

High Value Goods Tracking for Retailers with the Retail Integration Framework



Highlights

- ***Provides item-level visibility across the supply chain***
- ***Helps businesses realize fewer stock-outs and reduce overages***
- ***Enhances customer loyalty and improves the shopping experience from store entry to checkout***
- ***Improves labor productivity, allowing store staff to focus on customers***

The Cost of Inaccurate or untimely Inventory Information

Accurate and timely visibility of inventory is critical to the operations and profitability of retailers who are well aware of the costs of inaccurate or less than timely inventory information. Studies indicate that “perpetual inventory” figures are frequently incorrect as often as 65% of the time, which has a negative effect on the inventory management and replenishment order decisions which they feed.

Incorrect inventory can also directly affect customer satisfaction. Shoppers can be very unforgiving and, in a highly competitive market, if one item is missing on their list they will “drop their basket” and shop somewhere else. This results in not only a lost sale but also the loss of customer loyalty and potential for brand erosion.

Retailers also need to factor in the cost of store associates having to do “hunt-and-pick” shelf management - which means too much time in the backroom searching inventory and not enough time spent in front of customers.

Delivering Item level knowledge with RFID/Sensor technology

Based on RFID technology, high value goods tracking has changed the paradigm from batch and SKU-level management to item management. Retailers now have the potential to always know to know the location and levels of their inventory.

This type of tracking picks up timely demand signals from customers and channels and ensures that the right product is made available in the right quantity, at the right location, and at the right time. Although it might be impractical to track bulk goods or commodity products at the item level, retailers are finding it increasingly valuable to track high-value and high-margin products by the item

The Retail Integration Framework

The IBM high value goods tracking solution is based on The IBM Retail Integration Framework which implements a Service Oriented Architecture that enables you to reuse existing assets and build new tools and applications more quickly and at a lower cost. IBM WebSphere Sensor Events is a key component of this platform.

By enabling businesses to place an RFID tag on every item produced or to be sold, this solution gives manufacturers, distributors and retailers the ability to follow each product across the supply chain from production, through shipping, to stocking and to the point of transaction. By ensuring that products are on the shelf when the customer is ready to buy, high value goods tracking solutions can help bring greater profitability to retailers.

METRO Group

Retail challenge

Fact: Promotional items are out of stock 20% of the time in the Retail industry. Metro wanted to provide suppliers with visibility into the whereabouts of items targeted for special promotions such as advertising campaigns or tie-ins to sporting events or movies.

Getting Hot Items on the Shelves

The tracking process begins with the supplier, which tags items prior to shipping. The supplier can then track items through shipping, arrival at METRO Group distribution centers, and delivery -- right to the shelves of individual retail stores. The supplier can determine whether an item that is part of a special promotion is on the shelves of the right store at the right time, and they can take corrective actions if items are not where they should be.

Cost savings and other benefits

High value goods tracking helps drive costs down. It results in better inventory accuracy and on-time ordering because store managers can be automatically alerted when an inventory item needs to be reordered – or replenished on the shelf. Associates always know where items are located in the store via automated data capture. A shipper can receive last-minute docking center order updates based on a dynamic sales forecast. Store managers know what's on the shelf, what's in the storeroom and what's on order. This knowledge can help reduce inventory holdings up to 30%.

With high value goods tracking, businesses can experience fewer stock-outs, reduce overages, and generate loyalty and appreciation by meeting customers' needs. A store associate can immediately tell a customer if the store has the inventory being requesting.

The solution can improve store-level inventory visibility and out-of-stocks by reducing cycle count time from days to minutes and by increasing cycle counting accuracy to greater than 99%.

It reduces the rigors and errors of manual processes and drives shelf-level management. And, more obviously, it replaces manual or paper-based processes in planning, docking centers, backrooms and on the sales floor. Labor costs can be lowered by 5-40%, depending on current business processes.

On the security side, item-level tracking can help reduce shoplifting and sweethearting by tracking items as they leave the store and identifying whether or not they have been transacted on, while at the same time speeding checkout. Shrinkage can be lowered by 5-30%.

To Learn More

To learn more about how the IBM Retail Integration Framework enables Smarter Merchandising and Supply Chain Solutions for Retail, contact your IBM representative or IBM Business Partner, or visit ibm.com/software/industry/frameworks/retail.html



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