

Digital price tags improve African retail



By [Hendrik Bredenkamp](#)

3 Dec 2012

As retailers bid for efficiency in serving the competitive and burgeoning African retail market, the success of electronic shelf labels (ESLs) is a story gaining attention.

More than 240 stores have implemented ESLs in South Africa and the technology is becoming commonplace as more than 400 000 labels were deployed last year alone. Penetration is growing in Namibia, Botswana, Mozambique, Swaziland and, more recently, Zimbabwe.

ESLs have elevated the retail experience by helping savvy retailers cut costs, improve the performance of their shelf packers, cut back out-of-stocks, improve ordering and rapidly ascertain which products are performing well and deserve more of their valuable shelf space. Those capabilities are already commonplace in this space but now local retailers gain the addition of clip on, plastic promotional displays to help them achieve greater sales plus a smartphone app that helps store managers and even customers interact with smart ESLs.

Interrogating stock

The ability to obtain information rapidly about stock items as managers wander the floors of their retail operations is an immense aid to ensuring profitability. Although there are many others, this is one of the two keenest benefits. Empty shelves can be interrogated and, if more stock is found to be in the storerooms, packers can immediately be sent packing. Full shelves can also be interrogated and, if stock items are found to be moving slowly, they can be forced to relent valuable shelf realty in preference to more fluid stock items.

Shop managers use a remote, handheld device that contains a button they press when directed at an ESL. The ESL then display pre-programmed information that is updated via the two-way communications system of the more refined ESL systems. Not all are so capable. The tags can display up to 32 pieces of information useful in managing inventories. Now, however, managers can use a smartphone app to interrogate the ESL system and, whilst they are in front of the shelf, update the ESL system. The functionality can even be extended to customers who download the smartphone app, so that retailers are immediately alerted in the event of low or out-of-stock situations.

Price conformity

It gives retailers a level of efficiency they have never before enjoyed and it leads to the second of the two primary benefits of ESL systems for African retailers.

There are varying degrees of price discrepancy in retail operations and retailers are keenly interested in ensuring that customers have the satisfaction and peace of mind of knowing that the price they see displayed on the shelf is the price they will pay at the tills. The problem is compounded when customers often remove ordinary paper labels from shelves to prove to cashiers what the price of a stock item really is. That impacts customer satisfaction, loyalty and it means every other customer thereafter cannot see the price of that stock item, which deepens the impacts of dissatisfaction and loyalty and requires an alert packer or manager to find the problem before it can be fixed.

Since ESL systems replace paper and adhesive shelf labels with LCD price tags, which eliminates human error in placing, printing and maintaining prices on retailers' shelves, customer satisfaction and loyalty are almost immeasurably improved. The way it works is the prices are set at the server, be that at head-office or a local retailer and then pushed via the wireless communications system to the LCD tags attached to the shelves. The tags then communicate back to the server to confirm that prices were successfully updated. The same prices that are pushed to the ESL tags are also made available to the cashier tills so there can be no discrepancy and customers need not or even attempt to remove tags from shelves.

Releasing labour

Two-way communications are key. There is little point making this type of investment if you still have to send someone to check if the prices are correct on the ESL system. With effective ESL retailers, employees can be reallocated to tasks other than updating prices.

With an efficient ESL system stores gain the ability to run promotions more regularly, which will be very hard for the competition to contend with if they only use paper labels. That is because the best current ESL system can update more than 80 000 prices per hour - without manual intervention. With the addition of clip-on plastic promotional displays, retailers gain a secure means of drawing customer attention to high volume stock items.

ABOUT HENDRIK BREDENKAMP

Hendrik Bredenkamp is MD of Skydirect, focusing on retail solutions
■ Digital price tags improve African retail - 3 Dec 2012

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>