



Case Study

SUBSCRIPTION MANAGEMENT FOR RETAIL

Major retailer implements eSuite to power their multimillion dollar subscription operation.

Overview

The subscription model is currently the fastest growing revenue stream for retailers¹. Retailers with just online storefronts were quick to follow in the footsteps of media organizations and offer their customers a selection of curated products delivered on a periodic basis.

Traditional retailers with brick and mortar shops have been slower to adopt this business model with only 'niche' traditional retailers operating subscription and replenishment models since legacy systems are usually in place, creating inflexibility and ultimately prohibiting the desired growth path.

In 2016, a major UK high street retailer invited MPP Global to tender for a project to replace a legacy platform that manages the subscription of their physical product catalogue. With MPP Global's advanced monetization solution, eSuite, the retailer was able to seamlessly continue their subscription business model, but also increase revenue and improve customer engagement, both online and in-store.

Project Requirements

When the major UK retailer approached MPP Global, they had been tied to the incumbent platform and had expressed that it was restricting the company's product team from creating new price points, offers and promotions along with more complex subscription schedules. Because the platform had been in place for so long, it was becoming obsolete and very expensive to maintain. The platform was home-grown, hosted in-house and was a growing liability on their balance sheet.

To overcome the challenges associated with this legacy subscription platform and to extend their competitive advantage, it was essential for the retailer to implement a new, more flexible platform. The decision was taken to replace the system with a future-proofed cloud alternative that provided greater flexibility, simpler usability and significant operational savings. This led the retailer to MPP Global, whose eSuite platform would enable the company to interact with new audiences, strengthen current customer relations and to grow subscription revenues.

The new subscription management platform would be used to:

- Manage all billing cycles and payments
- Create and manage all subscription pricing via an easy-to-use dashboard
- Collect customer support tasks for internal store users and a large call centre operation
- Report on financial performance and revenue recognition across the network of stores

The retailer's subscription scheme has over 1 million active customers, each making regular payments and receiving goods delivered to their choice of address. It was imperative for the

project to retain all customers and to keep their payment dates and deliveries unchanged. To ensure this, the exercise necessitated the migration of over 4 million data records into the new subscription management platform.

The Solution

Following the RFP process, MPP Global's eSuite platform was selected by the retailer to replace their internal legacy system, providing extensive new functionality for subscription management.

The replacement platform was required to take an external data feed of customer profile data to provide a tailored price to the customer based upon their individual preferences. With over 80,000 permutations, this "Pricing Calculator" needed to support highly complex business rules, be frequently updated by non-technical members of the retailer's team and to deliver the product and pricing recommendation to stores in real-time.



It was essential for the new platform to be tightly integrated with the retailer's supply chain; sending numerous order files to distribution warehouses in a secure manner. The integration required multiple delivery options, returns and in-package marketing literature (determined by the customer's product recommendation).

The retailer has a complex in-store system that enables store personnel to collect customer data and manage in-store stock levels. The eSuite implementation has been designed to seamlessly integrate with the in-store system; reducing training requirements and preventing the store team from having to navigate multiple systems and manage various sets of credentials.

Financial reporting and the ability to manage revenue recognition across a network of 800+ stores were a major issue for the old subscription management platform. eSuite has enabled the retailer to centralise all reporting, providing access to financial data at group and customer levels in real-time. Internal administration tasks such as transferring a customer between stores for aftersales management, refunding with subscription credits and managing the customer's payment and personal details, can also now all be conducted instantly by non-technical store staff.

In future phases of the project, the company will provide customers with the ability to manage their account directly via an online self-care portal. Self-care pages are provided as standard by eSuite; with the intention of minimising the burden on customer support centres and all the associated costs.

The legacy platform was only able to support UK Direct Debit as a payment type, with all mandates managed offline. Each time a new customer was signed up to the subscription scheme, the store would fax a copy of the signed Direct Debit mandate to Head Office for processing. By introducing eSuite to manage the end-to-end subscription lifecycle, the retailer takes advantage of paperless, electronic mandates, significantly reducing storage and management overheads.

The project also added SEPA Direct Debit for European customers, and Credit/Debit Cards to the list of supported payment types. This increased breadth of payment options has enabled the retailer to open their offering to a wider target audience.

The company operates in a highly competitive retail sector which meant a key focus of the project was to introduce promotional tools to the retailer's marketing team. As standard, eSuite provides the company with the ability to run subscription trial periods, percentage and fixed price discounts and group discount offers. The retailer expects the introduction of this marketing functionality to aid their ambitious growth targets to increase subscription revenues by 20% year-on-year over the next 5 years.

Project Goals

Remove Legacy Infrastructure

To replace a legacy subscription management platform with a flexible, future-proof alternative that enables the retailer to create and manage a growing portfolio of subscription schemes. The company sought freedom to create products, price points and promotions from a single platform, without any technical limitations restricting their creativity.

Create Internal Efficiencies

A single, dynamic platform that can be utilised by store personnel, product owners, call centre operatives and marketing teams. All data should be updated in real-time so that changes can be made by one division and then immediately viewed and actioned by team members in other areas of the business. This enables the retailer to minimise training overheads, remove duplicate technical processes and reduce “technical debt”.

Protect a Successful Revenue Stream

A key focus of the project was to protect the retailer’s existing customer base of over 1 million active subscribers. All customers must be retained, have their subsequent renewal processed as expected and their current pricing model honoured. The customer should not need to re-enter any personal or payment information, so as far as they know there have been no changes to the company’s internal architecture or processes.

Look to the Future

The company operates in a fast-moving, competitive retail sector. To maintain their position as the dominant player in their sector, the new subscription management platform needed to provide the retailer with greater ability to acquire new customers with offers and incentives, whilst providing the necessary tools to foster and reward their existing loyal customer base.

Quote

“eSuite was the clear choice for our new subscription management platform. MPP Global’s team of experts understood our objectives from the outset and demonstrated their ability to meet our project goals throughout the preliminary workshops. This is a project of huge strategic importance for us, and we know we are in safe hands with the MPP Global team.”

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