



## FOOD & BEVERAGE eBOOK

### *Best Practices in Specialty Food & Beverage Retailing*

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it does have the potential to weather economic storms better than other retail segments.*

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## Best Practices in Specialty Food & Beverage Retail

### Executive Summary

From Valentine’s Day to New Year’s Day and every holiday in between; from celebrating birthdays, anniversaries, weddings, new homes and welcoming new babies; to reaching out to those in need or in pain; all are great reasons to send flowers, food, cards and gifts of all kinds that say “we care.” As Richard Bach wrote, “Every gift from a friend is a wish for your happiness.”<sup>1</sup>

While the food and beverage industry has not been insulated from the economic downturn, it has the potential



to weather the economic storms better than other retail segments. In every type of economy, people continue to buy gifts because special events, occasions and celebrations still occur. The economy is showing signs of some forward momentum and shoppers are spending again, especially when it comes to gift giving - and that is certainly good news for specialty food and beverage retailers.

As reported by Food Manufacturing in September 2014, “Specialty food consumers are spending more of their food dollars on specialty food this year, and the all-powerful millennial generation is gravitating toward specialty food for snacks and on-the-go meals, according to new research from the Specialty Food Association. Overall, specialty food shoppers say they are spending one in four of their food dollars on specialty food, up from one in five in 2013.”<sup>2</sup>

Freestyle Solutions has worked with thousands of small and medium-sized retailers and fulfillment operations for more than 25 years to simplify commerce to help them grow their business. Its customers collectively generate more than \$200 million in sales each month, and the company has learned what has been most effective in helping them grow. It’s that experience which has enabled Freestyle Solutions to assemble this eBook entitled: “Food & Beverage Gifts of Distinction – Best Practices in Specialty Food & Beverage Retailing.”

### Retailers: Know Your Customers!

Specialty food and beverage retailers are keenly aware that shoppers have high expectations for their shopping experience. Whether ordering online, by phone or in person; whether ordering a single gift or one-hundred corporate incentive gifts, shoppers look to make gift selections that are personal and memorable. One thing that sets specialty food, beverage and gift retailers apart from other retailers is their shoppers’ expectations that their orders will arrive fresh, on time and in excellent condition.



Although price conscious, shoppers generally relax their budget a bit when it comes to gift giving and special occasions. The gift buying decision is often an emotional choice involving a high level of trust between the

<sup>1</sup> Brainy Quote: <http://www.brainyquote.com/quotes/quotes/r/richardbac387687.html>

<sup>2</sup> Food Manufacturing: <http://www.foodmanufacturing.com/news/2014/09/research-shows-consumers-are-spending-more-specialty-food>

merchant and the buyer. With limited time to shop, the proliferation of mobile devices and a variety of express shipping options available, gift givers are prone to procrastinate beyond reasonable expectations. As gift retailers can attest, they find themselves under increasing pressure to be sure that the shipment arrives in perfect condition without a moment to spare.

If their inventory includes perishable items (food, flowers, etc.), they face the challenge of conveying to shoppers just how fresh these items will be when they arrive. Retailers need to be able to assure shoppers that the box of chocolates they hand-selected or the bouquet of roses they have chosen will arrive beautifully packaged and in perfect condition. Since shoppers often don't see the actual items when they arrive, there is an apprehension about the quality and condition of the shipment, especially with an initial order. Automating the order management process allows retailers to focus on shipment timing and quality measurements to support best practices and deliver just what the shopper ordered. Once the retailer has met its customer's expectations and delivered quality products on time as promised, the customer will be more likely to come back for future orders.

## Use Multiple Channels To Grow Businesses Faster

Like other retailers, specialty food beverage and gift retailers need to be active and visible in multiple channels to reach the widest variety of repeat and prospective customers. Taking orders through a consumer-facing website, through catalog sales over the phone, through mobile devices and/or in person in physical stores requires a high level of information management and coordination across multiple channels. The ultimate objective is to offer a seamless experience to shoppers across all of retail channels to encourage them to return again and again for their gift giving needs.

Being a multichannel retailer comes with specific demands. Dealing with perishable and fragile items adds additional layers of complexity to efficient product delivery. Doing this effectively requires an awareness and control of each link in the sales process from shopping to shipping including inventory management, purchasing and warehousing. Management and visibility into distribution networks and logistics take on increased importance along with the ability to integrate inventory from multiple suppliers and locations across all channels to know what is in stock and ready for shipment at any given time. And, by capturing information on customers' buying behaviors and actual transactions, retailers will be able to create targeted promotions that will encourage repeat business.



Today's consumer shopping environment enables even the smallest retailers to reach a market of millions. Retailers need to ask themselves if they are taking advantage of the many channels available to expand their sales and market presence to grow their business as fast as possible. If so, they need to be able to support these capabilities as a regular part of their business mix:

- Seamlessly integrate business operations across multiple channels into a single workflow from shopping to shipping.

- Sell their entire inventory or just a small sample through an Amazon storefront, as one example, and other online channels.
- Automatically download new orders, publish product information and synchronize inventory.

## Automated Order Management Promotes Good Business

It is not enough to be creative and imaginative with a good understanding of entrepreneurship to build a successful specialty food, beverage and gift retail business. In today's competitive, multichannel environment, merchants need to recognize how technology can enable them to capture, integrate and utilize data across their entire operation to best understand and respond to consumer demands.

Order management systems do the obvious: they automate order entry and processing from a variety of sales channels. Best in class solutions also offer shopping cart integration, selling tools, Payment Card Industry (PCI) compliance, fraud protection, inventory management, payment integration and order fulfillment. The right system can simplify day to day operations, leaving retailers more time to attract customers and build their business.

Managing perishable and demand driven inventory, keeping track of product expiration dates and staying on top of time-sensitive shipments with defined delivery dates are all critical elements to consistently and cost effectively meeting the customers' needs. Effective back-office order and inventory management, warehousing, and payment integration coupled with efficient logistics help retailers use technology to control their business while winning and retaining customers.

Distribution and shipping options for perishable and fragile items that are product dependent require adjustments to shipping methods on an order by order basis when considering climate, time of year and other variables that can affect the freshness and/or timeliness of the delivery. The general rule is that the more perishable and fragile the item, the less handling exchanges between the producer and the consumer.

Whether delivering a dozen roses to a customer's sweetheart on Valentine's Day or sending fresh-baked brownies to a college student celebrating his birthday away from home, the ability to ship perishable and fragile items is essential to business operations. Integration of purchasing, production, inventory, sales and shipping facilitate capturing up-to-date product information at every step in the order process. Next-day and rapid-turnaround shipment times are costly and may require additional charges which need to be passed along to the customer and monitored by product to keep tight control over cost.



Whether the retailer is direct shipping or drop shipping from a warehouse or fulfillment center, cross-channel inventory control across all platforms [including third-party eCommerce sites] is critical. A well-balanced

inventory assortment is vital particularly when dealing with kits and baskets. Missing one item in a grouping can cost the merchant a sale and a customer.

A lack of inventory distribution coordination can have a negative impact on the ability to compete in a multichannel environment. Being able to quickly and confidently know the status of inventory and the shipping methods that will assure freshness and safe handling enhances the quality and efficiency of the business operation.

In addition to physical inventory items, gift shipments can involve items for which no physical inventory exists such as embroidering, engraving, hand painting or other forms of customization that help to personalize the order and increase the emotional impact of a gift. An order management system enables retailers to control the flow of items to better control response time, manage inventory allocation, and create a quick and seamless process for order fulfillment so they will have the right products ready to ship to meet customer expectations.

As seasons and holidays change, inventory changes as well. A good order management system can help the retailer access orders from all channels, integrate with shipping systems and help them keep track of purchase orders and inventory levels. Simplifying multichannel order processing assures accurate inventory and sales data for each channel so that merchants don't disappoint customers. Having up-to-the minute inventory information supports the ability to cross sell and offer an alternative item if something is not readily available.

## Customer Relationships That Grow Sales



On average, it costs companies five times as much to acquire a new customer than it does to retain an existing one. If retailers are not accurately identifying and effectively marketing to maximize sales from existing customers, they are missing one of the biggest opportunities to grow the business. The customer list can be one of the retailer's most valuable assets; but only if they are capturing relevant customer profile information that they know how to use. Creating customer loyalty is a key ingredient of retail success. Questions retailers should consider include:

- Do they have visibility into customer preferences and behavior across all of their channels?
- Can they segment their list for targeted offers that increase response rates?
- Can they incorporate offline buying history in retargeting campaigns?
- Are they able to track and evaluate ad spend to measure response and determine the cost of acquiring a customer, including PPC and online campaigns?

If retailers are not able to answer "YES" to all of these questions, they are underutilizing assets and missing out on sales opportunities. They are most likely spending more time and money than they realize to increase revenue by focusing too much of their efforts on acquiring new leads. Let's look at how an order management system can aid in refocusing marketing efforts to target high-value shoppers.

An order management system simplifies the process of collecting, managing and linking information about customers and helps to answer the questions above. It should not only process orders, but enable the retailer to generate targeted campaigns with offers to select groups of customers such as those who have not ordered in the past six months, or those who have ordered one product but none of the complementary products offered.

According to Yelp, “focus on great customer service and the ratings and reviews will come.”<sup>3</sup> If a yelper mentioned good customer service, they are over five times as likely to give a five-star review rather than a one-star review. Keys to improved customer service include:



- Access accurate customer information immediately
- Avoid asking for the same information already provided
- Personalize the experience
- Create trigger events
- Automate the follow up process

Utilizing data gathered through shopping experiences will enable the retailer to create and maintain personal relationships with customers and communicate relevant promotions at times when they are most likely to buy, such as birthdays, holidays or anniversaries. They can capitalize on this if they have captured that information in their system. They don’t need multiple specialized systems that can be integration and maintenance nightmares.

Customer service is especially critical in this age of the empowered customer. To succeed, retail businesses must be able to effectively engage with their customers and provide a pleasant, effective and efficient user experience. An effective order management system can help the business stand out by focusing on delivering an excellent customer experience.

Empowerment is a key characteristic of today’s shopper who lives in a borderless global world with few limits on his shopping options. Buyers have better access to information and online shoppers have taken control of their shopping experience with expectations to be met whenever, wherever and however they choose to shop.

**Specialty Food & Gift Best Practices incorporate:**

- **Speed** – immediate response to orders 24/7
- **Privacy** – secure transaction processing
- **Service** – personal attention
- **Convenience** – shopping that fits customers’ schedule
- **Value** - ways to save and stretch customer dollars
- **Customization** – makes it easy to get the product they want
- **Delivery Guarantees** –orders that arrive intact and on time

They also expect their shopping experience to be fast, fun and easy and savvy retailers make this a priority.

<sup>3</sup> Yelp, May 3, 2012, “Customer Service” has a Big Impact on Yelp Ratings”

Having a total order management system in place across all shopping channels and business lines will give retailers the ability to create customer awareness for featured product offerings, develop a reliable customer base and work toward building customer loyalty and referrals that will decrease customer acquisition costs and increase the bottom line.

## **Finding the Best Solution to Fit the Business Issues**

Putting technology to work to capture, integrate and utilize data across the entire operation to understand and respond to consumer demands can give small to medium-size multichannel merchants a definite advantage. Immediate access to data across the entire operation helps retailers streamline business operations, take control of the business and gain the competitive edge they need.

Freestyle Solutions allow customers to manage the critical aspects of their business - including essential integrations with carriers, payment card processing and accounting systems - so retailers can be sure that inventory is always accurate, orders ship smoothly and their customer service team can respond with confidence and focus on meeting their customers' needs.

**Freestyle Commerce** is built upon a foundation of experience, know-how and usability allowing you to accelerate growth, process and fulfill orders, manage inventory and access customer information over the Internet. No more hassles of having to buy and maintain your own servers, pay for software licenses and track upgrades. **Freestyle's** dashboards give you at-a-glance business information to report on trends and spot areas needing attention so you can capitalize on growth opportunities.

Freestyle Solutions provides small to medium-sized (SMB) retail businesses worldwide with a choice in order management solutions, in the cloud or on premise, to meet their business needs. Over 2,000 merchants rely on Freestyle Solutions to automate their back office operations and drive business growth.

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## About Freestyle Solutions

Freestyle Solutions, formerly Dydacomp, is changing the way that the industry thinks about order and inventory management. Freestyle Solutions is dedicated to providing growing multichannel retailers,etailers, catalogers, fulfillment and distribution firms with best-in-class inventory, order, and customer management software solutions that help them increase sales and grow their business.

Freestyle Solutions integrate easily with eCommerce platforms to drive efficiency, productivity, insight and growth. Freestyle Solutions' proven on premise & cloud-based solutions enable small to medium sized retail & fulfillment businesses to grow faster by expanding their eCommerce presence & automating back office operations to manage critical aspects of their business: multichannel order management; inventory visibility & control across multiple channels; drop ship management; rapid, reliable order fulfillment; customer management; integration with Magento, Amazon, eBay & more.

The Freestyle Commerce cloud-based solution is tightly integrated with third-party eCommerce software Magento and Amazon, providing users with the smartest order management dashboards for the always up-to-date business insight they need to grow sales.

Over 2,000 multichannel merchants rely on Freestyle Solutions to automate their back office operations and drive business growth. Freestyle's clients engage over a million shoppers daily, generating nearly 10 million in gross merchandise sales every day. For more information, visit [www.freestylesolutions.com](http://www.freestylesolutions.com) and follow us on Twitter @freestylesolutions.