

Helping a historic retail chain increase revenue, build customer loyalty and reduce operational costs



“Xerox has taken a lot of document production and marketing tasks off our hands so we can concentrate on more strategic areas of our business and grow revenue.”

— Vice President of Operations

Background

A leading Canadian retailer operating hundreds of stores across the country faced a challenging business environment. In response to a global recession, consumers had tightened their belts, postponing discretionary purchases of fashion items. At the same time, retail chains from the U.S. and Europe were starting to make inroads into the Canadian market.

The Challenge

To deal with these issues, the retailer wanted to improve operational efficiency, reduce costs and sharpen its focus on its core retailing activities.

In addition, the company wanted to find new ways to generate revenue and build long-term customer loyalty to help counter the increasing competition.

To help them achieve these top-priority goals, the company’s leadership team turned to a longstanding strategic partner—Xerox.

The Solution

Our relationship with the retailer had grown steadily over the years. At first, we provided document management equipment and services. Then we worked closely with our client to manage its on-site digital print shop with state-of-the-art color capabilities.

In 2009, we began to look for ways to help our client reduce the costs of advertising mailing and shipping operations. After performing a careful, data-driven analysis of the situation, we recommended an outsourcing solution that would cut costs by up to 25%.

Based on the company’s confidence in our projections, the senior leadership team outsourced management of the mailroom and the shipping and receiving operations to us. We also began to negotiate the company’s contracts with courier services to generate additional savings.

In addition, we started work on an exciting initiative that would take our relationship with the retailer to a new level. The goal was to transform traditional, static customer mailings into dynamic, multi-channel, 1:1 marketing tools.

Increasing operational efficiency. Deepening customer relationships.

To test the effectiveness of a 1:1 approach, we collaborated with the client on a pilot project designed to increase the redemption rate for gift certificates distributed to loyal customers. The redemption rate had been declining in recent years.

The first step in the project was to re-engineer the gift certificate for fast, efficient digital production. Then we developed a multi-channel program for the distribution of the gift certificates that included personalized URLs (PURLs), promotional email reminders, and a follow-up campaign for customers who failed to redeem their gift certificates.

The 1:1 marketing effort was designed to take full advantage of our existing services infrastructure, including the Xerox® iGen4® Presses in the print center, XMPie® technology, and our 13-member on-site staff.

We had a strong record of helping the client dramatically reduce costs, but this project would be the retailer's first experience with our portfolio of Enterprise Marketing Services—services that are designed to increase sales revenue and generate measurable results.

The Results

The outsourcing of the mailroom and shipping and receiving operations generated close to 25% savings predicted by our team. We also helped the retailer save 15% on courier services with our procurement capabilities and expertise.

"Xerox delivered tremendous savings that were exactly what they said they would deliver," said the company's Vice President of Operations.

The enterprise marketing pilot project also produced significant results. The retailer saved 20% on production and mailing costs when compared to the traditional offset printing approach. The company also improved its organizational agility by reducing the turnaround time for production and fulfillment from two weeks to two days, for most applications.

Even more important, the 1:1 transformation allowed the company to take advantage of the proven power of data-driven, targeted, multi-channel marketing. In fact, the project delivered an impressive 42% improvement in the gift certificate redemption rate up from 28%.

Based on the results, we began working with other divisions in the company to enhance the efficiency and effectiveness of its marketing efforts. We introduced data-driven and targeted personalized multi-channel communications, digital production and closed-loop measurement processes.

The continuous improvement of our services from document management to marketing represents the latest phase of our productive partnership with the retailer—a partnership that dates back 25 years.

"Xerox responds quickly to help us meet our challenges and address our needs. And they continually bring us new ideas. In fact, Xerox is an important source of innovation for our company. That may be the most important reason why we consider them a true strategic partner."

Case Study Snapshot

The Challenge

- Increasing competition in the marketplace
- Company-wide focus on cost reduction
- Document management, printing, mailing and 1:1 marketing not core competencies
- Need to improve revenue generation and long-term customer loyalty

The Solution

- State-of-the-art digital print center with 1:1 color capabilities
- Outsourced management of the print center, mailroom, and shipping and receiving
- 1:1 marketing pilot project for a loyalty-building program
- Recommendations for future 1:1 marketing efforts

The Results

- Mailroom, shipping and receiving costs reduced nearly 25%
- Advertising and marketing projects turnaround time reduced from two weeks to 48 hours for most applications
- 42% improvement in gift certificate redemption rate
- Enhanced customer loyalty

About Xerox Services. Xerox Corporation is a world leader in business process, information technology and document outsourcing services. Our unique combination of industry expertise and global delivery capabilities helps you reduce costs, streamline operational processes and grow revenue while clearing the way for you to focus on what you do best: your real business.

For more information on how we help retail and consumer product companies, visit www.xerox.com/retail or call 1-800-ASK-XEROX.