



Connect Customers Across Channels

Targeted electronic promotions — made possible by an ERP implementation — create 10x to 20x in-store sales lifts at Carol's Daughter.

by Matt Pillar

Long before Oprah Winfrey called, Lisa Price and her now iconic Carol's Daughter brand were already famous in some small circles. Some 18 years ago, Price was spending her spare time developing hair and skin products that served the unique beauty needs of African-American women. Through word of mouth, she made a full-time job of making and selling those wares, and in tribute to her mom dubbed her enterprise Carol's Daughter. From her kitchen table, Price expanded Carol's Daughter to a small storefront and a limited distribution of catalogs.

Then came the call from Oprah. Winfrey liked Price's foot cream so much, she invited the entrepreneur to appear on a 2002 show. Queen Midas' touch sparked the sales, investments, and expansion that created today's Carol's Daughter, a \$50 million cross-channel retailer and distributor of beauty products for all demographics. Now, the company runs nine stores and an e-commerce site and sells wholesale to more than 1,000 locations, including Macy's, Sephora, and HSN.

As Carol's Daughter grew, the company diligently built a team of executives charged with creating an operations and technology infrastructure that would pave the way for future success. Two years ago that team was joined by John Elmer, who runs IT, operations, and finance under the title CIO.

When Elmer joined the company, his first charge was to implement a new platform to holistically manage its e-commerce, wholesale, and retail efforts. At the time, disparate systems ran each arm of the business, patched together through APIs and driven through a simple database on the back end. The infrastructure offered little in the way of enterprise-level reporting. Data analysis was a manual exercise, as were register updates. There was no CRM application and no loyalty program. The company was growing, but that growth was limited by its own infrastructure.

Cross-Channel Connections Drive Sales

"We needed to connect our e-commerce and brick-and-mortar customers to improve our membership program and targeted marketing efforts — we didn't know who was shopping in one channel or the next," says Elmer. "We had no multichannel gift card, yet we knew the ability to move transactions across platforms was paramount."

As the company searched, along came Cole Systems — a company Elmer

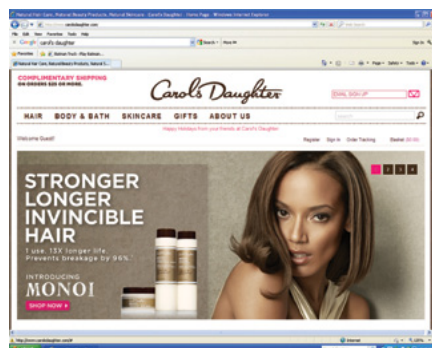
knew well — touting a soon-to-be-released retail enterprise platform from Microsoft Dynamics. "We had looked at Microsoft when we began the search, but they didn't offer a package that met our needs. Fortunately, it was coming to fruition as we were shopping, and Cole Systems let us in on the secret," says Elmer.

Carol's Daughter deployed Microsoft Dynamics AX in October 2010. "Our implementation is largely out-of-the-box; we didn't want to be handcuffed by a highly modified solution that would make us inflexible in terms of hot fixes and service packs," Elmer says. That straightforward deployment has enabled the e-commerce/brick-and-mortar data connection Carol's Daughter sought, including the ability to track customer transactions and loyalty across channels and administer gift cards that work seamlessly in any channel. Stores are supported with software, price, promotion, and interface updates from headquarters, eliminating the need for a mobile support team.

Cross-channel customer visibility is a strategic asset for growth at Carol's Daughter. "We can track the 'long tail' from a single event, which helps us improve strategy," says Elmer. For instance, the company can see when a Web customer goes into a brick-and-mortar store to buy gift cards for new customers, using a membership purchased through email. Then, it can track the use of those gift cards and understand how customer acquisition works. "With that intelligence, we can create rewards and promotions that fuel exponential customer growth," Elmer says. "The ability to piece together purchase patterns makes the difference between a company that finds success from dumb luck and one that leverages knowledge to create its success."

With a single platform for its e-commerce, retail, wholesale, and call center operations, Carol's Daughter is experiencing incredible cross-channel promotion results by using electronic media to drive brick-and-mortar store sales. A recent email

promotion targeted its customers at Fort Hood, home to more than 50,000 service men and women. "We sent about three months' worth of inventory to the PX there in advance of the one-day promotion," says Elmer, "then targeted those customers with an email and social media campaign. When the sale was over, everything sold out." Elmer says every similar promotion it has run since implementing Microsoft Dynamics AX has resulted in single-day sales between 10 and 20 times its normal volume. ■



Cross-channel consumer activity is now highly visible at Carol's Daughter, enabling the company to drive promotions consistently across channels.

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