

Schnucks Markets

Grocer installs Vertical Wave IP[®] and builds competitive edge.



EXECUTIVE SUMMARY

- Industry: Retail, Pharmacy
- Locations: Over 100
- Number of Employees: 15,000+

CHALLENGE

- Reduce Phone Network Operational Costs
- Increase System Functionality

RESULT

- Quick & Significant ROI
- Improved Customer Satisfaction

VERTICAL SOLUTION

- Wave IP
- Wave Voice Server
- Wave Global Manager

Background

Schnuck Markets, Inc. is one of the largest privately held supermarket chains in the U.S. The family-owned business started in St. Louis in 1939 and has grown to include more than 100 combination food and drug stores across the Midwest.

Over time, Schnucks became known for their friendly associates and in 1961, adopted the slogan, "The Friendliest Stores in Town" to reflect a core value that still guides management and associates today. But, managing so many locations over a large geographic area presents challenges to maintaining that "customer first" mentality.

High Growth Companies Require Modern Solutions

In 2005, the Schnucks network included ten different phone systems most of which were aging quickly and required almost constant on-site maintenance. That was a costly proposition because most issues needed to be handled by an outside vendor who was required on-site to reprogram the system every time it went down.

For customers, calling their neighborhood stores could be frustrating. Incoming calls were routed to a store operator and then paged overhead. Too often, customers were required to wait while someone tracked down a teammate in the appropriate department. There was no voicemail box for a customer to leave a message. As customer service was such an important part of their company philosophy, Schnucks management was determined to find a better way.

In the grocery business, margins are razor thin. As a result, spending on capital projects must be minimized and have the potential for significant ROI. Schnucks Project Manager, Marty Stegeman, had a simple, yet challenging mandate, "In order to strengthen communication services for both internal and external customers, I knew I needed to reduce the administrative costs of running a company-wide phone system while upgrading functionality and keeping project costs down."

No small task.

Cost Analysis Indicated Significant Savings With a Vertical Solution

Stegeman took a look at two solutions. Cisco presented an IP-based solution for all phones and locations that looked promising on paper; reduced costs on SIP Trunking, increased functionality, central administration and upgradeable over time.

"The problem with an all IP-based solution," Stegeman said, "is that it could not run over our existing IT network. It would have required running new CAT5 cable to every location. That was not cost effective."

“For the first time we could manage and maintain our systems from one location and without engaging expensive vendors for on-site work. We immediately realized a reduction in overall costs”

– **Marty Stegeman, Project Manager**

Solution

The second solution considered was the InstantOffice®/Wave IP platform from Vertical. Although also IP-based, it is capable of integrating with practically any existing system. “We were looking at huge savings over the Cisco solution,” said Mr. Stegeman.

Pilot systems were installed in both an existing store and in a new store. After extensive testing and real world usage, Mr. Stegeman was sold. “The Vertical system was easy to install and easy to use. Its graphical user interface is quite intuitive. Our tech team and store associates were able to get up to speed quickly.”

The Vertical solution rollout at Schnucks continued throughout 2006 and 2007. “The process went very smoothly. After configuring the first few systems, Vertical created a CD, which served as a software load reference in other locations. After a week of prep on the part of our IT team, we were able to install and bring up the system in about four hours,” said Mr. Stegeman.

While Vertical was present for the initial install, Schnucks was able to accomplish the roll out with mostly internal resources. “Using our own resources, we were able to considerably reduce installation costs. An outside vendor was on standby just in case we needed help with a line. We accomplished the install with minimal down time at the store and minimal disruption to our customers and store teams.

Results

Once the system was implemented, all Schnucks phone systems were on one platform. “For the first time, we could manage and maintain our systems from one location and without engaging expensive vendors for on-site work,” said Marty Stegeman. “We immediately realized a reduction in overall costs.”

There were other benefits as well.

As part of the base solution, Schnucks was able to implement the Auto Attendant feature. When customers called in they were able to choose which department they needed. If there was no answer, the system would send an automatic page to that specific department informing them that a call was waiting. Associates out on the floor could then get to customers on the phone and answer their questions. “You can imagine what this does for customer satisfaction,” Mr. Stegeman mused.

Schnucks also utilized the Interactive Voice Response (IVR) feature included in the Wave IP platform. “We wanted to improve

customer service in the very competitive market of pharmacies,” explained Mr. Stegeman. “We worked closely with our pharmacy vendor to ensure all of the right hooks were in the system. We partnered with Vertical staff members who did most of the programming.”

“Today our IVR system for the pharmacy is quite flexible and customer friendly,” said Stegeman. “Our customers even have the flexibility to schedule their own prescription pick up times.” Not only is the new IVR system more robust, it has helped to reduce costs. “Our original IVR was on a separate box with a separate vendor requiring significant yearly maintenance fees per store. Its functionality was limited and, it also was crashing quite a bit requiring costly repairs,” said Stegeman. “Now, we have eliminated a stand alone system and we are able to run this entire application with additional functionality on the same server that is running our phone system.”

With the Wave IP platform fully installed, Schnucks is looking to implement more features. “We are now looking forward to implementing SIP which has the potential to reduce our monthly phone bill while also taking full advantage of the business intelligence reporting that is built into the system,” he added.

“I can’t say enough good things about Vertical and its team,” Stegeman said. “They came to the table with a superior solution that met our needs for system integration and functionality at a reasonable cost. They were there with us for the initial installation and whenever we needed them including providing programming for the IVR system and training for our staff.”

“While we are finding that we rely on direct Vertical assistance less and less every day, we know that is a direct result of how simple it is to run the new system,” Stegeman offered. “I look forward to a long working relationship with Vertical.”

More and more businesses are recognizing phone systems as strategic business tools that, when deployed and utilized properly, can give any enterprise a competitive edge. Contact us today and find out how Vertical can connect your business to its most important competitive asset: confidence.

For more information on products and solutions from Vertical Communications, call 1-877-VERTICAL or visit our website at www.vertical.com

Corporate Headquarters

3940 Freedom Circle
Santa Clara, CA 95054
USA
Phone: (408) 404-1600
FAX: (408) 969-9601

Customer & Technical Support

4717 East Hilton Avenue,
Suite 400
Phoenix, AZ 85034
USA
Phone: (480) 374-8900
FAX: (480) 374-8852

Charlottesville

1180 Seminole Trail, Suite 150
Charlottesville, VA 22901
USA
Phone: 1-877-VERTICAL
(1-877-837-8422)
Select Option 0 for a Dial
by Name

Europe

Vertical Communications GmbH
EMEA Sales
Domagkstrasse 7
85551 Kirchheim, Germany
Phone: +49 89 90779460
Fax: +49 89 90779488

