

TOWN SHOES

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Retail
Employees	1,500
Location	Toronto
Web Site	www.townshoes.com
SAP® Solutions and Services	SAP® Point-of-Sale, SAP Point-of-Sale Loss Prevention for Retail
Implementation Partner	SAP

Town Shoes Limited, a privately owned Canadian shoe retailer founded in 1952, sells footwear, handbags, and accessories for the entire family. The company offers middle-to-high-end merchandise in its Town Shoes stores and value-priced items under The Shoe Company banner. Headquartered in Toronto, Town Shoes has expanded its presence throughout Canada and now operates 82 stores and employs 1,500 people.

Key Challenges

- Gain visibility into inventory by size and color
- Eliminate error-prone manual processes
- Reduce customer churn rate
- Identify employee fraud and reduce shrink
- Control high-cost inter-store transfers

Why SAP Was Selected

- Ability to rapidly implement SAP® Point-of-Sale application
- Scalable functionality – support for growth initiatives
- Intuitive interfaces
- First-class support and service

Implementation Best Practices

- No disruptions to business during implementation
- Minimal need for training due to intuitive interfaces

Low Total Cost of Ownership

- Fast 6-week implementation
- Hosted SAP Point-of-Sale application environment
- Lower IT costs per employee
- Elimination of legacy systems
- No additional infrastructure costs

Strategic Benefits

- Support for growth strategy
- Deeper visibility into inventory
- Better ability to plan and forecast
- Sustained business controls to detect fraudulent activities
- Streamlined operations
- Improved customer satisfaction

Operational Benefits

- Reduction in losses due to fraudulent activities
- Increase in sales to transshipment ratio
- Reduction in shipping costs
- Elimination of costs related to overshipping
- Greater success rate for locating merchandise requested by customers
- Higher inventory turns
- Fewer markdowns



“If you don’t have their size, customers are not coming back. SAP Point-of-Sale has not only enabled product visibility, it has given us the tools we need to support our growth strategy and combat customer churn.”

Peter Gerhardt, CFO, Town Shoes Limited

“Employee fraud is a problem that much of the retail industry faces. We are at a competitive advantage because SAP Point-of-Sale Loss Prevention for Retail has allowed us to reduce shrink and improve our bottom line.”

Lewis Feinstein, VP of Operations, Town Shoes Limited

Town Shoes Outgrows Its IT Infrastructure

In 1999, Town Shoes Limited, a privately owned shoe retailer, was operating 36 stores in the Toronto area – but it wanted to grow the business. In order to achieve its goals, which included national expansion, the company needed to address several pain points.

The greatest challenge Town Shoes faced was limited visibility of stock. Because the company could only track inventory by shoe style and not by size and color, it had difficulty responding to in-store customer requests in a timely manner. As a result, Town Shoes began experiencing flagging customer loyalty and a high churn rate. Further, tracking stock transferred between points of sale required extensive manual labor – as did taking inventory. And with lack of visibility into its warehouse stock, Town Shoes found it nearly impossible to provide its stores with the correct assortment of styles and colors. Finally, Town Shoes wrestled with employee fraud and shrink.

Forging Close Ties with SAP

The company evaluated multiple vendors and chose to partner with SAP for several reasons. First, SAP offered help with formulating the technology roadmap to support Town Shoes’ business strategy, and second, it guaranteed a rapid implementation. Finally, the SAP® Point-of-Sale application met most of Town Shoes’ requirements. Because of the software’s intuitive interfaces, employees required minimal training, allowing SAP to deliver an impressive six-week implementation. Today, SAP remains the primary IT support partner, which contributes to low annual IT costs per employee.

Running Past the Competition

The SAP software was just what Town Shoes needed. Due to deeper visibility of inventory and an improved ability to meet specific consumer needs, customer satisfaction has increased dramatically. For instance, employees reported a dramatic reduction in the amount of time required to locate merchandise in the store system and a substantial improvement in their ability to physically find the requested merchandise.

Town Shoes has realized an improvement in operating efficiency. By introducing automated processes and hand-held devices, the company can transfer stock faster and more accurately. Town Shoes also requires significantly less downtime for cycle counting and inventory validation.

By having the ability to track employee fraud and noncompliance with corporate policies, the company has also seen dramatic improvements in losses related to fraud. As Peter Gerhardt, CFO of Town Shoes, says, the SAP Point-of-Sale Loss Prevention for Retail package is “the gift that keeps on giving.”

Finally, with the turnkey point-of-sale solutions hosted by SAP, Town Shoes requires minimal IT staff to support the applications. For example, SAP provides help-desk services and supports software enhancements.

SAP Store Loyalty Program for Retail and SAP Customer Analytics for Retail: A Shoe-In

Today, Town Shoes operates 82 stores nationwide and has a vision to further expand its presence. To support its efforts, the company plans to implement the SAP Store Loyalty Program for Retail package to enhance campaign management. Additionally, the company will go live with the SAP Customer Analytics for Retail package by the end of 2007 to help automate and manage its rewards program more effectively.