

Retail chain cuts shelf/till price differential with e-shelf labelling

Four Spar retailers have slashed the error rate between their shelf and till pricing from 7% to near 0% through an electronic shelf labelling (ESL) solution supplied by XON Systems.

This follows the successful completion of a year-long pilot project at two of the retail chain's stores in Rustenburg and Pinetown Superspars.

The group has subsequently appointed XON Systems its preferred supplier for the Pricer electronic shelf labelling (ESL) solution for its almost 800 retail stores countrywide.

The Pricer ESL solution automates the traditionally manual process of changing prices in retail stores, and electronically displays price information on store shelves.

In South African stores, price errors between shelves and cash registers occur frequently," says Minesh Manga, MD of XON KwaZulu-Natal. "Pricer, on the other hand, guarantees price integrity for stores and creates a sense of certainty for customers that prices on shelves and at the pay points are the same."

50 000 price updates an hour

The solution is platform-independent and works on a two-way communication scheme as it feeds prices to the shelf and back again. It consists of a network that sends information to the ESLs, which in turn acknowledge the information update through a wireless infrared (IR) link. The network and the information are controlled and maintained by a server that receives data from the back-office computer system and then updates the ESLs. The system is claimed to be the quickest in the world, with the ability to make 50 000 price changes in an hour, or 1 500 changes in two minutes.

In the retail chain, it is integrated with and captures prices directly from the retailers' back-office systems that are updated from the Spar central office.

Chairman Mike Hankinson said that IT forms the backbone of the group's operations, which is why its capabilities at its distribution centres and central office are to be replaced this year, enabling it to cope with increased transaction volumes and to deliver improved efficiencies and transaction speeds.

More specifically, the group will employ radio frequency (RF) technology and voice-activated picking processes, an improved direct delivery transaction system, enhanced retail store back-office systems and a retail network.

It will roll out its Storeline point-of-sale (POS) system at retailers and deploy a virtual private network (VPN).

"The group will also encourage our retailers to remodel and expand their stores, drive up shopping convenience factors and improve their ranges, customer service and quality of offering," Hankinson said in the annual report.

According to Hendrik Bredenkamp, MD of Skydirect, an XON Holdings company and Pricer value-added reseller, "Just managing the standard product prices through printed labels can be an enormous undertaking, but it becomes excessively complex when the group runs specials on certain products.

"That's typically where the errors creep in. The biggest problems are shelf price tags that go missing, that never reach the shelves and products that are out of stock, with other products creeping into their shelf space. Empty shelves represent lost revenue to the stores."

He says that his company's system helps stores to maximise their shelf space, along with their ability to move product because they have no reason to be out of stock, and it helps to keep shoppers happy. Moreover, he says, the system simplifies setting prices in the store, saving time and money and guarantees 100% price accuracy at shelf level, which can be controlled from headquarters.

He added that Pricer also has a range of other benefits that will help storeowners and managers enhance the way they operate.

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