

# IN-Store

*insights from global retailers*

*Summer 2012*

A woman with long dark hair, wearing a light-colored blouse with dark polka dots, is looking down at a small perfume bottle she is holding. She is in a retail store, with shelves of other perfume bottles visible in the foreground. She has a bright pink shopping bag and a white shopping bag hanging from her arm. The background is a blurred view of a modern retail space with bright lighting and green accents.

*in this issue...*  
**VICS/Macy's, Frost & Sullivan, IDC Retail Insights, Reflexis, IHL Group, Grupo Éxito, Courts Singapore**

# IN-Store

*insights from global retailers*

We hope you have enjoyed reading this issue of In-Store, featuring insights from global retailers. We welcome your comments or suggestions on future stories by emailing [InStore@tycoint.com](mailto:InStore@tycoint.com).

If you have questions on any of the technologies discussed in this issue, by region, please visit <http://www.sensormatic.com/whoweare/Contactus.aspx> or contact the following regional marketing representative:

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*Welcome to a new edition of In-Store featuring the latest trends, news and insights from global retailers. This issue spotlights leading retailers from a variety of vertical markets in North America, Latin America and Asia. Learn first-hand as they share business challenges encountered and successes achieved by investing in varied in-store technologies designed to help improve retail performance and security.*

*Also featured are perspectives from retail industry technology analysts, exploring issues and solutions that drive retailer profitability and customer satisfaction. In the spotlight, Tyco Retail Solutions attained a number of retail industry awards and milestones in Source Tagging and Recirculation Programs.*

*We value your feedback. If you have ideas for stories you would like published in future editions or general comments, please email us at [InStore@tycoint.com](mailto:InStore@tycoint.com).*

*Stay tuned... there's plenty more In-Store!*

*Managing Editor: Gay Gagliardi*

# NORTH AMERICA



## Tyco Retail Solutions Wins Annual VICS Collaborative Commerce Achievement Award for “Best VILRI Solution Provider”

At the Voluntary Interindustry Commerce Solutions Association (VICS) annual awards ceremony held June 4, 2012 in Las Vegas, Nev., Tyco Retail Solutions received the 2012 VICS Collaborative Commerce Achievement Award for “Best VILRI Solution Provider.” The prestigious award recognized Tyco Retail Solutions’ successful partnership with Macy’s to spearhead a multi-year item level RFID project to enable frequent inventory cycle counts, provide improved data capture and item file accuracy throughout all Macy’s and Bloomingdale’s stores.

The “Best VILRI Solution Provider” award is presented to a company that has developed and/or implemented item level RFID systems and practices proven to increase supply chain efficiencies and drive sales increases. The VICS Association honors outstanding companies for their strategic thinking and leadership, and their implementation of VICS and GS1 Standards that have resulted in more effective supply chain initiatives. The awards recognize the positive results of company-wide dedication to customer satisfaction, which have made continuous improvements to the supply chain.

On hand to accept the award, on behalf of Tyco Retail Solutions, was Robert Locke, Vice President and General Manager of Store Performance Solutions (SPS), and Randy Dunn, Director of SPS Sales.

“We are honored to be recognized by VICS for our strategic relationship with Macy’s, helping to demonstrate the immediate value RFID can add in today’s retail landscape,” Locke said. “This achievement underscores our continued commitment to providing world class RFID powered solutions to retailers worldwide and our commitment to

the VICS organization to help evangelize the role of RFID in improving global supply chain effectiveness and efficiency.”

Successfully executed in 2011, the pilot implementation and initial roll-out plan helped establish Macy’s as an RFID item level pioneer and Tyco Retail Solutions as a valued provider, trusted with this important and strategic implementation. Macy’s realized an immediate ROI with Phase I and incremental returns throughout each phase of the implementation cycle.

Macy’s chose Tyco Retail Solutions, the only vendor to provide enterprise class capability and use case functionality to support Macy’s program with Tyco’s TrueVUE software.

In addition to providing world class RFID powered solutions, Tyco continues to serve as an avid supporter of industry organizations, dedicated to educating the market on the value of RFID to create supply chain efficiencies. An active member of the VICS Item Level RFID Initiative (VILRI) since 2007, Tyco recognized increasing market interest and activity in Item Level RFID would require additional resources. Tyco Retail Solutions responded by helping to create meaningful agendas for VICS sponsored programs, aided in creating and developing the VILRI Solution Provider Program concept, helped evangelize Phase 2 of the VILRI through webinar participation and continues to actively recruit new members to the VILRI.

[Click here for more information on Tyco’s solutions designed to optimize store performance.](#)





## Tyco Retail Solutions Achieves Industry Leading Volumes in Source Tagging and Recirculation Programs

*Milestones underscore leadership position helping retailers improve profits and lay foundation for RFID tagging*

Shrink affects retailers everywhere, everyday. Retailers worldwide recognize that as their business expands so does shrink. By definition, shrink accounts for any loss of inventory due to shoplifting, employee theft, vendor fraud or administrative error. Quantifying the financial impact of shrink is complicated since it affects profitability in different ways – loss resulting from in-store theft by customers and staff to poor inventory management and inefficient operations.

According to the 2011 Global Retail Theft Barometer, shrink costs retailers globally over \$119 billion in 2011. The chart pictured below offers perspective on the sweeping effects of shrink worldwide.

With source tagging, the application of Electronic Article Surveillance (EAS) tags and labels by a manufacturer during the manufacturing process, retailers can achieve the often conflicting goals of improving item security protection while allowing products to be openly displayed for enhanced shopper convenience.

Retailers work in concert with the manufacturers of highly pilfered goods to ensure products are tagged, shelf ready and openly displayed for consumers to conveniently purchase. For the retailer, source tagging offers benefits such as increased profitability due to product availability and labor savings at the store level with 100 percent tag compliance. Consequently, tag compliance is directly related to shrink reduction. For the manufacturer, the benefit of source tagging is brand protection because the product stays on the shelf.

With over 3.5 billion Sensormatic brand visible source tags (VSTs), and over 750 million of these tags transitioned to a lower cost recirculation model, Tyco Retail Solutions' innovative programs are helping protect valuable merchandise for many of the world's top retailers. These major milestones further solidify Tyco Retail Solutions' leadership position in merchandise source tagging, helping retailers boost profits and enabling RFID inventory tagging.

Of the 750 million Sensormatic brand tags transitioned

through Tyco Retail Solutions' source tagging recirculation program, nearly 30 million are dual technology acousto-magnetic (EAS) /radio frequency identification (AM/RFID) enabled, helping retailers leverage the power of RFID at a lower per unit cost. Dual-Technology AM/RFID tagging delivers both the security of an AM anti-theft solution and the inventory visibility of EPC-based RFID. In fact, multiple apparel retailers worldwide are working with Tyco Retail Solutions to move away from one-time use recycled plastic tags to a lower cost, more efficient recirculation model to prepare for future RFID tagging deployments.

Tyco Retail Solutions' unique approach, where the same Sensormatic brand hard tags have multiple applications over the product lifecycle, underscores the company's position as an industry leader delivering dual-technology (AM/RFID) source tagging for robust, cost effective protection and unprecedented end-to-end inventory visibility. In addition to reducing many of the direct and indirect costs of an in-store program, the source tag recirculation program offers an environmentally responsible initiative retailers can easily integrate into existing sustainability programs.

According to Leslie Hand, Research Director at IDC Retail Insights, "With the challenges in labor costs, operating margins and inventory accuracy, retailers require solutions that serve their customers better and more effectively. Recirculated dual technology deployments decrease costs

and improve operational performance, while putting fewer tags in the waste stream."

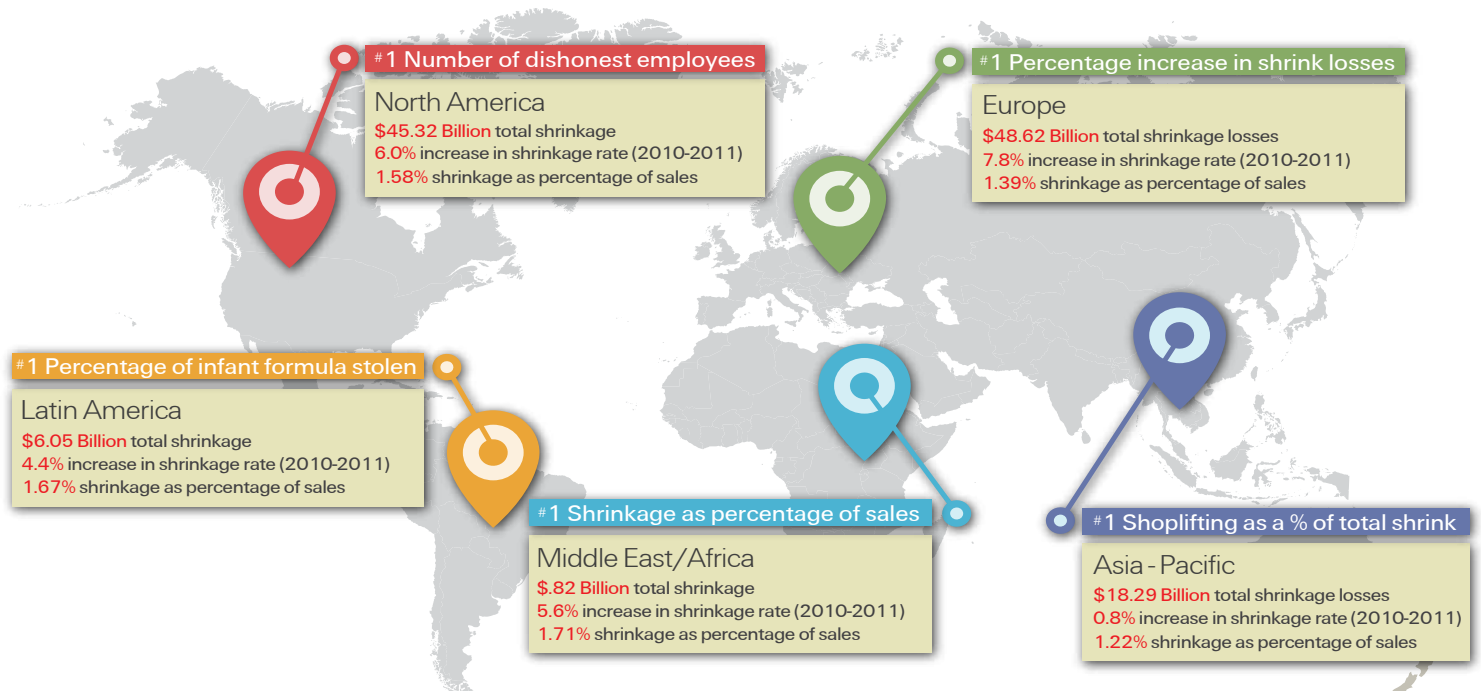
With over 45 years of EAS excellence in retail, Tyco Retail Solutions is the global leader in security source tagging, providing worldwide protection across a wide range of theft-prone retailer product categories including: apparel, building supplies, computer products, grocery, health and beauty care, multimedia and power tools. Program benefits to retailers of tags applied at the source include reduced in-store labor costs, enhanced customer focus, standardized tag compliance to improve merchandising, increased product velocity to the selling floor and improved sales with an open shopping environment.



"Our global presence and unmatched source tagging infrastructure enables Tyco to deliver cost effective and robust merchandise protection," said Tony D'Onofrio, Vice President of Global Accounts and Source Tagging, Tyco Retail Solutions. "More importantly, by offering dual technology formats converging highly effective AM shrink deterrence with RFID inventory visibility, we are helping our customers to future proof potential technology migrations to minimize shrink, improve sales and reduce costs."

[Click for more information on our Source Tagging programs.](#)

## Global Retail Shrinkage 2011



Regional shrink data based on 2011 Global Retail Theft Barometer



F R O S T & S U L L I V A N

## Frost & Sullivan Honors Tyco Retail Solutions with Coveted EAS Customer Value Award

Frost & Sullivan celebrates its 50th year in business, with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's unique approach enables them to determine how best-in-class companies worldwide manage growth, innovation and leadership.

Based on the findings of their Best Practices research, Frost & Sullivan presented Tyco Retail Solutions with the **2012 North American Customer Value Enhancement Award** in the Electronic Article Surveillance (EAS) market.

The Frost & Sullivan Customer Value Enhancement Award is presented each year to the company that has demonstrated excellence in implementing strategies that proactively create value for its customers with a focus on improving the return on the investment customers make in its services or products. This Award recognizes the company's inordinate focus on enhancing the value its customers receive, beyond simply good customer service, leading to improved customer retention and ultimately customer base expansion.

Frost & Sullivan's shares their perspective on why Tyco Retail Solutions earned this valued industry award.

*"Tyco Retail Solutions is a leading provider of EAS solutions to a host of applications in the retail industry. With decades of experience in the market, the company clearly understands the dynamics and needs of its customers. Through a globally established network of sales and service centers, the company is able to address the concerns of its customers quickly and efficiently. Furthermore, the company's close relationships with its customers, along with its carefully planned acquisitions of other technological companies, enable it to develop industry-leading products that provide the highest value to its customers. Additionally, its strong expertise in EAS, along with its impressive customer base, positions Tyco Retail Solutions as one of the leading providers of EAS solutions in the North American market. In light of such achievements, Tyco Retail Solutions has been selected as the worthiest recipient of the 2012 Frost & Sullivan Customer Value Enhancement Award."*



# Delivering Real-Time Store Intelligence and Execution

*Tyco Retail Solutions and Reflexis combined offering closes loop between actionable intelligence and best-practice execution*

Retailers are under pressure to maximize the in-store experience, yet traditional store solutions that plan staffing and tasks on historical data alone are no longer the best approach because the in-store environment changes so rapidly. Through a formal teaming relationship, Tyco Retail Solutions, a leading global provider of retail performance and security solutions, and Reflexis Systems, Inc., a leading provider of retail workforce/task management solutions, offers retailers the capability to better sense and respond to real-time events in stores to improve overall store performance.

By combining Tyco solutions such as Inventory Visibility and Traffic Intelligence with the Reflexis Adaptive Real-Time Execution platform, retailers will be able to better understand key data about their inventory, shoppers and associates, and intelligently respond to events as they happen in stores to increase on-shelf availability and improve customer satisfaction.

"When applications including workforce and task management, real-time inventory management and customer support tools are connected via a common store integration platform, modern workers are more engaged and motivated to get work done, help customers and

support each other. This drives more operations efficiencies, workforce satisfaction and customer loyalty," said Leslie Hand, Research Director, IDC Retail Insights. "The challenge is putting the pieces together in an integrated and coherent way. The partnership between Tyco and Reflexis demonstrates that enabling efficient store operations may become a reality sooner than we think."

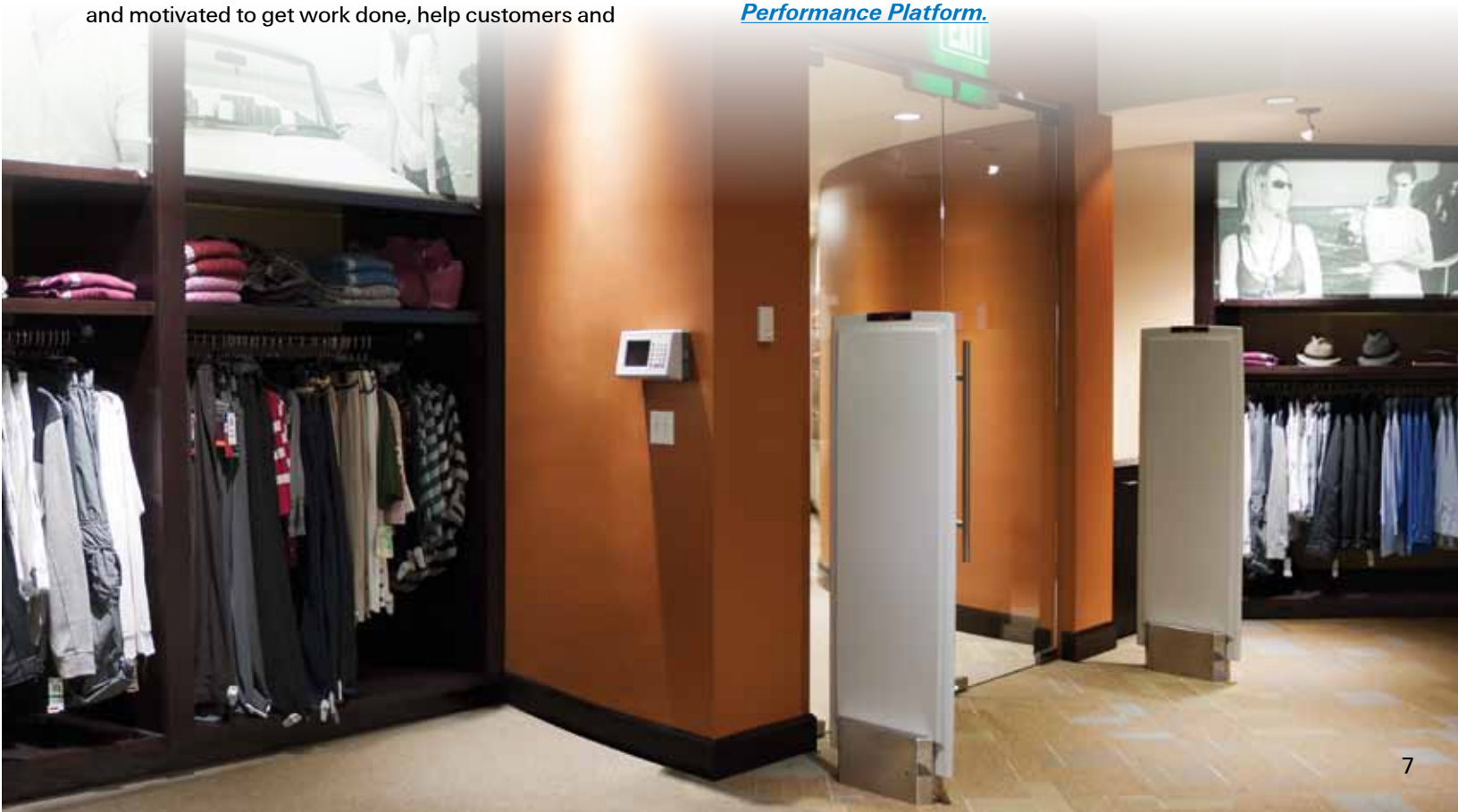
The two companies demonstrated several scenarios at the January 2012 NRF BIG Show in New York, highlighting the benefits retailers can expect from the joint solutions:

- Event-driven replenishment notifications linking real time inventory tasks to appropriate in-store personnel
- Staff level information combined with real time traffic count data to assist store management in optimizing staffing
- Alerting store personnel to the presence of "booster bag" or other potential organized theft activity to dramatically improve in-store loss prevention

"The cooperation between Reflexis and Tyco is a recognition by both companies of the need to enhance workforce management applications with real-time adaptive action driven by real-time intelligence," said Prashanth Palakurthi, founder and CEO of Reflexis.

"Our relationship with Reflexis will enable our customers to improve store performance by leveraging real time data to make decisions about staffing, loss prevention and inventory," said Robert Locke, Vice President and General Manager of Store Performance Solutions for Tyco Retail Solutions.

[Click here for more information on Tyco's Store Performance Platform.](#)



# Customer Centricity is Always in Style

*Tyco Retail Solutions Integrated Store Performance Platform leverages store, employee, inventory and shopper intelligence to optimize retail operations*

Today new challenges are emerging for inventory and order management systems, as customers are exercising more control over how, when and where orders are fulfilled. Retailers have identified achieving the biggest results from shoppers when they make transactions in all channels equally convenient. That means retailers have to be careful about making the right kind of promises at the right time, because if they say they have inventory and don't, it is a big problem.

## Inventory Visibility – the Foundation of Omni-Channel Retailing

For retailers that offer buy online/pick up in store, they help drive customers in the store today versus tomorrow, and it means customers are happier and potentially buy more. It opens up numerous omni-channel retailing opportunities to expand service and sales. But if a retailer doesn't have the foundational elements of inventory visibility and accuracy, they will be afraid to make that kind of promise.

Inventory visibility and accuracy – knowing exactly what, where and in what disposition items are at all times – is a key component of a retailer's ability to execute on the strategy of using their brick-and-mortar stores as fulfillment nodes. If retailers maintain siloed distribution channels and don't have visibility among them, they cannot take care of the customer and they experience decreased operational performance.

## Common software platform leverages store, employee, inventory and shopper intelligence to optimize retail operations

In today's omni-channel environment achieving, and maintaining, item-level inventory visibility across the enterprise has become a pathway to improved margins. Tyco Retail Solutions' inventory visibility solutions use the enabling technology of RFID, and retailers from the biggest of the big to relatively small players are embracing this foundation as a way to fix this very basic problem. The Integrated Store Performance Platform, combining Tyco Retail Solutions' leading store performance and security solutions, helps retailers break down traditional retail operational silos and promote holistic decision making in the store.

The software platform leverages Tyco's store performance and security solutions to capture, interpret, report and intelligently respond to real time operational data from



stores, employees, inventory and shoppers to optimize retail operations. Designed to help retailers address a number of objectives – optimize inventory, increase conversion rates, minimize shrink, drive employee productivity and/or enhance overall store performance – the integrated platform leverages Tyco's 45 years of excellence in retail and arms retailers with real time intelligence to make strategic business decisions.

The integrated platform delivers interoperability across a wide variety of sensor devices (EAS, RFID, Traffic, Video) and based on "cross sensor" data analysis, retailers gain unprecedented in-store and enterprise level intelligence. Leveraging Tyco's common software platform, retailers may minimize redundant costs associated with supporting multiple silo based or point solution sensor technologies, minimize implementation, support and maintenance costs and reduce time to deployment and value. The platform scales to support multiple sensor technologies and is flexible to meet a retailer's changing needs.

## Benefits of the Store Performance Platform include:

- Strategic capability to drive innovation and performance in the store
- Opportunity to reduce / consolidate overall store infrastructure and complexity
- Lower operating, ownership and energy costs
- Increase functionality by leveraging other complementary data sources

"Our goal is to arm retailers with valuable store intelligence to fuel their retail operations," said Scott Clements, President, Tyco Retail Solutions. "By integrating our portfolio of mission critical solutions and services, we now offer the market a



comprehensive solution to address today's most pressing retail challenges. Our platform will help retailers not only increase profitability and ensure customer satisfaction, but also gain a competitive edge by offering real-time integrated access to valuable store, employee, inventory and shopper intelligence to support critical business decisions."

As an open standards based platform, third-party sensors, systems and solutions may also be integrated, extending their useful life and value. At the beginning of 2012, Tyco Retail Solutions announced the first formal teaming relationship with Reflexis, Inc., a leading provider of retail workforce/task management solutions. By combining Tyco's innovative solutions such as Inventory Visibility and Traffic Intelligence with the Reflexis Adaptive Real-Time Execution platform, retailers will be able to better understand key data about their inventory, shoppers and associates, and intelligently respond to events as they happen in stores to increase on-shelf availability and improve customer satisfaction.

[Click here to access white paper on the benefits of Omni-Channel Retailing.](#)





## Inventory Distortion: An \$800 Billion Issue for Retailers Worldwide

*Tyco Retail Solutions Sponsors New Study from IHL Group*

A new study from independent global research and advisory firm IHL Group, sponsored by Tyco Retail Solutions, shines the spotlight on Inventory Distortion – an \$800 billion global issue for retailers across all markets. Tyco Retail Solutions and IHL Group hosted a complimentary webcast to explore findings of the 2012 2nd Annual Inventory Distortion Study.

For the purposes of the study, Inventory Distortion was defined as the absolute value of the sum of out-of-stocks, described as any situation wherein a consumer enters a retail setting with the intent of making a purchase for a specific item, leaves the store without having made a purchase. Overstocks are defined as any situation wherein a retailer has on hand more stock of a particular item than is supported by current demand. The data was obtained by utilizing a suite of IHL's research tools, retailer interviews and the algorithms as well as the primary research of retailers and consumers.

According to the research, retailers lose the equivalent of \$124 for every man, woman and child on the planet due to Inventory Distortion, a figure totaling over \$818 billion annually. Even more alarming, this statistic is increasing by nearly \$50 billion annually worldwide as emerging economies grow beyond the infrastructure to handle retail growth efficiently.

Based on the new study, inventory distortion is not caused simply by a lack of systems but rather by internal challenges among people and process as well as external supplies. In fact, of the \$818 billion total worldwide, IHL estimates only about \$366 billion is addressable with a technology, business process or training solution. Of that amount, nearly \$200 billion is caused by internal process or training issues, which lead to merchandise either not making it to the shelves in time or the company having too much of what they cannot sell without pricing for clearance.

### Additional key findings include:

- **Out-of-Stocks** make up 56 percent of the \$818 billion figure, or \$456.3 billion.
- **Overstocks** account for the remaining 44 percent, or \$362.1 billion.
- Worldwide nearly \$1.5 trillion of merchandise annually is in an overstock position that creates revenue loss.
- The Asia Pacific region contributes 40 percent of all inventory distortion, or \$327.5 billion, increasing almost \$24 billion in one year.
- The Asia Pacific region is home to the most severe inventory distortion problem when it comes to food and daily sustenance. The food/grocery and hypermarket segments are responsible for 63.7 percent of the inventory distortion in the region.
- While North America is the most technically mature region, 54 percent of their contribution to inventory distortion is due to out-of-stocks.

On average, consumers are relatively forgiving when it comes to out-of-stocks when shopping, particularly on promotional items. However, the critical issue for consumers arises when they order something online for pickup at the store, receive a confirmation message, go to the store and the item is not there. Thirty three percent of respondents suggested they would never shop at that store again, while 41 percent said it depended on whether there were alternative stores close by. This result underscores the critical importance of cross-channel inventory consistency in retaining customers.

[Click here for more information on Tyco's solutions designed to optimize store performance.](#)



# Tyco Retail Solutions Takes Thought Leadership to Another Level

As a leading global provider of integrated retail performance and security solutions, Tyco Retail Solutions has taken thought leadership to a higher level with an extensive online series of positioning papers designed to address some of the most pressing challenges and complexities retailers face in today's competitive retail environment.

## Building Your Defenses against Organized Retail Crime

Did you know a growing proportion of shoplifting losses stem from a disturbing new source: organized criminal gangs? For retailers this means the rise of Organized Retail Crime (ORC) raises the stakes in their constant struggle to control losses without alienating honest shoppers. To help address this alarming trend, Tyco Retail Solutions focuses on the challenges and complexities retailers face in combating ORC in today's environment and outlines some of the strategies and technologies being used by retailers globally to fight ORC.

## Charting a Path for Electronic Article Surveillance

Tyco Retail Solutions compares the performance of AM, RF-EAS and RFID in real-world environments, focusing on their technology differences and associated strengths/weaknesses to help retailers understand and overcome the complexities of implementing an EAS system optimized for their product range, store layout and business goals. Offering the flexibility to choose the technology path suitable to retailers' needs regardless of their preference, Tyco Retail has the knowledge, commitment and resources to optimize their technologies for security and store performance.

## Environmentally Responsible Retailing: A Systems Approach

Protecting the environment is a top priority at Tyco Retail Solutions. Environmental responsibility is good business as well as a social obligation, to ensure our actions serve the long-term interests of our customers and our world. Tyco

Retail Solutions is taking the lead in developing disciplined, metrics-driven technologies and processes that minimize environmental impacts to deliver cost-effective solutions for our customers and the shoppers they serve.



## Inventory Intelligence - unlocking omni-channel retailing and the future of the store

Tyco Retail Solutions explores inventory intelligence, a fundamental component of modern retailing – not only to support omni-channel programs, but also to assure availability on store shelves or to ship, building shopper satisfaction and financial performance. Inventory intelligence aligns demand to the supply chain, and helps retailers keep the promises they make to shoppers whether online, mobile, or in-store to combine shop-from-anywhere convenience with an enhanced shopper experience centered at the retail store.

## Shrink Visibility

As RFID technology quickly gains momentum with retailers around the globe for inventory visibility applications, Tyco is in a unique position to also offer retailers the added benefits of Shrink Visibility. Shrink Visibility refers to the ability to understand retail losses at the SKU level from all sources, including administrative error, vendor fraud, shoplifting and internal theft. By integrating multiple store technologies and databases, Shrink Visibility delivers a more intelligible, accountable and ultimately more profitable retail environment.

## Source Tag Recirculation – profitable today; prepared for tomorrow

For over four decades, Sensormatic acousto-magnetic (AM) Electronic Article Surveillance (EAS) tagging has grown to become an integral part of global apparel supply chains. Backed by a Tyco-owned network of Distribution and Recirculation centers, the Source Tagging Recirculation program provides an efficient, automated, quality-controlled and fully scalable link in your global supply



chain to help you build store profitability immediately, and prepare for dual-technology (AM/RFID) source tagging when retailers are ready.

### **Traffic intelligence – the science of shopper conversion**

At the store level, conversion is defined as total transactions per store visit – how many shoppers actually became buyers. Every percentage point of conversion means millions of dollars for a major retailer, but with no trustworthy conversion data, they can't tell where the problem resides. Whether retailers are trying to minimize shrink, increase conversion rates, optimize inventory, drive employee productivity, or enhance overall store performance, Tyco Retail Solutions' goal is to integrate traffic information across the store to drive retail excellence.

[Click here to access the Thought Leadership series.](#)



# LATIN AMERICA



## Grupo Éxito Launches Major Electronics Tagging Pilot

*The Colombian retailer has tagged more than 45,000 items at its new electronics store in Bogotá*

The Éxito Group is the number one retail chain in Colombia with a retail platform of 261 stores\* (as of the second quarter 2010) including hypermarkets (under the Éxito brand), supermarkets (Carulla and Pomona), Bodega stores (Surtimax brand), as well as other formats (Ley, Home Mart, etc.).

They launched a major innovative pilot placing EPC Gen 2 passive ultrahigh-frequency (UHF) RFID tags on every item at their new electronics store, Éxito Techno, to determine if radio frequency identification can improve the traceability of products across the supply chain, while also reducing shrinkage, by tracking items from distribution center to point of sale. Results will be analyzed at the end of the pilot stage.

Goods are tagged at the distribution center (DC). Before an order is shipped, employees confirm the correct items were picked. The company chose to use a handheld rather than install an RFID portal at one of its dock doors, because it was easier than ensuring orders for the Éxito Techno store always moved through the portal-equipped dock door.

A portal was set up at the store's single receiving dock. When the store places an order with the DC, larger items – such as televisions and DVD players – are placed onto

pallets. Smaller products, such as USB storage devices and packages of batteries, are placed within totes, which are then sealed.

When a truck from the DC containing merchandise arrives at the store, employees use a pallet jack to remove the pallets from the vehicle. The workers rotate each pallet by walking around in a circle while holding onto the pallet jack's handle, thereby causing the pallet to revolve in the read field, and thus maximize the chances of reading every item onboard. Totes are brought to an Impinj Brickyard



*When a shipment of merchandise arrives at the store, an employee uses a pallet jack to rotate the pallet in an RFID portal's read field, to maximize the chances of reading every item.*



near-field antenna mounted on the wall, next to the portal, and each tote is then rotated in an effort to read all items contained within.

Software developed by ADT Colombia, LOGyCa and Grupo Éxito checks whether or not 100 percent of the expected items were read. When goods are missed, a store employee utilizes a handheld reader in an attempt to capture each item's ID number. The process of receiving a delivery at the store can take 20 to 30 minutes, but is still much faster than the two hours or more previously required for workers to unload a truck and then count each item.

"The read rates are very reliable," states Éxito's Luis Fernando Castañeda. "With a little effort, we can confirm receipt of every item sent from the distribution center. We now have visibility of what is leaving the distribution center and what has arrived at the store. If there is not a perfect match, we can investigate why."

In addition, interrogators were installed at the point of sale. Currently, staff members still employ bar codes to ring up purchases, but the items' RFID tags are also read using a handheld RFID reader, and the store's database is updated to indicate merchandise was sold. If someone attempts to leave the building with an un-purchased item, prototype

gate antennas – provided by ADT Colombia and powered by an Impinj R420 RFID reader – interrogate product's tag and trigger an alarm to sound.

The RFID solution went live on October 10, 2011. The plan, Éxito reports, is to continue tagging items at least through the month's end, after which the company plans to prepare a report estimating the reduction in labor costs associated with receiving goods into inventory, the decrease in shrinkage as compared with the electronics departments of other Grupo Éxito stores and the electronics store's first few months of operation, and the ability to confirm with 100 percent reliability items shipped from the DC arrived at the store.

The pilot could have a significant impact on RFID adoption in electronics, Castañeda says, if it proves an improvement in tracking goods from DC to store, and in tracking in-store inventory, can significantly reduce shrinkage levels. A five (5) percent decline in shrink, he notes, would be sufficient to deliver a return on the company's investment in tags and readers.

***Adapted from an article published in the RFID Journal, for more information: <http://www.rfidjournal.com/article/view/9035/2>***





# ASIA PACIFIC



## Case Study: Courts Embraces Tyco Retail Solutions' Integrated Solutions Approach to Help Combat Shrink and Enhance Store Operations

For electronic and home appliance retailer Courts Singapore Pte Ltd. (Courts), the customer is their primary focus. Offering a diverse line of home product brands for a better value, Courts stores attract a loyal customer base to their interactive environment.

In 1974 the first Courts store was established in Singapore. By 1998 their retail format evolved into a "total home lifestyle concept" with the launch of "Courts Orchard," featuring a complete range of home furniture and accessories. In 2006 Courts Megastore was introduced – the 116,000 square foot revolutionary retail concept heralded the arrival of out-of-town destination shopping in Singapore.

As a retailer known for value that delivers bigger savings through bigger buying power, Courts needed to increase stock on the sales floor to drive their cash and carry business. Focused on the customer, their goal was to make merchandise more accessible to customers, while preserving the shopping experience without increasing the risk of theft.

However, they were challenged with an open merchandising approach. According to the 2011 Global Retail Theft Barometer, retailers worldwide lost up to US \$119 billion due to shrink last year. Customer theft (including shoplifting and organized crime) represented the largest source of shrink loss for retailers at 43.2 percent, or US \$51.5 billion, posing a serious threat to their bottom line. On average, a retailer would have to sell more than three items to make up the profit dollar for one stolen item.

In the Asia-Pacific region where Courts operates, shoplifting resulted in the highest source of shrink, at over 50 percent, followed by employee theft at 23 percent. Shoplifters pilfer a very wide range of merchandise, focusing on

expensive and popular branded items such as smart phones and electronic gadgets. To help combat the universal shrink problem of frequently stolen merchandise, Courts required effective retail security solutions to ensure a more satisfying customer experience while improving their bottom line.

To attack shrink on multiple fronts, Courts relied on ADT for layered electronic security solutions from Tyco Retail Solutions to help



protect their nine stores in Singapore while preserving customer convenience and enhancing shopper experience.

*"From the start, ADT delivered the right approach in helping us achieve retail security and store performance. Their layered solutions strategy combining ADT monitoring, Sensormatic EAS and Traffic Intelligence has been extremely effective in helping us curb shrinkage and enhanced shopper experience with a positive impact on our bottom line. The investment in technology has reaped significant rewards in terms of branding and brand image, greater operating efficiency and reduced operating expenses resulting in top and bottom line growth. We are extremely satisfied with ADT whom we have been partnering for more than 10 years in consistently delivering quality solutions and service."* Ms Helen Ding, Director of Operations added.

ADT recommended the Sensormatic brand of Electronic Article Surveillance (EAS) solutions from Tyco Retail Solutions to help reduce shrink and increase sales of openly displayed merchandise. Sensormatic acousto-magnetic (AM) EAS provides Courts with a high performance anti-shoplifting solution designed with wide exit coverage to help protect high risk areas. AM-based EAS systems are the preferred anti-theft technology for retailers, especially for those like Courts that sell metal-based or metallic-packaged goods.

Besides merchandise protection, Courts is committed to the safety of both their customers and employees. By providing a safe and secure environment where employees can work and customers can shop in peace, it translates to increased store traffic and business. Using Tyco Retail Solutions' Video Surveillance systems installed at various key retail zones, Courts is able to deter and detect potential crimes and ensure human safety. In addition, the deployment of ADT Monitoring services safeguards the property and premises of Courts 24 hours a day.

With Tyco Retail Solutions' Traffic Intelligence solution, Courts is able to measure customer traffic and create a new Key Performance Indicator (KPI) for their branches to identify how many customers enter their stores versus the actual number of customers that purchased items or converted to sales. By comparing incoming customer traffic to actual sales over time, Courts can understand how many shoppers convert to buyers – influencing their promotions, customer service, store layout, etc., to better drive sales. This KPI enables Courts to measure customer engagement in stores, track marketing campaign effectiveness and highlight in-store customer flow management issues. Traffic reporting is used to analyze and track their conversion rate from their POS sales and transaction data, which is invaluable in helping Courts benchmark store performance across their chain and assist in setting strategies and goals aimed at increasing sales. The KPI

measuring has resulted in increased business and a double digit jump in the conversion rate.

In addition, Courts recognizes the need to enhance the customer in-store experience for greater sales growth opportunities and understands engaged customers are more likely to be up-sold or purchase more. To meet this need, they turn to Tyco Retail Solutions' Secured Display solutions which offer a high level of protection for their merchandise such as smart phones and electronic gadgets, yet are aesthetically and efficiently designed – allowing customers to experience the products closely at a perfect positioning and display angle. By using a layered approach, Courts has enhanced their store operations while combating shrink – ultimately helping to enrich the shopper experience.

[Click here for more information on Tyco's Traffic Intelligence solutions.](#)

