

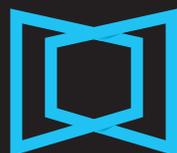
Luxury Retail

Facilities Management Insight Report



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A Publication of



ServiceChannel[®]
Transparency Drives Performance

Innovating Facilities Management: Luxury Retail Brands



Select Luxury Retail Clients

- Coach
 - Gucci
 - Tiffany & Co.
 - Tory Burch
 - Tumi
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Sector Overview

While economies both in the US and abroad face challenges, the luxury retail market has promising prospects ahead. According to a study by *Fondazione Altagamma* and *Boston Consulting Group*, the luxury sector will mainly grow organically in the next decade with spending to grow to \$1.2 trillion by 440 million consumers by 2020 (up from 380 million consumers of luxury goods spending around \$998.5 billion on personal luxury goods today).

Likewise, consultant Bain & Company sees strong fundamentals and projected US growth for luxury goods among both local consumers and tourists. They add, "luxury brands everywhere should be focusing on how to build growth organically."

For brands to capture this growth, delivering a superior in-store customer experience - *consistently* - across all their various locations is paramount.

Sector Challenges

From a store perspective, luxury retail is like other traditional retail sectors, seeking more customers, needing adequate staffing and requiring proper systems management. But managing a luxury retail environment is more challenging because of the particular differences found in its:



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- Customer service
- Sense of urgency
- Accessibility of replacement items

The level of customer service in a luxury location is more high touch, thus there needs to be **more and closer interaction between the facilities department, store managers and with field and store personnel**. Only with a seamless flow of communication and shared information can a company hope to support the “gold standard” expected by customers.

On average, ServiceChannel clients are able to reduce their overall repair and maintenance spend by about

18% to 22%

Facilities Management Pressures

Within any physical location, there are issues that can arise. Lights burn out, faucets leak and air conditioning/heating systems break down. These issues within a box store may not necessarily be deemed urgent and may be delayed until the next business day. In a luxury retail location, customer comfort is of the utmost importance; repair and maintenance delays are simply not acceptable. Anything that can negatively affect a customer’s experience has the potential to be elevated to an emergency, requiring issues are remedied as soon as possible, including after hours.

There is a certain look and feel involved in a luxury retail location. Every light fixture, every fitting room door handle, every piece of hardware involved must work, match and be in pristine condition. If a door handle breaks, sourcing a new handle may not be as easily done in a luxury location, as the door handle must be an exact match. Maintaining this standard is an important role of the facilities department and the various contractors involved.

Key facilities management and related operational issues facing luxury retail brands include:

Repair Speed	Make repairs quickly to maintain quality brand image
Labor Costs	Need to manage contractor costs and validate work performed
Warranty Management	Want to ensure warranty benefits maximized whenever possible for all service work
Special Store Handling	Support individual facilities needs of flagship location(s)
Business Analytics	Need capability to easily and rapidly identify business trends, identify outliers and leverage savings opportunities
Contractor Sourcing	Require specialty providers to maintain specific assets and meet stringent SLAs





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Luxury Retail Insights

For the facilities management group, **supporting luxury stores adds another whole layer of complexity than normally found in the retail sector.** Maintaining a premium environment in a continual state of perfection is close to impossible without a systematic approach to follow.

Even staying on top of preventive maintenance (PM) requirements can prove difficult. With visual standards to keep such stores pristine so much more stringent with luxury brands, the PM activity is very high for janitorial, housekeeping, lighting and porter services. Across our luxury brand clients, maintenance spend for housekeeping trades are always the highest, unlike other clients where services like HVAC typically predominate.

For example, with one ServiceChannel client, there are PM service requests for lighting 2 to 3 times per month, as maintaining perfect lighting is critically important for this brand. We also see significant activity for scheduled guard services as security/loss prevention is naturally a big issue with high-ticket merchandise.

In addition, sourcing the right contractors is critical to maintain brand standards (also known as *Brand Uptime*). Luxury retail stores often have unique, custom-designed finishes and high end wood and upholstered furnishings. It can be challenging to find the right specialty providers to service materials like brass, marble, upholstery, stone, chandeliers, custom canopies and awnings, etc. Having access to a wide variety of qualified contractors with specific skills is crucial. **ServiceChannel has built its platform to handle just these types of problems.**

Our technology is all up-to-date and in compliance with key industry standards like

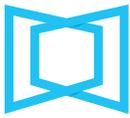
SSAE 16

ServiceChannel for Luxury Retail

We provide a complete **source-to-settle work order management, business intelligence and contractor sourcing platform** to manage and support the **unique requirements of luxury retail stores.**

ServiceChannel clients save real dollars across their repair and maintenance budgets, and ensure a high-quality image and experience is ever present. On average, ServiceChannel clients are able to **reduce their overall repair and maintenance spend by about 18%-22%**. In addition, newfound visibility and control enables **superior service to uphold brand standards.**





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<i>With ServiceChannel for Luxury Retail:</i>
<input checked="" type="checkbox"/> Your own staff can enter/track all work orders via an easy to use web or mobile interface
<input checked="" type="checkbox"/> Everyone gains visibility of all work being done by both internal and external service providers
<input checked="" type="checkbox"/> Source qualified contractors with skills needed to handle specialty materials, fixtures and equipment, and monitor performance against KPIs, SLAs and real time scorecards
<input checked="" type="checkbox"/> Automatically manage credentialing process, ensure access to all service provider documentation, identify expiring credentials/certifications
<input checked="" type="checkbox"/> Ensure all scheduled and preventive maintenance occurs
<input checked="" type="checkbox"/> Get actionable business intelligence to manage FM budgets and accurately forecast capex
<input checked="" type="checkbox"/> All your equipment/warranties are captured in one system so you can eliminate missed warranty opportunities and optimize asset repair/replacement decisions
<input checked="" type="checkbox"/> Schedule and report on all site audits/inspections your team performs on a consistent and regular basis
<input checked="" type="checkbox"/> Capture qualitative and quantitative data to ensure Sarbanes-Oxley compliance
<input checked="" type="checkbox"/> Validate service contractors are on-site via IVR or GPS functionality
<input checked="" type="checkbox"/> Leverage 15 years of objective benchmark data to determine negotiating opportunities with local/regional/national services

Why ServiceChannel?

ServiceChannel has deep experience in the facilities management and luxury retail sectors. We bring over 20 years experience, coupled with a dedicated technology team to offer the most appropriate system for this retail category. Our technology is all up-to-date and in compliance with key industry standards like SSAE 16.

With a dedicated team focused on the unique challenges of luxury retail, we understand how best to serve these high-end brands and address the issues they'll face in increasingly competitive environments in the future.



Innovating Facilities Management: Luxury Retail Brands

Luxury Retail Use Case

Many luxury brands have a "flagship" location, often located in New York City. ServiceChannel provides these brands with the flexibility to service that store for their specific needs. Though all these luxury brands' stores have high standards, these flagship stores need and always receive special treatment.

For one global luxury brand, a principal problem was managing the large number of internal providers servicing its flagship Fifth Avenue store. With work assigned via phones or email, it was nearly impossible to track and monitor who was doing what and when.

To address this challenge, we set up all internal providers on ServiceChannel's platform. Then, with all work order requests and PMs now recorded systematically, the brand had newfound control and visibility in what was being done and by whom, as well as up-to-the-minute status. This allowed team leaders to evenly distribute the workload by provider availability (whether internal or third-party contractor) and easily reassign work orders when needed.

We created a separate online dashboard, contractor list, PM schedule, site-specific priorities and ETAs for service for its flagship location. Everything in ServiceChannel that the store and the facilities support team sees was designed and configured to meet the needs of this single location. This new model allows the retailer to see who is most productive and hold each provider accountable for assigned work tickets.

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About ServiceChannel

ServiceChannel provides facilities managers with a single platform to source, procure, manage and pay for repair and maintenance services from commercial contractors across their enterprise. By delivering unprecedented transparency and data-driven analytics of service quality, across all trades, locations and contractors, facilities managers drive significant brand equity and ROI for their organizations without outsourcing or investing in new infrastructure. The world's leading global brands use ServiceChannel and Big Sky solutions daily to help optimize millions of transactions and billions of dollars of spend annually.

