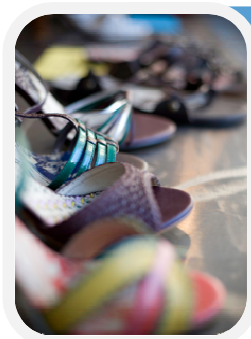




SUCCESS STORY – Famous Footwear



Leading Footwear Retailer Improves Customer Loyalty and Target Marketing with Epicor Retail CRM



Success Highlights

Challenges and Opportunities

- To improve results with its third-party rewards-driven loyalty program while lowering costs, America's #1 retailer of value brand named shoes sought an integrated CRM solution with full functionality they could manage in-house

Epicor Solution and Services

- Famous Footwear selected Epicor Retail CRM (formerly Connected Retailer CRM from NSB) to enable cost-effective target marketing based on better customer information

Benefits

- Fast access to information and query processing
- Rich customer analysis and segmentation capabilities
- More productive communications with each segment
- Efficient points tracking, redemption and reporting across channels

Company Facts

- Location: St. Louis, MO
- Industry: Shoes
- Number of Stores: 1,000+
- Web site: www.famousfootwear.com



“The added advantage over-and-above the cost savings with Epicor’s CRM solution is the ability to view information and run queries instantaneously—to allow us to enhance our loyalty programs whenever the time is right.”

Lisa Dyson, CRM Director, Famous Footwear

Founded in 1960 in Madison, Wisconsin, the company then known as Neil's Factory Outlet Shoe Store grew steadily until 1981, when the now-renamed Famous Footwear chain became a division of Brown Shoe Company, Inc. (NYSE:BWS). Famous Footwear and its associated banners are located in all 50 states selling over 30 leading brands and serving more than 120 million customers every year.

Value, fashion, and personal service

Famous Footwear aims to be a welcoming place that understands its customers, offering a wide selection of shoes in constantly-updated styles, while maintaining attractive pricing in a highly-competitive market.

To meet these twin challenges, Famous Footwear has continually refined a customer relationship management strategy based on a rewards-driven loyalty program. Until 2003 that program was managed by an out-sourced provider. Out-sourced CRM companies can provide a host of services but generally at a price: loss of independence, a premium for services from a single source, and lack of immediate real-time or overnight access to current data.

About Epicor

Epicor is a global leader delivering business software solutions to the manufacturing, distribution, retail, hospitality and services industries. Founded in 1984, Epicor serves 20,000 customers in more than 150 countries, providing solutions in over 30 languages.



A better CRM solution

In pursuit of better value, Famous Footwear selected the Epicor Retail CRM solution in 2003 (then Connected Retailer CRM from NSB) as the backbone of a more responsive, agile loyalty program.

“We wanted to reduce the costs associated with an out-sourced CRM solution and bring the data under our in-house control”, said Lisa Dyson, Famous Footwear’s CRM Director. “Epicor’s solution was already proving itself at our parent company’s Naturalizer division. In addition to cost savings, CRM lets us view information and run queries instantaneously, to better understand our customers and enhance our loyalty programs whenever necessary.”

Customer knowledge is key

Sales at Famous Footwear have continued to grow. An element of that success is the improved customer knowledge the retailer has gained by using Epicor Retail CRM.

In 2005, the company set out on an ambitious project to expand the different segments of customers who shop at its stores. The company drew on data from records on several million customers to find out who they really were. As an enterprise with nearly one thousand stores and ten thousand employees, it was especially vital to clearly define the core customer.

The data revealed nine distinct customer segments. At the heart of Famous Footwear’s business is the “mom-as-CFO”: financial controller of her family’s budget she directs and approves the all-important footwear for her children, her partner, and herself. The research also revealed “surgical shoppers” who are interested in a specific type of merchandise. This segment includes health-conscious women shopping for sports shoes, for example, and parents who only make purchases for younger kids.

Equally important was the identification of customers with limited potential to grow the business. Based on this knowledge, the company will reduce future marketing campaigns to this segment.

After examining their customers from various viewpoints including seasonality, life-time value, and demographics, Famous Footwear is now in a better position to ensure they have the communications and offerings to meet their customers’ needs and expectations. “We now know more about how to prioritize our marketing investment, tailor our offer, and get the timing right for our seasonal shoppers,” Dyson remarks. This knowledge will support a strategy essential to continue to grow sales for the future.

Effective rewards management

All this detective work was made possible because the company’s database is so large. This did not happen by accident but because of the popular Rewards program that helps new shoppers become more loyal customers. “Our customers are interested in value, and that is reflected in the impressive membership numbers for our loyalty program,” said Dyson. “Customers vote with their dollars for a store that gives them something back.”

To further improve loyalty, Epicor’s Reward Manager functionality delivers points tracking, reporting, and redemption for all the loyalty program customers. Points are awarded for purchases and, once a certain point threshold is reached, a reward certificate is mailed or emailed to the member. Points statements are issued quarterly.

“Now when we want to enhance our offering to our members we have the flexibility we need, whether it’s extra points for Gold status members or bonus points for establishing online member accounts,” said Dyson.

Leveraging a multi-channel database

Famous Footwear is multi-channel too, which allows transactions from FamousFootwear.com to add to the overall customer portrait. The e-commerce site is growing at a rate that outpaces the retail industry, and it has great potential to play an even larger part in the company's future.

"Like almost everyone else in the industry, we find that our multi-channel customers are some of our most valuable, purchasing over twice as much as a store-only customers," continued Dyson. "And from the styles they purchase we can see that they skew younger on-line: Web shoppers buy more of our junior product—fashionable styles for younger women."

Reward statements can now be sent electronically, which is a convenient option for the customer and a serious cost-saving for the company. To assist in managing the large amounts of email communications, Famous Footwear is planning to track those communications more closely in the CRM database.

More data for more growth

Famous Footwear's database continued to expand outside the loyalty program as well. As customers subscribe to the company's email marketing program, they will be integrated and maintained internally. Famous Footwear will be able to segment these customers and view their cross-channel behavior.

In-store, the sales associates do a great job of capturing information for the database. Currently, a customer's membership status is identified at the POS, so the register receipt will reflect the points earned. For example, a fifty dollar purchase generates 500 points for a regular member or 750 points for a Gold member.

In the future, the company plans to deliver more customer information to the sales associates so they can check entitlement should a customer forget a coupon at home.

"We feel secure that our Epicor Retail CRM solution is the right place to house and analyze our millions of customer records and associated transactions," Dyson concluded. "Epicor will support us as we continue to enhance our rewards-based loyalty program."

About Epicor Retail CRM

Epicor Retail CRM let's you harness the power of loyalty and target marketing. This comprehensive solution equips you to:

- Understand your customers in depth
 - Deliver highly personalized service
 - Create, execute and manage campaigns for every segment
 - Analyze performance with KPIs, metrics and custom reports
- Epicor CRM provides integrated capabilities for customer analysis, customer segmentation, campaign management, loyalty points program management, and real-time targeted communications.

Together, this advanced functionality provides managers and associates with a complete and consolidated view of the customer in all channels and the ability to respond to their interests and needs, so you can deliver exceptional customer service, manage all your customer touch points, target the right customers and capture incremental value from your marketing programs.



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