

OPTIMISING STORE INVENTORY AND FULFILMENT WITH RFID

RFID-enabled store inventory and fulfilment enables retailers to confidently offer flexible fulfilment options that meet today's customer expectations while improving profitability.

Consumers expect to be able to move from online to store, and contact centre to self-service, enjoying a convenient, seamless, and satisfying customer experience irrespective of the retail channel. They also expect inventory availability information and flexible fulfilment options that support their busy lifestyles, whether it's shopping online with a view into local store inventory or selecting to pick up their on-line purchases in-store or opting for same day delivery to meet an immediate need. The demand for flexible fulfilment is growing: buy on-line pick up in-store orders (BOPIS) increased 47% in the 2018 US holiday period (Nov. 1-Dec. 19) compared with the same year-ago period.¹

As the customer demand for flexibility and convenience increases, retailers are looking for new ways to optimise their existing assets to satisfy rising consumer expectations. Turning retail stores into fulfilment centres to provide BOPIS and ship from store options is one of the strategic maneuvers retailers are making to meet the demand.

For customers, store fulfilment offers a fantastic proposition. For the retailers, however, it means additional business complexity and potential risk. Retail stores, including store personnel, were not originally intended to operate as fulfilment centres. Store layouts and inventory are not optimised for fulfilment like warehouses. Store associates are not trained to be order pickers like warehouse personnel. The risk for retailers is that the store cannot keep up with fulfilment demands of digital commerce while simultaneously supporting walk-in shoppers, potentially degrading customer service and damaging customer satisfaction. Further, retailers run the risk of diluting margins if store fulfilment operations become increasingly costly.

As growth in flexible order fulfilment options like ship from store continues, retailers should aim to strengthen their store operations to ensure their stores can deliver customer fulfilment promises profitably. Improving store inventory and fulfilment capabilities to enable the store to more accurately and efficiently fulfil on-line orders is crucial to satisfying customers and protecting margins.

With online sales continuing to rise, retailers need accurate, reliable, and efficient store operations to provide alternatives such as buy online, pickup in-store or ship from store.

THE RFID OPPORTUNITY

By tapping inventory in stores, not just in distribution centres, for the fulfilment of on-line orders, retailers will be prepared to meet expectations for convenience and immediacy, while reducing disappointment and lost sales created by out-of-stock situations. The key to offering various store fulfilment options is having near real-time visibility into the availability and precise location of store inventory. With that information in hand, retailers will be empowered to confidently promise customers fulfilment options including specific in-store order pick-up times or same day delivery.

Further, timely and accurate inventory information can be used to optimise in-store order picking processes in retail stores, enabling store associates to find, pick, and prepare orders with the accuracy and efficiency that reduces operational costs while ensuring service level commitments. How can retailers achieve the accurate visibility into store inventory required to efficiently and effectively manage store fulfilment?

Radio frequency identification (RFID) makes near real-time and highly accurate inventory visibility as well improved order fulfilment possible. A study by Auburn University's RFID Lab found that retailers who used RFID technology to optimise inventory management and reconcile product shipments were capable of achieving 99.9 percent order accuracy.²

Imagine a store environment where all inventory items can be automatically tracked anywhere in the store and inventory availability is directly provided to the retailer's commerce systems to ensure the accurate promising of in-store pick-up or same day delivery dates/times. Further, imagine using this inventory visibility to provide store associates with instant views into item location to simplify and accelerate finding available inventory and picking orders for fulfilment. There is no reason to imagine anymore.

MANHATTAN STORE INVENTORY AND STORE FULFILMENT WITH RFID

RFID data is now seamlessly integrated with Manhattan Store Inventory and Fulfilment (SIF) to operationalize the use of RFID data to improve the accuracy of store inventory availability and the reliability and efficiency of store fulfilment processes. By natively using RFID data, Manhattan prepares merchants to improve the performance of store fulfilment.

Fixed RFID readers mounted across the retail store that continuously read and locate inventory with RFID tags best prepares retailers to manage the fluidness of store inventory. With such a solution, inventory can be located anywhere in the store and any point in time even as the inventory moves, such as a garment now laying on the dressing room floor.

Manhattan SIF solution integrates with IoT store solutions like RFID sensors and software solutions to receive data on inventory with RFID-tags. The electronic product code (EPC) data with corresponding location data (x, y coordinates) is managed by Manhattan to provide retailers with near real-time and highly accurate views of inventory availability at specific locations in the store. With this solution, retailer store inventory and fulfilment processes are simplified and optimised in many ways:

Accurate Promising: Using RFID-optimised store inventory data, Manhattan Order Management helps retailers expose timelier and more accurate inventory availability to commerce channels, improving sales performance.

Enhanced Customer Service: Manhattan Store Inventory with RFID-data helps store associates to find store inventory via a store map on any modern mobile device. This visual representation of inventory reduces the time and effort to find inventory, improving service.

Efficient Order Picking: Leveraging RFID-optimised store inventory data, Manhattan Store Fulfilment provides a visual order pick path to store associates to view on their mobile device. It displays the picking start point and all the pick locations to be traversed. The optimal pick path for store associates is produced in real-time, and considers multiple factors, including inventory location, store associate location (i.e., starting point), distance to travel and more, to help reduce the labor time and improve the accuracy of order picking.

DELIVERING ON THE OMNICHANNEL PROMISE

A satisfying customer experience ends with the customer acquiring their complete order when and where they want it. Retailers with both stores and an on-line presence can profitably leverage their stores as fulfilment centres to meet rising consumer demand for convenience and immediacy. Meeting this demand is not easy. But when store inventory and fulfilment is done right, the complexity abates providing retailers the opportunity to deliver on the anytime, anywhere omnichannel promise.

Manhattan Store inventory and Fulfilment enabled with RFID data can help retailers optimise store inventory and fulfilment to deliver on the omnichannel promise and do so profitably.

For more information

To learn more about Manhattan Store Inventory and Fulfilment, contact us today: **+61 (0)2 9454 5400**

¹ (January 2019) "Adobe Digital Insights Holiday Recap 2018"

² Auburn University RFID Lab Studies, Project Zipper (Phase 1)