

Procter & Gamble Transforms Dry Cleaning Customer Experience with Cisco-Designed IT Platform

Executive Summary

CUSTOMER NAME

Tide Dry Cleaners (Procter & Gamble)

INDUSTRY

Retail

CHALLENGES

- P&G had no experience running a retail operation.
- The company did not have the expertise to create a transformative retail customer experience.
- The technology infrastructure had to be flexible and scalable to accommodate future stores and services.

SOLUTIONS

- P&G asked Cisco IBSG to design and build the stores' technology infrastructure.
- Cisco IBSG identified the technologies to allow P&G to achieve its objectives and developed new retail concepts that differentiated the Tide Dry Cleaners stores.

RESULTS

- The pilot stores experienced repeat rates and transaction sizes one-third higher than the industry average.
- More than 90 percent of customers signed up for the rewards program.
- Potential franchisees showed tremendous interest even before P&G decided to roll out Tide Dry Cleaners stores as a franchise.

Business Challenges

Procter & Gamble (P&G), the world's largest manufacturer of consumer packaged goods, had long been eyeing the U.S. dry cleaning industry, with its \$9 billion in annual revenues, as a potential new market. The company's earlier ventures into home dry cleaning products under new brand names had not yielded the hoped-for results. Recognizing that consumers were accustomed to having their dry cleaning done by retailers, P&G decided to launch a pilot dry cleaning venture, extending the powerhouse Tide brand into the retail dry cleaning environment.

P&G, always canny about brand management and core competencies, did not intend to operate retail stores at the corporate level, but rather to create a franchise business. The pilot program had to satisfy two requirements: 1) Tide Dry Cleaners must delight consumers in a way that other dry cleaners did not, and 2) the pilot's success had to be significant enough to attract franchisees. If either of these criteria was not met, the idea would be shelved.

P&G's core competencies are not in retail dry cleaning operations or IT. The firm needed a range of partners with these competencies for the concept to succeed in providing a new, different, and positive customer experience.

Solutions

Procter & Gamble selected the Cisco® Internet Business Solutions Group (IBSG) to design a new retail customer experience that would amaze and delight customers, differentiating the Tide Dry Cleaners stores from run-of-the-mill dry cleaners. Cisco IBSG was already a proven strategic partner to P&G, with a record of outstanding successes in applying innovation to tough business problems. P&G gave IBSG carte blanche to envision and design the stores' functions and services.

"As a strategic partner, we leveraged IBSG's core skills. The IBSG Retail Practice group had designed an innovative 'store-in-a-box' that was easily replicated, and scales up or down based on store size.



Cisco Internet Business Solutions Group (IBSG)

"With the assistance of Cisco IBSG, the Tide retail concept has been a huge success. IBSG not only designed the store infrastructure in a way that added enormous value, but they also were very hands-on, helping us to launch the concept."

Gary Coombe
Vice President,
New Business Development,
Procter & Gamble

Everything fits and works together," said Linda Clement-Holmes, senior vice president, Global Business Services, Employee Services, and Flow-to-the-Work Resources, for P&G.

Using the store-in-a-box concept as the foundation, Cisco IBSG began to customize a suite of solutions for the Tide Dry Cleaners stores. Drawing on its expertise in retail operations, Cisco IBSG suggested a number of key IP-based tools that would distinguish the stores' level of service from that of other stores, such as mobile IP telephony to allow a concierge to collect and deliver clothes at the curb so that customers don't have to leave their cars. Video surveillance is planned to allow scanning of customers' license plates, enabling staff to identify an approaching car and have the order ready to go before the customer reaches the store.

In other cases, P&G had ideas, but looked to Cisco IBSG to solve the way in which they were executed. For example, P&G knew it wanted to have after-hours pickup lockers. Cisco IBSG designed a video signage system that directed customers to the correct lockers, and used RFID cards for access.

Cisco IBSG also showed P&G how to use digital media to drive sales in the stores. The Tide Dry Cleaners stores offer several innovative services not available from other dry cleaners, such as a process called "Back to Black" that restores black clothing's original shades, and a process that converts ordinary cotton shirts into no-iron shirts. Both Cisco IBSG and P&G knew that to stimulate sales of these new services, customers would need to be educated about them, so IBSG designed digital signage to inform customers as they stand at the counter.

According to Laurie Heltsley, P&G director of Strategic Initiatives, "Cisco invested in the success of our Tide Dry Cleaners with both visionary ideas and on-the-ground technical expertise. We brought our business concepts and 'wicked problems' to Cisco's consulting arm [IBSG] and they dreamt up some groundbreaking technical solutions. And then Cisco's engineers delivered. This is exactly how we want our business partners to perform: collaborating closely and executing flawlessly for our mutual success."

Results

The Tide Dry Cleaners pilot program exceeded all expectations. "We got higher trial rates than we assumed we'd get," says Gary Coombe, P&G's vice president of New Business Development. "We have higher repeat rates and higher transaction sizes by nearly one-third. More than 90 percent of our customers have signed up for our club rewards program. At the end of the first year, our store will be trading at a level nearly four times higher than the national dry cleaning store average, and we'll be cash-flow positive by month nine."

“The provision of media in-store to demonstrate our unique capabilities to consumers was a key driver of sales.”

Gary Coombe
Vice President,
New Business Development,
Procter & Gamble

With results like these, P&G is now identifying potential franchisees. P&G executives were stunned when more than 200 applicants asked to be considered before the trial was completed.

“The digital signage and RFID-enabled 24-hour lockers have been big drivers,” says Coombe. “Cisco put in systems that scale and can be changed dynamically. The point-of-sale system is terrific. It gives us an understanding of consumer habits and lets us easily track each garment. So we know how often a specific garment comes in, what was done to it, and so forth, which also gives us information on which promotions are working or not. We know who our most valuable consumers are.”

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps CXOs and public sector leaders transform their organizations—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that address key CXO concerns.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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