Service with a Smile

Pep Boys integrates e-commerce, inventory and service platforms to meet customer needs

by JOHN MORRELL

How does a specialty retailer founded in the 1920s make its way in the 21st century? Being nimble helps, even if you're dealing with more than 800 stores.

Pep Boys began when four friends in Philadelphia put together $800 to open a parts supply outlet to take advantage of the burgeoning auto industry. They used their names to help brand the store (Manny, two Moes and Jack) and their business grew along with America's love of cars.

As the new century began, however, it was clear that inherent changes were underway that would affect Pep Boys' core business: The shade tree do-it-yourselfer who works on his own car was disappearing.

"Increasingly, cars have become a moveable piece of software and hardware," says Bob Berckman, the company's CIO and vice president of IT.

"The average car owner is less inclined to try and fix their car themselves. So we've made the service component a bigger part of our business."

The other issue facing Pep Boys was the corresponding rise of e-commerce. In an era when the core business of selling car parts to DIY-ers is fading and a company is shifting to a service-focused model, how does that translate to the Internet age?

'SIMPLE AND INTUITIVE'

The company started methodically, by making sure retail and warehouse systems would integrate with the proposed e-commerce system. And while looking at systems, it had another criteria: expense.

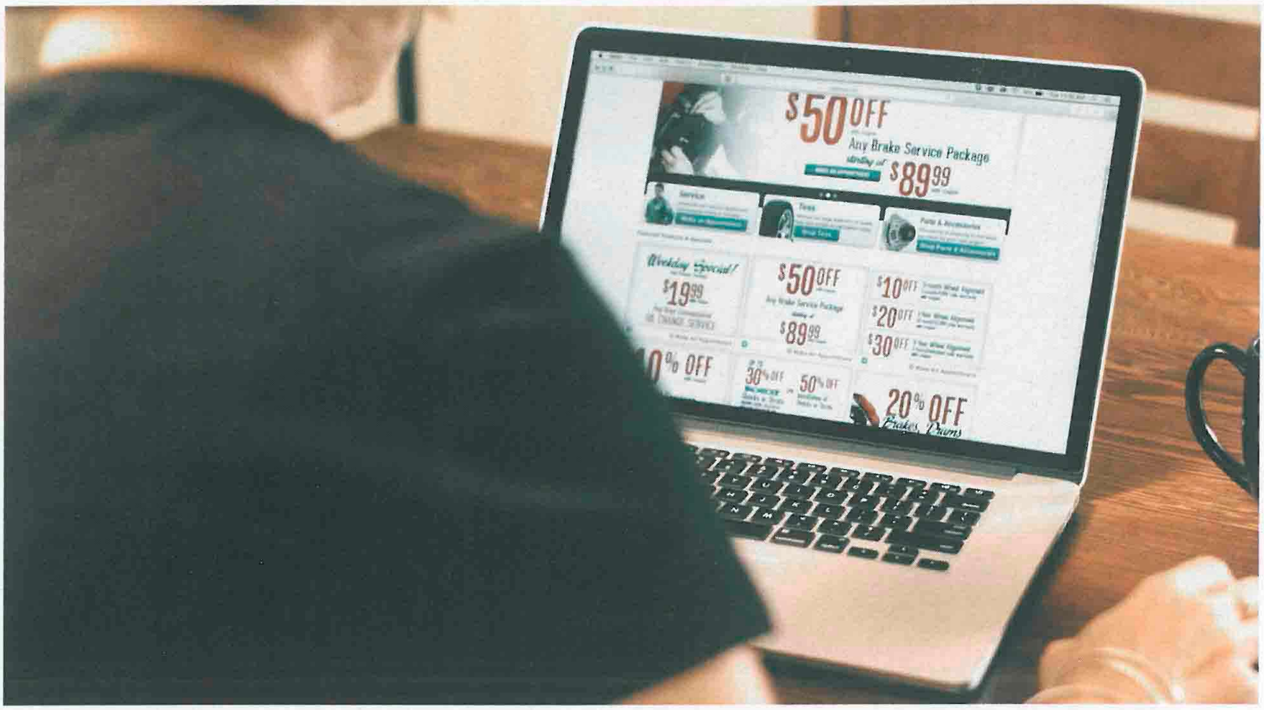
"We wanted as much as we could get, but we didn't want to spend an arm and a leg," says Berckman. "This is mainly because we weren't sure whether e-commerce was going to be profitable for us."

In 2010, Pep Boys contracted with technology firm Credera to help develop an e-commerce platform using open-source Broadleaf Commerce software. Recognizing that e-commerce had to handle two parts of the business — parts and service — the company decided to start with the more challenging element: service.

"The goal was to make a program that was simple and intuitive," says Berckman. "We admired OpenTable and what they've done with restaurant reservations. We wanted to see how we could do that for automotive."

In 2011 Pep Boys introduced a website feature called TreadSmart, which allows customers to select tires for their vehicle as well as schedule an installation time.

"Others have tried this but they usually have a system that sends an email to the service center that a service time is requested and they may



"There are customers who want and/or need to interact with a store associate or trained service personnel, and those who want to type in a few things and they're done. Our system allows for both."

or may not be ready for you when you show up, depending on whether they see the email," says Chris Vitale, vice president of digital operations and e-commerce for Pep Boys.

"With our platform, an appointment request is sent directly to the service center from the customer. It's just like talking to a service advisor."

In early phases of the platform, Pep Boys found it could fill appointment slots with online appointments, but there was some confusion if a particular store had a rush of walk-in customers. The current system looks at the service bays that are available at any given time and allows room for walk-ins.

"The goal was to make it so easy for the customer that you could do this on your computer or phone, and you'd do this first rather than just showing up at the store without an appointment," Berckman says.

That kind of platform requires training for in-store staff to handle service requests made via the website. "Educating sales associates isn't difficult because the platform is so seamless," says Tom Carey, Pep Boys senior vice president and chief customer officer. "It's connected to all the systems we have on the front end and back end so it's familiar."

INTEGRATING E-COMMERCE

One area that had to be taught to bricks-and-mortar staff was online customer expectations. Pep Boys identified two different types of service customers: Those who wanted a high-touch experience and those interested in a low-touch experience.

"There are customers who want and/or need to interact with a store associate or trained service personnel, and those who want to type in a few things and they're done," Carey says. "Our system allows for both. It's customer-directed and we have to make sure our staff is ready to handle the people who come in."

Another aspect is greeting the online customer. He has already had an interaction with Pep Boys by making a service reservation through his computer or mobile device; he doesn't want to be an unknown quantity when he shows up. "We've got to match the customer's expectations," says Carey. "'Welcome sir, are you here for your 9 o'clock appointment?'"

Integrating e-commerce into the chain's supply and retail systems worked out well. "They had a philosophy of not looking to build a standalone e-commerce site," says Phil Lockhart, a consultant and principal for Credera who worked on the Pep Boys project.

"The benefit from this is that when an order comes in through the system, it's not unlike when a customer is standing in front of them. The process is simplified so that if the part you're looking for isn't available at your local store, [the store can] order it and get it in stock as soon as possible."

To save on shipping costs, Pep Boys' platform allows customers to have their purchases sent to their local store where they can be picked up for free. This uses current store-to-store and warehouse-to-store software, which simplifies the process. It also brings the customer into the store, which opens the opportunity for another purchase.

This is effective since Pep Boys' parts department is dealing with more than 150,000 individual products, most of which are kept at warehouses rather than on store shelves. In-store pick-up helps bridge the gap if customers have problems with their order. Customers can take the part back to the store directly and discuss the part they need with an associate in person, which can be an advantage over regular online sales.

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— Bob Berckman, Pep Boys

CONTINUED GROWTH

Pep Boys recently introduced a service app to make it easier for customers to communicate with service departments and encourage repeat business. It's also focused on becoming more integrated with the customers' needs.

"Cars are a critical part of how we function. It's how most of us get to work and school," says Berckman. "If we can give [customers] a seamless management system of their vehicle, letting them know when service is due and ... when they can bring it in, we'll be ahead of the game."

What's unknown in the long term is how Pep Boys will be affected by an even larger purchase. In late October, Bridgestone Americas announced plans to pay $835 million for the company, adding Pep Boys' 800 stores to its own 2,200 tire and automotive service centers.

What is certain, however, is that the brand's e-commerce and online service system will continue in some form.

"This is where our industry is heading so we know we're on top of the curve," says Vitale. "We've covered the bases and our customers are becoming aware of how it works. It just needs to continue to grow." **STORES**

John Morell is a Los Angeles-based writer who has covered retail and business topics for a number of publications around the world.