

ESL for the Little Guy

Infrared technology keeps shelf prices up to date at Geissler's Supermarkets

BY JENNIFER KOROLISHIN

When A.F. Geissler opened his first supermarket in 1923, he couldn't have imagined the impact technology would have on the grocery industry. That includes the five-store chain's current rollout of electronic shelf labels. One thing has remained constant over the years, however: Independent grocers and small chains often encounter barriers when upgrading to the latest technology.

"In terms of IT challenges faced by small chains, expertise is one, and expense is another," says Jim Nilsson, president of the East Windsor, Conn.-based company. "The bigger chains buy a software package and they're spreading it over 40 or 50 stores. When we buy a software package, we're spreading it over five stores so it's a bigger nut to crack."

For Geissler's, deployment of an electronic shelf label system is about more than saving the time and labor required to change price stickers on products. It actually allows the chain to comply with a Connecticut law mandating that grocers price-mark each individual unit unless an ESL system is utilized. Additionally, most of the large chains operating in Connecticut have already deployed ESLs, making it a competitive issue for Geissler's.

While Geissler's was centrally managing pricing through a dial-up connection to the stores, the process of physically changing prices to reflect sales and other temporary price reductions required a great deal of effort. An ESL system promised improved efficiency. Therefore, although it represented a costly outlay, Geissler's decided to move forward with the project.

"With the electronic labels, we'll be able to pull back information and update information a little more frequently," says Nilsson. "Also, there's labor savings at the store level. We stock at night, and you can eliminate one person off of the night crew because you don't have to price-mark each individual item. You can just flip the prices overnight."



HOW A TYPICAL PRICE-CHANGE WORKS

The retailer sends an electronic price batch from headquarters to the stores.

That information feeds into the POS system, updating the cash registers.

The Pricer system automatically receives a flat file from the POS system and reads which prices need updating.

The system sends the information to a base station in the store's back office.

From the base station, the changes are relayed to transceivers placed throughout the store, which update the price labels.

Geissler's partnered with StoreNext Retail Technologies, in part because of its familiarity with the chain's POS system — an important consideration in ensuring that ESLs work seamlessly.

Big technology for small retailers

Plano, Texas-based StoreNext is focused solely on providing technology solutions for independent grocers and small chains. "We bring them high technology solutions to keep them competitive, lower their cost and keep them in business," says senior vice president of operations Bruce Minale.

Geissler's situation is typical of many small chains. With less money to spend on IT, independents and small chains often lack the technical support and the powerful analytical and reporting tools needed to drill down into categories and fully understand where money is being made, or where greater investment is needed to compete more effectively.

To enable greater sales analysis capacity, reduce shrink and lower the cost of business, StoreNext offers retailers its Connected Services enterprise, a web-based subscription service that provides access to critical technology tools without paying for a large up-front software licensing agreement. Connected Services consists of several suites of products that include a reporting system, sales analysis, an electronic journal function, a price-book system and a loss prevention product.

For independents and smaller chains, "The idea of investing thousands of dollars in an application and waiting two or three years to get the return isn't going to fly," says Tony van Seventer, vice president of products and marketing for StoreNext. "If you have that same application available on a subscription model, you theoretically have a situation where your ROI is positive on Day 1."

Through the Connected Services model, StoreNext retailers can integrate subscription-based applications with POS and ESL systems to track pricing data more closely and change prices more quickly. To imple-

ment ESLs, StoreNext partners with Pricer, a Swedish company that focuses primarily on the development and marketing of ESL systems. StoreNext purchases the equipment from Pricer and installs it in stores via its nationwide dealer network.

StoreNext provides a communication bridge, via software, between the retailer's central computer system, its POS system and the Pricer tags on the shelves. For a typical price change, the retailer sends an electronic price batch from headquarters to the stores. That information feeds into the POS system,



"You can just flip the prices overnight."

—Jim Nilsson, Geissler's

updating the cash registers, and the Pricer system automatically receives a flat file from the POS system and reads which prices need updating.

The Pricer system sends the information to a base station, normally located in the store's back office. From the base station, the changes are relayed to a series of 15 to 25 transceivers placed throughout the store, which update the price labels.

The Pricer system uses diffused infrared technology. The wireless signal bounces off shelves, floors and other store fixtures as it is transmitted to the shelf tags, allowing it to reach products on top or bottom shelves or inside freezer cases without sacrificing signal

strength. Another advantage of infrared technology: it doesn't compete with radio bandwidth inside the store, permitting other radio-based solutions to work undisturbed.

Faster price changes generate savings

Geissler's went into the project with the primary goals of automating the price-change process and gaining price removal ability on all products — both of which can be accomplished only by using an ESL solution.

Given the magnitude of the investment and the many store fixture changes it entailed, Geissler's chose to begin in February with a pilot test in its East Windsor store "to get all the bugs out or find out where the problems or issues were," says Nilsson.

The pilot ran only a few weeks before the company decided to roll it out to its other stores. One additional store has been installed, and Geissler's expects to have all five stores using the solution by the end of this month.

In the stores where ESLs are operational, Geissler's is now able to better ensure that the shelf prices are coordinated with the POS system for pricing integrity and to change or adjust prices and get them out to the shelves quickly.

Geissler's sees other advantages for consumers in the ESL system. "Because of the workload of price changing, we

sometimes had to take items off of a TPR [temporary price reduction] deal a week early, just so we didn't have 500 price changes in one week," says Nilsson.

"The ESL system is going to keep the specials on longer for the consumer because we can turn them on quicker," he says. "It'll benefit consumers in that they'll get an extra week or two out of those TPRs."

Going to an ESL solution also has allowed Geissler's to reduce its stocking crew, re-deploying labor or reducing staff through attrition. In terms of ROI, "I hope to have this system paid for in less than a year and a half just from the labor savings and some other cost savings," Nilsson says. **STORES**



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