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Electronic Shelf Labels: a small change with big implications

How ESLs can help you meet customer expectations in the post-COVID 19 market

Food retailers across the US and Canada have faced unprecedented challenges over the last several months as a result of coronavirus. In some regions, companies had to completely shift their business models in less than a week as demands for online ordering increased. At the same time, many workers had to remove themselves from the workplace for their own or others' safety.

With states and provinces in various stages of "re-opening," retailers are again looking for solutions to adapt to the "new normal," with the knowledge that customer behavior has shifted for at least the foreseeable future. A recent report from Deloitte recognized the growth in online shopping, particularly among baby boomers who were slow to adopt the practice, and predicts many of these consumers will continue to shop online.

As companies continue to make these adaptations, it's important to find technological solutions that reduce labor hours, improve the customer experience, are easily implemented and maintained, and have a small ROI threshold. For retailers, Electronic Shelf Labels can offer the labor savings and ROI while addressing many of the consumer trends accelerated by the impacts of the coronavirus.

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From **"Making Retailers Very Profitable Again"** whitepaper by SES Imagotag

Electronic Shelf Labels and labor savings

Electronic Shelf Labels (ESLs) are small devices that lock onto retail shelves to replace traditional paper price labels and other information. According to Kroger, the United States' largest supermarket by revenue, a typical store can take up to "two weeks to be completely repriced by hand." Alternatively, ESL devices can be updated, using cloud-based software from anywhere on any device, immediately.

The ability to instantly change prices on the digital interface makes it possible to reduce the labor cost of this task by up to 90 percent, according to Aperion, a division of Hussmann. Reduction of labor costs has always been a motivating factor for businesses in decision making, but in the context of the coronavirus, the ability to reallocate those hours to more pressing tasks is invaluable.

Online order fulfillment

As the threat of coronavirus spread across North America, the major shift in customer behavior was a move towards online shopping. Whether by delivery or curbside pick-up, customers were taking to websites and delivery apps to place their grocery orders. This presented a major problem for food retailers, whose online infrastructure was not at the capacity needed to address this sudden spike in online orders. As a result, many customers faced extended wait times for their groceries, while some were unable to schedule a delivery at all, because stores and their delivery services were stretched too thin.

VUSION ESLs offered by Aperion have multi-color LED lights built in. To save time, colors can be assigned to specific workers who have now been tasked with fulfilling online orders. Instead of wandering aisles searching for (and potentially missing) specific items, pickers can simply look down the aisle for their assigned color. By alerting pickers to the precise location on the shelves, companies can reduce labor costs of this task by roughly 30 percent, according to SES-imagotag.

"Click and mortar"

The oldest members of Gen Z, born in 1995, are just entering the workforce, but they had an impact on purchasing decisions before they entered into adulthood. According to a study by the National Retail Federation, 85 percent of respondents said they "consult" their children before making a purchase. Like millennials, these are digital natives who are no stranger to e-commerce, but Gen Z has higher expectations of their brands.

An Ernst & Young survey found that 74 percent of millennials buy products online more than once a month compared to 49 percent of those in Gen Z. The study found that Gen Z values additional offerings, such as free delivery (80 percent) and coupons (74 percent). And while Gen Z has had an influence on the buying decisions of their parents for years, the recent threat of coronavirus has moved older shoppers toward e-commerce and delivery.

As states and provinces move toward reopening, shopping behaviors may more closely resemble pre-COVID expectations in terms of visitors in store, but the exposure and acceptance of e-commerce will remain. ESLs offer an opportunity to merge the in-store and e-commerce experiences through a digital interface. In a post-COVID world where paper coupons are becoming a potential point of infection, retailers can include a QR code or NFC capability in their ESL to link to digital coupons along the path to purchase.

One feature of ESLs allows companies to add QR codes to their labels, which can link to anywhere, such as a website or coupon. Key departments such as liquor who want to declutter their shelves by removing long, paper descriptions of wine can instead link to a webpage for that specific bottle of wine to better inform the customer. They might even consider adding an option to purchase that bottle by the case for delivery all in one seamless interaction with their customer. According to Aperion, a key national retailer embedded wine scores on their ESL template and experienced an immediate 15 percent lift in wine sales.

Pricing agility

Gen Z isn't the first generation to appreciate competitive pricing, though the Ernst & Young survey indicates their propensity for businesses that offer coupons to beat competitor pricing. To successfully meet this expectation, businesses must remain vigilant as the rate of price changes increases in the virtual markets. Some companies might invest in AI software that tracks the prices of items through their competitors. But the value of this information is based on the ability to act quickly. With ESLs, these competitive prices or coupons can be posted immediately, across all locations. If these changes are only reflected online while store locations mobilize to catch up, customers may encounter two different prices and opt to skip the purchase or create downtime for an employee who has to now address the confusion.

This ability to instantly change prices can also help companies to maintain inventory. One detail that marked the early weeks of the coronavirus pandemic was a shortage of toilet tissue and paper towels. As people prepared to spend weeks at home without leaving, the demand for these products increased, and in many instances, people bought more than they required.

With store inventories low, some people turned to eBay. One shopper in the Boston area went to the online retailer and purchased toilet paper for $15, according to NBC10 in Boston. They assumed, because of the price, they would be receiving a large amount and were shocked to find two rolls of single-ply paper at their doorstep when the package arrived.

In instances where demand for a product increases suddenly, stores with the ability to quickly apply buy-limits at the shelf can slow the volume of purchases to ensure that everyone can purchase what they need – without resorting to untrustworthy third parties.

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Accelerated change

The impact of COVID-19 has been unprecedented, but retailers have worked quickly and diligently to adjust to new government regulations and customer expectations. Luckily, many of these shifts have merely accelerated changes that were already underway, such as a move to mobile payments and self-checkout. Because these trends have not fundamentally changed, companies need not wait for new and exciting technologies to emerge. They can instead use their proven ingenuity to address these trends with technologies that already exist.

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> **Jake Fermanian**
> Vice President at Super King

Super King Markets has eight full-service grocery stores across the greater Los Angeles region. With a focus on international foods, they aim to offer a selection as diverse as the communities they serve. To further expand these services, the company added stand-alone liquor stores at every location, which offer modern delivery and pick-up services through an app.

What became important was conveying this boutique experience across the whole brand platform, including in the store, so that customers had a seamless experience with the Super King brand and its new liquor offerings. As the company began to look closely at the in-store experience, one area they felt needed immediate improvement was the paper price tags.

"We felt that these old paper tags were bulky and distracting from the actual product on the shelves," said Jake Fermanian, Vice President at Super King.

To update the look and feel of the store, Super King elected to install VUSION ESL, offered by Aperion. These modular digital price tags allowed the company to customize its displays with Super King's specification to catch the customer's eye without detracting from the products by cluttering the shelves. The VUSION line of ESLs and cloud-based software suite were able to effortlessly integrate with Super King's existing pricing files.

Regarding the pricing process for workers, Fermanian said the digital signage minimizes touchpoints.

"Overall, from both the visual and implementation perspective, things have been very smooth," Fermanian said.

After finding success in one location, they expanded to six more.

By shifting to ESLs, Fermanian said the company now has "instant pricing." Once the price of an item is determined by the corporate office, the label on the shelf immediately reflects the new cost. Previously, these updates would be done by hand.

"You're taking out that old-school process of processing a price tag, printing it and replacing it," Fermanian said. "It's a weekly thing for retailers as promotions change."