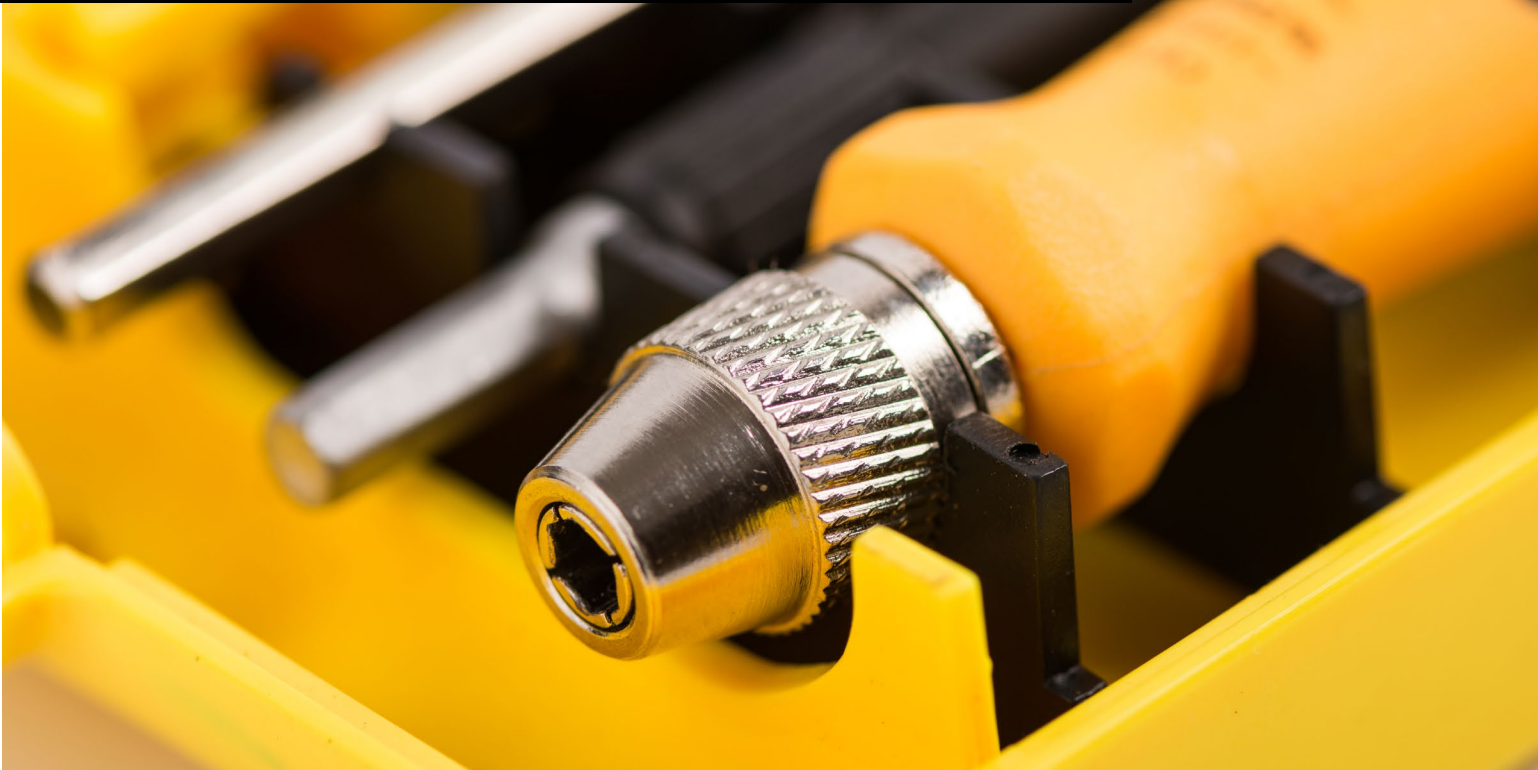




The Executive's Guide to Selecting Software for Hardlines Retailers



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Hardlines retailers have recently benefited from an increased interest in home renovating thanks to a favorable real estate market after the 2008 financial crisis. Most homeowners now feel more confident about their home values and have regained the financial means to invest in their homes. This renewed interest in home renovating has contributed to customers investing more money towards renovating their house: in 2016 alone, customers spent on average \$5,157 on home projects, a remarkable increase of \$1,869 in comparison to the previous year ([2017 True Cost Report](#)). Home improvement shows on channels like HGTV and DIY have also contributed to glamorizing the entire industry and increasing consumers' expectations. So, how can hardlines retailers provide a differential advantage that will guarantee they won't lose market shares to competitors?

Once aging technology is obsolete, it becomes incompatible with new software, and full replacement is needed. Upgrading or replacing a legacy system is not an easy endeavor. The answer to gaining both operational and financial efficiencies lies in the

use of modern unified automated systems. Over the last decades, retailers gradually moved from periodic to real-time inventory views, enabling them to make smarter and timelier strategic decisions. Big data has also enabled retailers to do much more with the mountains of customer information they collect and to put that data to use to build customer loyalty. What's more, retailers went from having partial to complete enterprise visibility. Granular enterprise-wide tracking, near-time visibility, and close customer relationship building all have contributed to strengthening the hardlines industry. Highly successful hard goods retailers have invested in proven foundational technology, not just in trendy add-ons that won't last. A new window of opportunity to be among the leaders in the hardlines segment has arisen, and the key to success is to be able to understand the market and customers' expectations. Although competing with retail giants can be intimidating, mid to small-size retailers can still have their piece of the pie if they show customers their level of efficiency and expertise in their domain.

Most Common Challenges Hardlines Retailers Face

1. Using legacy systems that do not offer real-time inventory visibility, creating frequent overstock and stock-out situations.
2. Constantly engaging with customers, while maintaining meaningful relationships with them.
3. Lacking a scalable e-commerce platform that can adapt to the ever-changing needs of the business and consumer behaviors.
4. Using reporting tools that focus on basic inventory and sales data, rather than actionable analytics solutions that make the data immediately useful for continuous business improvement.



HOW AN END-TO-END RETAIL SUITE HELPS HARDLINES RETAILERS DRIVE HIGHER ROI

Often times, hardlines retailers looking to invest in new technologies feel overwhelmed by the growing number of retail solutions available on the market. Should they work with multiple best-of-breed vendors to benefit from the best of all worlds, or should they take a more streamlined approach, using a single vendor for the bulk of their retail technology landscape? In fact, [Gartner](#) data shows that after years of underinvesting in technology, "17% of retail respondents indicated that new spending on ERP has become a must." Why select multiple vendors when a single one already has all the tools that hardlines companies need to succeed?

Collaborating with a single vendor can help hard goods retailers grow their businesses limitlessly, instead of focusing on narrow parts of it. A business partner that understands retailers' businesses in and out will not only improve technical proficiency, but it will also enable them to work towards one common goal, the most important of them all: making the company a success.

Here are five key capabilities hardlines retailers need to achieve higher ROI.

1. Integrated systems

Far too often, there is a mismatch between the system hardlines retailers use to run their businesses and the realities of today's technology-focused world. Consumers have come to expect seamless, personalized experiences across channels, and disparate systems limit your ability to deliver these experiences in a unified and cost-effective way. The disparate systems that worked a few years ago simply do not cut it anymore. Being a true omni-channel retailer means providing a unified, frictionless experience to customers, and bridging the gap between the online and offline worlds. With 90 percent of retailers planning to implement BOPIS (Buy Online, Pick-Up In Store) by 2021, unified commerce capabilities are increasingly becoming a must-have ([Retail Touch Points](#)). Retailers who wish to gain omni-channel profitability can't expect to run their businesses with various third-party vendors and offer a seamless experience: they should rather invest in an end-to-end platform.

2. Retail analytics

According to a recent report from [Gartner](#) entitled "2018 CIO Agenda: Retail Industry Insights," advanced analytics tops the list of technologies to win (28%). Retailers need reliable data and actionable analytics that enable them to read, react, and respond to the stories the data is telling them, and delve one layer deeper. BI solutions enable retailers to interact with these customers' stories in real time. To remain competitive in today's fast-paced world, hardlines retailers thus need both qualitative and quantitative data, provided from one comprehensive merchandising solution.

3. Order management systems

Hardlines retailers who wish to fulfill their orders both quickly and efficiently need a centralized inventory repository. The order fulfillment process is best implemented using a fulfillment optimization engine to address different order types. Offering the fully-aligned experience today's shoppers demand is sure to improve their overall satisfaction, driving growth and profits as a result. However, properly orchestrating orders across all channels can be particularly challenging for some merchants. Hardlines retailers not only manage high SKU volume on an hourly basis but they also regularly sell units of measure or commodities that can prove problematic to manage. Packing in kits, cases, or pallets is another challenge hardlines retailers need to overcome. By using the right software designed to meet their unique challenges and needs, these retailers can efficiently view and manage omni-channel inventory and customer data in real time.

4. Customer engagement tools

Clienteling and POS solutions can significantly enhance customer engagement, by providing the answers customers are searching for anywhere in the store. Equipping sales associates with the right customer-centric tools can even help alleviate the most common customer pain points. With unlimited information in the palm of their hands, customers are always a step ahead: they've become so knowledgeable that they sometimes dread interacting with sales associates. In the hardlines vertical, sales associates likely find it difficult to remember all the specific details about the products they sell. They need to be proactive, and use technology to answer customers' questions, to eventually form and maintain relationships with them. A relationship management solution such as a CRM tool helps retailers understand who their customers really are, how they behave, and better engage them.

5. Digital commerce

Although online retail "currently accounts for roughly 10 percent of total retail sales" according to NRF, this number will likely increase and could be closer to 50 percent in 30 or 40 years. "Hard goods sales will migrate to e-commerce more quickly but the more discretionary and perishable purchases will move online at a much slower pace" (NRF). The potential for online retail growth presents a huge opportunity for retailers who are trying to establish themselves as leaders in their space. Hardlines retailers' needs are constantly evolving, so a scalable and customizable e-commerce platform is essential for them. A solution that can grow with retailers' businesses is always a safe bet, especially for growing hardlines retailers who will eventually be planning to expand into international markets.

THE TOP 4

MARKETING TIPS FOR HARDLINES RETAILERS

1

PROVIDING THE INFORMATION CUSTOMERS NEED

Shoppers may feel intimidated by the overwhelming number of products available in hardlines brick-and-mortar stores. This makes them particularly responsive to useful insights, and educating them is key to winning their loyalty. Sales associates should focus on building their social skills, and on gaining an in-depth knowledge of their products, all while using the power of omnichannel data. Leveraging customer engagement tools to build meaningful one-to-one relationships with customers is essential. Consumers constantly seek advice on the Internet, so sales associates need to do more than simply answer questions. Associates who let their personality shine through when interacting with customers always stand out from the crowd. For instance, for a couple on a budget who enjoys the clean look of marble, the associate can suggest a similar, cost-effective alternative, like porcelain tiles. While most customers usually enjoy human interactions, the busier ones might prefer to consult interactive touchscreens themselves, and associates need to let them be.

2

KEEPING IN MIND THAT HARDLINES CUSTOMERS ALWAYS APPRECIATE A GOOD OLD-FASHIONED BARGAIN

Most shoppers paying a trip to their hardlines store would like to avoid paying full price for the items they purchase. Whether they need kitchen appliances, electronic devices, or patio furniture, customers usually visit hard goods stores with a spending mindset, so showing them you value their business by offering certain perks can go a long way. Some modern POS solutions enable customers to set up promotions in the system such as “buy 2 get 50% off”, “buy 1 get 1 free”, etc. The best-of-breed POS systems can handle multiple promotion types and are highly configurable. Offering tailored promotions to your most loyal customers can also show how much you appreciate them. By occasionally discounting their prices, hardlines retailers can also encourage customers to stock up on product, all while making them feel special.

THE TOP 4

MARKETING TIPS FOR HARDLINES RETAILERS

3

REMEMBERING THAT CUSTOMER EXPERIENCES MATTER

Breakthrough technologies have contributed to blurring the lines between physical and digital experiences, making shopping more immersive and interactive. With virtual technology, for example, customers can visualize what their new couch could look like from the comfort of their old one. Hardlines stores have evolved from big warehouses to shopping destinations. Nowadays, shopping is a real leisure activity that also often requires well-deserved breaks. Whether it's enjoying affordable Swedish meatballs in an IKEA cafeteria or sipping on a latte in higher-end stores like West Elm, customers visit hardlines stores to make purchases and want to enjoy taking their time shopping. Online shoppers also expect their experience to be enjoyable: the checkout process needs to be smooth, the server response fast, and the website easy to browse. With social media influencers becoming increasingly important, social selling features are another consideration to make when investing in an e-commerce platform. Shoppers also appreciate viewing the hardlines retailer's website before making a trip to the store, so ensuring BOPIS is part of your unified commerce strategy is essential.

4

HAVING PRODUCTS WHERE THEY NEED TO BE

Advanced merchandising systems offer flexible configurations and can automatically suggest the optimal amount of goods to order. Seek out an all-in-one solution that includes integrated analytics, rather than analytics as an add-on offering, and that provides real-time, omni-channel data. By honing in on the right data, hardlines retailers can find the answers to their business questions to make critical improvements in just a few clicks. As inventory adjustments appear as soon as the transaction has been completed, real-time inventory visibility can prove particularly useful to avoid out-of-stock or overstock situations. Some unique tools on the market, such as Daybook, can help track all the movements and stocks of the items. Daybook is a very granular stock ledger of activity maintained at the SKU/Store/Day level that enables true visibility, and restatement, so you can modify transactions without impacting what was previously entered into the system. For example, if a sales associate notices that the price for the light bulbs they received last week was \$11 while it should have been \$10, they can go back and restate the \$10 cost, as if the mistake never happened. Moving to a granular level of detail helps retailers resolve errors in just a few clicks, enabling them to, in turn, save money and achieve higher ROI.

COMMON HARDWARE CUSTOMER PERSONAS AND HOW TO CATER TO THEM

No two customers are alike, so it's important to identify and study different shopping profiles. By understanding their customers, hardlines retailers can proactively answer their unique needs, all while ensuring that they build long-time loyalty based on their customers' eclectic tastes.



The designer

Designers are all too aware of shapes, colors, and textures. Store associates can't fool them: they already know what goes together and what doesn't. To anticipate their needs, associates should, for instance, select a few standout pieces each season, by focusing on different design aesthetics. While some customers may prefer timeless statement pieces, others might rather invest in contemporary gear, or even better mix different styles. This can prove challenging to sales associates, so they need to conduct enough research before even suggesting items that could complement each other. Associates should also keep track of social media trends on platforms like Pinterest, Instagram, and Facebook. When designing interiors, designers pay attention to every single detail. Effective sales associates need to adapt to the needs of these demanding customers and stay on top of trends. For instance, are fiddle-leaf figs and snake plants still popular in 2018? By properly training associates so they can anticipate all the questions designers could typically ask, retailers can make their sales experts own each customer transaction, no matter how knowledgeable their customers are.

Designers are a high-potential segment for sales, but they are also likely to do a lot of returns. It's not unusual for a designer to grab four rugs for a project, only to return three once they've zeroed in on the perfect choice. Making the returns process easy is a great way to show designers that you value their business and are easy to shop with. They'll reward you with their loyalty. You might even want to consider a VIP lane or dedicated customer service manager for trades.



The beginner DIYer

While beginner DIYers can be of any age, they tend to be younger people who have recently left the nest. They don't always know the techniques they should be using to make the most of their living areas. Associates should not shy away from offering expert advice to these customers with a genuine interest in learning. If a DIYer is asking them for painting tips and techniques, store associates should show them all the basics, from the type of primer and painting needed, to the different brushes they should purchase. Suggesting online YouTube channels or your online brand tutorials is another constructive way to help them. Offering interactive in-store workshops can be effective in driving high-converting traffic to your stores.

COMMON HARDWARE CUSTOMER PERSONAS AND HOW TO CATER TO THEM

The know-it-all

While some customers are beginners and can feel helpless with a simple screwdriver, others are also constantly renovating their homes, and they're used to tearing down entire rooms (or houses!), and rebuilding them from scratch. These customers are very valuable, as they likely devote a considerable amount of time and energy to their passion, making them potential customers for life. When these customers want retailers to answer some specific questions for them – whether online or in-store – they like to get all the specifics. Technical details such as the type of wood they would like to purchase for their pool house may not matter to everyone, but it does to them. Retailers need to make detailed information readily available to them, and the product description should be as detailed in-store as it is online. Loyalty programs are another smart way to win the hearts of these demanding customers.



The contractor


Contractors are valuable business professionals who make commitments to their clients, so they don't have too much time to waste when shopping for hard goods items. As professional customers who need to ensure that they respect their customers' budgets and timeframes, contractors have a lot on their shoulders. Construction is a stressful business to work in, so ensuring you conquer the hearts of these types of customers is essential, as they will likely be paying you frequent store and online visits. When a contractor enters your store, having an experienced sales associate ready at a dedicated counter to interact and get contractors on their way quickly can really make a difference.



The helpless homeowner

Some homeowners never really got around to the idea that a house is high-maintenance. They enjoy owning a property, but weren't necessarily prepared for all the additional headaches that would come with fixing the roof or renovating the bathroom. These homeowners are already stressed by the whole renovation process, so they want retailers to make life easier for them. They don't know anything about renovating or fixing and don't necessarily have an interest in extending their knowledge. Offering installation, assembly, and delivery services can go a long way with these customers, and they usually won't mind the added costs.

IN SUMMARY



The hardlines industry is highly competitive, and thriving in such a fast-paced retail environment can prove challenging. Thankfully, modern software represents a new era of opportunity that retailers shouldn't shy away from. The addition of an end-to-end suite tailored to hard goods retailers' specific needs can help grow their business to a whole new level. With extensive retail experience, the Mi9 Retail team acts as hardlines retailers' trusted advisor to help them overcome the common challenges they may face. By understanding customers' different personalities, and learning how to efficiently interact with them, retailers can significantly maximize sales and profits. Advanced technology tools enable retailers to better manage their daily business processes, increase their productivity, and build meaningful long-lasting relationships with customers.

THE KEY FEATURES HARDLINES RETAILERS NEED TO SOLVE THEIR MOST COMMON CHALLENGES

Mi9 Clienteling

- Promotion and loyalty management
- Outreach tasks (SMS, email, phone)
- Wish lists integrated to Mi9 Mosaic POS
- Cross-sell and up-sell suggestions
- Store finder

Mi9 POS

- Hardware and operating system agnostic
- Rapid checkout on mobile or fixed workstations
- Configurable loyalty programs
- Full transaction management
- Configurable tenders including gift card, store credit, and in-house account management

Mi9 Merchant

- Manage SKU profitability at a granular level
- At-a-glance cost, retail, units, and markup details
- Merchandise analysis across departments, classes, categories, and stores
- Replenish warehouses and stores
- Create and approve purchase orders

Mi9 OMS

- Optimize product shipments across multiple locations
- Manage all related order tasks, such as payment processing, changes, returns, etc.
- Analysis of success metrics, for example, did routing decisions reduce costs, speed delivery, etc.
- Actionable and automated system adjustments

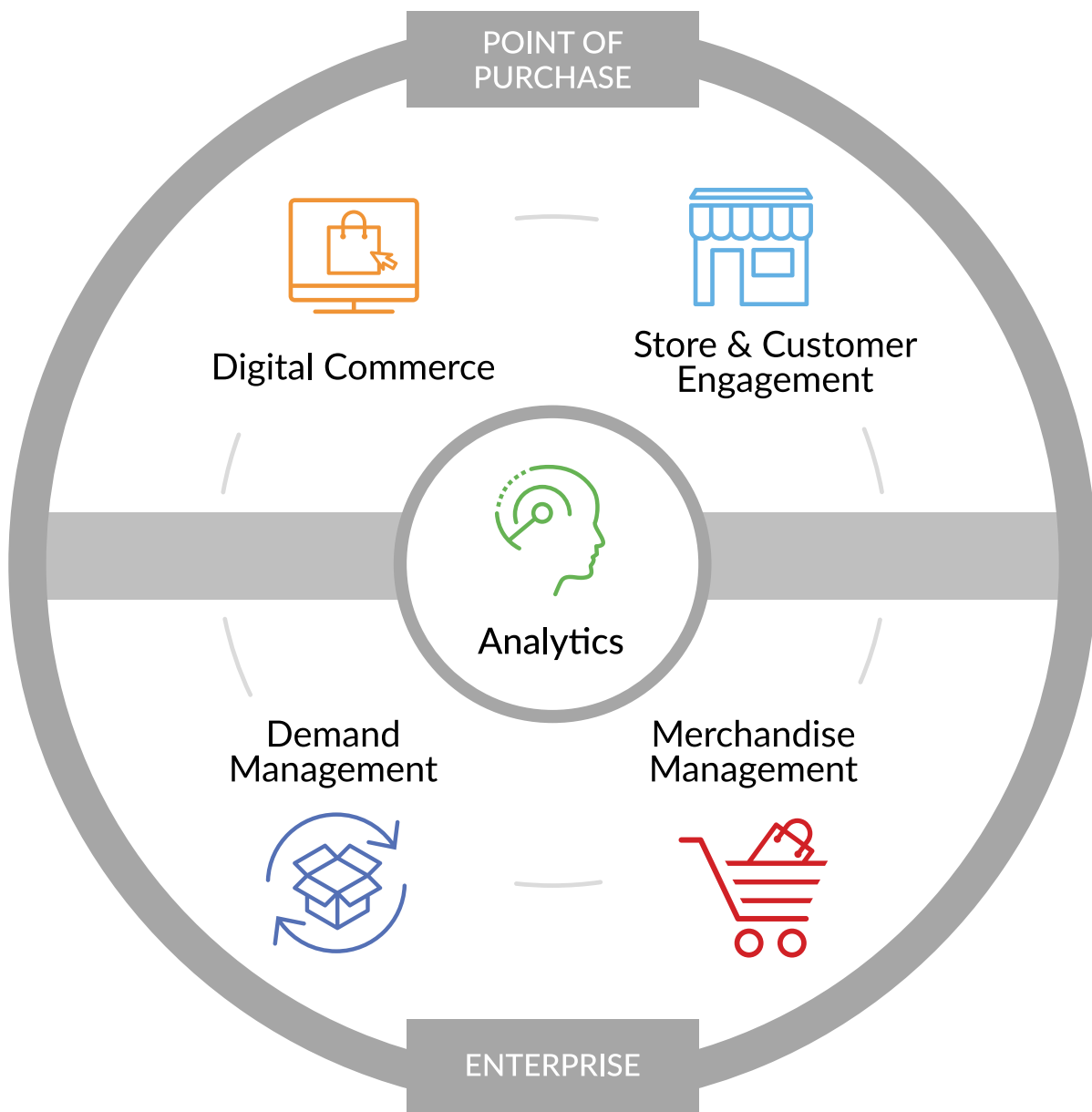
Mi9 e-Commerce

- Built-in merchandise management (custom fields, different layouts and landing pages per category, product bundles and kits, etc.)
- Allow guest or registered checkout or both
- Real-time international currency conversion and shipping quotes
- Personalized offers and content
- Wish lists

Mi9 Intelligence

- View interactive reports on conventional or mobile devices
- Identify your best performers in any or all departments
- View at-a-glance metrics to see whether enough merchandise is available to sustain success and avoid out-of-stock situations
- Look for style trends that can be applied to future purchases
- Compare performance across time periods

Mi9 RETAIL UNIFIED COMMERCE SUITE



A SAMPLING OF Mi9 RETAIL HARDLINES CUSTOMERS



Mi9 RETAIL HARDLINES CUSTOMERS SUCCESS STORIES



Orchard Supply Hardware

"We have a 15 year tenure using Mi9 Retail's software, and during that time it has proven to provide a high level of service and the company's management team has shown a strong commitment to meeting our business needs. The Mi9 Retail solution will enable us to process all of our store transactions within our centralized corporate systems in real time, eliminating slow and costly data entry, and data extraction from multiple sources. Our customers will see improved service as a result."

"Our users are adopting Mi9 Intelligence. The system is agile so that we can map it to our business strategy. We have immediate access to our daily plans, progress against stretch goals, insight into payroll spend, and gaps against our objectives. Having this level of insight allows us to make purposeful decisions."

Richard Marano

VP of Information Technology for Orchard Supply Hardware



Aubuchon Hardware

"The Mi9 Retail team assessed our current infrastructure and demonstrated the positive ROI we will experience after converting to the cloud, making the decision an easy one. We trust Mi9 Retail as our partner, and we are a big believer in cloud computing and the SaaS model."

Scott Aubuchon

VP of Information Technology at Aubuchon Hardware

Mi9 Retail is passionate about helping retailers create great experiences for their customers – online, in-store, and on any device. We know that great retail experiences happen when optimized inventory management intersects perfectly with well-executed customer engagement strategies to deliver higher customer loyalty, better margins, and a more engaged workforce. Our solutions for merchandise management, digital commerce, and store operations are used by leading retailers across the globe. The company is headquartered in Miami, FL, with operations in North America, Europe and Asia.

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