

STRATEGY FOR BUSINESS

Summer 2004 Issue 15

WHY YOU SHOULD HAVE A STUPID COMPUTER.

New thinking says reduce your processing power, don't increase it.

FULCRUM'S BIG PIPE.

How broadband is helping National Grid Transco's gas connections company run its business.

"IT'S OUTSOURCING, BUT NOT AS WE KNOW IT."

Smart-sourcing changes the rules and the results.

FIXING FRAUD. Manually.

SHOPPING THE LIGHT FANTASTIC.

A retail dream finally comes true.



FUJITSU

THE POSSIBILITIES ARE INFINITE



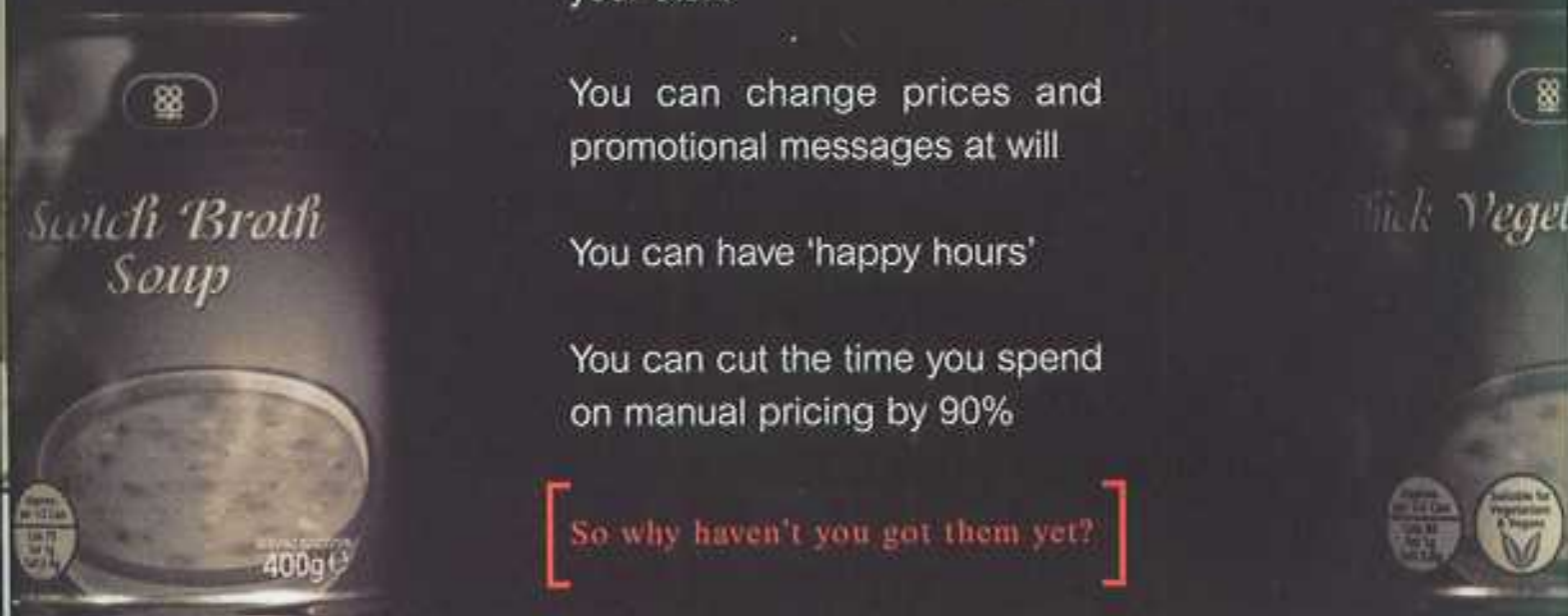
Electronic shelf-edge labels for your store

You can change prices and promotional messages at will

You can have 'happy hours'

You can cut the time you spend on manual pricing by 90%

So why haven't you got them yet?



In the 80s, when electronic shelf-edge labels were first dreamed up, they seemed to offer everything a retailer could desire. Control of pricing, instant POS messaging and huge staff savings over manual ticket changes.

But the price of electronic pricing was high, involving big investments in transmitters and complex labels costing anything between £10 and £20 each. Dependability was also an issue. Safety regulations limit the signal strength you can use inside a busy store to 200 milliwatts, which meant labels sometimes didn't receive their messages and prices didn't change.

Apart from the odd niche application, then, the business case was marginal and one more great idea sat on the sidelines, waiting for someone to make it work.

THE CO-OP SEES THE LIGHT

Walk into Bilton Heath Foodstore, Shropshire

(owned by West Midlands Co-op) and you'll see a great idea at work.

Every one of their 11,000 shelf-edge labels is electronic, with prices and promotional messages that change throughout the day. Customers enjoy regular happy hours and staff are serving people instead of switching labels.

So what's different? ILID; a new system from Fujitsu that uses light to send pricing signals to the labels.

There are no transmitters anywhere, as the system simply modulates the light emitted by the store's existing striplights. Simple labels (around £2.50 each) receive signals directly or via reflected light and all the advantages of electronic labels are now available at a sensible price.

Dependability? Prices even change if the label falls off and is under the fixture! Safety?

The system uses existing light – there is no additional radiation in store. Savings? Manual updating used to take 40 hours a week – now it's done in minutes.

30 MONTH PAYBACK. HOW'S THAT FOR ROI?

The numbers are impressive – even for hard-nosed retailers. For example, the cost of having paper shelf-edge labels and manual price-checking in a mid-sized store of around 13,000 lines is about £20,000 per year, most of which is labour.

Whereas the cost of running ILID labels (which price-check automatically) is about £4,000 per year.

And the upfront cost? Well, a turn key ILID system for the same mid-sized store would carry a one-off cost of about £37,000.

See below for the arithmetic.

And, of course, these are just the hard numbers. Add in the business benefits of happy hours, instant sales and hour-by-hour pricing flexibility and we can only repeat, why haven't you got them yet?

	YR1	YR2	YR3	YR4	YR5
COST TO INSTALL ILID	£37,000	n/a	n/a	n/a	n/a
COST TO RUN ILID	£4,000	£4,000	£4,000	£4,000	£4,000
CUMULATIVE TOTAL	£41,000	£45,000	£49,000	£53,000	£57,000
COST TO RUN PAPER	£20,000	£20,000	£20,000	£20,000	£20,000
CUMULATIVE TOTAL	£20,000	£40,000	£60,000	£80,000	£100,000