



TECHNOLOGY: ELECTRONIC LABELLING



SHINING A LIGHT ON THE SHELF

Central control of shopfloor pricing can be done using electronic shelf-edge labels, but retailers seem reluctant to introduce them. **John Oates** reports

Putting prices on individual items is the bane of a retailer's life because it is a labour-intensive and unpopular job.

If mistakes are made, which leads to a difference between the labelled price and the price the till system shows, customers are upset. If prices need to be changed, staff are then tied up in non-productive work for hours.

So the idea of electronic labels on the shelf edge that can be updated centrally should be welcomed by retailers. Yet, even though it is 20 years since the technology was first conceived, it has only been adopted by a few retailers.

The first retailer to use it in the UK was Safeway in 2002. On completion of a trial in St Albans and Wokingham, the company announced it would roll the technology out to 50 stores. Then it went quiet.

Now, according to a spokesman at Safeway's new owner, Morrison's, the project has been discontinued.

However, it is certainly not all bad news for electronic shelf-edge labels (ESEL). NCR, the company that supplied Safeway with the technology, still has customers such as Casino in France; Hoogvliet and Jumbo in The Netherlands; and Edeka in Germany.

In the UK, West Midlands Co-op remains enthusiastic about ESEL. In February the Co-op installed labels from Australian firm ILID, supplied by Fujitsu at its Bicton store. Unlike the NCR system that uses radio technology, ILID uses the existing lighting system to update the labels through a beam of light that is invisible to the human eye.

ILID electronic labels run on batteries that last the lifetime of the label – about 10 years. They can display up to eight pages of text and allow prices to be changed quickly. By integrating the technology into back-office systems, the retailer can help to eliminate mistakes.

West Midlands Co-op food division general manager Roy Frodsham says:

"Most paper labels need sorting by product group and then changing individually by hand – it's an irksome job. In an average store, it's a full-time job for one person."

ON THE EDGE

The West Midlands Co-op bought 12,000 electronic labels for its 10,000 sq ft (929 sq m) newly built Bicton store. It has now installed a similar system into a recently acquired Safeway store.

ILID works with retailers in Australia, but wasn't particularly well known in the UK. The Co-op considered various technologies before settling on ILID. "We preferred the ILID system of using light instead of radio frequencies to transmit data. We thought this would be less problematical," says Frodsham.

With ILID, information is transmitted through the existing fluorescent lighting system, used by most retailers.

To implement the system, the starter device used in the fluorescent lights is

replaced with a super starter/modulator. The super starters are cabled up to the back-office database so retailers can change prices at the touch of a button.

Fujitsu business development manager Rick Paull, who worked with West Midlands Co-op, says: "Because it uses the existing infrastructure it makes the implementation much simpler. Radio systems running labels have had problems."

One supermarket that has not experienced a network clash is German giant Metro. It has used electronic shelf-edge labels at its showcase Future Store since it opened and has now started to roll out the technology to other stores.

The Metro labelling system uses the same wireless local area network that is also used to update personal shop assistants – Tablet PCs used by some customers – and the hand-held devices used by staff PDAs.

Metro is happy with ESEL. "They are effective, and well-loved by managers. You can change prices at the touch of a button and there is total security of having the same price on the shelf and at the checkout," says a spokesman.

Yet, with all these benefits, other retailers still have not flocked to introduce ESEL. At Fujitsu, Paull admits that the cost was an issue for some retailers. Yet, he explains, a minimum infrastructure is needed to run the system and additional costs once the system is installed are low.

At Co-op, Frodsham is confident the project will pay for itself. "We will have payback in just over three years, but with a 10-year life for the labels, I think it is a worthwhile investment," he says.

As well as prices, the labels can display up to eight pages of information, so they can also display details of promotions and related items.

"We have promotional changes every three weeks – you can enter thousands of items at the touch of a button. There is a reduced labour requirement and you can react to overstock by instantly changing prices," said Frodsham.

"In future, stores could do happy hour pricing or one-day promotions. If a competitor suddenly opened on your doorstep you would be able to react immediately," he added.

While it remains one of the only retailers to adopt ESEL, the Co-op is enthusiastic about the potential of the technology. The only problem the Co-op had with the system was angling labels on the top shelf so shorter customers could easily read them.

Frodsham would like labels to be available in different sizes and is looking at using labels with different coloured screen backgrounds. **RW**