

A woman with short dark hair, wearing a light pink top, is looking down at a piece of clothing hanging on a rack. The background shows more clothing racks and mannequins in a department store setting.

Shopin: Revolutionizing the Department Store in China with Full-Channel Service and SAP for Retail

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Company

Shopin Retail Development Co. Ltd

Industry

Retail – department stores

Products and Services

Brand name apparel, accessories, footwear, athletic gear, outdoor leisure products, children's products, furniture and household goods, leather goods, cosmetics, watches, jewelry, and more

Web Site

www.shopin.net

SAP® Solutions and Services

SAP for Retail solutions, SAP® Merchandise and Assortment Planning application, SAP ERP application, SAP ERP Human Capital Management solution, SAP Business Planning and Consolidation application, SAP Business Warehouse application, SAP ONE Service program

Partner

SAP Active Global Support organization



The first retail company in China to enable online-to-offline (O2O) shopping using the WeChat platform, Shopin is allowing customers in the store to buy items with a mobile device. This quest for innovation also drove Shopin to engage the SAP® Active Global Support organization to help integrate management of all sales channels using SAP for Retail solutions. Now inventory, ordering, and pricing are centrally managed in real time, improving efficiency, transparency, and partner collaboration.

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Leading the industry with a full-channel shopping experience

Opening its doors in 2000, Shopin was the first retailer in China to adopt the chain model for brand-name discount merchandise, launching a new era in Chinese department stores.

Dedicated to providing customers with brand-name products at discount prices, Shopin is continually innovating to strengthen its brand portfolio and offer consumers a wide array of high-quality products. The company currently runs 10 department stores in Beijing, offering more than 600 of its own brands and more than 2,000 other domestic and international brands covering more than 100,000 products.

Using technology to meet consumers' diverse shopping needs, Shopin launched its e-commerce site, shopin.net, in 2009. By integrating management of resources, brands, products, and inventory for online and in-store shopping, Shopin revolutionized the department store experience in China with a comprehensive, cross-channel model.

A customer-centric business philosophy is at the heart of Shopin's development and leadership in the area of IT innovation. One year prior to the launch of shopin.net, the company was the first in China to use mobile tablets as retail tools. In 2011 it led the competition by allowing customers to pay by scanning QR codes with a mobile device, eliminating paper billing and payment transactions. Ultimately, Shopin was the first company in the Chinese retail sector to successfully launch the WeChat payment platform, giving new meaning to customer service and convenience.

Now, with the launch of WeChat in its Hangzhou store, Shopin is China's first online-to-offline concept store, making its mobile, cross-channel, O2O experience the prototype for retail shopping of the future.



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Innovating through comprehensive, cross-channel IT management

Retail is changing minute to minute. As consumers diversify and competition intensifies, department stores must continually innovate and transform. Retail enterprises must increase capacity and ensure consistency between stores to create products and services that exceed customer expectations. As the leading Chinese department store, Shopin is successfully responding to market trends while opening more stores and maintaining steady growth in an often stagnant industry.

In the era of e-commerce, the WeChat platform and the O2O concept is gradually taking hold. Consumers and enterprises want a more transparent and simple way to shop. WeChat enables a new form of social networking about products to help consumers make

the right choices, fill shopping carts, and check out using mobile devices – greatly impacting the way retailers operate their supply chains.

To meet the challenge, Shopin was focused on more-convenient and more-differentiated supply chain management. But as the company's business and retail operations continued to expand, its existing IT systems could not keep pace. Business needs were not being met, and slow runtimes were actually increasing IT costs. Shopin was determined to reinvent its fragmented online-offline management model to refine the management of single products and customer relationships and provide a truly full-channel customer experience. To do this, it needed a powerful, flexible, and centralized IT platform.



“We would like to let customers shop from anywhere by accessing a virtual mobile shopping cart filled with products in our stores.”

Wang Huidi, Vice President, Shopin

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Exploring retail management innovation in China with SAP

Shopin's tradition as a technology leader begins with its founder, Li Yan, who is dedicated to innovating new business models and sees IT development as the key to competing on the global stage. With plans to accelerate cross-channel supply chain operations and drive the rapid expansion of brick-and-mortar stores, Shopin needed a single, flexible system that could support all operational models.

After careful research, Shopin decided to adopt SAP for Retail solutions to provide an integrated, standardized platform for its current transformation and for long-term sustainable development. Working with the SAP Active Global Support (SAP AGS) organization, Shopin instated global best practices using an effective, integrated, and standardized

back-end operating platform. Built with customers in mind, the system unifies various business channels – including brick-and-mortar stores, the online shop, and mobile terminals – enabling a comprehensive, cross-channel retail model.

With SAP for Retail, Shopin could streamline retail operations end to end, enhancing central operating capabilities and enabling more-effective and more-transparent collaboration with upstream brands for a world-class industry value chain. And the SAP ONE Service program from SAP AGS would provide support and maintenance through a single channel, solidifying Shopin's confidence that the two companies were set to embark on a strategic partnership of success and innovation.

“Shopin may not be the biggest retailer in China, but it has the most unique business model driven by innovative technology. We are like a race car – poised to overtake in the corners with SAP giving us the momentum we need to accelerate.”

Li Yan, Founder and CEO, Shopin



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SAP ONE Service provides comprehensive and tailored support

Shopin's successful launch of SAP for Retail solutions was an important milestone for both companies. A significant success story in China for SAP, Shopin was the first company there to implement the SAP Merchandise and Assortment Planning application, providing an excellent example for the retail industry at large.

The implementation covered key business areas and included the SAP ERP, SAP Business Planning and Consolidation, and SAP Business Warehouse (SAP BW) applications and the SAP ERP Human Capital Management solution. The project was completed with the successful opening of Shopin's WeChat store.

SAP AGS and SAP ONE Service provided tailor-made enterprise support to help guarantee a stable project

launch. The innovation control center methodology helped achieve the goal to "Build SAP Like a Factory" and was a core principle of the implementation. The project helped Shopin quickly instate business best practices, including single product management and an e-business platform to provide the best possible payment experience for customers.

Together with SAP AGS, Shopin improved 44 business processes by linking over 20 SAP and non-SAP software systems, forming a closed-loop ecosystem and enabling a high level of automation for system operations and monitoring. As a result, Shopin expects to see a significant reduction in operation and maintenance costs and increased value down the road.

"SAP ONE Service allowed intensive collaboration with SAP AGS. No effort was spared in training users and sharing knowledge."

Wang Huidi, Vice President, Shopin



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Deploying powerful back-end IT for a new era in shopping

Thanks to SAP for Retail and other SAP solutions, Shopin has achieved single-product management, consistent online and offline pricing, and real-time inventory visibility. Now the model, color, and dimensions of each product are available in real time, enabling automatic distribution as needed across all channels. “All of these factors formed the foundation of the successful deployment of the O2O model in our store,” says Shopin vice president Wang Huidi.

From the moment products are stocked until the customer makes a payment, the SAP for Retail solution portfolio is helping Shopin make the WeChat model a reality. It is the back-end system that allows WeChat to provide customers with flexible payment and delivery options, real-time order tracking, and notifications on sale items. From customer activity to supply and operational planning, all data passes through SAP applications. Employees have a personal mobile

device to make WeChat or physical sales, handle returns, manage inventory, review membership, and more. If a size or color is not in stock, the system will quickly find it in another store and make it available for purchase.

With SAP for Retail solutions, Shopin can standardize large amounts of data to fully interconnect brick-and-mortar stores, the online shop, and mobile terminals. Additionally, real-time business intelligence with SAP BW allows more-scientific data management and in-depth customer profiling. Shipping channels and services are now more flexible, making the payment experience more open and convenient. This means greater cost savings and higher sales – increasing the value of the WeChat store and making it the most convenient and flexible shopping experience in the mobile Internet era.

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Improving operations and service for a competitive edge

Not only is Shopin using the SAP for Retail solution portfolio to fully integrate multiple sales channels and bring a whole new level of flexibility and convenience to the shopping experience, but it is also enhancing corporate unity and centralizing operations for greater transparency and better collaboration with upstream brands. By optimizing everything from budgets to customer relationship management, HR management, and business planning, the company is seeing comprehensive improvements in high-level strategy and employee motivation and retention.

By managing products with SAP Merchandise and Assortment Planning, Shopin has visibility into everything from product data, entries, classification, pricing, promotion, and price cuts. This enables full-service planning by product category and helps it stand out among peers.

A 360-degree view of customers is helping Shopin target its marketing campaigns and construct a consumer-driven buyer planning system to provide the best shopping experience – anytime, anywhere. Consumers no longer receive passive promotional content, but rather are engaged with retailers as the first point of contact helping to get them the right offer every time.

Plus, business processes are more streamlined than ever, improving overall operational effectiveness. Management is standardized across all lines of business, providing comprehensive support for Shopin's cross-channel business model. This means the company can simultaneously lower operational costs, tighten collaboration with upstream brand partners, and provide outstanding service to customers. The result is a world-class, customer-focused industry value chain that keeps Shopin on top.

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Creating a new benchmark for IT innovation in Chinese retail

"The future direction of O2O will be toward orders, sourcing, service, and marketing. This will require the support of SAP's powerful systems," says Huidi. Accordingly, Shopin is examining the SAP HANA® platform and its applications in the cloud. To grow its retail stores, it will expand the use of SAP solutions, refining operations and applying data analysis to better target and interact with customers for increased retention and loyalty.

Shopin plans to migrate SAP ERP to SAP HANA to further enhance the buying experience with real-time budgeting, guided consumer purchasing, and mobile management of retail stores. As Huidi notes, "In the future, we hope to work even more closely with SAP to build a world-class industry value chain and help Shopin become a truly technology-driven, full-channel retail enterprise."



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