

MERCHANDISE VISIBILITY SOLUTION

**Helping retailers reduce
out-of-stocks, reduce on-hand
inventory and increase sales**



POWERFUL INSIGHTS, ENABLING REAL-TIME RETAIL OPERATIONS

Know exactly what's on the shelf and what isn't – and respond

Tough times, tough challenges

Retailers face a variety of challenges in a tough economic environment:

- Consumers shop less, making it more critical than ever that the right merchandise is on the shelf when the customer is ready to buy
- With higher capital costs, retailers are under increased pressure to cut inventory costs and improve the efficiency of their operations
- Shrink increases as retailers' spending on security decreases



In addition, merchandise assortments continue to grow wider with greater variety, while supply chains become more complex as retailers outsource manufacturing and logistics operations.

The traditional success factors of reducing cost, optimizing inventory, improving shelf availability and increasing sales and margins are more crucial to retailers today than ever before; yet retailers continue to lack accurate insight into their perpetual inventory. A Harvard Business School study found that 65 % of the time the reported perpetual inventory was inaccurate. Since retailers make re-stocking decisions every day based on that incorrect inventory system, they repeatedly experience costly out-of-stocks or overstocks.



“Defensive inventory” compounds the problem

With shoppers curtailing their purchases, retailers are ordering less inventory to avoid costly overstocks and markdowns. Many retailers accept the fact that a defensive inventory strategy will result in out-of-stocks because they simply can't replenish shelves quickly enough, if at all. As a result,

reducing the risk of overstocks contributes to dissatisfied customers and lost sales.

While it is true that shoppers have significantly reduced their buying and retailers are ordering less inventory, there is no reason why strategically reducing inventory must lead to out-of-stocks – Merchandise Visibility is the solution.

MERCHANDISE VISIBILITY SOLUTION

A COMPLETE, INTEGRATED SOLUTION

Reduce out-of-stocks, reduce on-hand inventory and increase sales

Checkpoint's Merchandise Visibility Solution provides retailers with key insights into the location and quantity of all of their merchandise from source to store – integrating RFID at point of manufacture, through logistics and distribution operations and throughout the stores. This high-resolution visibility improves in-store operations, supports defensive inventory practices and ensures merchandise is available for purchase when customers come to shop.

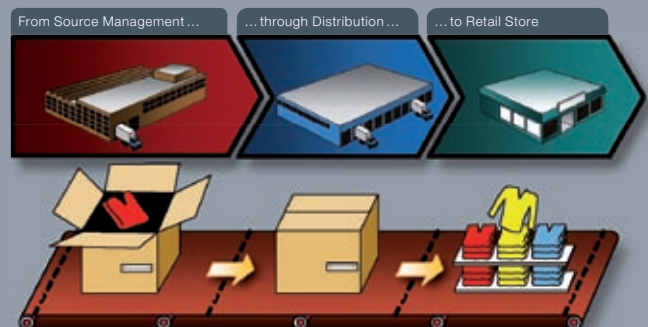


How Merchandise Visibility works

Checkpoint's advanced capabilities in labeling and RFID technology enable manufacturers to apply RFID tags at the point of manufacture cost-effectively. These tags can then be read throughout the supply chain.

As tagged merchandise passes through an RFID-enabled portal, information about the garment's location is automatically captured, verified against expected quantities and descriptions and integrated with the retailer's inventory management system in real-time. Retailers can also determine exact item-level quantities using handheld readers to cycle-count a department or a store in a fraction of the time needed to do a manual or barcode-based count.

This information is used to error-proof the supply chain, optimize inventory levels, alert store personnel when merchandise must be re-stocked and automatically reorder when in-store quantities are too low. Retailers can now meet customer demand, ensuring adequate stock levels without excess inventory.





Manufacturer	SKU	Description	Size	Color	Qty on Hand
OXFORD STREET	OX-89PNOX03	PP OXFORD PM SLM FC	19-33	25-ECRU	12
OXFORD STREET	OX-89PNOX01	WR OXFORD CTN REG LS	15.5-35	23-FRENCH BLUE	7
SUMMERSBY	SB-8976NKK04	WR OXFORD PP SLM LS	17-33	24-WHITE	6
TAILORCREST	TC-89PNOX04	PP OXFORD PM SLM FC	19-34	26-BLUE STRIPE	6
TAILORCREST	TC-89PNOX06	PP OXFORD CTN REG LS	19-33	24-WHITE	4
SUITED UP	ST-89PNOX07	PP OXFORD PM SLM FC	15-34	25-ECRU	4
SUMMERSBY	SB-89PNOX09	WR OXFORD CTN REG LS	15.5-37	23-FRENCH BLUE	3
SMITHWOOD	SM-89PNOX02	PP OXFORD CTN REG LS	15.5-36	24-WHITE	1
SUMMERSBY	SB-89PNOX06	WR OXFORD CTN REG LS	15.5-36	23-FRENCH BLUE	1
OXFORD STREET	OX-89PNOX08	PP OXFORD PM SLM FC	15-35	26-BLUE STRIPE	0
TAILORCREST	TC-89PNOX10	PP OXFORD CTN REG LS	19-34	24-WHITE	0

Key
Normal: 4
Low: 3
Out-of-Stock: 4



Checkpoint's unique capabilities

Checkpoint's Merchandise Visibility Solution leverages the combined strengths of the company, built from a rich heritage in shrink management – hardware, software, tags, Check-Net® global service bureau, installation and maintenance services – to provide retailers with a complete, turnkey solution for merchandise visibility.

Hardware: Checkpoint's industry-leading portals accurately read RFID tags to provide critical information about the movement of merchandise. RFID-based Merchandise Visibility portals are placed at key choke points in manufacturing and distribution facilities as well as important locations in stores such as the receiving door, front-store/back-store door and exit door.

In addition, Checkpoint provides hardware for other specialized read points to address specific retail business needs such as a point-of-sale RFID pad and RFID-enabled packing table. Checkpoint also works with industry-leading providers for hand-held readers and other hardware needed to provide a complete hardware portfolio and solution.

Software: Merchandise Visibility software automates the supply chain and in-store inventory management processes, while enabling retailers' existing systems for real-time capabilities. Checkpoint Merchandise Visibility software is built on the OAT Foundation Suite™, the most widely deployed RFID middleware platform.

Tags: Checkpoint offers a broad range of RFID and RFID/EAS combination tags to provide retailers with solutions for both loss prevention and merchandise visibility.

Tag delivery: Checkpoint RFID tags can be delivered to the customer's manufacturing facility location using the Check-Net® service bureau and its worldwide network of print shops. With this unique capability, retailers have the ability to have tags applied directly to merchandise at the source, enabling tracking throughout the supply chain.

Installation and Maintenance: Checkpoint has a global team of installation, maintenance and service professionals with expertise in RF- and RFID-based hardware to address customers' needs quickly and efficiently.

MERCHANDISE VISIBILITY SOLUTION

Merchandise Visibility is already having an impact

Worldwide, retailers are increasingly adopting merchandise visibility solutions to improve their operations and increase sales. Many are seeing significant results:

- 15% to 20% reduction in working capital
- 60% to 70% reduction in time required to cycle count
- 20% to 30% reduction in out-of-stocks
- 5% to 10% increase in sales



Getting started

Checkpoint's Merchandise Visibility Solution has been used successfully throughout North America and Europe. With a proven track record, merchandise visibility is easier to deploy than many retailers realize. Speak with your account manager to learn more about Checkpoint's recommended approach, including:

- ROI analysis
- Initial deployment for justifying value
- RFID-enabling stores
- Integrating RFID and EAS
- RFID-enabling the supply chain

Tangible Benefits

Checkpoint's Merchandise Visibility Solution provides unprecedented visibility to retailers through their supply chains, delivering extensive benefits:

- Improved Sales:
 - Reduces out-of-stocks
 - Increases sales of previously out-of-stock items and related items
- Improved Margins:
 - Reduces on-hand inventory and associated carrying costs
 - Reduces overstocks and markdowns
 - Enhances efficiency of merchandise replenishment
 - Automates shipping and receiving operations at factories, DCs and stores
- Enhanced Customer Shopping Experience:
 - Ensures merchandise is available for purchase at right place and time
 - Reduces demands on associates for inventory issues, enabling them to better assist customers
- Improved Accountability for Outsourced Operations:
 - Provides insight into business operations outside retailer's own four walls
- Complements Existing Store Systems:
 - Leverages POS, inventory management, merchandising and other systems to enable operations for real-time capabilities throughout supply chain

Checkpoint Systems is a global leader in shrink management, merchandise visibility and apparel labeling solutions. Checkpoint partners with retailers and their suppliers to reduce shrink, increase shelf availability, ensure labeling consistency and achieve operational excellence. Checkpoint's solutions enable retailers to enhance the shopping experience for consumers, and grow their businesses profitably.



Electronic Article Surveillance



Labeling @ Source



High-Theft Solutions



Shrink Management Software



Merchandise Visibility



Apparel Labeling Solutions



Retail Merchandising Solutions

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