

RFID

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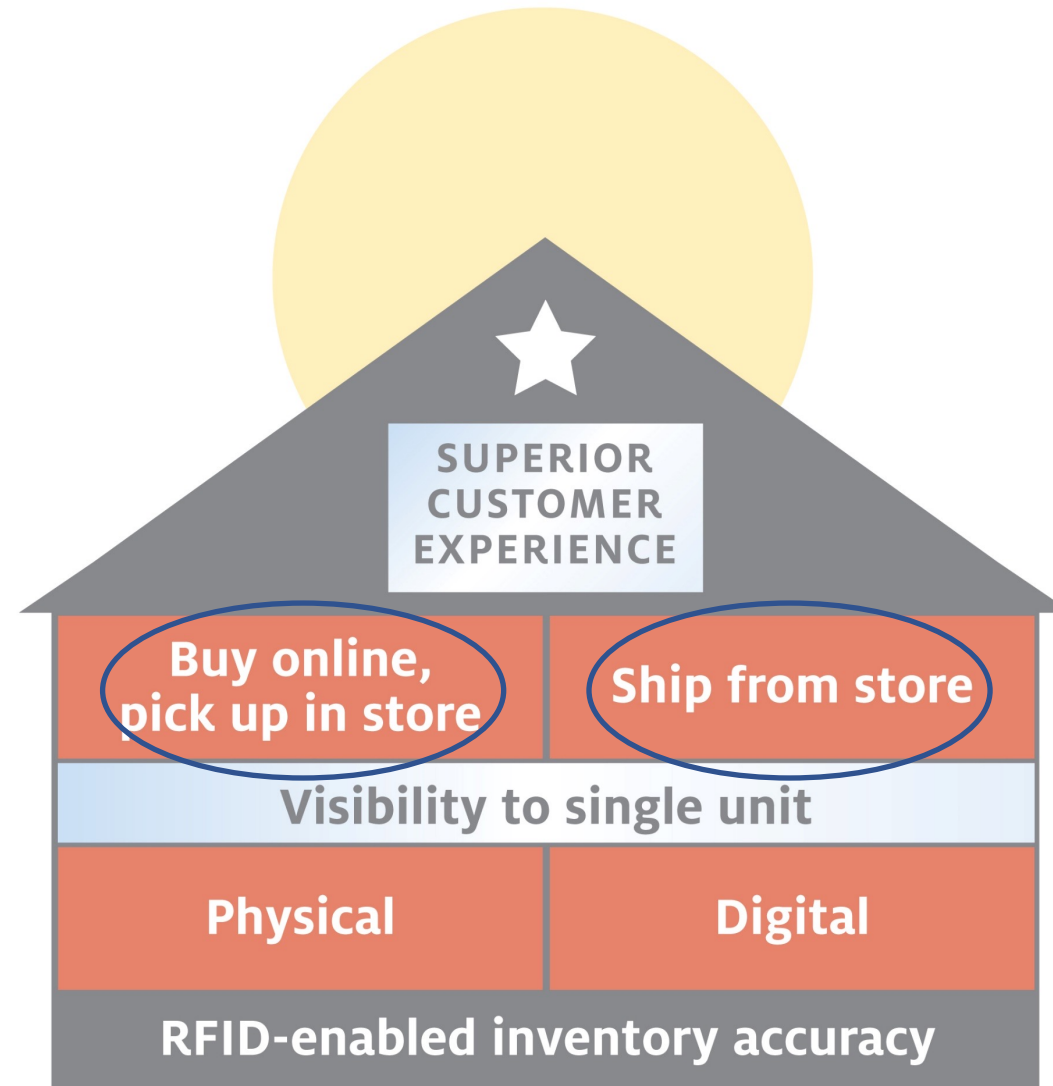
Can Retailers be Omnichannel-Ready without RFID?

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The Omnichannel house

In 2018, 80% of retailers believed they were omnichannel



Ship from Store (SfS)

- 35-65% pick rate issues
- One retailer: 80% pick declines
- Potential: Retailers reducing sales floor space and using for mini-fulfillment center
- Many retailers are not prepared to use their inventory from stores to fulfill online orders due to inventory accuracy issues

Buy Online Pickup in Store (BOPIS)

- 64% of U.S. shoppers use BOPIS regularly
- 75% have used BOPIS at least once; yet, only 53% of retailers offer BOPIS
- “hidden” use (ROBIS) – 74% check before going to store
- \$72.5 billion in 2020 (more than double 2019); \$101 billion in 2022
 - \$125 billion for 2023
- >40% of holiday season
- From operations perspective, BOPIS is fantastic
 - It costs 90% less when picking up in store vs. shipping
 - 25% attachment sales

BOPIS “Failures”

- Execution is not good
 - 24% of BOPIS orders not ready, despite message otherwise
 - 45M units not found
 - \$670M in lost revenue
 - \$226M in wasted labor costs
- 67% of BOPIS customers had a bad experience of some type

But, BOPIS should be easy ...

- 20+ retailers; 100+ categories; collecting data since early 2019
- Randomly select items from multiple categories
- Check availability of items shown online against actual shelf quantity
- BOPIS order criteria:
 - Online
 - Communication
 - Pickup
- Scorecard data available in white paper at <http://rfid.auburn.edu>

Test of BOPIS: Examples

- Apparel:
 - 5 on shelf; 'unavailable at this location'
 - 4 on shelf; '1 left'
 - 3 on shelf; 'out of stock'
 - 9 on shelf; does not appear on website
- Housewares:
 - 4 on shelf; not available for pickup
 - 4 on shelf; 4 available for pickup
 - 4 on shelf; 3 available for pickup
- Shoes/apparel:
 - 1 on shelf; 'only 26 available for purchase'; only 1 available for pickup
 - 2 on shelf; 'not available for store pickup'

BOPIS Inventory Accuracy

*It all starts with
inventory accuracy*

Retailer	Accurate	Unavailable	More on shelf	Less on shelf
A	0%	60%	32%	8%
B-1	4%	84%	0%	12%
C-1	8%	60%	4%	28%
D	8%	0%	92%	0%
E	8%	48%	4%	40%
F	12%	24%	40%	24%
G-2	16%	8%	28%	48%
H-2	16%	0%	36%	48%
I	16%	48%	24%	12%
J	24%	24%	52%	0%
K	28%	20%	36%	16%
L	40%	8%	40%	12%
M	44%	4%	32%	20%
N	60%	36%	4%	0%
O	80%	0%	8%	12%
P-1	84%	4%	12%	0%

BOPIS Scorecard: Key Elements

Online Criteria

Online Inventory Count

Limits Placed on Online Orders

Accuracy of Online Inventory Count

Search by Store

Search by BOPIS

Number of Clicks until Checkout

Multiple Search Methods

Online Inventory = In-store Inventory

In-store Inventory = Online Inventory

BOPIS Scorecard: Key Elements

Communication Criteria
Number of Order-related Emails
Receipt in Confirmation Email
Pickup Instructions in Order-related Emails
Order Ready Notification
Order Ready in Relevant Timeframe

BOPIS Scorecard: Key Elements

Pickup Criteria

Multiple Pickup Methods

Pickup at Any Hour

BOPIS-specific Parking Spots

Signage for Pickup Area

Proximity of Pickup Area to Entrance

Dedicated BOPIS Area

Designated BOPIS Staff

Order Ready Upon Arrival

Time Taken to Collect (seconds)

BOPIS Scorecard: Key Elements

Online Criteria	Communication Criteria	Pickup Criteria
Online Inventory Count	Number of Order-related Emails	Multiple Pickup Methods
Limits Placed on Online Orders	Receipt in Confirmation Email	Pickup at Any Hour
Accuracy of Online Inventory Count	Pickup Instructions in Order-related Emails	BOPIS-specific Parking Spots
Search by Store	Order Ready Notification	Signage for Pickup Area
Search by BOPIS	Order Ready in Relevant Timeframe	Proximity of Pickup Area to Entrance
Number of Clicks until Checkout		Dedicated BOPIS Area
Multiple Search Methods		Designated BOPIS Staff
Online Inventory = In-store Inventory		Order Ready Upon Arrival
In-store Inventory = Online Inventory		Time Taken to Collect (seconds)

BOPIS Scorecard: Online Criteria

Online Criteria	Industry	Peer	XYZ Score
Online Inventory Count	35%	67%	Yes
Limits Placed on Online Orders	75%	100%	Yes
Accuracy of Online Inventory Count	13%	10%	30%
Search by Store	95%	100%	Yes
Search by BOPIS	85%	67%	Yes
Number of Clicks until Checkout	5.5	4.3	4.0
Multiple Search Methods	65%	67%	Yes
Online Inventory = In-store Inventory	70%	92%	85%
In-store Inventory = Online Inventory	72%	94%	88%

BOPIS Scorecard: Communication Criteria

Communication Criteria	Industry	Peer	XYZ Score
Number of Order-related Emails	2.95	3	4
Receipt in Confirmation Email	100%	100%	Yes
Pickup Instructions in Order-related Emails	50%	0%	No
Order Ready Notification	100%	100%	Yes
Order Ready in Relevant Timeframe	90%	100%	Yes

BOPIS Scorecard: Pickup Criteria

Pickup Criteria	Industry	Peer	XYZ Score
Multiple Pickup Methods	85%	33%	Yes
Pickup at Any Hour	85%	100%	Yes
BOPIS-specific Parking Spots	10%	0%	No
Signage for Pickup Area	35%	67%	Yes
Proximity of Pickup Area to Entrance	80%	67%	Yes
Dedicated BOPIS Area	30%	33%	Yes
Designated BOPIS Staff	20%	67%	Yes
Order Ready Upon Arrival	75%	67%	100%
Time Taken to Collect	2:47	4:33	3:21

Does RFID make a difference?

- Criteria potentially impacted by RFID
- “RFID retailers” versus industry
 - *Note: preliminary, non-scientific comparison*
 - *Predicated on inventory accuracy*

Does RFID make a difference?

Online Criteria	Industry	RFID
Online Inventory Count	35%	100%
Limits Placed on Online Orders	75%	100%
Accuracy of Online Inventory Count	13%	60%
Search by Store	95%	
Search by BOPIS	85%	
Number of Clicks until Checkout	5.5	
Multiple Search Methods	65%	
Online Inventory = In-store Inventory	70%	90%
In-store Inventory = Online Inventory	72%	94%

Does RFID make a difference?

Communication Criteria	Industry	RFID
Number of Order-related Emails	2.95	
Receipt in Confirmation Email	100%	
Pickup Instructions in Order-related Emails	50%	
Order Ready Notification	100%	
Order Ready in Relevant Timeframe	90%	100%

Does RFID make a difference?

Pickup Criteria	Industry	RFID
Multiple Pickup Methods	85%	
Pickup at Any Hour	85%	
BOPIS-specific Parking Spots	10%	
Signage for Pickup Area	35%	
Proximity of Pickup Area to Entrance	80%	
Dedicated BOPIS Area	30%	
Designated BOPIS Staff	20%	
Order Ready Upon Arrival	75%	
Time Taken to Collect	2:47	

Omnichannel Ready?

- Retailers struggle with providing the simplest of the omnichannel capabilities: BOPIS
- Very few retailers, among those we tested, would be considered BOPIS capable
- Accuracy => execution => sales
- Preliminary data suggests better BOPIS execution for RFID-enabled retailers via increased accuracy
- *Only with RFID-enabled high inventory accuracy can retailers be omnichannel ready*
- **Key question: Where / how can RFID be used to enable other omnichannel capabilities via visibility / accuracy?**



THANK YOU

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