



Making the most of margins with one of Europe's largest ESL deployments

"It's a common challenge faced by all large retailers – how to make the number of price changes that you want, without tying your staff up all day. Displaydata's ESLs have transformed the way we run the fruit and vegetable areas of our stores: we can reduce prices in just a few moments, on any shelf, anywhere – all centrally managed. This flexibility allows us to use price reductions more strategically to protect margins and reduce waste. And, our staff are freed up to focus much more time on our customers. The time and cost savings from using Displaydata's ESLs will deliver a satisfying return on investment in a short time."

Steffen Hartelt, Business Consulting Vertrieb, Kaufland Group

Opportunity

Kaufland Group is a German hypermarket chain owned by the Schwarz Group – one of Europe's largest grocery retailers. Kaufland operates in seven countries across the continent with 1,270 stores and over 148,000 employees. It offers a wide range of goods with up to 60,000 products. The focus is on freshness for its fruit and vegetables, dairy products, meat, sausage, cheese and fish lines. Alongside well-known brands, sold at competitive prices, Kaufland has developed its own label produce, such as the successful "K-Classic" private label range.

Known as an innovator – in terms of its overall offering, and use of technology – Kaufland wanted to enhance the way it sells and markets perishable goods. Its key goal was to find a more agile way to promote offers, react to competitors' price changes and increase the frequency of price markdowns to protect margins. It also looked to reduce the amount of time staff spend manually adjusting labels, to provide a better service to customers and cut operational costs associated with paper based labelling. Kaufland identified that Electronic Shelf Labels (ESLs) provided the best solution to meet their business requirements.



Benefits

Price guarantee for customers

- Unlimited price changes to protect margins
- Ability to respond even faster to competitors' offers
- Lowered operational costs through improved in-store efficiencies
- Flexible and versatile fully graphic ePaper-displays to promote offers
- Staff spend more time with customers

Solution

Kaufland created a dedicated project group to review ESLs from a number of vendors. The ESLs were measured against a range of criteria, across various areas of Kaufland's stores. This included the infrastructure needed to centrally manage the labels, how easy it is to create and update labels, the accuracy of changes and the quality of the labels. The project group also reviewed the vendors' capabilities to support continuous business growth in line with Kaufland's strategy.

Following the extensive review process, Kaufland selected Displaydata's enterprise ESL solution. This was based on the solution being the most efficient to install and manage, and requiring the least amount of hardware in-store of any ESL vendor. The solution is connected with Kaufland's existing ERP system (Enterprise Resource Planning) and is centrally managed from head office using a single instance of Displaydata's Dynamic Central software. Displaydata wireless communicators are used in each store to manage the label updates. The network runs over a separate frequency to Wi-Fi, so it's secure, resilient, and interference-free. In addition, the labels communicate their status back to the head office, reporting that updates have been made and providing details such as battery voltage and temperature.

Kaufland selected Displaydata's Chroma 74 ESLs based on their quality and consistency of colour. The large size (182 x 122 x 15 mm) fully graphic three-colour labels (red, black and paper white) provide a flexible canvas for Kaufland to draw attention to offers and can display a wider range of information. The labels are being rolled out in Kaufland's 1,270 stores across Germany, Poland, Slovakia, Croatia, Czech Republic, Romania and Bulgaria.



Results

The project, one of the largest deployments of ESLs in Europe, with 350,000 three-colour fully graphic labels across 1,270 stores, is in line with Kaufland's company strategy: it's an innovative, future-oriented solution with low operating costs. It's also highly scalable and continually evolving to support the business growth and competitive advantage required by Kaufland.

From an operations perspective, Kaufland can make unlimited price changes on any label, anywhere, in seconds. This versatility enables Kaufland to react quickly to competitors' offers, while using price in a more strategic way - it can graduate markdowns as sell-by dates near, to incentivise sales, protect margins and reduce waste. What's more, in-store teams are freed up from continuous, time consuming (and costly) labeling and have much more time for customers. As well as improving service, Displaydata's ESLs also add value for the customer, with more detailed product information available on each label (such as nutritional values / source of origin and much more), while the assurance of 100% price accuracy builds trust, boosts loyalty and upholds the reputation of the Kaufland brand.

From a marketing perspective, the colourful labels enhance the in-store environment, while allowing Kaufland to draw attention to price reductions and special offers to increase sales. As well as cost savings achieved by freeing staff from manual pricing activities, operational costs are lower compared to other ESL solutions. This is based on the solution being simple to install and needing the least amount of in-store hardware of any ESL vendor. What's more, Kaufland will benefit from the reduced printing costs and material savings from the reduction of paper labels. With these advantages in mind, the company is projecting a satisfying return on its investment in a short time.