



e-book
Omnichannel

From Multi-brand Sports Retail's Best-Kept Secret To Goldmine

How to leverage RFID source tagged items from
leading brands to unlock omnichannel

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Retail is of significant importance in our society, with functions like serving consumer’s demands, but also offering great shopping experiences. While these are facts, the ways of shopping are ever changing. As technology has embedded itself in customer behavior, shoppers switch between online shops, stores, social media channels, and marketplaces. As a result, brands and retailers are challenged to make this a seamless shopping experience.

Major sports retail brands are adopting RFID for generating stock visibility – which is a foundation for their omnichannel purposes. Well-known examples in the market are Adidas, Asics, Nike, Converse, Superdry, UGG and Under Armour. The objective for doing so is to create stock visibility and make sure products are available and easily accessible.

This e-book explains how multi-brand sports fashion and apparel retailers can leverage RFID source tagged items from leading sports brands to kick-start their RFID journey for aligning their bricks-and-mortar and online shopping experience and to ensure future-proof retail operations.

1. Why increase the available (sellable) stock across all channels?

Nowadays, shoppers do research online and check if certain products are 'in stock' before or while they start their purchase.

They are craving for ways that can tell them where they can order or even pick their desired products up right away.

Additionally, stores introduce services like "in-store order" for making additional products accessible to their customers per request.

Real-time stock visibility is essential

In many retail organizations, stock information is often kept in different silos such as ERP, POS, WMS, et cetera. A problem is often, that stock information is not accurate, especially when it comes from the stores based on (still) existing error-prone manual processes or theft. Also, stock information is simply "outdated". For example, if a retailer is just collecting overnight stock positions from various systems, the result of this calculation from last night will not represent the actual stock situation at the moment a customer wants to buy.

A real-time stock visibility enables for giving shoppers an online insight into the availability of their wish list. Whether this is handled at a basic level where the website tells consumers if an item is 'in-stock' or by displaying the exact stock information:

the overall objective for omnichannel brands and retailers is to improve and maximize the available product range.

Brands and retailers can share a 'collaborative stock'

Most omnichannel services, like "In-Store Order" or "Endless Aisle" require one thing: stores need access to additional pools of stock. Be it from a central warehouse, the e-commerce channel, another store of the same retail chain directly and instantly from the central stock of a connected brand.

If retailers and suppliers are able to grant access to their stock information, they can – collaboratively – enlarge the availability of items and fulfill customer's demands. Vice versa the brand or online platform is able to connect to the stock of the retailer and use the stores as a local fulfillment center and pass orders from their brand web-shop on to local stores. Online orders from nearby can be picked and delivered to the customers within the same day or be provided as a "click & reserve" service. This truly creates a very positive shopping experience and can result in loyal shoppers or even better: fans. The right assortment, and the best product availability, with seamless service and an emotional brand image sum up the perfect customer journey.





Broaden online sellable stock with RFID

Nowadays, without RFID, retailers know that their stock information is typically not accurate. As a consequence, they set thresholds of minimum stock-levels in their IT systems. For example, we see very often that only products will be promoted online if they have a minimum of three items in the store. The problem is that all products with two or fewer items on stock will not be promoted in the web-shop. For many fashion retailers, this means that only 50% or less of their assortment is shown online. Here is where RFID helps: if you have accurate stock and you can trust the stock levels, you can show your whole assortment online. Thus, the sellable stock will increase.

Ship-from-store at Outdoor Voices

A good example of how to leverage in-store stock to broaden online sellable stock comes from Outdoor Voices, a US-based digital-native athletic apparel brand. Online orders play a significant part of Outdoor Voices' business. Order fulfillment therefore is crucial.

One of the key results of their RFID pilot project is that the amount of lost sales due to inaccurate stock dropped significantly. Web orders are located and picked from store shelves using RFID handhelds equipped with RFID-based stock management software.



Orders are then shipped from there when they are not available in the distribution center. In addition, in-store safety stocks can be lowered as full inventory visibility allows for efficient replenishment.

Besides the benefits to their omnichannel journey, the use of RFID allows for increased product availability and improved on-shelf availability that has ultimately transpired in a lift for Outdoor Voices.

2. Why RFID?

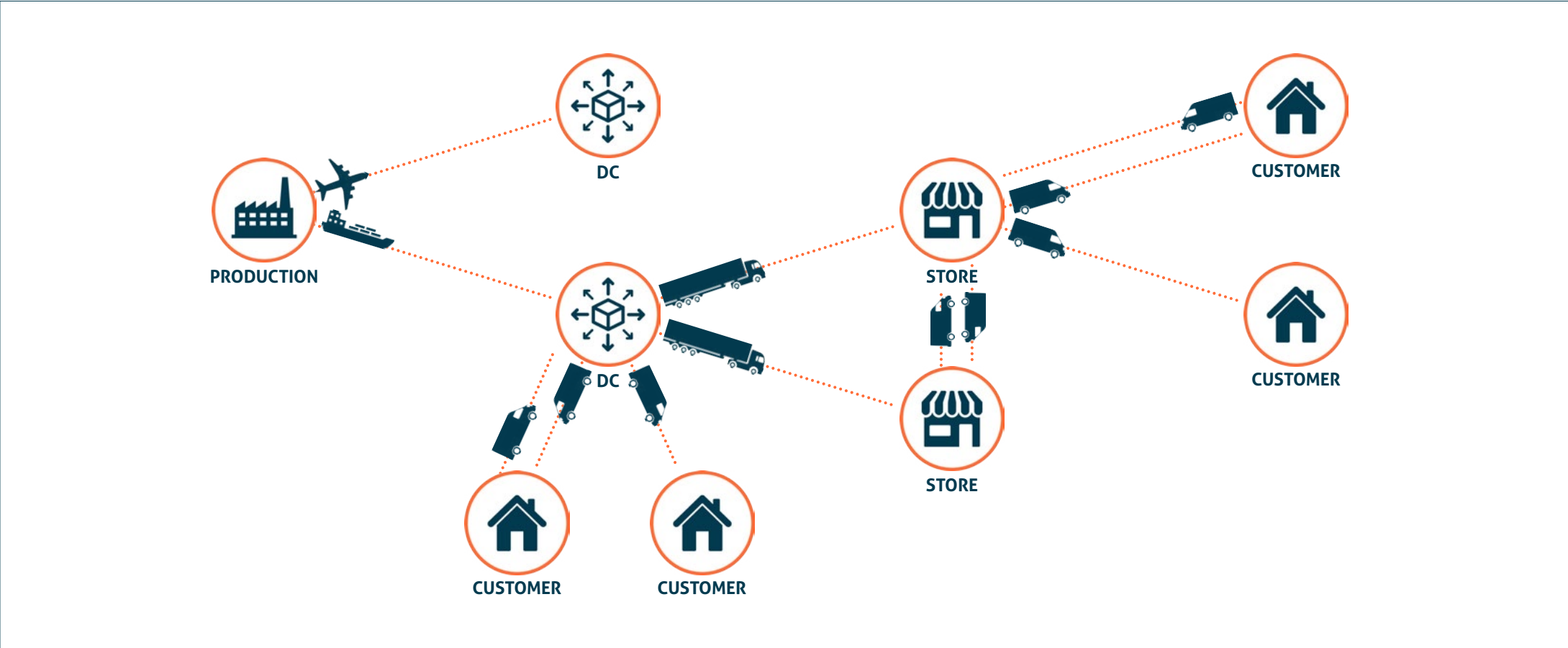
As outlined in the previous chapter, omnichannel services require real-time stock visibility. At once, it is necessary that stock information is accurate and consistent. Here, RFID enables a high stock accuracy. Once products are equipped with RFID-labels, ideally applied during the production process (so-called source tagging), it is possible to seamlessly track and trace all movements along the entire supply network. Using RFID technology in the supply chain enables error-free, real-time efficiency, and visibility throughout the operations. RFID read-events are then synchronized with an EPCIS repository, which – as a consequence – acts as a (real-time) stock visibility platform.

The Single Point of Truth (SPoT) – Knowing the flow, the location and the status of merchandise
A stock visibility platform provides a standardized single point of integration to business and consumer applications for complete supply chain

Source Tagging

Source Tagging is the process of applying labels to a product directly during productions. Examples of brands that have RFID source tagging in place are:

- Adidas
- Asics
- Nike
- Superdry
- Under Armour



Simplified overview of an omnichannel retail supply chain

and inventory visibility in real-time. It monitors the inventory transactions and movements from all related sources in real-time and can provide (accurate) stock information to relevant back-end systems, such as order management. This is of utmost importance with the increasing complexity of omnichannel retail supply chains.

Stock accuracy

Major sports brands are adopting RFID to make sure inventory is accurate. This allows for accurate replenishment as the distribution center knows exactly which products are needed in which stores. Online order fulfillment runs smoother as shoppers can actually see which items and sizes are in stock before placing the order.

Merchandise Availability

RFID technology makes it possible to automate stock management – resulting in optimal merchandise availability.

In-store refill: With RFID, it is possible to differentiate stock on the sales floor from stock in the back room. Based on the RFID count per sub-location, retailers can efficiently and accurately start refilling.

To-store replenishment: RFID increases stock accuracy. As a consequence, (auto-) replenishment tools can work reliably and, thus, avoid further out-of-stock situations.

Added value: Sustainability

Since retailers typically know that their stock accuracy is low, they often hold high safety stocks in their stores. Those safety stocks are utilized to ensure merchandise availability, even if the stock information might be wrong.

However, safety stocks extend the actual demand, and thus those products must be reduced or even returned to outlets at the end of the season to clear the space. Here, RFID shall help to avoid such kind of waste. If stock information is accurate, and a retailer knows where the products are, they do not need such safety stocks: they are able to sell more with less stock.

3. How do vertically integrated retailers compare to multi-brand retailers?

Vertically integrated retailers (brands) are mainly responsible for their own product design, production, and distribution to own stores or customers via their own (social) platform.

Items are source tagged because brands want insights in where their items are located to make sure these are moving through the right channels. This can be own channels and sports fashion and apparel retailers, for example.

Sports fashion and apparel retailers are largely dependent on the brands when it comes to source tagging of products. Standardization in RFID

label technology¹ is critical to be able to identify products of various brands individually. This is also recognized and adopted by an increasing number of brands. Global standards enable collaboration between brands and retailers (powered by GS1)

GTIN – the product identifier

Global Trade Item Number (GTIN) can be used by a company to uniquely identify all of its trade items. GS1 defines trade items as products or services that are priced, ordered or invoiced at any point in the supply chain.

EPCIS – the stock visibility platform

EPCIS – the electronic product code information service - is a GS1 standard that enables trading partners to share information about the physical movement and status of products as they travel throughout the supply chain – from business to business and ultimately to consumers. It helps answer the “what, where, when and why” questions to meet consumer and regulatory demands for accurate and detailed product information.

As a consequence, using RFID and an the EPCIS Repository standard is the foundation for a (real-time) stock visibility platform, holding all read events from various RFID read-points along the whole supply chain. As a result, it creates total stock visibility, which is consequently the basis to fulfill customer orders in the most agile way.

Did you know?

ID Cloud is fully built based on GS1 standards.



4. What is the benefit?

Research done by the Auburn University RFID Lab shows that the average level of inventory accuracy for U.S. retailers is 65%. In concrete terms, this means that the average retailer in one-third of cases does not know where an item is or that he has it in stock at all.

The result is that IT systems work on inaccurate data. Even the best IT system cannot do a good job if the data in it are not correct. RFID implementation lifts stock accuracy to an average of at least 98%.

Because working with (GS1) standards is inevitable when it comes to RFID implementation, multi-brand retailers are able to individually identify products and process its data of all kinds of brands they offer. This results in a strong position for them using these data for offering omni-channel services, like BOPIS (Click & Collect), BOSS (Ship-from-Store) and BORIS (Buy online, Return in store).

RFID labels are already “on board” - Relatively low investment level

A key benefit for multi-brand retailers who are looking into RFID implementation is the fact that the tagging costs are a lot lower, compared to similar projects at vertically integrated retailers since brands are taking care of their own source tagging.

Speed of implementation

Sports fashion and apparel retailers usually are able to quickly proof their business case, as supply chain, loss prevention and sourcing do not necessarily need to be on board to start a project. Oftentimes only an RFID reader, a mobile device and a cloud-based software provider are needed when the project commences.

Total stock visibility

A high stock accuracy and stock visibility enables brands to make merchandise simply available and “be ready to sell” across all different sales channel. Achieving (total) stock visibility across the multiple channels is the foundation to route and orchestrate customer orders, wherever they come from, or they need to be delivered to.



Brand Perspective		(Multi-Label) Retailer Perspective
A. Costs		
RFID Labels	<ul style="list-style-type: none">RFID labels per item	<ul style="list-style-type: none">Included, if source-tagged
RFID hard- & software	<ul style="list-style-type: none">Systems at source (e.g. printer) or in a DC are covered by the brandSystems in stores a covered by the retailer	<ul style="list-style-type: none">Hardware lease per storeSubscription per store
B. Benefits		
Stock Visibility	<ul style="list-style-type: none">Stock transfers,Flexible allocation,Vendor managed inventory based on RFID stock information	<ul style="list-style-type: none">Accurate and demand-driven refill & replenishment
Merchandise Availability	<ul style="list-style-type: none">Safeguard stock hits the appropriate sales channels,Increase sellable stockIncrease order fulfillment rate	<ul style="list-style-type: none">Eliminate out of stock situations / critical zeroesIncrease display availability by decreasing NOSBOS situations (not on shelf, but on stock)Increase full-price sell-through
Omnichannel Services	<ul style="list-style-type: none">Enable stock brokerage, using stores as “omnichannel hubs”Optimizes ship from store services.	<ul style="list-style-type: none">Enable accurate “in-store order”Enable accurate “endless aisle”

5. RFID IN REAL-LIFE MULTI-BRAND CASES

Powerful examples of leading multi-brand sports retailers who leverage RFID source tagged items from leading sports brands.

Foot Locker and Nike Are Collaborating for Customer Convenience

This collaboration is a successful example of matching up inventory data. Shoppers can use their NikePlus membership to access special features within the Foot Locker store to win prizes and get access to special offers, scan items to learn more about them and view real-time inventory availability.

[Click](#) for more information.



JD Sports Plc. subsidiary Sports Unlimited Retail (SUR) to roll out RFID to 100 multi-brand stores

This project's foremost goals is to raise in-store inventory accuracy and improve the on-shelf product availability, which will lead to improved sales both in store and buy-online and ship-from-store orders. SUR will be able to, based on RFID, always display the 'best' shoes based on sales and inventory data.

[Click](#) for more information.



6. How to get started for sports fashion and apparel retailers

Starting with a few leading brands and own source tagged merchandise

An example from the market of building the business case for RFID on just source tagged items comes from Dutch JD Sports subsidiary Sports Unlimited Retail. This sports fashion and apparel retailer decided to build a business case based on source tagged merchandise from Asics and Nike and to equip all own merchandise with Avery Dennison RFID labels. Other brands will be added in the future.

In-store tagging

There are examples of multi-brand retailers who decided to go for in-store tagging, such as a leading global athletic footwear and apparel retailer with more than 2500 stores. One of the reasons for this is that not all brands have their items source tagged yet. In-store tagging allows retailers to still implement RFID e.g. by replacing the existing process of applying standard price tags in store by applying price tags equipped with an RFID label to each item. This allows them to quickly optimize inventory accuracy on the shop floor and in their stock rooms, which enables services like Ship-from-Store.

Needless to say, source tagged items from brands like e.g. Adidas, Nike and Under Armour don't require in-store tagging.

Phased approach

The success of an RFID project lies in stripping away complexity. As with a lot of strategic projects it is important to start small, celebrate a successful first step and proceed from there.

This three stage approach will solidify the business case for the usage of RFID in your company.

Want to learn more about starting a successful RFID project? Request a free demo here.



1

Start small with a workshop

In a workshop with your stakeholders and a solution provider's retail experts you should put together a business case based on the specifics of your business, current experiences in retail and benchmark it against results of comparable retailers.

2

Test, learn and adjust

The business case is validated in a set of stores, with a selection of tagged merchandise. The products can be tagged in the DC or in the store. Now you can start running the pre-rollout, step by step, for each store.

3

Scale fast with a rollout

With a proven business case, you will get prepared you for the rollout and implement the technology in each store. New functionalities can be added along the RFID journey.



Sources

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Questions?

We have the answers

Every industry has its own unique challenges and opportunities. Nedap Retail creates unique solutions, geared to your industry, to help you take full advantage of social, mobile, cloud, and analytics as you transform your business.

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