



## MARK TWO

### UK DISTRIBUTOR USES SAP® SOFTWARE TO HELP RETAILERS BUILD WEB SALES

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**Steve Yates**, IT Manager,  
Mark Two Distributors Ltd.

#### QUICK FACTS

##### Company

- Name: Mark Two Distributors Ltd.
- Headquarters: Bolton, United Kingdom
- Industry: Wholesale distribution
- Products and services: Distribution of bathroom and kitchen products to large chains, independent retailers, and end consumers
- Revenue: £50 million (€56 million)
- Employees: 400
- Web site: [www.marktwo.co.uk](http://www.marktwo.co.uk)
- Implementation partner: Chelford SAP Solutions Ltd.

##### Challenges and Opportunities

- Increase sales by helping retail customers strengthen their brands and expand into new product areas
- Enable retail customers to benefit from multichannel sales
- Improve efficiency and flexibility of home delivery processes
- Create and sustain a competitive advantage in the marketplace

##### Objectives

- Create simple, user-friendly Web sites consumers can use to buy products and set up delivery
- Reduce product returns and call-center volumes
- Provide an e-commerce portal for independent retailers
- Improve customer satisfaction

##### SAP® Solutions and Services

- SAP® Business All-in-One solution
- SAP NetWeaver® technology platform

##### Implementation Highlights

- Handled all development and deployment activities in-house
- Required approximately 2½ full-time equivalents
- Maintained focus on business objectives

##### Why SAP

- Positive earlier experience using SAP software to support core business processes
- Ease of integration with SAP applications supporting warehousing, distribution, finance, and reporting
- Power and flexibility of the development tools in SAP NetWeaver

##### Benefits

- Boosted sales by helping large retailers offer new product lines
- Reduced costs by streamlining delivery processes, reducing volume of returns, and meeting or exceeding expectations of end consumers
- Attracted new business by showcasing enhanced service offering
- Leveraged outstanding service to create a substantial barrier of entry for would-be competitors

##### Existing Environment

Custom-built and third-party applications

##### Third-Party Integration

- Database: Microsoft SQL
- Hardware: Dell
- Operating system: Windows Server

“Selling bathrooms and kitchens on the Internet is quite a challenge,” says Alan Howe, commercial director at Mark Two Distributors Ltd. “But we find that consumers are increasingly comfortable with online sales, and it’s our job to help our retail customers take advantage of this channel.” As part of the effort to help customers leverage the power of e-commerce, Mark Two has been developing innovative Web sites using an SAP® Business All-in-One solution.

Mark Two is one of the United Kingdom’s leading distributors of kitchen and bathroom products. With a lean workforce of only 400 employees, the Bolton-based company serves major retail chains as well as thousands of smaller, independent stores. Supplying everything from bathtubs to brassware to bidets – as well as kitchen cabinets, sinks, and faucets – the company currently offers a dizzying range of some 20,000 products. “Whatever it is,” says Louisa Roberts, trading manager at Mark Two, “if it’s found in the bathroom or kitchen, chances are we supply it.” To keep products flowing toward retail shelves, Mark Two maintains close relationships with suppliers while also managing a network of warehouses, logistic services, and call centers.

### Helping Customers Build Their Brands

Building on the overall success of its wholesale distribution business, Mark Two recently identified a significant opportunity to improve service and boost sales. The company observed that many of its retail customers were somewhat slow to offer kitchen and bathroom products online. “The challenge for our

retailers is that when they have customers in their showrooms, they have to capture them right then and there,” says Howe. “If they don’t, the customers will leap out of the store and go to the Internet.”

However, despite the growing consumer acceptance of Internet sales, selling bathroom and kitchen products online can be tricky. Unlike when purchasing sweaters, books, and DVDs, consumers often need guidance when purchasing a shower enclosure, kitchen cabinet, or faucet. They also want products that are readily available – with no annoying stock shortages – and a hassle-free delivery experience.

To satisfy these requirements and to help its retail customers embrace multi-channel sales, Mark Two developed custom-designed Web sites using an SAP Business All-in-One solution. Powered by the SAP NetWeaver® technology platform, SAP Business All-in-One solutions provide midsize companies with the functionality they need to streamline and enhance operational excellence, business agility, and customer service. Some years earlier, Mark Two had implemented a prior release of the solution

to support its supply chain, logistics, warehousing, and financials processes. Having had a positive experience integrating and automating these activities, the company decided to use the development tools in SAP NetWeaver to create innovative Web sites for its customers. “With SAP technology we can build our own e-commerce applications without having to go outside the SAP environment,” says Steve Yates, IT manager for Mark Two. “We don’t have to use any third-party products, and we can just remove all of the integration headaches and complications.”

### Bringing the Site into Sight

With support from SAP channel partner Chelford SAP Solutions Ltd., Yates and his IT group were able to develop the first Web site using only two IT experts. Yates notes that in addition to the efficiency and efficacy of the SAP NetWeaver tool set, the project succeeded because his IT team focused on business issues first, technology second. “We make sure our techs know the business we’re in,” he says, “and when Mark Two asks us to support new processes, our IT people understand what business leaders want.”

What Mark Two’s business leaders wanted, as it turns out, was a series of microsites – independent e-commerce portals that could be bolted to a retailer’s existing Web presence. While maintaining the look and feel of the parent site, the microsites are developed, supported, and managed by Mark Two. “If customers click through to bathroom or kitchen products, they arrive at our location,” says Howe. “When they buy, they’re buying from us. So we’re basically



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renting our retail customers' brand and paying them a commission for the privilege.” The microsites are designed to make a somewhat daunting shopping experience as intuitive as possible for consumers. In addition to viewing product images and descriptions, would-be buyers can get accurate data about product availability, request expert help via e-mail or phone, sign up for flexible delivery options, or track existing orders in near-real time.

### Homing in on Home Delivery

As part of the push to improve the online buying experience, Mark Two concluded that it needed to fix the problems associated with home delivery – a process that bedeviled many of the company's

relinquish. This represented quite a shift for a wholesale distribution company whose core strengths lie in importing and delivering bulk shipments to regional locations. But with help from Steve Yates and his IT team, Mark Two adapted its wholesale processes to suit the needs of individual consumers. “Using the Internet and the level of integration we can build with SAP technology, we developed a far superior delivery mechanism,” he says.

Using the Web sites, consumers can now request highly specific delivery times and dates. They can also track the status of their orders and make changes if necessary. In addition, because SAP Business All-in-One supports the use of handheld mobile devices, Mark Two's

generating substantial benefits for both the company and its retailers. Howe notes that the company's e-commerce approach has proven so successful that it's attracting new business. “We've become so well known in the marketplace that other large retailers are making approaches,” he says. “That's a testimony to the service we're giving to our existing customers.”

As part of the drive to uncover new business, Mark Two has built microsites for two somewhat unlikely customers: a major fashion retailer and a leading grocery chain. Both are delighted to embrace a new revenue opportunity by adding bathrooms and kitchens to their traditional product lineups. “SAP technology enables us to give new customers microsites that we run for them completely,” says Roberts. “We decide what products to list and what terms to offer. It has been a very successful experiment for all of us.”

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Alan Howe, Commercial Director, Mark Two Distributors Ltd.

retail clients. “Consumers traditionally have a very low level of expectation when it comes to delivery,” says Roberts. “They're frustrated by missed deadlines, incorrect shipments, and the need to sit at home for hours on delivery day. So we decided to create a better experience.”

To create a better delivery experience, Mark Two decided to offer home delivery services using its own trucks and technicians – taking on a task that many of its retail customers were happy to

logistics managers are able to view current, accurate information on home deliveries, which now number almost 1,000 per day. “We know within five minutes of a delivery being made if there's a problem,” says Yates, “and we can actually contact customers before they can ring us up and complain.”

### Reaping the Benefits

The microsites that Mark Two has developed for its retail customers are

The microsites also help Mark Two operate more efficiently and reduce costs. Consumers who buy through the site tend to be satisfied with their selection, price, and service. “It's a much more efficient operation,” says Howe. “We get fewer calls to our call centers, and we're getting far fewer returns.” Another invaluable benefit is the company's ability to differentiate itself in the marketplace. “Competitors who think they can do a better job have a big hurdle to leap,” says Howe. “Not only does this help us maintain a competitive edge, it allows us to charge a premium for the improved services we offer.”

## Looking Ahead

Building on the success of its consumer-oriented Web sites, Mark Two has launched a business-to-business portal to serve its independent retailers. Designed for busy store owners who have limited access to technology, the site helps customers track sales, generate reports, order product literature, and monitor credit status. Howe, Roberts, and other Mark Two business leaders are currently studying ways to generate additional value using the sites. One example: aggregating small business owners into an affinity group that could qualify for superior credit terms and conditions.

Mark Two's innovations have not gone unnoticed in the UK business community. The company recently won the prestigious National Customer Service Award, which recognizes the impact of outstanding customer service on the

customer and the business. Winning for the best use of technology in customer service, Mark Two was the only midsize company among four finalists, and it was up against some formidable corporate titans.

Despite the outcome of the awards ceremony, Mark Two is far more focused on delighting its customers than on winning prizes. "We're not really short of ideas," says Howe. "We're really good at blue-skying. Some of them may be off the wall but some have legs, and SAP Business All-in-One helps us run with them."



## Implementation Partner

With more than 20 years of experience in delivering IT consulting, maintenance, and support services and with over 60 customers across various business sectors, Chelford SAP Solutions is the most successful supplier of SAP-based solutions to midsize companies in the United Kingdom and Ireland.

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