Creating a Competitive Advantage for Retailers

January 2014

Table of Contents

Powerful Retail Management Solution to Level the Playing Field

Once viewed primarily as a means to control retail store operations, manage inventory and track sales, retail management systems are increasingly being used to manage other sales channels including online, catalog and phone sales. In so doing disparate systems are being stitched together into integrated multichannel retail management systems that drive the full retail life cycle — from reaching and acquiring new shoppers, converting those shoppers to buyers, delighting them with a great customer experience and cultivating a long term and profitable relationship with them.

In keeping with the growing sophistication of the marketplaces, consumers are demanding more information, better service and more control over the shopping experience. For retailers, this shift has caused retailers to augment the traditional in-store retail channel with online sales channels, cross-channel service capabilities and advanced customer service and marketing tools.

Concurrently, consumers continue to exhibit heightened expectations for a seamless, efficient and satisfying shopping experience across all channels. With multiple brick-n-mortar and ecommerce competitive alternatives in the marketplace, retailers can provide anything but a delightful customer experience.

Historically, access to a fully integrated end-to-end multi-channel retail management system capable of creating a competitive advantage in today's rapidly changing retail market place. Whether you're a small retailer with a single store, a multi-channel retailer or an established multi-store, multi-channel retailer, the CORESense Retail Management system delivers the features and functions you need to compete and win in today's competitive and demanding retail marketplace — and in a delivery model that fits their business and their budget.

What is the CORESense Retail Management solution?

The CORESense Retail Management solution provides SMRs with everything they need for achieving retail business success:

- CORESense Integrated Retail Management software, a single real-time application that streamlines day-to-day operations, provides a real-time, 360-degree view of customers and business processes and delivers an unparalleled ability to grow in-store and on-line sales.

- COREPartner Retail Ecosystem, a partner program that provides our customers with timely, cost effective and pre-integrated access to best-in-class channels, fulfillment and retail technology solutions.

- A Software-as-a-Service delivery model that enables SMRs to compete with the same tools and in the same channels as big-box retailers and use the time and money saved to increase their advantage in customer service, product knowledge

These offerings combine to provide you with everything you need to manage your retail business for success from acquiring customers, converting customers to buyers, delighting customers with great service, to cultivating long term customer relationships and it does it in a way that aligns your success with ours.

With CORESense you get more than great software you get the freedom to succeed.

Reach and acquire new customers

CORESense recognized early on that the internet offered retailers a great opportunity to reach new customers without opening new stores and to drive new customers into their existing stores. As such, we integrated powerful and comprehensive ecommerce capabilities into our retail marketing platform from day one. Our multi-channel retailing capabilities puts you where today's shoppers search, browse, compare and most importantly buy helping you retain your current customers and providing you access to new customers. Rule one in retailing has always been location, location, and location. While the basic idea is still true the definition of location has expanded dramatically with the rise of the internet: in 2007, the U.S online retail market reached $175B and is forecasted to grow to $335B by 2012[1].

Drive in-store sales online

Since approximately 70%[2] of in-stores sales today beginning on-line and 59%[3] of online shoppers start at aggregator or comparison shopping sites such as Amazon it's essentially that current and new customer be able to find you and your products. CORESense gives you a professionally designed, search-friendly website and the ability list your merchandise on leading search engines and shopping, aggregation and comparison sites so you can tell customers you have what they want.

Reach new markets

With CORESense, SMRs get the most comprehensive and powerful integrated online selling capability on the market today.   It supports selling products on company branded and affiliate web sites and on popular online marketplaces such as eBay and Amazon. Adding an online channel not only provides access to new shoppers but also drives more sales and loyalty from your existing customers. On-line marketplaces represent a huge untapped pool of new customers for most brick-and-mortar retailers: in 2007, eBay had approximately 276 million registered users representing $59 billion in gross market volume (GMV)[4].

Promote cross-channel selling

CORESense's fully integrated multi-channel retail management solution transforms SMRs from channel-centric to customer-centric retailers enabling them to attract high-value multi-channel customers. Shoppers who shop in multiple channels are more valuable to retailers than those who shop in only a single channel: according to a study by Shop.org, they have a 12% greater buying frequency and a 32% higher annual spending history than customers who shop at stores only."[5] For example, you can lure customers into your store by offering on-line coupons or in-store pickup of on-line purchases. Research has shown that online shoppers who pick up merchandise in store spend on average 58%[6] more once the get there.

Drives sales with email marketing

Email marketing is a cost effective and valuable marketing tool for SMRs. Recent research has shown that email customers spend more money online and that 40% of shoppers now actually expect to receive personalized promotions, yet only 16 percent of retailers are using personalized recommendations tools.[7] CORESense gives you the ability quickly and easily launch personalized e-mail marketing campaigns giving you an advantage over the competition. You get an integrated e-mail tool

---

1 "US eCommerce Forecast: 2008 To 2012", Forrester Research Press Release, January 18, 2008

2 Accenture Survey, April 2007

3 Shozilla Survey by BizRate, 2005

4 Ebay Website

5 Jack Schmid, "Multichannel challenge: Seven strategies for breaking down silos", Multichannel Merchant, May 1, 2006

6 "Pick-up in store picks up the ticket by 58%, new AMR report says", Internet Retailer News Stories February 15, 2008

7 "Is 'Personalized Merchandising' Becoming an E-Commerce Reality?" E-Commerce Times 08/20/07

which can be used to create email marketing campaigns designed to drive traffic to your website as well as notify customers of new products and specials available in your store. You can import customer third-party lists or create targeted mailing lists using the integrated customer relationship management (CRM) database.

Convert shoppers to buyers

CORESense recognizes that educating customers, targeting them with promotions and offering them cross-sell and up-sell choices give you the ability to maximize your cash-in per customer visit.   We have built into our system many of the same best-in-class capabilities and tools used by big-box retailers to maximize cash-in at all customer touch points.

Increase online conversion rates

Conversion rate, the percentage of shoppers who make a purchase and become customers, drives online channel success. CORESense's ecommerce capabilities support proven shopper conversion strategies:

- CORESense features a centralized product catalog which makes it easy to create of in-depth product descriptions and display high quality content like articles, buyer's guides and peer reviews on ecommerce web sites and online market places. Great content and in-depth product information keeps shoppers engaged longer greatly increasing they chance they will buy.

- The professionally-designed, easy to navigate ecommerce website is built on best practices and with powerful search and service features like customizable navigation, online chat and customer self-service. Great customer service and store navigation are key to increasing conversion rates, because customers can't buy what they can't find.

- The shopping cart is a powerful ecommerce application designed to create a seamless virtual shopping experience that reduces abandonment rates with features like one-step check out, integrated payment processing solutions for credit cards, PayPal, etc., real-time rate calculations so shoppers know the total cost before the purchase and direct connection to leading shippers including UPS and FedEx.

Drive sales with targeted promotions and up sell and cross sell choices

You get the ability to identify profitable customer segments and target them with regular promotions tailored to their interests helping convert shoppers to buyers all year round. Using the centralized product catalog you can create and launch an unlimited number up-sell and cross-sell recommendations that are viewable at all points of sale. Offering customers up-sell and cross-sell options not only increases average order sizes but also an excellent way to customer value over time. About 18%[8] of consumers polled in a recent survey reported they'd purchased products suggested to them by e-retailers either during or after a transaction.

Leverage ecommerce channels in-store

Make your ecommerce platforms available inside the store via kiosks or low cost personal computers. Putting ecommerce merchandising and order processing and fulfillment capabilities in the store is a simple yet powerful way to increase sales. A 2005 study found that shoppers accessing kiosk made total purchases 39% higher than non-users.[9] In store commerce platforms can be used to up- and cross-sell related items and products and to expand in-store product offerings and assortments. Purchased items can then be dropped shipped directly to their home or scheduled for in-store pickup. They can also improved the in store experience by helping shoppers quickly find what they want.

---

8 Jupiter Media Metrix

9 "Healthnotes kiosk shown to increase shopper satisfaction, drive sales" Kiosk Marketplace, Feb 7, 2008

Delight customers with exceptional service

CORESense understands that delivering service above and beyond expectations comes from running an efficient and streamlined operation, having up-to-date information at your finger tips and letting management and employees focus their time and effort on delighting your customers. Our solution consolidates multichannel selling and back office operations into one web accessible system providing a real-time view of business health anywhere, anytime so SMRs can proactively respond to customers and profitably grow your businesses.

Streamline operations

Tight integration of back office operations including inventory management, store back office, vendor management, purchase orders and business intelligence into a single system streamlines operations and facilitates automation of time consuming and error-prone processes. Central processing of orders eliminates manual transfer of data between channels. Automatic order processing, fulfillment and customer notification of order status let's you grow online sales without adding staff. Automatic generation of purchase orders and electronic data interchange (EDI) with suppliers ensures availability of what's selling.

Improves inventory planning

Spending time consolidating data from multiple stores and sales channels makes it difficult to make timely merchandise buying decisions. CORESense provides a real time, synchronized view of sales and inventory levels across all channels enabling better management of inventory reducing stock-outs and driving timelier in-season price adjustments.

Migrate to a customer centric POS

CORESense, through the tight integration of multi- channel, point of sales and customer relationship management (CRM) functions, provides a solid basis for the transformation to a next generation point of sale capability that goes beyond information gathering to one that drives customer satisfaction and revenue growth across all channels. CORESense's point of sales interface provides real time access to the cross-channel centralized customer, inventory and order processing databases as well as ecommerce and sales order interfaces. From the point of sale interface store personnel will be able:

- Access a full cross-channel customer history profile including personal information and preferences, sales history and the status of open orders.

- Perform cross-channel order management functions including in store pickup of online orders, cross channel returns, and cross channel promotions.

- Access guided selling tools including up-sell and cross-cell recommendations and special promotions.

- Check stock availability at other stores or channels.

- Process gift and loyalty cards

Ecommerce channel capabilities can also be leverage at the point of sales to capture customer data, signup for loyalty programs, advertise promotions or make up-sell and cross-sell recommendations.

Provides up-to-date information

You get full visibility into store operations, sales and inventory and your supply chain with CORESense standard reports or you can build your own using the easy to use report builder. Having up-to-date information lets you fix customer problems before they occur, significantly reducing order cancellations, returns and late shipments. Best of all, management and employees can spend more time on sales and

service and less time looking for customer and order-related information.

Cultivate long-term customer relationships

Independent retailers know that the key to a successful business is a steady customer base. Building and maintaining customer loyalty starts with knowing the customer — who they are, and what they like to buy — providing sound product choices and advice and rewards for staying with you.

Capture and access customer data across all channels

CORESense gives you the ability to capture and access detailed customer information including contact information, purchases and e-mail communication history from your in-store point of sales terminals or sales order interface. With this information you can personalize customers' in-store shopping experience, leverage the e-mail management capabilities to stay in constant touch with customers and create promotions targeted at loyal customers.

Keep customers coming back

Identifying and rewarding repeat customers is a great way to build a loyal customer base. CORESense tracks purchases by customers so you can identify your best customers and their preferences. Armed with this information you can offer them special incentives to come back such as preferred customer loyalty cards, special discounts or coupons that can all be created and managed from within CORESense.

Easily stay in touch with your customers

E-mail is a cost effective way to stay in constant touch with your customers. With CORESense's integrated e-mail management tool you can provide them with a steady stream of information about you store, current specials and items of general interest. You can also gather valuable feedback about your company and its' products and service allowing you to quickly adjust to trends or changes in buying behavior. In addition, customers are automatically kept up-to-date via e-mail at each step of the ordering and shipping process keeping customers up-to-date with minimal effort on your part.

Offer Personalized Specials and Promotions

With CORESense you can analyze and segment your customer database to create targeted advertising and promotional campaigns.   With the integrated promotion management tool you can create and offer personalized promotions such as coupons, discounts, bundles etc and make them available across all or just specific channels.

Fits your business and your budget

Maximizing the bottom line means continually looking for ways to reduce operating expenses and increase operating efficiencies. With CORESense you get access to a fully integrated retail management solution with many of the features and functions used by big box retailers for a fraction of the cost and none of the hassle of an on-premise solution.

Great return on your investment

CORESense's all-in-one application design and transaction-based pricing minimizes your on-going maintenance expenses and upfront investment. Because it's web-based there's no hardware to maintain or software to upgrade reducing the need for expensive IT consultants. Our transaction based pricing model means you can re-invest your profits back into your business and not into IT equipment and support.

Gain immediate access to the latest technology

With traditional on-premise, licensed software, you have to wait and pay for each release to get new features. Often times you need to upgrade operating systems or hardware or software, or hardware obsolescence forces you to your upgrade software. With CORESense, you benefit from new CORESense features and integration with 3rd party applications or services on an ongoing basis and never have to worry about upgrades again.

Deploy and use with confidence

CORESense utilizes a world-class hosting environment for its clients' mission critical retail systems. Because CORESense hosts sites for numerous retailers, we can leverage economies of scale to provide each customer with a level of hosting that it would otherwise be more costly for them to purchase on their own.

Benefits of Having CORESense as host:

- No Direct Hardware Related Costs - With the CORESense system you have no direct production server acquisition/reacquisition cost, sourcing of original and replacement server(s) to maintain reliability and performance, maintenance costs or expensive maintenance contracts for server(s).

- No Direct IT Support Required - By using CORESense you avoid the costs associated with maintaining an in-house staff of IT specialists that service equipment themselves or act as an interface to hardware vendor maintenance personnel.

- No Direct Data Center Facility Administration - With CORESense hosting, you avoid administrative and direct costs of maintaining a partnership relationship with data centers, including the logistics of optimizing the distribution of a server fleet across multiple datacenters for backup and contingency. You also avoid the costs of having regional staff to service systems housed at each data center.

- No System and Application Administration, Development and Maintenance Needed - If you maintain and/or develop retail management software in-house, switching to CORESense means that you no longer need specialized staff for custom code version control, software configuration, support, patching and troubleshooting.

From the first conversation with CORESense, customers will see the importance we put on understanding their business so we can help them best execute cross-channel sales strategies and streamline back office operations. With CORESense, our mission is to deliver quantifiable increases in revenues and decreases in operating costs.

CORESense's professional services group, not a third-party reseller, takes full ownership for ensuring your implementation goes smoothly, your staff is completely trained and your system is available 24/7, 365 days a year. Each customer is assigned a consultant to manage his or her implementation process through training. Once implementation is complete, each customer has full access to our online customer service portal featuring case management, knowledge center, suggestion box and on-line documentation to provide on-going support and ensure their long-term satisfaction with the system. And when that's not enough they can call our US based technical support staff. Each member of our staff is fully trained and has extensive experience and dedicated to making sure clients get maximum benefit from our solutions.

Expand and integrate easily

With CORESense new stores, ecommerce sites, merchandise, staff, customers and increases in sales can easily be accommodated without any degradation in performance or reliability and without ever buying new software or hardware. It also supports integration with financial or other application or customization of the solution to meet unique business requirements.

Keeps you connected and on top of the game

Exceeding the expectations of today's savvy consumer requires retailers to constantly look out for, evaluate and take advantage of leading edge channels, marketing and management tools. CORESense, through its COREPartner Ecosystem, is providing our customers with timely and cost effective connection to the same best-in-class selling, marketing and management tools used by the large big box retailers.

Pre-integrated access to best-in-class retail solutions

Most retailers lack the time, money or expertise to evaluate and integrate the wide array of solutions available in the market place. Through the COREPartner Ecosystem retailers can leverage the collective knowledge of our entire customer base and in-house retail experts to access and deploy these solutions. In addition, because each solution is fully tested and integrated by CORESense on our hosted platform, there is no upfront cost to you.

CORESense is continually evaluating, testing and integrating best-in-class retail applications that touch all areas of the customer lifecycle. You not only get access to these solutions as a CORESense customer but you also join a community of retailers just likes to share experiences and ideas with. For a complete listing of current partners, go to www.coresense.com/partners.html.

From the first conversation with CORESense, customers will see the importance we put on understanding their business so we can help them best execute cross-channel sales strategies and streamline back office operations. With CORESense, our mission is to deliver quantifiable increases in revenues and decreases in operating costs.

About CORESense

CORESense is a leading provider of all-in-one ecommerce and retail management software solutions for online, multichannel and brick and mortar retailers, brand manufacturers, wholesalers and distributors. Successful retailers across multiple specialty retail markets including footwear and accessories, sporting goods, fashion and apparel, books, electronics and others are leveraging CORESense's products to streamline operations, connect with customers and grow sales across ecommerce and retail store channels.

CORESense was founded in 2000 with the mission of creating a competitive advantage for independent retailers in the marketplace by offering them access to the same retail management systems, sales channels and applications used by big box retailers in a software-as-a-service model that fits their business and their budget.

After years of close work with best-in-class independent retailers, CORESense is mature and fully integrated retail business success solution, which both streamlines your day-to-day operations giving you more time to focus on your customers and provides you with powerful tools to increase both in-store and on-line sales. Included in our web-based platform are market leading on-line, catalog and phone selling capabilities; an easy to use point of sale and store management application; powerful marketing, promotions and e-mail management tools; centralized merchandising and product management tools and extensive reporting and analytics. Our SaaS-based delivery model provides you access to these capabilities for a fraction of the upfront cost and without any of the headaches associated with on-premise solutions.

Most importantly, we have a responsive and insightful implementation and account services teams dedicated to helping each customers become more competitive retailers.

Independent retailers are attracting new customers, increasing sales per customer, delighting customers with great service and building and maintaining their loyal customer based with our powerful retail success solution.

CORESense is part of the Friedman Corporation, a wholly owned subsidiary of Constellation Software, Inc. ("Constellation", TSX: CSU). CORESense has offices nationally and is headquartered in historic Saratoga Springs, N.Y

For additional information about CORESense, visit www.coresense.com, call (866) 229-2804 or email info@coresense.com