



/ WHY RFID MATTERS



AN IN-DEPTH LOOK AT
CONSUMER DATA / THE TRENDS / TECHNOLOGY
YOU NEED TO STAY AHEAD

****/**CHARMING**

INTRODUCTION

In retail, as in life, the only constant is change. You can lead, follow or get out of the way. But you cannot stand still. The competition is fierce, and always evolving. The only way to survive and grow is to be sure that your customers are not just happy, but satisfied by their overall interaction with your brand or business. This means managing your business operations efficiently and effectively for the optimal customer experience. Enter RFID, otherwise known as Radio Frequency Identification.

So what is RFID anyway?

RFID (Radio Frequency Identification) is technology that provides an easy, accurate and effective method to manage inventory, locate products and understand your supply chain. It helps eliminate human error, increasing inventory accuracy to near-perfect at a fraction of the time compared to traditional methods. By providing real-time data, RFID allows you to act with greater efficiency across the entire production and customer purchasing cycles and brings all

inventory to one location, enabling the omni-channel shopping experience your customers are looking for.

According to eMarketer, global retail spending is predicted to grow to \$29.4 trillion by 2024 ⁽¹⁾. We all wish we had a crystal ball to predict the newest trends and upcoming disruptions in order to secure the largest piece of that pie. The good news is now retailers have access to tools and software that can make it easier to manage the ups and downs of the retail roller coaster. And at the top of that list is RFID.

In this ebook, we will examine what's keeping the retail industry up at night, take a look at what these hard-hitting realities mean for your brand (or business), how they impact the customer experience and how RFID helps you gain visibility into your supply chain so you can solve the biggest challenge standing in the way to succeed - knowing where your inventory is at all times so you can get it into your customers' hands as fast as possible.

CONSUMER BUYING BEHAVIORS AND EXPECTATIONS HAVE FOREVER CHANGED THE FACE OF RETAIL

Today's consumers are fickle and their opinions and buying behaviors seem to change faster than the technology that enables them. To stay competitive, you should anticipate their shopping behaviors and what they expect from you.

It's certainly not news that the retail landscape is now driven by digital-savvy shoppers who have seemingly limitless buying opportunities at their fingertips. The ways they discover, buy, receive and

return products have been evolving at a rapid pace over the last decade.

And while consumers are shopping online more than ever, brick and mortar still plays a crucial role in the shopping experience. A whopping 81% of digital natives prefer to purchase in store and 73% say they like to discover new products in stores ⁽²⁾.

	Gen Z & Millennials	Gen X	Boomers & Silent
Browse products online and then purchase them in a retail store	83%	81%	73%
Make purchases online after seeing the product at a retail store	81%	80%	64%
Order goods online and pick them up in/at a retail store	75%	67%	56%
Purchase on an app	70%	58%	33%

⁽³⁾ "3 Reasons Why Marketers Need a Killer Omnichannel Strategy in 2020" Criteo, March 10, 2020 ⁽³⁾

By now it's safe to say that digital has raised the bar when it comes to consumer expectations – but it's also given brands and retailers access to immediate insights they've never had before. The difficult part is knowing what we should do with that information. We now

know things like convenience, price, and free shipping are top three on shoppers' list of expectations from brands ⁽⁴⁾. We also know that failure to deliver on those three can mean losing your customers to a competitor that can.

CHANGING CONSUMER BEHAVIORS

72%

72% of consumers are more eager to buy from digitally innovative retailers. ⁽⁵⁾

60%

60% of Millennials view social media as an important source for new product information. ⁽⁷⁾

64%

64% of customers choose a store based on product information availability via their mobile device. ⁽⁶⁾

56%

56% of consumers indicated they are more likely to shop at a retailer that allows them to have a shared cart across channels. ⁽⁸⁾

4 out of 10

4 out of 10 of consumers are unlikely or very unlikely to visit a retailer's store if the online store does not provide physical store inventory information. ⁽⁹⁾



Bottom line: brands that learn to monitor these signals and adapt to customers' needs will future-proof themselves in the long-run. And while much of this seems like a no-brainer, it does require advanced technology and well-thought-out infrastructure and processes to execute. However, RFID can be imple-

mented with little disruption to your existing processes when you work with an experienced partner that can help you identify the problem, set goals, choose the right technology, train your team and execute a pilot test that can be expanded within your organization.

YOUR BRAND MATTERS MORE THAN EVER

Traditional back-end operations now have front-end implications for your brand.

Conventional thinking says the concept of “brand-building” is led by advertising, marketing, presentation, merchandising and point of sale. Yet we know that consumers have a whole host of expectations that live outside of these walls.

Like everything else, the definition of brand is evolving in real-time. Delivering an elevated, consistent brand and omnichannel shopping experience across every consumer touch point – including ecomm and digital marketplaces, wholesaler partners, retailers and even your social media and influencer strategies – is now the only way to win. Putting all your eggs in one basket or channel won't produce the same outcomes of the past.

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Where out-of-stocks, shipping delays and other disruptions in the purchasing process used to simply cost a brand a transaction, a break in the supply chain today can also cost a brand their reputation and loyalty tomorrow.

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Remember the Four Ps of marketing? Product, price, place and promotion? Well, that third P of “place” is now a critical piece of the puzzle. Contrary to what the headlines often tell us, brands that understand that brick-and-mortar

and ecommerce can work in tandem, and have a halo effect on one another, are the ones that will stay ahead of the curve.

With a maze of darling D2C and emerging brands popping up everywhere – wooing customers with their convenient subscription plans, “try before you buy” options, ease of shopping and lower

prices – struggling retailers are figuring out new and innovative ways to drive in-store traffic.

Amazon and other digital-first pure plays like Warby Parker and Casper have recently ventured into brick-and-mortar retail and are leading the way for other retailers to test the waters with creative new ways to entice consumers.

THE WRITING IS ON THE WALL

73%

Just 16 brands were responsible for 73% of store closings in 2019.

⁽¹⁰⁾

60%

60% of Millennials say the ability to buy online and pick up in store is important to them. ⁽¹¹⁾

73%

73% of consumers are omnichannel shoppers who use multiple channels during the shopping journey.

⁽¹²⁾

While your brand still needs to attract your customers with its good looks and captivating charm, it must now be more than just a pretty face. It needs to have the technology and infrastructure to support it.

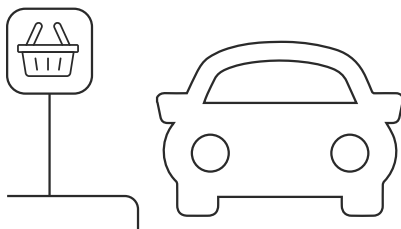
BRANDS AND RETAILERS NEED TO FUTURE-PROOF THEIR BUSINESS

It's no longer a question: omni-channel can build your business.

Hopefully by now we can all agree that omni-channel retail is no longer a buzzword. Consumers see you as one brand, not separate outposts for retail and ecommerce. They expect a seamless experience – whether shopping online from a mobile device, their desktop or in a brick-and-mortar store. Adapting to their expectations and capitalizing on every sales opportunity is critical to thrive.

59%

Curbside orders have increased **208%** during the COVID-19 outbreak, and **59%** of customers say they are more likely to continue curbside pickup after the pandemic. ⁽¹⁴⁾



We only need to look at what's happened during the pandemic to understand that BOPIS (buy online pickup in-store), or even BOPAC (buy online pickup at curb), has emerged as a competitive advantage. Google Search data reveals that queries around in-stock items grew by 70%, and searches for store closings grew globally by over 300% in the last week of March ⁽¹³⁾. In a world where instant gratification is rampant, those brands and retailers set up to leverage an omni-channel, in-store experience suddenly now have fulfillment and return centers all over the country.

40%

Nearly half (**40%**) of consumers use BOPIS regularly ⁽¹⁵⁾

43.7%

As of August 2020, almost **44%** of the highest earning retailers have stores that offer curbside pickup, a significant increase from only 6.9% at the end of 2019. ⁽¹⁶⁾


Let's not forget our friend BORIS (buy online return in-store). An average of 15-30% of products purchased online are returned versus a 3-10% return rate of products purchased in-store. ⁽¹⁷⁾

For those that don't employ BORIS, brands will likely receive items back to their warehouse that will eventually get routed to a wholesaler or liquidator, or worse yet, thrown away and burned.

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That new pair of shoes you sent back, with the open box and the untied laces, needs to be handled differently than, say, a t-shirt with a rip in it. Many companies simply don't have the technology in place to handle these nuances in returned goods, so it is often most profitable for them to sell them cheaply to discounters via a web of shipping, driving and flying them around the globe, or to simply truck them to the dump. ⁽¹⁸⁾

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It's no secret that returns can ruin the customer experience and chip away at revenue. And we're guessing it must be a hot button for Amazon since they now accept returns at all Kohl's stores – a smart quid-pro-quo relationship that allows Amazon to improve its return experience and Kohls to generate more in-store traffic. And when omnichannel shoppers spend 15% more per purchase, twice as often as single channel shoppers, the more opportunities for customers to shop your brand, in-store and beyond, the better. ⁽¹⁹⁾

Sounds easy, right? Maybe. If it were easy, everyone would be doing it. But it's not easy to do it well. Here's the thing: omni-channel retail puts pressures on already weakened supply chains. Keeping up with the speed, efficiency and accuracy required to execute has proven to be a challenge for some. When retailers struggle to have clear visibility into what and where their inventory is, how will they be able to deliver it to their customers in the most timely manner? The answer rests with RFID.

DON'T WAIT TO INNOVATE: CRYSTAL CLEAR VISIBILITY WITH RFID

Improve your bottom line by giving consumers what they want, when and where they want it.

For many, modernizing your supply chain may seem like a daunting task, but it certainly doesn't have to be. RFID technology has been evolving and advancing almost as quickly as your customers' expectations, giving companies near-perfect visibility into their inventory and enabling the omni-channel retail experience to work like a charm.

While RFID may not be an actual crystal ball, adopters of the technology will tell you that its ability to transform your supply chain operations and customer experience is second to none. And the

stats speak for themselves. The RFID market is expected to grow to \$26.4 billion by 2025, with high adoption in the retail industry as one of the contributing factors to the growth. And recent events are only accelerating this process. ⁽²⁰⁾

When comparing the accuracy of shipping and receiving between RFID and barcode scans, RFID achieved 99.9% accuracy compared to only 70% using barcode scans in a study by the Auburn University RFID Lab. ⁽²¹⁾

SO HOW DOES IT WORK?

There are three components needed to embark on RFID:

01

Labels: RFID tags have inlays with unique identifiers that include a microchip and antenna. This allows the labels to send item information activated by an RFID reader.

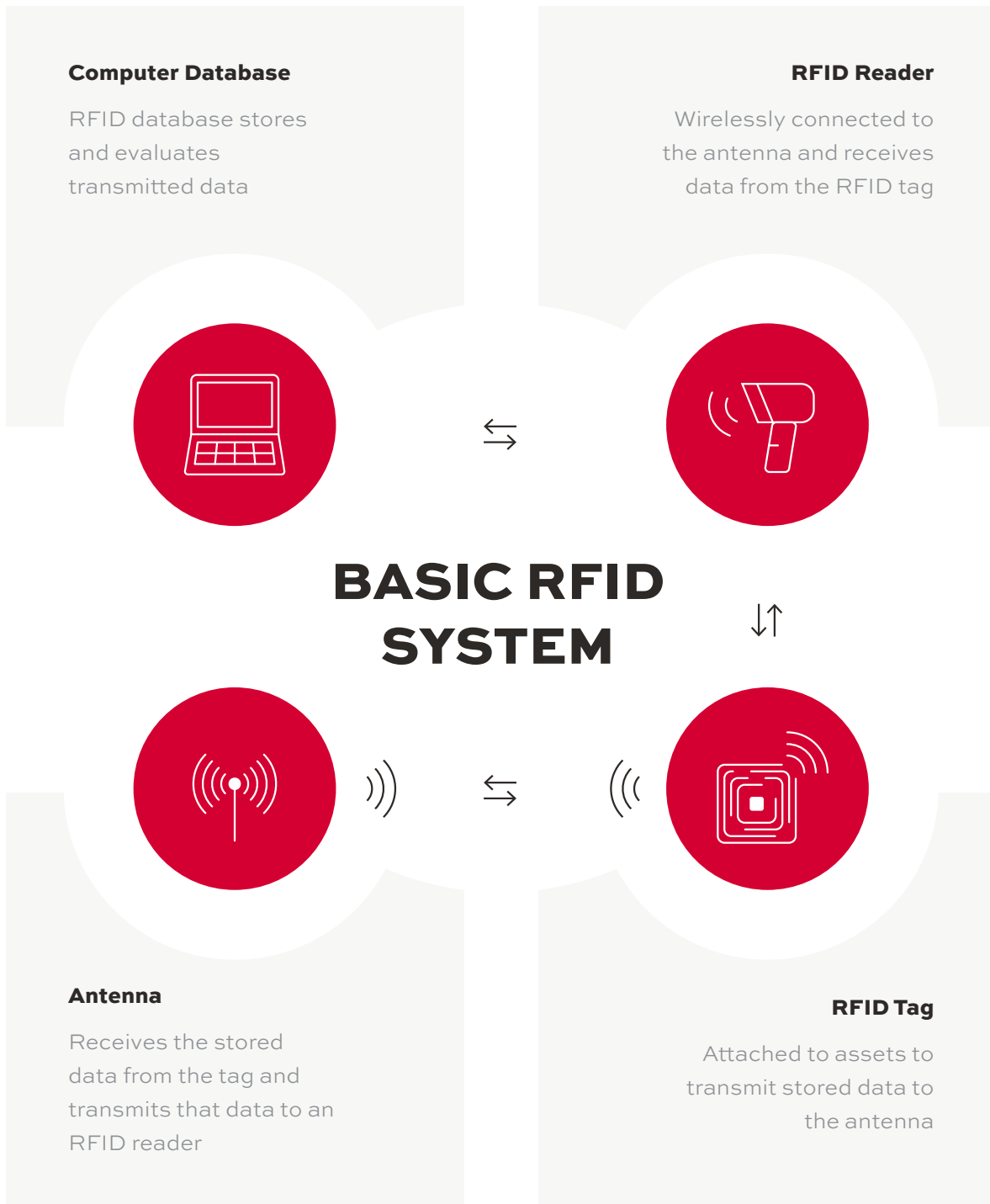
02

Hardware: Readers can be fixed or mobile. Fixed readers support multiple antennas installed on ceilings, in doorways, on the floor, and under counter-tops. Mobile readers have built-in antennas that allow you to freely roam to scan inventory: 'on-hand', incoming, outgoing and search/locate desired items. What you need is dependent on your unique situation, which can be evaluated by experts.

03

Software: Web-based programs receive radio signals from readers and produce actionable, real-time data to serve the needs of your business.





When you invest in RFID, the days of conducting inventory like it's 1995 are over.

HOW RFID SOLVES RETAILER'S BIGGEST HEADACHES

PROBLEM	RFID SOLUTION	BENEFIT
Antiquated inventory management processes	RFID technology replaces manual inventory processes that once took days to complete. Returned items are replenished to the sales floor faster.	Reduces markdowns and eliminates excessive manpower hours and human error by gaining 99.9% inventory accuracy (vs 63%) in 10% of the time. ^(21,25)
Retail shrinkage and supply chain vulnerabilities	RFID gives greater visibility into loss due to shoplifting, employee or vendor theft and administrative error with item level tracking. Retail shrink totaled \$61.7 billion in 2019, averaging 1.6% of sales. ⁽²²⁾	Enables retailers and supply chain managers to quickly identify and address sources of loss, eliminating shrinkage by an average of 35-40%, ⁽²³⁾ with some apparel brands seeing up to 55% reduction. ⁽²⁴⁾
Poor customer experience - out of stocks, slow fulfillment	RFID programs can cut out-of-stocks by 50 percent, as shown by Auburn University RFID Lab. ⁽²⁵⁾	Allows salespeople to check inventory without having to leave the customer's side, providing a better customer experience.
Ineffective marketing and promotions	RFID software provides an accurate view of what inventory you have on-hand at all times to guide what you should promote and when.	Avoids excessive markdowns and introduces timely and personalized marketing and promotions.
Disconnected ecomm to brick and mortar experience	RFID allows you to give consumers real-time access to inventory across all of your retail channels (BOPIS).	Eliminates missed sales opportunities by transforming your retail locations into fulfillment centers.

In a world of uncertainty, one thing is for sure: RFID is not going away. Make no mistake, the way to optimize your supply chain and inventory management most certainly rests in the hands of RFID. Done right, it enables the execution of a nearly unbreakable supply chain and

near-flawless customer experience.

Those who make the investment now are the ones who will succeed at elevating and protecting their brand and business for years to come.

ABOUT CHARMING

We help brands marry technology with creativity to create flawless consumer experiences. From creating premium trim and packaging to helping you get your products into the hands of your consumers quickly, we're here to help you elevate your brand at every touch point.

Technology is changing how we look at the world and success looks a lot different these days. Things like sustainability and inventory management are also critical pieces of the puzzle. That's why our approach to helping you optimize your supply chain continues to evolve and adapt. With our latest acquisition of Truecount, a leading RFID software, we

can help you understand what you have, where you have it — and create amazing consumer experiences along the way.

Since 1991, we've been providing top-notch service, industry knowledge, and expertise to help companies achieve brand and business goals. We're home to some of the most accomplished talent in design and technology, all committed to helping you create brands consumers love. We take pride in our international scale and abilities, but give clients the service they'd expect from a smaller company — after all, that's part of our charm.

For more information, or to schedule a complementary consultation visit



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