Myer puts RFID
business benefits to the test

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Myer is Australia's largest department store group and has been synonymous with style and fashion for over 100 years. Generating total sales of over $3.2 billion in FY2017, they have a valuable footprint of 61 stores in prime retail locations across Australia that is complemented by their well-recognised brand and supported by their recently enhanced online, digital and mobile platforms. This combination sets the stage for a leading omni-channel experience for customers, however they choose to shop.

The Myer merchandise offer includes 11 core product categories: Womenswear; Menswear; Miss Shop (Youth); Children's wear; Intimate apparel; Beauty, Fragrance and Cosmetics; Homewares; Electrical Goods; Toys; Footwear, Handbags and Accessories; and General Merchandise.

In 2016 Myer recognised that inventory integrity and accuracy was not optimal for both operational reasons and online selling. Being part of the RFID coalition was a way to leverage scale amongst the retail community. They were experiencing significant shrinkage with Apple merchandise in the Myer Melbourne store. Research was conducted into potential loss prevention solutions and an RFID proof of concept commenced.

The challenge

Myer identified a key area of opportunity around Apple Merchandise in its flagship store in Melbourne. As such it was decided to begin testing the benefits of RFID with a focus on two areas, inventory accuracy and stock take labour costs with an aim to reduce stock loss and reduce labour costs relating to maintaining inventory integrity of Apple merchandise in this store.

During the financial year of 2016/17, Myer conducted six cycle stock takes and daily manual counts of Apple Inventory in their Melbourne City store, with a significant labour cost associated with these activities. In addition to this cost further losses were incurred due to shrinkage caused by a combination of theft and inadequate inventory control.
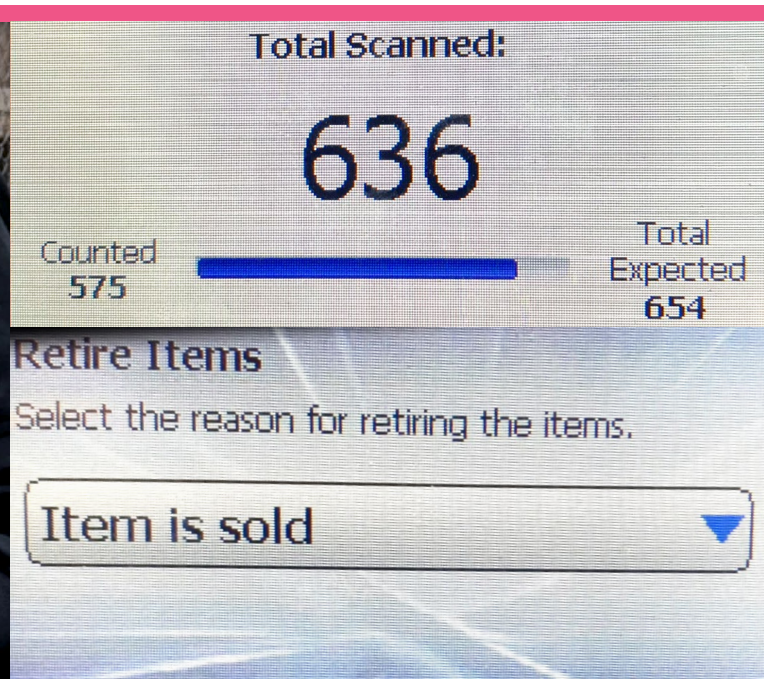
The solution

Myer sought the assistance of Checkpoint Systems, an end-to-end solutions provider in loss prevention and merchandise visibility, to implement an RFID proof of concept in 2017. Checkpoint Systems, a division of CCL Industries, utilises GS1 standards which integrated well within Myer's process.

The pilot involved applying RFID labels to all Apple merchandise in the Melbourne store once it arrived securely from the distribution center and had been checked off against the manifest (ruling out any inventory inaccuracies from the Supply Chain).

Each item is then encoded by scanning the Universal Product Code (UPC) barcode followed by the RFID Barcode, this ensures the stock is uniquely encoded into the Myer inventory.

The merchandise is then placed in a secure reserve ready for selling. Once an item is sold and moved from the reserve, it is then retired from the inventory system using an auto retirement RFID reader by scanning the RFID barcode, which communicates to the Checkpoint Systems software.

Stock take scans were conducted in the secure reserves every morning and at close of business daily. When discrepancies were identified, a manual reconciliation between Checkpoint and Myer data was performed.

The results

The RFID implementation at the Melbourne store was very easy to start and resulted in significant improvement to profitability for the Apple Category with labour cost savings through reduced stocktake times from 2.5 hours per day to 15 minutes and a large reduction in shrinkage.

Myer demonstrated that with a little forward thinking and planning, that improving inventory visibility and accuracy did not need to be a laborious task. Simple RFID labelling on Apple products is effectively 1000 times faster than line of sight cycle counting.

Benefits

- Manageable implementation costs
- No IT integration required to deliver business benefit
- Significant inventory loss reduction with Shrinkage reducing by over 80%
- Reduced cycle count time and associated labour costs by over 80%
- Daily inventory accuracy close to 100%
- Fulfilment Pick accuracy 100%
- Simplified reporting on stock movement
- Increase item availability to support sales

The future

Having already witnessed great results, Myer now plans to continue further RFID business benefit testing in other store locations across other merchandise categories.

"Standing up a basic RFID proof of concept is relatively easy and low cost. Once you can prove business benefits, you have the ability to reinvest savings into further POC's and your RFID journey will be well on its way. I encourage all retailers and brand owners to look at what improvements their business can benefit from with the use of RFID technology."

Gary Stones – National Retail Operations Manager, Myer

Call to action

Applying GS1 standards based RFID implementation can significantly increase efficiencies, save costs and allow for improved inventory accuracy.

For more information on using global GS1 standards contact GS1 Australia today on **1300 BARCODE** (1300 227 263) or email retail@gs1au.org

About GS1 Australia

GS1 is a neutral, not-for-profit organisation that develops and maintains the most widely used global standards for efficient business communication. We are best known for the barcode, named by the BBC as one of "the 50 things that made the world economy". GS1 standards and services improve the efficiency, safety and visibility of supply chains across physical and digital channels in 25 sectors. With local Member Organisations in 112 countries, 1.5 million user companies and 6 billion transactions every day, GS1 standards create a common language that supports systems and processes across the globe.

For more information visit the GS1 Australia website **www.gs1au.org**

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