



# **BEST BUY IT STRATEGIC PLAN**

**2020-2023**

## **GROUP MEMBERS**

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## Overview

Best Buy Co., Inc. (NASDAQ: BBY) together with its subsidiaries is one of the world's leading provider of technology products, services and solutions. The company claims that it offers expert service at an unbeatable price more than 1.5 billion times a year to its consumers. The company has operations in the U.S., where more than 70 percent of the population lives within 15 minutes of a Best Buy store, as well as in Canada and Mexico. Best Buy has an online and a physical presence in all these 3 countries. It controls retail stores and websites under 11 brand names: Best Buy, Five Star Appliances, Future Shop, Geek Squad, Magnolia Audio Video, The Carphone Warehouse, Best Buy Mobile, Audio visions, Napster, Pacific Sales and Speakeasy. Its stores sell a variety of electronic gadgets, movies, music, computers, mobile phones, and appliances. On the services side, it offers installation and maintenance, technical support and subscriptions for mobile phone and Internet services.

For years, Best Buy has outshined other companies in the consumer electronics niche. The reliability and dependability of the services that the company offers to its clients have gained unprecedented favor from its client. The stability of the company since 1966 is the evidence that it has come of age as one of the top companies with influence in the U.S, Canada, Mexico, and other global markets.

All this success is directly linked to the mission and vision statement of Best Buy that highly values the satisfaction of customers while at the same time stamping its influence in the market through unique differentiated customer services. It emphasizes on the difference the company makes in the life of its customers through services well above the ordinary ones. Best Buy is a company that has a reputation when it comes to how it enforces and maintains its core values.



## Executive Summary

As we move into 2020, newer technologies are being leveraged across the globe. At a pace faster than ever, we are moving towards a future where lines between human and technology is imprecise. The Best Buy recognizes this shift in momentum, and plans to ride this shift to success by doing its part.

Best Buy works hard every day to enrich the lives of consumers through technology, whether they come to them online, visit their stores or invite them into their homes. They do this by solving technology problems and addressing key human needs across a range of areas, including productivity, communication, security and health.

Best Buy plans to follow this IT Strategy for the coming years to help make Best Buy synonymous to their slogan "Expert Service. Unbeatable Price."

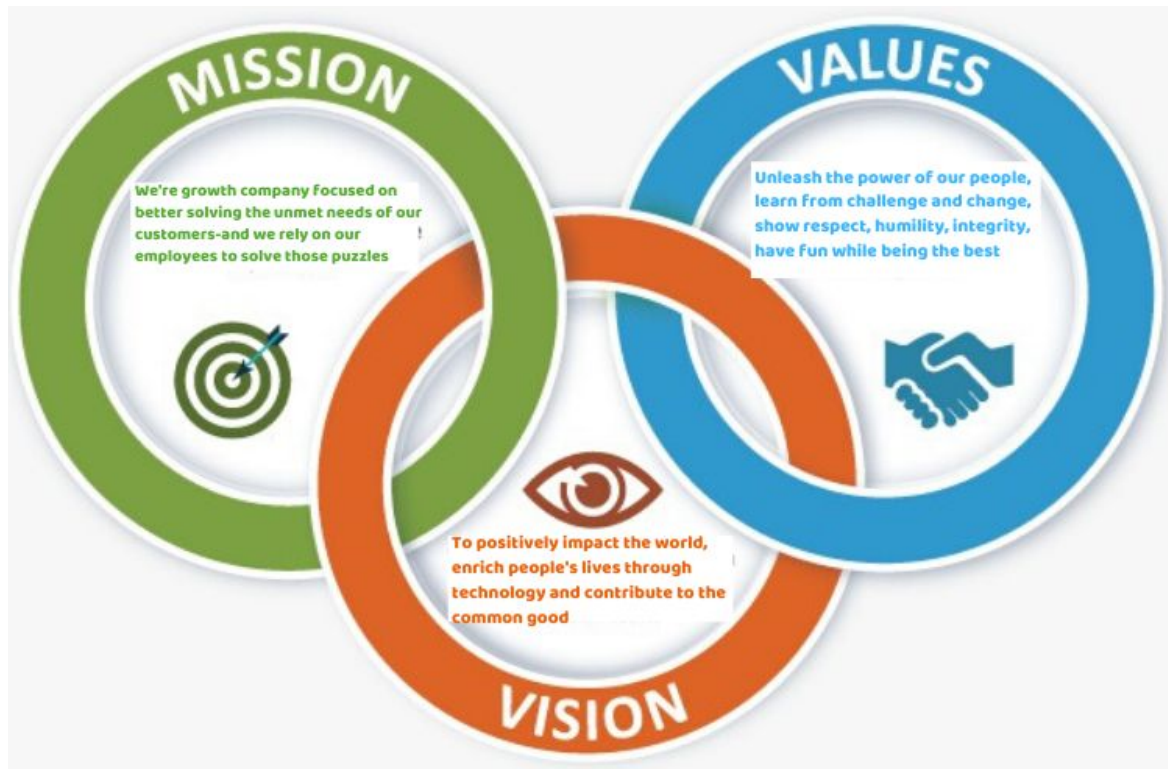
The Best Buy IT Strategy 2020-2023 document defines the vision and future roadmap that will move the Best Buy to achieve its New Blue Strategy. This is a follow up of the "Renew Blue transformation" which was about improving the customer experience and fixing what was broken.

In FY20, Best Buy priorities include increasing Total Tech Support member base, growing Health business and continuing to expand In-Home Advisor program. Best Buy will also continue to innovate and design multi-channel experiences across website, app and other channels in ways that enhance the experience across online and physical shopping and continue with supply chain transformation, using automation and process improvements to expand fulfillment options, increase delivery speed and improve delivery and installation. In addition, as has been the brand over the last several years, Best Buy will keep driving cost reductions and efficiencies throughout the business.

These strategies should be reviewed after 2 years, their impact on the business should be measured and changes must be made in the document, according to new scenarios.



## Best Buy Mission, Vision and Values



### Business Mission

Best Buy's mission statement is "We're a growth company focused on better solving the unmet needs of our customers—and we rely on our employees to solve those puzzles."

### Business Vision

Best Buy's vision statement is "To positively impact the world, enrich people's lives through technology and contribute to the common good."

### Business Values



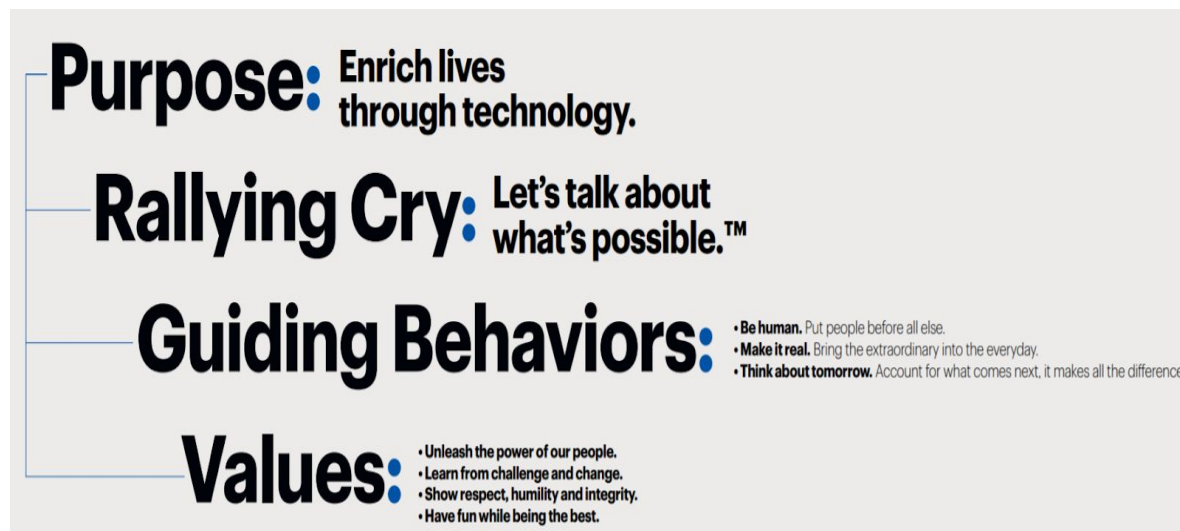
Best Buy's core values include "Unleash the power of our people, learn from challenge and change, show respect, humility, integrity, have fun while being the best."

## Business Strategy

For more than 50 years, Best Buy has been a purposeful, value-driven, human organization. It is dedicated to serving their customers, employees, vendors, shareholders and communities in which it operates. At Best Buy, they do well by doing good, in every decision, every day.

Best Buy has launched a new Geek Squad offering called Total Tech support. This 24/7 online facility provides support for all of the customers' technology irrespective of where or when they bought it. They have also expanded their In-House Advisor program which provides free in-home consultations and help customers in figuring out the right technology solutions.

Best Buy aims to build on accomplishments and enhance the growth of the company by helping customers pursue their passions that enrich customer's lives with the help of technology. It has come up with a pilot service called Assured Living service that helps customers check on the well-being and safety of their aging parents. In this way they are building deeper relationships with their customers, increasing innovative vendor collaboration and leveraging leading edge technology to provide products and services.



## Business Model

Best Buy was traditionally a brick and mortar shop selling electronic products. It has gone through a massive transformation of its business model in the last decade from being a traditional shop selling electronic products to a company transforming its business model to adapt to new realities in the marketplace, where competition is strong. After the invasion of electronic commerce platforms, Best Buy's most important assets—location and scale—turned into liabilities. In what has come to be known as “show-rooming,” customers did their window-shopping at Best Buy and their actual shopping at the other ecommerce platforms which offered better price deals than Best Buy.

“Renew Blue Strategy” changed the game. Best Buy anticipated changes before they occurred and led the way with innovative products and services. The company made significant strides in improving the customer store experience, being more price competitive, and having a really good online capability. The introduction of matching prices policy helped Best Buy capitalize again on the benefits of scale and location. This was helped by a push in certain states to have on-line retailers collect taxes, narrowing the gap between on-line and in-store sales. Then too, there was the use of stores as both warehouses and pick-up places to speed up delivery for on-line shoppers. Best Buy also expanded product offerings in each store location to catch up with emerging trends in consumer electronics like home theaters, computing, health



technology solutions and Assured Living. The inception of concept “stores-within-stores” with technology giants like Samsung, Google and Microsoft opening up in Best Buy stores—in essence shifted the cost of show-rooming to these manufacturers. This business model allowed the two sides to share the risks and rewards of getting closer to the customer. The company continues to reap the synergies associated with increased customer traffic — and the efficient and effective deployment of its Geek Squad to customers who buy flat panel TVs and other accessories that need installation services.

In terms of financial aspect , Best Buy made over \$42 billion in revenues and \$1.9 billion in operating income in 2019, the highest operating results since 2011, when the company started to lose ground.

## **IT Assessment**

### **Corporate Structure**

Best Buy is structured in a way that information travels from top to bottom. The CEO passes information to company executives in which at this point information flow to the 3 main sub-organizations. The 3 sub organizations have their own management team headed by middle management that connects top level management to regional managers. There are over 40 regions, each of which consist of districts. These districts each has its own district manager that report to the regional manager. There are over 20 stores headed by General Manager in each district. Each store’s department are overseen by a supervisor who answers to General Manager. Best Buy has a good structure that allows communication from top to bottom through company designed communication channels. The company develops a list of objectives, goals and duties, which employees must accomplish. Best Buy’s chain of command is clear and easy to understand.

### **IS/IT Team**





Best Buy has a reputation for having one of the best IT departments. Best Buy's IT team leverages latest cloud technologies and runs its best-of-breed applications on hybrid cloud and have IT governance in place for all these applications. It also leverages the entire suite of Amazon data products, and even encourages programmers to experiment with new technologies. And Best Buy also develops and delivers segmentation, advanced statistical, and mathematical models to support personalization and insights within the organization that lead to fact-based decision making. Best Buy works on Standardizing and automating the setup of environments using Infrastructure-as-Code.

Keeping in mind Best Buy's mission to provide unmet needs of customer it collaborates with key customers to understand unmet analytics needs, develop requirements, prioritize features, translate to plans, and represent the voice of the customer in all planning and development discussions and decisions.

Thus, Best Buy IT department has the opportunity to work with cutting-edge technology that constantly evolves to compete in the ever-changing customer electronics market and creating more things that no other company has.

## SWOT Analysis

### Strengths:

Best Buy's core heart strength is in Total Tech Support that gives unlimited support for all tech and appliances, no matter from where the user has made a purchase. They are available for any assistance in the store, over the phone and 24\*7 online. They are designated to answer all questions and help the customer to using their device. Also its smarter technologies like Assured Living helps in giving real time alerts which serve as a good caring option for family members especially in case of aging parents. With technology digging deeper in the health sector, Best Buy is using certain algorithms to track how a person is walking and predict the risk of falling. Best Buy has good working relations with stellar companies like Apple, Microsoft, Samsung etc as they have their mini stores within Best Buy's store thereby highlighting the store-within-store concept. These strength definitely helps Best Buy in holding off increasing competition from other players.





### **Weakness:**

In today's world where people opt more easy services with bloom of internet, Best Buy is still using its huge blue box concept. As a result it is having overhead cost due to giant stores maintenance. It largely depends on credit supplies-Most items bought are paid after they are sold and sometimes they end up paying for obsolete goods.

The brand is not popular outside the USA. This is a major weakness for Best Buy as its products are popular only in and around the USA. Also the company faces tough competition in the consumer durable category. This electronics retailer has a lot of real estate in its giant blue stores, but it isn't profitable space.

### **Opportunities:**

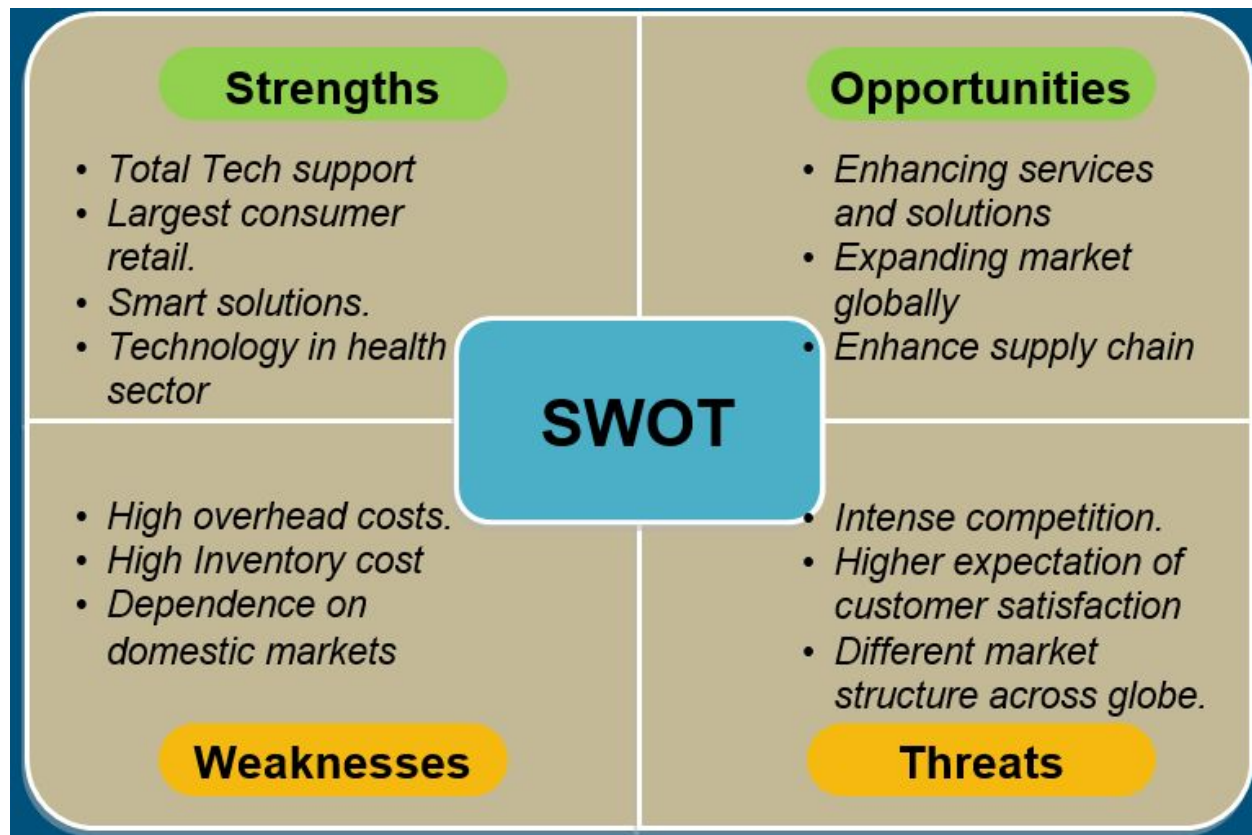
Due to advancements in technology, the computer and electronics retail sector is growing and Best Buy will be in a good position to increase its sales volumes. Over the past years the company has invested ample amount of money on online platform. These investments have opened the gates for new sales channel for Best Buy. In the coming years, the company can leverage this opportunity by understanding its customer better and serving their needs using big data analytics. Additionally, due to a high market growth rate, Best Buy has the opportunity to put up new stores in emerging economies. The company can have global visibility by penetrating into the emerging economies so that it can be visible in the international market. This will provide an opportunity to increase their sales and reach a larger consumer base across the globe..

### **Threats:**

Emergence of new technologies developed by the competitor or market disruptor could be a serious threat to the industry which will intensify the competition. Price is of great importance to most customers, price transparency and comparability continues to increase particularly as a result of digital technology. Further, customers are increasingly seeking faster, guaranteed delivery times, and low-price or free shipping which adds to the basis of competition. Also with increased availability of digital content distributors and online



resources for movies and music streaming such as (iTunes and Netflix), there is a possible threat imposed on Best buy.



## IT Mission:

To use innovative technologies and digital advances to integrate IT deeply at all the levels of company and to provide best of the services and experience to our customers.



## IT Vision:

To deliver exceptional services with added convenience, by building on our strengths and reaching customers across the globe.

## IT Strategy:

### Goals

#### Goal 1: Exemplary Customer service Experience

##### **Objective 1.1: Create an engaging digital experience by providing options like 'Try before you Use'**

Many people do not prefer online shopping because they want to actually see the product or test it before buying. Though in today's time, companies are riding on a wave of strong internet penetration across the country, and people are beginning to shed their inhibitions about online shopping, this is one of the challenges faced by e-commerce companies when it comes to shopping online. To overcome this hurdle of the lack of the 'touch and feel' factor that remains in the minds of consumers, Best Buy can adopt the policy of try before Purchase. The customer can order the product online and select the option of trying without buying. By this approach, customers will be given the opportunity to test the products first and then make a decision to buy it.

##### **Objective 1.2: Leverage data gathered through customer feedback for informed decision making**

Best Buy can set up Analytics Research Department to get the real time customer feedback for its services like installation, delivery etc.

Data analytics is the field that analyzes data sets and draws conclusions using the information that they provide. It's a growing strategy that's used in a variety of industries, from finance to healthcare. Data Analytics is a vast and evolving field with new techniques evolving every day. Best Buy will setup a research department with knowledgeable employees, who will analyze the data gathered through customer feedback surveys to find



new and innovative ways to address customer issues for a wide variety of issues in real-time using technologies like hadoop and big data. A responsive and innovative IT analytics team will meet business needs and enhances the end-user experience.

### **Objective 1.2: Leverage data gathered through huge customer base for informed decision making**

Like any other retail firm , some of the key challenges that Best Buy is facing are improving customer conversion rates, personalizing marketing campaigns to increase revenue, predicting and avoiding customer churn, and lowering customer acquisition costs. These can be tackled with deeper, data-driven insights on the customer.As Best Buy has huge customer base , this enormous amount of data can be collated and analyzed for informed decision making.Best Buy can incorporate Behaviour analytics for recognizing high value customers, their motives behind the purchase, their buying patterns behaviours, and which are the best channels to market to them and when. Having these detailed insights increases the probability of customer acquisition and perhaps drive their loyalty towards you.

### **Objective 1.3: Using Big Data and Predictive Analytics to personalize IN STORE Experience**

Due to substantial increase in online shopping platforms,a new shopping format has emerged whereby the consumer physically research the desired products in-store and then go ahead and purchase it online and this is one of the major concerns that Best Buy is facing currently. To overcome this problem, Best Buy can incorporate the use of people tracking technology across all its channel like websites,mobile apps,Point-of-sale systems,Supply Chain Systems, In store sensors etc. Insights obtained by collecting the data through these various channels can be leveraged to personalize the in-store experience. These insights can help increase promotional effectiveness, drive cross-selling,drive loyalty by giving offers to incentivise frequent consumers to make more purchases thereby achieving higher sales across all channels.These personalized in store services are especially useful to drive impulsive purchases.

**Objective 1.4: Incorporating One Click Order functionality**

One Click Order feature would help enhance customer experience by providing ease of use for purchase as well as return of a product. This feature would be automatically enabled when you place your first order and enter a shipping address and payment method. When choosing One-Click ordering, customer would have 30 minutes in which they can change their mind about the purchase. After that, the product is automatically charged via your payment method and shipped to your address.

**Objective 1.5: Amalgamation of Beacon Technology**

Beacons are devices that use low-energy Bluetooth connections to automatically send push notifications directly to shoppers' smartphones once they appear in the coverage area.

Customers are notified about shares, discounts, and offers in real-time, making them more likely to enter a store and make a purchase. As beacons are small, they can be easily attached to walls, counters, and other places.

Best Buy can use beacons to enhance customer in-store navigation, sending push messages, and collecting customer data. Coupled with mobile apps, Beacons can be used to increase customer loyalty and boost sales. Through beacon technology, Best Buy can easily reach their audience and provide an engaging experience.



### **Objective 1.3: Use customer data to provide product recommendations and promotions**

Best Buy has huge customer database. They can leverage this data using techniques like web mining and text mining . And taking out data like special days of customer like birthdays and anniversaries of their spouse and special ones, can offer them promotions and discounts specific to products that are of interest to them depending on their past purchase history.They can pop up to them some special tailored ads and promotions.

## **Goal 2: Build capabilities while maintaining profitability over time**

### **Objective 2.1: Enhance Supply Chain transformations using automation and process improvements (IOT)**

By using “Logistics System Integrator(LSI)” Best Buy will continue to enhance its supply chain transformation initiatives using automation and process improvements.With the inception of LSI, Best Buy’s warehouse workers who walk seven to eight miles per day retrieving and packing products can now stand in place while the bins and robots move around the facilities.These LSI’s would help expand fulfillment options, increase product delivery speed which in turn would enhance our supply chain transformation initiatives.

### **Objective 2.2: Improve Efficiencies and reduce cost**

Currently Best Buy is using Periodic Inventory System to control their inventory which involves human involvement to count the inventory and place the order. Manual efforts involve more cost and is erroneous. Also in these systems, the inventory is updated at fixed intervals and not continuously which is not a good practice for this highly demanding business environment.

By using Continuous Inventory System , BestBuy would be able to reduce the human cost since we could leverage software for this purpose. Adoption of this cutting edge technology would help increase efficiency by maintaining up to date inventory. The implementation of these technologies will involve initial cost investment but in the long term it would help reduce costs incurred on manual labor.



### **Objective 2.3: Use Predictive Analytics and Big Data to implement anticipatory shipping model**

In this competitive environment , customers will shop elsewhere unless your products are delivered quickly. Best Buy can implement anticipatory shipping model to expedite its delivery process .Anticipatory model basically uses big data for predicting the products customers are likely to purchase, when they may buy them and where they might need these products. The items are sent to a local distribution center or warehouse so they will be ready for shipping once you order them. This model uses predictive analytics and can be used to increase product sales and profit margins while decreasing its delivery time and overall expenses.

### **Goal 3: To penetrate into emerging economies and creating global visibility**

#### **Objective 3.1: Establish wholesale stores across other countries**

Best Buy should enter other countries as a Wholesale chain rather than Retail. It failed in countries like China and the UK because the market over there behaves differently from US market.

Entering in other countries as wholesale will help Best buy maintain low cost warehouses without spending in upscale retail showrooms ,maintaining parking areas in city areas. The developing countries are still more towards making purchase from small shops and do not prefer going very far off the location to make purchase. Thus this way will help Best Buy realizing the market structure without losing big money, and also gaining hold on international market gradually.

#### **Objective 3.2: Online websites specific to country**

Best Buy should focus its attention towards online selling to achieve its goal of expanding globally rather than investing in brick and mortar stores at first stage. Growth in online retail could open up new distribution channels that could help Best Buy to hold its control over market and bypass traditional retailers providing the customer an easy way of selecting and purchasing their electronic needs.





## **Goal 4: Devise Robust and Reliable IT Department**

### **Objective 4.1: Recruit Strong IT Professionals**

Identify weak points of the IT department and take steps to come up with a solution towards strengthening the IT department. Recruiting IT professionals having talent, passion, attitude and aptitude to provide best services to our customers. As we plan to expand BEST BUY globally, IT team should be centralized but have its presence globally so that they can have the best talent from across the globe and serve customers better. Also with the global IT department presence we can have good Business Continuity Plan in place for the IT department.

### **Objective 4.2: Improve Training Policies and Systems**

Customers just don't come to Best Buy to purchase latest tech. They also come for the knowledgeable employees at Best Buy who can provide them expert service to help find the right products and solutions that meet their needs. Currently Best Buy is using training culture to provide training to its employees. As automation and robotics improve, the demand for globalization increases and the organization's competitive advantage will be in the application of its collective knowledge and expertise, not in how many excellent courses it offers. So Best Buy should try to imbibe learning culture rather than training culture by using e- learning platforms and social networking sites like Yammer and others.

## **Performance Measures**

Performance measures are an important part of the process in determining the success of IT strategy. Performance measurement systems help executives to monitor progress towards the defined goals. This can be achieved by defining milestones like the completion of task or project by a certain date. We should keep check that measures include the latest data and are reported promptly within the company so that they can be used as a source of feedback on the efforts and an early warning system for problems.

Though increase in revenue is considered the primary key measure, Customer Satisfaction is more important for Best Buy. Customer Satisfaction is one of the core values in Best Buy and is at the centre of its philosophy.



## Conclusion

Thus, the above mentioned strategies are to be implemented and their results should be measured keeping in mind the points for performance measurement. The document should be reviewed and revised after every 2 years.

