

7.11: Why It Matters- Information Systems in Retail and CRM Software



Retail businesses are facing some of most daunting challenges to their survival ever. Retail bankruptcies, re-organizations and store closures are at an all-time high. With the disruption caused by online companies such as Amazon.com, once-thriving shopping malls and strip centers are closing or being converted to other commercial uses.

While many of retail's name brands being hard hit, other retailers are growing and thriving. Traditional mall "anchors" such as Sears, Macy's, JC Penney, and Kmart are struggling to find their way. That said, retailers like Ikea, Walmart, Ulta and H&M are expanding and opening new units.

There is no single factor that explains this dichotomy of success and failure, but certainly the ability to leverage the latest technology to make better business decisions is a common denominator for success.

Case study: H&M is a clothing retailer founded in 1947, but in the last decade the company has exploded to \$20.3 billion in annual sales. The company has 3,500 stores spread across 55 countries, a huge world-wide supply network, warehousing and logistics to manage. While H&M is given credit for its ability to follow fashion trends, the underlying secret to its success is price economy and reduced lead times.

They manufacture 80% of their inventory in advance and wait until the last minute to order the remaining 20% to take advantage of current trends. Inventory management systems allow them to control this mix in their stores. Supply chain management systems allow them to team with their manufacturers to achieve affordability and reduce manufacturing lead times by 15-20%. Reduced lead times reduce the risk of buying the wrong products.

In this module, we will be discussing some of the key technologies that are contributing to retailer success.

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