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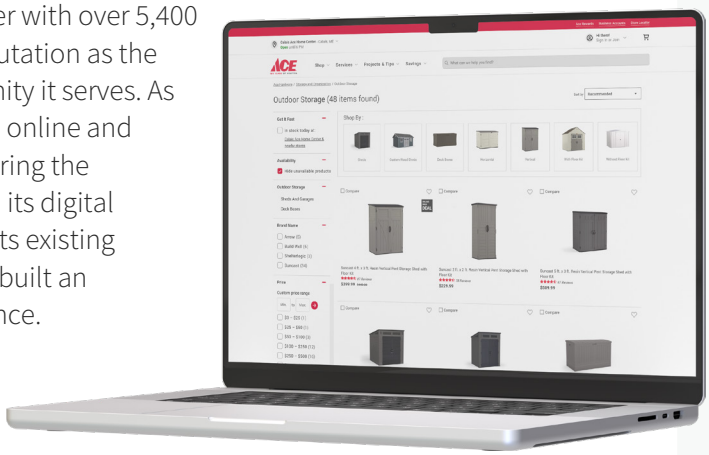
ACE Hardware

CASE STUDY

How Ace Hardware Scaled it's Award-Winning Omnichannel Experience

COMPANY OVERVIEW

Ace Hardware, an international retailer with over 5,400 locations worldwide, maintains a reputation as the local hardware store in each community it serves. As customer demand for fully integrated online and offline shopping experiences grew during the pandemic, Ace Hardware accelerated its digital transformation to respond. Through its existing partnership with Kibo, Ace Hardware built an award-winning omnichannel experience.



THE CHALLENGE

Ace Hardware faces a unique challenge stemming from its franchise business model and the need to seamlessly connect its online and offline customer experiences. As a franchise-based model, Ace Hardware operates through a network of independently owned stores, each with its own customer base, pricing, and promotions. The decentralized structure can lead to inconsistencies in service, product availability, and pricing. Moreover, the retailer's customers expect a cohesive and integrated shopping experience where online interactions translate to offline visits and vice versa. Balancing franchisee autonomy with overall business objectives while delivering an effective omnichannel experience poses a complex task for Ace Hardware.

> **We wouldn't be where we are today in this growing, strategically important business –digital at Ace –without ourpartners. I look at Kibo; It's important to where we've been and where we're going.**
>
> *Bill Kiss*
> *SVP, CMO & Head of Omnichannel at Ace Hardware*

THE SOLUTION

Since migrating to Kibo Order Management and eCommerce architected on AWS in 2019, Ace Hardware has been able to strike a balance between corporate and franchisee success while delivering seamless omnichannel experiences at scale. Franchisees have the autonomy to control store-level pricing and promotions online, while corporate Ace Hardware maintains control over the digital customer experience to ensure consistent shopping journeys, product offerings, and customer service.

KIBO

Hyper-Localized Experiences at Scale

Ace Hardware provides a localized online shopping experience for each visitor, allowing franchise owners to customize and manage local store information across 5,400+ locations.

Delivering store-specific data in milliseconds such as:

- **Store-level product pricing and promotions** are determined by individual franchise owners and shown online using customers' geolocation. Corporate Ace also uses use price-list hierarchies to temporarily override location-level pricing during national promotions.
- **"Available at your store inventory"** in stock is delivered in real-time on the site in search filters and on product detail pages. Ace corporate creates an endless aisle by also showing inventory not carried in stores.
- **Visible fulfillment times for in-store or ship to home** allow customers to choose from, or mix, fulfillment options, and stores can offer add-on services their location offers like "assembly before pick-up."

Balancing the Customer Experience and Costs

Kibo Order Management supports Ace Hardware's complex distribution model through inventory visibility, advanced order routing, and fulfillment optimization.

Ace optimizes store fulfillment costs by:

- **Reserving inventory in cart** to remedy the low inventory items carried by stores, such as lawn equipment, to ensure products are available at checkout. On BOPIS orders, the inventory is checked up to 10 times in realtime throughout the checkout process.
- **Leveraging stores as fulfillment centers** by allowing customers to select store pickup, curbside pickup, or delivery. If an item is not carried ata local store, Ace will drop ship from the corporate warehouse to the store and split the sales attribution to encourage in-store traffic.
- **Optimizing distribution costs through intelligent routing** by updating order routes every Monday using data like carrier cost and distribution schedules for store replenishment shipments

338% increase in revenue over 3 years

32% increase in average order value in 2022

Processed 40k online orders on Black Friday 2022

87% decrease in Avg. Hours to Fulfill BOPIS Order in 1 Year

RESULTS

After adopting Kibo eCommerce and Order Management solutions, Ace Hardware successfully attained omnichannel scalability. Ace can effortlessly process online orders from over 5,400 stores. Moreover, the platform extends store-level information, promptly updating search, category, and product pages from 5,000+ locations and **1.2 billion unique product pricing records** without compromising system performance—ensuring a seamless omnichannel shopping experience.