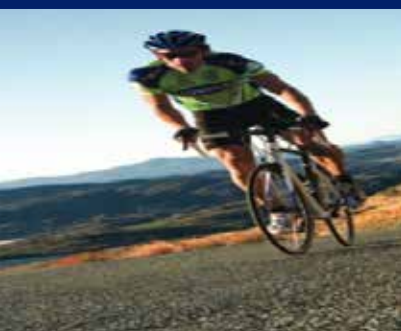


PERFORMANCE BIKE CASE STUDY

Building an Omnichannel Solution



Case Study



PERFORMANCE BIKE CASE STUDY: Building an Omnichannel Solution

When Performance Bicycle, the nation's leading high-performance bicycle retailer, needed help developing an omnichannel e-commerce solution for its website — www.performancebike.com — and its stores across the country, it turned to Lauzau And Associates, a Columbus, Ohio-based company that specializes in interfacing Island Pacific software with other packages, providing development and support, and delivering retail IT solutions for its customers.

Lauzau And Associates' systems analysts helped develop an omnichannel solution that:

- Provides a better customer experience.
- Saves the sale.
- Gives credit for the sale where credit is due.

About Performance Bicycle®

Performance Bicycle® is the largest specialty bicycle retailer in the United States and provides an omnichannel cycling experience through its 100-plus stores nationwide and its website, www.performancebike.com, which has been the country's leading cycling e-commerce site since 1996. Performance Bicycle caters to both the avid, serious cycling enthusiast as well as recreational riders and has an inventory of more than 10,000 products available through its catalog and website.



The Challenge

Performance Bicycle asked Lauzau and Associates to write the code and help develop the integration necessary to provide an omnichannel solution for the retailer's e-commerce business. Performance Bicycle's goal was to improve the customer experience so that a customer with a desire to purchase never left a store or the website without having that desire fulfilled. Secondary to that, the company wanted to ensure that the sale was credited to the right location, no matter how the customer received the order.

Performance Bicycle laid the project out into four phases that it would implement between May 2014 and early 2016. Performance Bicycle wanted the program to assign proper sales credit, no matter where the order originated and how it was fulfilled. Performance Bicycle was also installing a new point-of-sale (POS) system, and any changes in the IBM Websphere Commerce e-commerce site would have to make sure that its APTOS point-of-sale system, Island Pacific retail system and Manhattan DOM warehouse management system were all communicating properly.



"We had to make sure that the information coming out of APTOS and into Island Pacific was accurate and balanced," said Stephen King, a retail analyst at Lauzau And Associates. "So our challenge was to write the interface programs so that the data coming out of APTOS would be recognized by Island Pacific."

"When we laid out the project internally, we realized the project was bigger than we could do ourselves while achieving our target dates," said Mike Starkey, senior vice president of information systems at Performance Bicycle. "Whenever we have a project that involves Island Pacific, the experts at Lauzau And Associates are the first people we turn to. We have comfort in the relationship and in knowing that they know Island Pacific. We also wanted to know how other people were solving similar problems, and Lauzau And Associates' breadth of experience helped provide that insight."

In addition to ensuring that all systems were communicating properly, Lauzau And Associates helped write systems that would make the inventory visible across the board—whether the inventory was in any one of the company's stores or in its warehouse. Attributing proper sales credit was also a crucial part of the programming, Starkey said, because the company knew it would help the company's sales staff monitor their sales goals more accurately, and it would improve accounting efficiencies.

The Solution

Because Performance Bicycle was installing a new POS system, that is where Lauzau And Associates started. The first step was to interface the new system into Island Pacific, said King. After interfacing the new system into Island Pacific, King then had to develop the interfaces for the omnichannel solution, which was a lengthy process and involved much more than just taking their specifications and writing the code.

“We did a lot of question-and-answer sessions upfront. We needed to know their expectations and goals,” King said. “I worked with their team on how we wanted to work with Island Pacific, and I provided analysis and consulting.”

“Steve became part of our team,” Starkey said. “He was in on all of the calls, and he added value by bringing expertise to the table and by offering a different vantage point.”

In the end, Performance Bicycle developed a plan that was introduced in phases:

- Phase one, live in May 2014:
 - Customer buys product in store and carries out the merchandise. Sale is attributed to the originating store.
 - Customer orders product in one store and picks up in another. Sale is attributed to originating store.
 - Customer orders product online; product is fulfilled through the warehouse and shipped to the customer. Sale is attributed to the web store.
- Phase two, live in March 2015:
 - Customer orders product in store and product is fulfilled from the warehouse and shipped to the consumer or to a store for customer pickup. Sale is attributed in both cases to originating store.
 - Customer orders product online and product is fulfilled from the warehouse and shipped to a store for customer pickup. Sale is attributed to the store where the customer will pick it up.
- Phase three, live in September 2015:
 - Customer orders product in a store; product is fulfilled from another store and shipped to the consumer or to a store for pickup. Sale is attributed to the originating store.
 - Customer orders product on the web; product is fulfilled from a store and shipped to the consumer. Sale is attributed to the fulfilling store.
 - Customer orders product on the web; product is fulfilled from a store and shipped to another store for pickup. Sale is attributed to the pickup store.

- Phase four, planned to go live in first quarter of 2016:
 - Customer buys product online and picks up product in store. Sale is attributed to the pickup store.

The Results

Now that the project is nearing completion, a customer is able to go on the website — www.performancebike.com — and see the company’s entire inventory. A customer is no longer limited to being able to order merchandise that is available only in the warehouse.

As soon as the phases started to go live, Performance Bicycle began to see immediate results, Starkey said. The most notable results to date have been:

- Improved operational efficiencies
- Correct credit for sales
- Better customer experience
- Increase in retail sales

After phase three went live with just 20 stores, store fulfillment contributed to more than 3.8 percent of retail sales. Starkey expects that once this phase goes live with all stores, retail sales could easily increase by 10 percent. He attributes the increase in sales largely to the fact that the company is now selling inventory that would have gone unsold because it wasn’t sitting in a warehouse; it was sitting unsold on a store shelf somewhere. So a customer going online to look for a size 14 shoe for example could now find it online and purchase it through the website.

“Those are sales we wouldn’t have gotten,” Starkey said. “Under our previous logic, if we looked at the warehouse and it wasn’t in the warehouse, the request was put on backorder, or the customer’s order was cancelled.”

- Reduced Markdowns

“Much of the new, incremental sales are clearance merchandise — a XXXL shirt, a XXS shirt or a size 14 shoe,” Starkey said. “Normally, those shoes would have been sitting on the shelf for nine months before being marked way down to move them out of the store. Two days after going live, the store shipped those shoes out to a customer at full price.”

With the work that Lauzau And Associates has done, Starkey is confident that Performance Bicycle will be able to achieve its two chief goals: to get the product to the customer faster, providing a better customer experience; and to save the sale by getting the product to the customer — no matter where the customer is and where the product might be.