



## Microsoft Retail Management System Customer Solution Case Study



### Overview

**Country or Region:** United States

**Industry:** Retail

### Customer Profile

Amazing Grapes Wine Store began as a mix of six friends, and has grown to a multichannel Web and brick-and-mortar retailer with more than 1,000 transactions per month from four registers.

### Business Situation

To guarantee expansion, the store needed profits from Web sales, but integrating store and Web records posed a challenge. Web and store customers had to be in the same database. Stock-outs couldn't display on the site as available.

### Solution

ADC Technologies Group installed Microsoft® Retail Management System and NitroSell Commerce. NitroSell software and services help publish selected product information to the Web site in seconds.

### Benefits

- Revenues up 300 percent
- Web customers sort products online
- Fast installation and software setup
- Customizable reports flex to deliver what owners need to know
- Security screens and practices safeguard goods and profits



## Burgeoning Wine Retailer Blends Web and Store Knowledge for Smooth Management

“Revenues have tripled since we got on the Web with Microsoft Retail Management System and NitroSell.”

Greg Schroeder, Marketing and Web Director, Amazing Grapes Wine Store

Six professionals combined wisdom from IT, sales and marketing, business, and food services, then hired an expert wine retailer as general manager. Yet they knew Amazing Grapes Wine Store would never expand rapidly without a modern retail system to easily integrate store and Web sales, customers, and inventory into one reliable database. Rejecting patched-together solutions that would need ongoing fixes and fussy programming, they chose Microsoft® Retail Management System as enabled for Web integration by NitroSell Commerce from NitroSell. Today, 20 new Web orders arrive daily. Product photos, prices, and description changes are entered into Microsoft Retail Management System and can appear on the Web in moments. Internet customers know that if a product is offered on the Amazing Grapes' Web site, it's in stock and will soon grace their table.



“We knew we needed to streamline retail chores, and we needed Web exposure that would easily turn into cash receipts and fast shipments.”

Greg Schroeder, Managing Partner, Amazing Grapes Wine Store

### Situation

When six friends co-invest to start a retail store for fun and profit, they'd better share complementary skill sets, not just a love of wine. Amazing Grapes Wine Store, a 3,400-square-foot wine store, tasting bar, and Web retailer in Rancho Santa Margarita, California, enjoys the fruits of such synergy.

Amazing Grapes keeps an inventory of approximately U.S.\$250,000 and 1,100–1,300 SKUs on hand, representing a wide variety of foreign and domestic wines from \$5 to \$350, with a few bottles selling for \$500 to \$1,000. It buys merchandise for its 1,000 monthly transactions from distributors, wineries, and even individuals, to ensure customers enjoy a variety of varietals. About 15 percent of sales are from its Web site.

### The Right Blend

All investors are managing partners. CPAs Bill and Kathy Guerry organized and now oversee accounting and finance. Dave Wilson's consulting experience underlay the analysis and the step-by-step mechanics of opening the physical store. Leslie Wilson, a registered dietician who inspected restaurant and casino kitchens, now ensures procedures and compliance in food and

beverage handling. Gourmet chef Silvia Schroeder plans special events and buys cheeses and gourmet items for the wine bar. Greg

Schroeder runs marketing and Web site work.

“We came together like the right sun, soil, and rain,” Greg quips.

### Tying up the Package

“But we didn't know the wine retail business, so we recruited General Manager Terry Hudson, a 25-year veteran of the wine industry, from a competitor.”

Hudson, one of two full-time employees in the management team, manages day-to-day operations, which includes selecting and purchasing all wines. And he had worked with retail systems ranging from “a cigar box and an adder” to custom systems.

Although Amazing Grapes carries items such as stemware, stoppers, wine carriers, and cork-pullers, 99 percent of revenues derive from wines and champagnes. For gifts, Hudson steers customers to combinations of wines in nice carriers, or a bottle of champagne in its own serving bucket. The store doesn't push traditional gift baskets, which Hudson feels give the customer less value. “And a lot less wine!” he adds.

Greg explains, “We knew that starting a new store and relying on store traffic, ads, even mailers and well-publicized tastings wouldn't ensure growth and return on investment. We needed to streamline retail chores, and we needed Web exposure that would easily turn into cash receipts and fast shipments. People can afford to be picky, and they probably buy half their purchases online. We had to sell nationwide, because our competitors do.”

### Solution

Greg shopped these tough retail system criteria on countless Internet technology sites and magazine articles for nearly a year, trying to find a retail system with business flexibility and a reliable database. “We looked at dozens of systems, all the usual suspects. I did a feature-set comparison, and Microsoft had the most checkmarks. We knew it would accommodate multiple stores when the time comes. And the Microsoft name gave us more comfort than others. As to getting our stock on the Web, I didn't see one other solution that used the same database for the store and Web.”

Greg spotted a weakness in competitors' Web sites. “The most common annoyance was

With 3,400 square feet and 1,200 items, Amazing Grapes management knew they had to remove bottlenecks to uncork profits. Now their cup runneth over.



“I needed to be sure all the difficult technical Web interface work had been done by experts, then proven reliable by other retailers. I’m not a techie and we couldn’t afford to experiment.”

Greg Schroeder, Managing Partner, Amazing Grapes Wine Store

Amazing Grapes receives some 20 Web orders a day, requesting informal bottles of wine at \$10 through champagne at \$250 per bottle.



ordering a bottle of wine from a site, planning a meal around it—then getting an e-mail from the store telling me they were out of stock. ‘Then why was it on your Web site?’ I’d ask. We had all had that experience, so our absolute criterion was that our site would never alienate customers. One sour taste and a customer might not come back.”

Tom Keane, a founder and Business Development Director of NitroSell of Cork, Ireland, with support offices in Boston and Phoenix, explains how this problem occurs so often. “Until now, small and medium-sized retailers had three choices: Learn technology, hire a technologist, or have a Web site that’s clumsy about trading data with your store system. Hiring technologists is no guarantee, because there are too many pretenders. Only large retailers had the money to keep trying until they got it right. High costs prevented small retailers from acquiring the exact efficiencies they needed to compete with the big guys.”

#### **Tough Criteria**

Greg explains, “We needed that integration so our physical store and our Web site always had a current, uniform database of prices, products and customers.” But the partners had heard horror stories about false starts and big budgets bashed on the rocks of technical difficulties of setting up Web stores—and then trying to get customer and sales data back into the store’s inventory and customer base.

“I needed to be sure all the difficult technical Web interface work had been done by experts, then proven reliable by other retailers. I’m not a techie and we couldn’t afford to experiment.”

#### **The Right Partners**

Knowing the importance that uninterrupted Web revenues would play in his client’s future, Curt Thompson of Microsoft® Gold

Certified Partner ADC Technologies Group in Newport Beach, California, showed the Amazing Grapes partners the benefits of combining Microsoft Retail Management System with NitroSell Commerce.

Hudson points out that unsophisticated solutions are no help in doing sales and business taxes, and they provide no reporting capability or audit trail for accounting and investors. At a previous store, he had used Aloha, but finds the scanner and credit authorization capability in Microsoft Retail Management System much faster for checkouts.

“Where I worked on a custom-designed and programmed system,” Hudson points out, “only the developer could modify or fix the system. If he left town, got sick or mad, no one could make it work. And he had us over a barrel on prices because there were no other sources. Microsoft Retail Management System is an off-the-shelf system. We get excellent support, competitive prices, and it will continue to evolve.”

Seeing the complete set of NitroSell products and retail Web hosting services closed the deal for the managing partners. ADC’s Thompson sold and installed the Microsoft Retail Management System at Amazing Grapes. “Curt and ADC did a wonderful job. No hiccups. No problems,” Greg says.

#### **Integration**

Greg explains, “NitroSell delivered WebStore solutions with all the underlying technology built in, so store and site can trade data back and forth. We got off-the-shelf templates that we can easily configure. We can design and change the site to our own tastes. Then, the NitroSell tools are so powerful and flexible that we make it work with our way of doing business. And since NitroSell hosts our site and knows our tools, there’s never any finger

“Getting the price, picture, and description changes I make in Microsoft Retail Management System to show up on our Web site is as simple as a click. It couldn’t be easier.”

Greg Schroeder, Managing Partner, Amazing Grapes Wine Store

pointing between vendors. This solution was the only way to go!”

But Web integration is only as valuable as its underlying retail system. “Microsoft Retail Management System is a very powerful and easy-to-set-up retail engine. The NitroSell system automatically synchronizes our WebStore with our store database every hour, or we can sync them any time with one click. What you see on the WebStore is what we can ship. No disappointments,” Greg says.

“Another key feature is that there was simply no learning curve to get Web orders into Microsoft Retail Management System,” he added. “After installation, all orders from the WebStore are automatically pumped into the store database and we are notified via e-mail and at the register that a new order arrived.”

In 2004, Amazing Grapes opened just before Thanksgiving with Microsoft Retail Management System installed. Five months later, we installed the NitroSell toolkit and the Web site debuted a week or two later.”

Greg admits that he and his partners put in late hours entering product data into Microsoft Retail Management System. Although suppliers in many industries enable electronic downloading of product names, descriptions, and prices into retail systems, much of the wine industry prefers the traditions of paper documents and faxes.

“Our new product combo has a gazillion features that we haven’t had time

to learn,” he says. “As valuable as it’s been, we’re still not achieving all its potential benefit. The magic of NitroSell is that all in-store data is instantly available to your WebStore. One database serves both systems, and 90 percent of data maintenance is done in Microsoft Retail Management [System] as part of everyday operations.”

### Benefits

“Revenues have tripled since we got on the Web with [Microsoft Retail Management System] and NitroSell,” Greg estimates.

“Every day here is exciting because we have 10 to 20 new Web orders that download into Microsoft Retail Management System. During the holidays, we almost couldn’t keep up. DHL loves us. Our distributors say we became instant ‘players’ in Orange County!” Hudson says, “I am most struck by how Microsoft Retail Management System adapts

Below, a customer uses WebStore’s left column to “drill down” three levels to display only the exact products needed: California wines; cabernet sauvignons; and those in 1.5-litre bottles.



“The magic of NitroSell is that all in-store data is instantly available to your WebStore. One database serves both systems, and 90 percent of data maintenance is done in Microsoft Retail Management [System]....”

Greg Schroeder, Managing Partner, Amazing Grapes Wine Store

Neat displays of specialty wines and champagnes await shoppers in Amazing Grapes' nooks and corners.



to our business, helps customer service, and smoothes out sales. Our best sales tool anywhere is its customer history records. Most people don't know a lot about wines. Customers ask me what they bought last time, then tell me what they liked or didn't like about that wine. We home in on what selections they'll like. They can't get that if they change stores. Same principle for their gift wines. We help them build knowledge about what in-laws and their bosses like.”

“Philosophically,” Greg says, “I like this solution because its parts work so well together. It has inventory control, a very fast point of sale, and it helped us build a sortable database of 5,000 customers at the register alone. From a practical standpoint, it's not a hopeful patchwork. It's a proven solution.” The Guerrys appreciate the ease with which they can send data to QuickBooks.

Greg asserts, “Its reporting functionality is pretty much endless. First you have the standard ones, then all the reports that Dave [Wilson] has made. It's so flexible that we've made one report to track only the wines we have in stock, but choose not to sell on the Web. A hardware salesman told me he hadn't seen computing power this robust outside a national chain.”

He points up security features in Microsoft Retail Management System. “Every day, we run a randomized mini-inventory on a small selection of stock. That keeps inventory current, discourages shrinkage, and avoids doing a huge annual inventory. It has strong and clear security screens which, among other things, we use to prevent unauthorized discounts.”

And, Greg says, “It's highly reliable. In over a year, it's never gone down. It's self-sufficient. The only thing we ping ADC Technologies for is more paper and labels.”

#### **The Right Tools to Win**

NitroSell tools allow Greg to make his site more intuitive than his competitors. “People can shop our site by brand, by country, or varietal. They use the sorting feature to display and compare all the rosés, the ports, or pinot noirs in a state or country.”

“Most huge chains can't do what we've already done on WebStore,” says Greg. “You can pick California wines, drill down to cabernet sauvignons, then down to different size bottles in that subset. You do that in three clicks! Who else can do that?”

“Getting the price, picture, and description changes I make in Microsoft Retail Management System to show up on our Web site is as simple as a click. It couldn't be easier,” says Greg. He uses a word processor or Macromedia's Dreamweaver to update item descriptions and other text on the site. He loves how easy it is to add new pages to the site. “With the NitroSell tools, a little HTML knowledge goes a long way. It worked from day one, but the more I learned, the more I was able to improve the WebStore.”

#### **NitroSell After the Sale**

Greg says: “When we've had questions, we got service and directions from NitroSell that's nothing short of fantastic. They either told me the steps I needed, or we'd use UNC to let them into our system so they could tweak their changes from there.

“They listen to our product ideas, then give us timelines when we can expect them. They changed words in our version of their basic template to fit our store. Then they set it up so you don't automatically jump to the

## For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: [www.microsoft.com](http://www.microsoft.com)

For more information about ADC Technologies Group products and services, call (301) 519-1088 or visit the Web site at: [www.adctech.com](http://www.adctech.com).

For more information about NitroSell applications and services call +353 (21) 453 6124 or visit the Web site at: [www.nitrosell.com](http://www.nitrosell.com)

For more information about Amazing Grapes Wine Store products and services, call (949) 888-WINE (9463) or visit the Web site at: [www.amazinggrapeswinestore.com](http://www.amazinggrapeswinestore.com)

:

© 2006 Microsoft Corporation. All rights reserved.

This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY.

Microsoft, Windows, Windows Server, and Windows Server System are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. All other trademarks are property of their respective owners.

Document published March 2006

shopping cart after every item you select. That change took them about a minute.”

### Vintage Advice

Having combined the intelligence of seven accomplished partners and more than two years of planning and implementation into building a successful Web and store integration, Greg offers valuable coaching to other retailers.

“Think out very carefully—and get a lot of input from potential customers—how you will organize your site’s products. Go see how your competitors’ Web sites work. Do they list by product category? By department? Use common and accepted terminology, not cute labels that make customers guess. Then walk through many typical purchases many times to make the process as easy as possible for your customers.

“And be sure to get the Web interface tools—like we have—that let you conform your new site to your successful business rules. You don’t want to reform your business to the limitations of anyone’s software.”

## Microsoft Retail Management System

Microsoft Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale, customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer’s business. It works with the Microsoft Office System, Microsoft Windows® Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to: [www.microsoft.com/pos](http://www.microsoft.com/pos)

### Software and Services

- Microsoft Windows Server System™
  - Microsoft Windows 2000 Advanced Server
- Microsoft Windows XP Professional
- Solutions
  - Microsoft Retail Management System
- NitroSell Commerce Web Services
  - NSc\_Sync
  - NSc\_PAM - Product Attribute Manager

### Hardware

- Dell Optiplex GS280 server
- Four Dell Optiplex SX280 personal computers
- Two Dell 12" flat panel monitors
- ELO Intuitive tTouch monitor
- Three Epson M129c receipt printers
- Three infrared barcode scanners

### Partner

- ADC Technologies Group