



# BRINGING SOMETHING NEW TO THE LABEL

WITH A PREDICTED DECLINE IN CONSUMER SPENDING, RETAILERS NEED TO DO WHATEVER THEY CAN TO INCREASE EFFICIENCY AND DRIVE IN-STORE SALES. LEE JONES TAKES A LOOK AT ONE POTENTIAL SOLUTION



Over the last two decades the retail industry has been as active as any in the field of supply chain management. Identifying early the potential efficiency improvements and cost savings that a focused and well organised supply chain can bring, retailers have broken down and dissected every link of this chain to ensure they are operating at an optimal level.

Or have they? Perhaps one of the most important parts of the supply chain has until now been neglected - the point of

product display. Traditionally, this critical stage of the process, which can often influence whether a customer opts to purchase a product or not, has been overlooked and taken care of through the use of outdated and inefficient paper labels.

Fortunately for retailers, automation of this element of the supply chain is now very much a reality and is already making waves in the market. "It takes a lot to excite the retail sector," comments David Rogers, vice president of sales and marketing at ZBD, one of the pioneers in the development of electronic labelling at the point of purchase. "They are professional buyers, so it's very hard to get them excited, but when you're talking about a business case that gives them a return on investment within a year with a product that lasts five, then all of a sudden they've got four years of profit that they would never have had before - that's what really gets them excited, the bottom line."

David is referring to ZBD's unique electronic labelling solutions that are currently bringing a range of cost and efficiency benefits to big name retailers including Tesco and Sainsbury's.

Born out of QinetiQ, the inventor of LCD, ZBD has dedicated itself to taking this technology to another level in the shape of zero power liquid crystal displays. By interacting with leading international retailers, the company has recognised the immense potential of this technology to solve many of their display issues and aid business success.

Stemming from these discussions ZBD has opted to concentrate on the

supermarket and high-value electrical retailer sectors, which often struggle with extensive and fast evolving product lines, profit margins that are under threat by the perishable nature of their product lines, and increasing competition from traditional and online retailers.


Describing this technology in greater detail, David comments: "The shelf-edge display itself is essentially a derivative of LCD technology. If you imagine liquid crystal charged in the middle of two pieces of glass, on top of this you've got a chemical film that if you positively charge it, it turns black, and if you negatively charge it, it turns white. So once you send an image to this display, it stays there indefinitely and acts like electronic paper.

"It's a rich content display, so in a retail environment you've effectively got an electronic ticket that you can send any form of rich content to - nutritional values, country of origin, ethical buying information, barcodes - which can all be read directly from the display by the customer.

"That's the display piece and we've worked hard on getting that technology right over the last five to six years, so millions of updates can be sent to the display and the image will always stay the same and won't draw any power whatsoever once it's been updated."

With recent surveys suggesting that as much as 70 per cent of buying decisions are made at the point of purchase, it is surprising that this opportunity to engage with the customer has been largely ignored.

David agrees: "I've been around retail



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for quite a few years in point of sale and back office systems - we've automated a lot of the point of sale with payment terminals, EFT (Electronic Funds Transfer) and barcode scanners, and then you've got this big void in the middle of the process where short of having sign-writers in the store it hasn't changed very much for years. So automating the ticketing or labelling in-store remains one of the biggest challenges to retailers."

Continuing, David feels that the missing link has been technology that is cost effective enough and provides the customer with sufficient information. "They've looked at this area in the past," he confirms. "But this part of the supply chain has been neglected because the technology that was available in electronic shelf edge didn't give any real benefits. For example, you would have a small segment

display (like a digital watch display) and you also had to have a piece of paper to support it with product information and a barcode to read, so at best it was half a solution really."

With traditional paper labels, it can take upwards of two weeks to make customers aware of new promotions, the physical costs of printing and managing labels are high, and incorrect printed information can lead to loss of revenue, or even worse, trading standards issues.

Automated labelling on the other hand can bring a whole host of benefits, as David explains: "If you deployed a whole store with electronic labelling, you would be able to send as many updates as you wanted to the product and you wouldn't have to touch it at any stage. As a consequence you could relocate that staffing presence to serving customers or

even reduce the headcount.

"Sending promotions to the customers is another key area," he continues. "You probably saw this summer where Tesco, Sainsbury's, Asda and Morrisons were all competing on the five staple goods, and trying to undercut each other by a penny every day. Basically, what that does is throw money down a marketing black-hole because the supermarkets have a whole team of people running around lots of stores managing that process. With electronic labelling you could - at the touch of a button from head office - change the whole estate in one go. That would not only reduce your costs, but also make you far more competitive.

"This technology could also allow retailers to 'do a sweep' of the competition's prices on the internet and adjust their own prices accordingly if



they're charging too little. So from a margin protection point-of-view, it allows retailers to begin making business decisions about products, information and pricing dynamically."

Finally, David also highlights wastage - particularly of perishable goods - as a key area that could be improved through the use of electronic labelling solutions. Providing the ability to reduce the price of goods continually throughout the day as they age could significantly reduce wastage and generate substantial cost benefits.

Having had the opportunity to listen to the needs of top retailers over a period of more than two years, ZBD has been able to develop a solution that perfectly meets the requirements of its target markets. "We've taken a very pragmatic approach to our strategy with this technology," explains David. "We've worked with the likes of Tesco and Sainsbury's, and we've made sure that the product is robust, secure and fit for purpose in the retail sector.

"So we've taken lead customers by region. Tesco remains our lead customer in the UK, Metro has been our lead customer in Germany and we've gone live with Sears in the US. We've taken all of that knowledge and applied it back into the solution and now we're growing with those retailers, but also using those retailers as reference points to grow the momentum within the business."

Building on these strong foundations to deliver even better solutions to the market is the next aim for David and the team at ZBD. Developing the technology itself is clearly core to this goal, and the company is already launching colour versions of its displays and also releasing a software suite that allows users to automate wastage and the entire back-end process.

With more than 20 years experience in retail technology, David knows the sector better than most, and he feels that this technology is making a real impact - no easy task in the retail industry. "In my experience, this is the first time that you talk to retailers and you get 'the wow factor' of you're not just another terminal or RFID vendor. It's real, it's tangible, it's 'I can see how this will really significantly

affect my business.' We're engaged at very senior levels within retail boards and you don't get to that level without really getting them excited.

"So I'm delighted about the whole opportunity and I have been for the last 18 months. We're seeing real progress with the big boys in retail and some of the smaller ones, so it's a great place to be," he concludes. □

