IBM

Smith's Kodak Express keeps sales force in focus with data warehouse.

In the retail market, ensuring your sales-people are trained and motivated to make the most of each customer interaction is the key to maintaining a competitive edge. Unfortunately, the best-conceived marketing plans can be undermined by employee turnover and staffing requirements that fluctuate throughout the year. What's the best defense? For Smith's Kodak Express, it's having the critical information on hand to tackle problems as they arise.

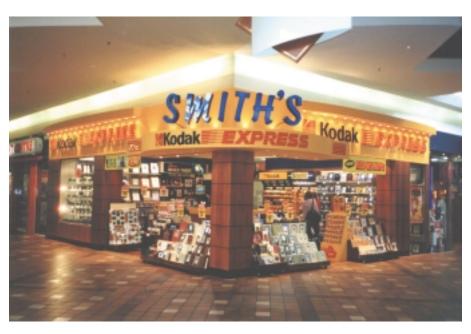|	
Application	Business intelligence: data warehouse solution for retail sales analysis
Business Benefits	15% increase in sales in a three-month period; 100% ROI within six months; more focused sales incentives and training; improved labor management; more accurate pricing
Software	IBM DB2® Universal Database™ Enterprise-Extended Edition for Windows NT®, IBM Visual Warehouse™

"In retail, you have to be able to react to yesterday's news today, which makes it imperative that you have tools like DB2 and Visual Warehouse to be successful."

– Peter Denison, IT Manager, Smith's Kodak Express

A fully owned subsidiary of Kodak Australasia, Smith's Kodak Express is the largest photographic retail specialty chain in Australia. During peak seasons, the company employs as many as 1,200 sales-people in 150 stores. In order to implement effective training and incentive programs—and generate more sales—the company wanted to trace product sales information to the individual salespeople in each store. This was impossible with its existing point-of-sale system and disparate business applications.

To provide managers better access to integrated product sales and employee performance information, Smith's Kodak Express implemented a new data warehouse solution based on IBM DB2 Universal Database Enterprise-Extended Edition for Windows NT and IBM Visual Warehouse. The data warehouse gives the

Smith's Kodak Express relies on IBM business intelligence tools to get a better grip on product sales and employee performance.

Smith's Kodak Express has improved cross-selling using a data warehouse built with DB2 and Visual Warehouse.

company access to sales transaction data, enabling management to set realistic sales targets—and meet them. Management can also analyze—and react to—shifts in profitability resulting from product pricing changes. And, perhaps most importantly, Smith's Kodak Express is equipped with the information that enables it to directly address sales personnel that aren't performing up to par, providing them the proper training and incentives to steer them back on track.

Smith's Kodak Express has already accomplished its primary objective—increasing sales. "In our business, if we can't associate one product with another, then people will walk into our stores and purchase only what they set out to buy—and that doesn't enhance our bottom line," explains Peter Denison, IT manager at Smith's Kodak Express. "Thankfully, in the three months after the system was installed, single sales jumped from 1.2 to 1.4 items per transaction—a 15 percent increase." Additional cost savings have resulted from the ability to better manage staffing requirements for each branch.

The data warehouse was implemented in just six weeks, and thanks to labor savings and the increase in sales, a full return on investment was achieved in less than six months. "We've also cut down on a lot of the manual work we were doing and, more importantly, a lot of the guesswork," adds Denison.

Getting the big picture

Its data warehouse has helped Smith's Kodak Express learn some helpful tidbits about the buying habits of its customers.

Adds Denison, "The system also very quickly evaluates the number of people working in the stores and the sales turnover of those individual salespeople. It has allowed us to have the right numbers of salespeople in the right stores at the right times."

Smith's Kodak Express can also use the data warehouse and reporting tools to analyze the effect a pricing action has on profitability and react quickly. For example, when the company raises the retail price of a product—even if unit sales drop—managers might find that the company can still earn a higher gross profit through the higher price.

Integrated solution

Smith's Kodak Express' point-of-sale application, developed in house, generates between 600,000 and 1,000,000 line item sales per month and tracks every detail of the transaction, from the product sold to the selling price, quantity, time of sale and more. "The problem was, we didn't have a receptacle large or robust enough to manage the data from the point-of-sale system, let alone manage any growth over time," explains Denison. That's when Smith's Kodak Express brought DB2 Universal Database into the picture.

Next, Smith's Kodak Express needed to consolidate the data managed by DB2. Denison and his team met with IBM to discuss the situation. It took just one two-hour meeting to confirm that DB2 together with Visual Warehouse offered the perfect solution. According to Denison, "It was immediately obvious to us that DB2 would provide the scalabilty to handle the volume of data and Visual Warehouse the ability to consolidate all of our data to make querying and reporting much more manageable."

IBM organized a meeting between Smith's Kodak Express and Cognos to introduce Smith's Kodak Express to the query and reporting tools it needed, namely Cognos Impromptu and Cognos PowerPlay. Says Denison, "IBM installed and trained us on everything. We're very pleased with the integration of DB2, Visual Warehouse and the Cognos products."

Each night, a teleprocessing application dials the point-of-sale terminals, transferring daily transaction data into a DB2 database. Visual Warehouse extracts the data residing in DB2 and populates the DB2 data warehouse, which resides on a Microsoft® Windows NT server. Marketing and finance managers access and analyze the data from the company intranet using the Cognos Impromptu and Cognos PowerPlay tools.

"People around here just do not believe how quickly we can extract the raw data," says Denison, sharing a recent example. "One of the managers wanted the demographic sales of a specific line item. Using Visual Warehouse to build a new view and Cognos Impromptu to write a new report, we were able to provide the information in about 35 minutes. Visual Warehouse dramatically reduces the time it takes to retrieve these kinds of reports."

Leveraging the data warehouse

Smith's Kodak Express' main goal for the next year is to include corporate accounting data—still handled by its legacy IBM RS/6000 systems—in the data warehouse, so corporate finance reports can also be produced as quickly and reliably as the sales information is today. A customer loyalty program is scheduled to roll out soon, further taking advantage of customer purchasing habit information managed by the data warehouse.

Lest there remain any doubt about the value of the data warehouse to Smith's Kodak Express, Denison concludes by saying, "Anybody in retail who doesn't have this sort of access to sales transaction data can't really know a lot about their business. In retail, you have to be able to react to yesterday's news today, which makes it imperative that you have tools like DB2 and Visual Warehouse to be successful."

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