



Major Department Store Relies on **Tyco Retail Solutions**

**for RFID Inventory Intelligence to
Support Omni-Channel Strategy**



“RFID is a tool to better serve customers and drive sales.”

- CXO

// Summary

One of the most renowned names in American retailing operates a chain of mid-to high-end department stores with multiple online brands and hundreds of locations across the U.S. With stores selling apparel, footwear, cosmetics, jewelry, home furnishings and more, they ring up billions in retail sales dollars annually. Building on a consistent growth trend in online sales, company leaders launched an ambitious omni-channel, strategic initiative to maximize inventory, selection and buying opportunities available to their shoppers. Omni-channel retailing requires timely, reliable, available-to-promise inventory and so improving inventory accuracy and expanding visibility were fundamental to their customer-centric strategy.

As part of this initiative, all stores were equipped with Radio Frequency Identification (RFID) technology in order to provide accurate, real-time, item-level inventory visibility for all tagged merchandise across the stores and DCs. This integrated inventory intelligence was essential to deliver on the omni-channel

promise to their customers. The RFID roll out for inventory tracking began with a limited project conducted in a few stores and distribution centers, with identified benchmarks desired, Return on Investment (ROI) proof points and a collaborative partner deployment plan for the pilot. The retailer chose Tyco Retail Solutions as their valued partner and software solution provider for this strategic implementation.

Challenge

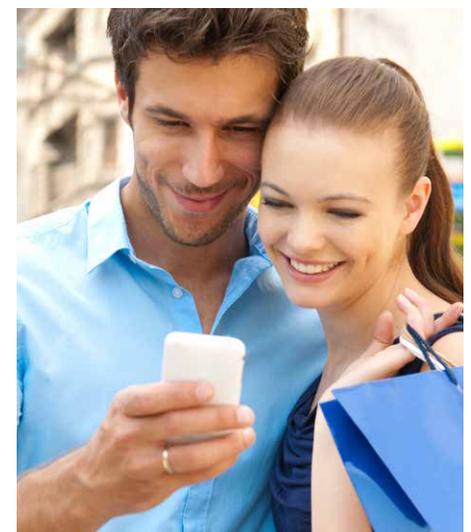
To achieve their strategic objectives, the retailer knew they needed significant operational improvements to succeed in omni-channel fulfillment.

Some of the key challenges included:

- // **Erroneous corporate stock ledger**
- // **Inventory accuracy erosion**
- // **Out-of-stock conditions**
- // **Poor inventory visibility across locations**

In order to improve item-level inventory accuracy and resolve these issues, frequent inventory cycle counts were required. They needed item-level RFID, with its rapid counting and detailed item visibility capabilities, allowing frequent cycle counts

without disruption to the business. But implementing new technology across the entire enterprise, while continuing to run a multi-billion dollar business, is a sizeable challenge. The pilot project had to additionally focus on the key challenge of proving the scalability of the technology in a cost effective deployment model. To be successful, the retailer required a solution provider dedicated to entering a collaborative partnership to effectively drive this new RFID technology forward in a chain-wide rollout plan.



Solution

With nearly 50 years of industry experience, Tyco Retail Solutions was chosen as the retailer's valued partner and solution provider. Tyco's Inventory Visibility platform, featuring RFID technology, was selected to track inventory throughout all store locations and DCs across the enterprise.

Tyco's Professional Services team provided a strong foundation of technical knowledge, industry expertise, deployment skills and methodologies. Through collaboration with Tyco, the retailer was able to complete the pilot right the first time, successfully delivering on time, on budget, and hitting all strategic business goals with a compelling ROI.

Project Scope

The multi-stage implementation began with a pilot project including eight stores and two DCs for item-level tagging of replenishment goods. As a result of the successful pilot program, item-level tagging was rolled out to all store locations in the size-intensive merchandise categories of men's furnishings and slacks, intimate apparel, denim, and women's shoes.

// With the initial deployment, the retailer tagged 30% of the company's SKUs, representing approximately \$8 billion worth of inventory

// The deployment consisted of handheld RFID readers for store personnel to use in back rooms and on the sales floor for conducting inventory counts, replenishment, and store receiving

Results

By leveraging extensive retail store expertise, along with an ability to derive value from the software, technology and professional services, Tyco and the retailer implemented a successful RFID project. They achieved their business requirements

with the lowest total cost of ownership, resulting in performance benchmarks reflecting the pilot program's overall success.

// **Greater inventory accuracy** – inventory counts and transactions are now more accurate and consistent across the corporate stock ledger and perpetual inventory, providing reliable available-to-promise inventory in support of the omni-channel retail initiative. Overall inventory accuracy rose to a sustained 95% in RFID-supported categories—up from pretest levels of 70 – 75%

// **Faster & more accurate cycle counts** – efficient regular inventory counts now replace the arduous annual physical counts, allowing associates to focus on shoppers rather than tasks, and enable accurate real-time inventory visibility

// **Improved stock positions** – with accurate inventory insights, actual merchandise assortments are in line with shopper demand and out-of-stock conditions are greatly reduced

// **Increased margin and revenue** – pilot stores' sales, margin, and stock turns improved across highly replenished categories

// **Enhanced shrink visibility** – item-level RFID helps the company uncover and address previously undetected sources of shrink and identify selling-floor losses in hours instead of months

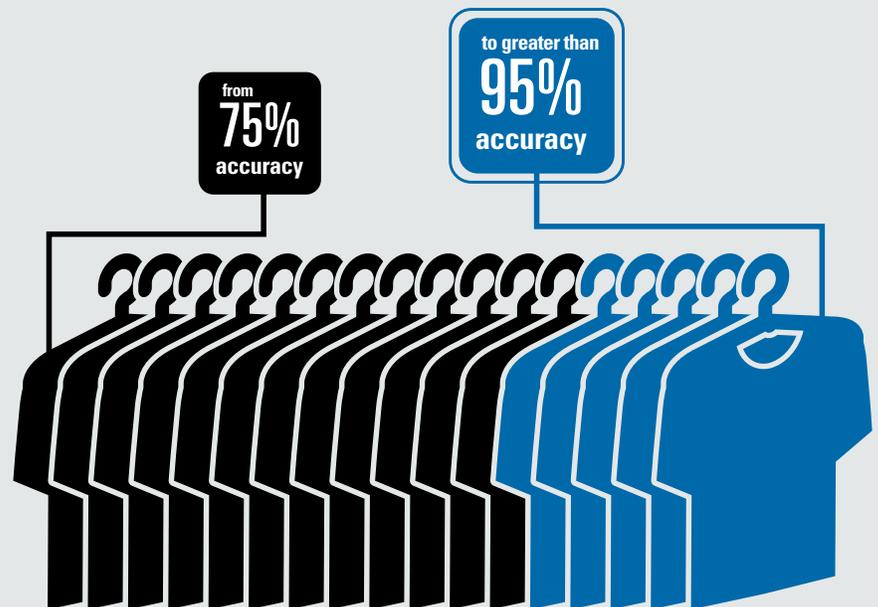
// **Increased customer satisfaction and loyalty** – accurate inventory visibility ensures that the right product is available at the right place, at the right time for in-store and omni-channel shoppers



"After two years of effective testing, we are confident that RFID is fundamental to the success of our digital retailing strategy and Tyco is the partner to help us execute on our vision."

- Senior Retail Executive

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Leverage our strength and experience

Tyco Retail Solutions is a leading global provider of integrated retail performance and security solutions, deployed today at more than 80 percent of the world's top 200 retailers. Customers range from single-store boutiques to global retail enterprises. Operating in more than 70 countries worldwide, Tyco Retail Solutions provides retailers with real-time visibility to their inventory and assets to improve operations, optimize profitability and create memorable shopper experiences.

The Tyco Retail Solutions portfolio for retailers is sold direct through Tyco businesses and authorized business partners around the world.

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