



Retail Fashion Market RFID Solutions



RFID provides the real-time inventory visibility you need to react more rapidly to inventory demand and stocking levels, helping ensure that the right product is available for your customers at the right time.

Business challenge

In the fast-paced world of fashion, success for retailers hinges on being able to put the right item in the right style or size in the customer's hand at the right time — a simple concept that is difficult to execute for a number of reasons. Fashion is a perishable commodity where trends change overnight, making it difficult to ultimately predict duration and demand. Ordering too much product translates into increased capital expenses that can erode a retailer's bottom line, while ordering too little can lead to missed opportunities and lost sales. Unlike other retail segments where items have a set location on the shelves, items do not stay in one spot. Inventory is constantly on the move between the rack and the dressing room throughout the day, often causing a false out-of-stock situation and a lost sale when the size a customer may need is in the dressing room waiting to be re-stocked. And keeping an accurate inventory is difficult — and costly — further compounding the ability to ensure the right item is available for your customers at the point of decision.

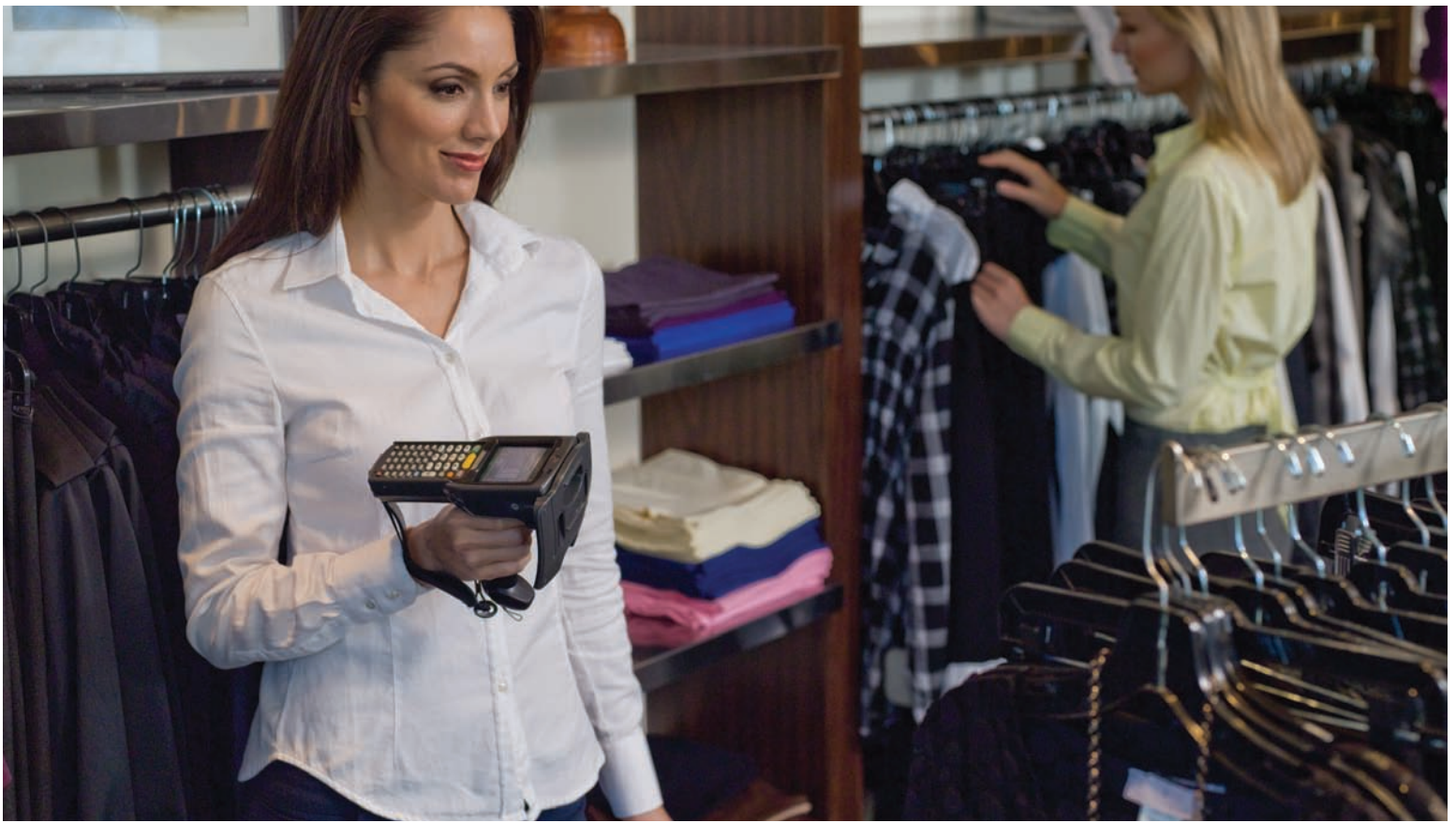
The financial impact associated with these challenges are staggering to fashion retailers. The Harvard Business School found that eight percent of all retail items are out-of-stock at any given time, costing the top 100 retailers an estimated \$69 billion annually. Lack of inventory visibility often results in up to 65 percent inaccuracy in inventory counting, making accurate ordering an even more difficult task. And the very nature of high value merchandise that is openly accessible to customers increases the opportunities for theft. According to the 2006 annual survey conducted by the University of Florida, retailers lost more than \$41.6 billion — 1.6% of overall sales.

The RFID solution

The right technology can help fashion retailers address these age-old issues. By deploying RFID, fashion retailers can achieve the real-time inventory visibility required to improve the many aspects of inventory management — with very little effort. For example, a complete manual cycle count may often take days — but an employee equipped with a designed-for-retail Motorola MC3090-Z RFID handheld or a Motorola RD5000 mobile RFID reader on a cart can take a complete inventory in minutes. In a market characterized by seasonal product with a short shelf life, real-time inventory visibility can create real business advantage. And lightweight Motorola FX7400 RFID fixed readers throughout the store premise provides the 'right now' ability to see what is truly in stock, enabling more rapid reaction to inventory demand and stocking levels. High levels of 'safety stock' — excess inventory ordered to protect against out-of-stocks — can be reduced or eliminated. Lost sales due to the inability to locate inventory are eliminated, since even items in dressing rooms are visible. Since each product in a specific shipment has a unique identifier, quality assurance and counterfeit prevention are enhanced — improved accuracy in picking

"RFID-enabled item-level inventory tracking projects can produce stock availability improvements by more than 50 percent in targeted merchandise categories, with in-store labor investments required to manage stock and handle replenishment lowered by as much as 20 percent."

AMR Research
AMR Research Report,
12/2005, Targeted RFID
Merchandise Tagging:
A New Approach to
Item Level Tracking



RFID technology can shave more than 90 percent off the time needed to perform inventory counts on the sales floor and back room — making the dream of taking inventory one or more times a day a reality.

Kurt Salmon Associates. 2005. Moving Forward with Item-Level RFID in Apparel/Footwear



The lightweight Motorola MC3090-Z RFID handheld gives sales associates a retail-appropriate tool to conduct frequent cycle-counting.

and packing operations translates into the proper fulfillment of purchase orders. Imitation products are easy to spot. Missing shipments that can impact the assortment on your shelves are quickly identified. And the new level of inventory visibility improves loss prevention measures by providing an additional layer of intelligence to existing, proven technologies such as Electronic Article Surveillance (EAS).

Point of manufacture to point of sale – design to destination/rack

While consumer packaged goods (CPG) RFID applications began with pallet and case tagging to improve supply chain visibility, industry experts believe that fashion retailers can realize the largest and immediate returns by moving straight to item-level tagging with a customer-facing focus. RFID tags applied to each item at the point of manufacture enables the automated and granular tracking of each item from creation to purchase.

As a result, orders are easily tracked all the way through the supply chain, order processing at the distribution level is more efficient, counterfeit goods inserted anywhere in the supply chain are easy to identify, and granular visibility of items in the retail store ensure that the right item is available at the right time to increase sales — and protect profitability.

To find out how you can leverage RFID to improve customer service and retention levels as well as overall profitability in your fashion retail operation, visit www.symbol.com/rfid or access our global contact directory at www.symbol.com/contact

The benefits of RFID

Several specialty fashion retailers have deployed successful pilot and first-stage implementations of RFID applications, yielding impressive business results:

- Reduced out-of-stocks by 50 percent¹, increased customer satisfaction and sales
- Volumes — and profits
- 15 to 20 percent reduction in restocking efforts², reducing labor costs
- 90 percent reduction in labor associated with inventory counts³
- Reduction in receipt of counterfeit items
- Reduced employee theft and shoplifting through improved monitoring of inventory movement
- Faster receiving and inbound processing — fewer delays in processing seasonal items and faster from-dock-to-stock times for improved profit margins

1. AMR Research Report, results found in targeted merchandise categories
 2. Langdoc, Scott & Romanow, Kara. (2005, October 6). RFID and Retail: Little Return for Case and Pallet Tagging
 3. Kurt Salmon Associates. 2005. Moving Forward with Item-Level RFID in Apparel/Footwear

The following case studies illustrate how fashion retailers can significantly increase sales by deploying RFID solutions from Motorola.

Case study #1: national department store

Company Profile	
Annual Sales:	\$3.47B
Number of Retail Outlets:.....	68
Misplaced Goods/Out-of-Stocks:	5 percent

A national department store sought to reduce the high costs associated with out-of-stock and misplaced items. RFID was implemented to automate the inventory process and enable regular yet cost-efficient inventory taking that significantly improved inventory management, enabling the fashion retailer to increase inventory availability for customers — and improve sales. With RFID, inventory on shelves was readily visible, ensuring prompt restocking. Inventory throughout the store — from the fitting room to the back room — was also visible, reducing stockouts and lost sales due to the inability to locate an in-stock item.

Net results from deploying RFID:

- 4 percent reduction in misplaced goods and out-of-stocks
- 1 percent increase in sales due to reduction in out-of-stocks translated into 34.7M in incremental revenues
- Improved visibility and better forecasting and accuracy enabled a reduction in safety stocking levels for a savings of \$3.1M
- Reduction in shrinkage due to theft generated \$2.3M in savings
- Increased accuracy and reduced labor costs in receiving, put-away and shipping operations saved \$5.7M annually
- Improved customer satisfaction and loyalty by delivering an improved customer experience — items are in stock and available, and easy for employees to locate even if they are misplaced or in a fitting room
- Less than a one-year payback on the RFID technology investment

Case study #2: global specialty store

Company Profile	
Avg. Annual Sales:..	\$770M per store/61.6B total
Number of Retail Outlets:.....	80
Misplaced Goods/Out-of-Stocks:	16.4 percent

A global specialty store identified that the high rate of misplaced goods and out-of-stocks had a significant impact on profitability. Additionally, a slow labor intensive receiving process resulted in less than timely replenishment of inventory on the store floor — and lost sales opportunities. To reduce the losses, the chain needed a better view of inventory to support better and more agile decision-making in the ordering process as well as provide the ability to locate a specific item in the store — regardless of where it might be located. Known for their service, the small staff in the boutique-style stores needed to remain focused on helping customers — not counting inventory. While adding staff would enable more frequent and thorough inventory taking and a more rapid receiving process, the additional costs would threaten current profitability levels. The customer sought to improve the efficiency of day-to-day business operations in order to allow the current staff to handle more tasks throughout the day — without impacting customer service levels.

The answer was the powerful automation of an RFID solution. With RFID, the existing staff could simply wheel a cart equipped with a mobile reader throughout the storefront and fitting room areas to obtain a real-time view of inventory in minutes. An RFID handheld reader enables the rapid location of an item that is in stock but not on the rack. And the ability to automatically identify and reconcile incoming shipments at the item level without even opening the boxes eliminated the time consuming task of processing many items that look identical except for size — reducing the receiving process from hours to minutes. The result was a major reduction in stockouts and a significant increase in sales, customer retention levels — and profitability.

- 9.84 percent reduction in misplaced goods and stockouts
- 4 percent increase in sales per store, for an increase in annual revenues of \$30.8M per store — a staggering total of \$2.46B for all stores

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INDUSTRY BRIEF

RETAIL FASHION MARKET RFID SOLUTIONS

Pilot deployments revealed that RFID can reduce out-of-stock items on the sales floor by more than 30 percent.

Kurt Salmon Associates

- Increased inventory turns from 3 to 3.1, generating a cash savings of \$250,000
- Reduced labor requirements for backroom functions such as physical inventory counting, receiving, and locating specific items
- Receiving time was reduced from 2 hours to 10 minutes per shipment
- Improved customer satisfaction and loyalty — customers can count on superior inventory availability
- Achieved a rapid return on investment in approximately 6 months



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