The Global Language of Business

Transforming the Retail Supply Chain

Apparel, Fashion and Footwear

Collaborating in the dynamic retail industry

"Implementing EPC-enabled RFID technology has been one of the most significant technological steps Macy's has taken toward improving our supply chain performance, and ultimately our customer service, in the last 20 years. It is one of the keys to our omni-channel success, and because we've already seen solid results, we plan to expand its use, as our business growth and consumer loyalty depend on it."

– Peter Longo, President of Logistics & Operations, Macy's

In today's omni-channel retail world, consumers are in control. They have embraced social media, online search and mobile apps—giving them instant access to product information to make buying decisions.

Consumers are driving a retail environment where fast fashion translates to high-speed product turnover and a vast number of stock-keeping units that must be managed. On the supply side, retail production is complex and truly global in scope where brands and manufacturers alike source materials and labour from a worldwide network of suppliers.

This dynamic retail industry calls for increased collaboration across the supply chain for improved speed-to-market capabilities and efficiencies. Partners in the apparel, fashion and footwear (AFF) sector are looking to inventory management and procurement processes to help drive these improvements.

Inventory Accuracy with EPC/RFID

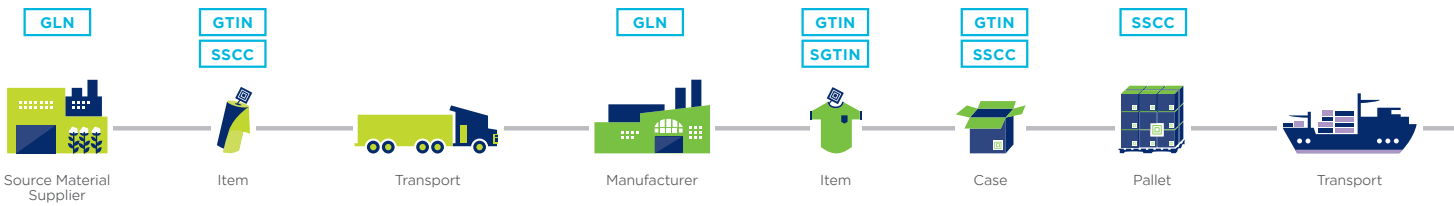
Industry leaders are starting to "tag at the source" by applying GS1 EPC-enabled RFID tags on items at the point of manufacture. Using standards-based product identifiers—Serialised Global Trade Item Numbers (SGTINs) encoded into EPC tags, manufacturers can provide true visibility of merchandise as it travels to distribution centres and stores.

Brand owners utilise EPCs to easily verify the accuracy and completeness of shipments received—each identified by a GS1 Serial Shipping Container Code (SSCC)—and can track shipping processes to reduce counterfeits from entering the supply chain.

Retail distributors can monitor the progress of incoming and outgoing shipments via EPCIS, a GS1 standard used to share information about the physical location and status of products. This increased visibility enhances their ability to trace products back to their sources for verification of sustainability, and track their paths to stores that ultimately receive them.

EPCs are used by distributors to confirm that the right products are included in shipments and that their inventory databases are automatically updated. As shipments arrive at final destinations, stores read EPCs to confirm they have received the right products.

EPC/RFID technology helps retail stores track inventory levels, which in turn reduces out-of-stocks and speeds inventory counts. EPC is also used for point of sale transactions and can help prevent inventory loss through electronic article surveillance. And with EPC-enabled RFID innovations, retailers are creating exciting shopping experiences such as "smart" fitting rooms where shoppers, for example, can scan a product to find which colours and sizes are in stock or receive helpful fashion advice.



The GLN identifies any type or level of location such as a building or department. • The GTIN uniquely identifies a trade item such as a product or service.

Procurement Precision with GS1 Standards

Another major opportunity for AFF industry partners is using GS1 standards in upstream procurement processes.

GS1 identification standards such as Global Trade Item Numbers (GTINs) and Global Location Numbers (GLNs) in combination with GS1 electronic communication standards can be used throughout order, fulfilment and invoice processes to accurately communicate information about merchandise and supply chain locations.

Using EPC/RFID, stores benefit from greater inventory accuracy—and issue purchase orders for only the merchandise they need. Product GTINs can be listed on the orders and electronically communicated via EDI for faster processing.

Distribution centres fulfil the orders by picking and reading inventoried merchandise to ensure the right products are included in shipments to the right stores. Advance Ship Notices or Despatch Advices are electronically communicated to stores before the arrival of merchandise. Upon arrival, stores can easily compare the actual products received against what products were ordered. Invoices can also include the GTINs of products received for accurate and quick electronic payments.

The underpinning of these efficient procurement processes is having accurate master product data—an asset that is becoming increasingly important, especially in e-commerce.

By adopting GS1 standards, AFF partners can cut through the complexity of retail's global supply chain for better ways to collaborate and conduct business. And with the rise of omni-channel retail and the resulting proliferation of business partners, the adoption of global standards is more urgent than ever before.

> "We have decided to follow GS1 standards when using EPC/RFID for identification of shipments and single items and sharing this data with our partners through EPCIS. By using GS1 standards along the entire supply chain, we can get rid of its huge complexity and improve speed-to-market intervals."
>
> – Joachim Wilkens, Unit Leader of Supply Chain Development, C&A Europe

Learn how GS1 standards can help you significantly improve your business processes.

Visit www.gs1.org/retail.

Contact your GS1 Member Organisation; see www.gs1.org/contact.

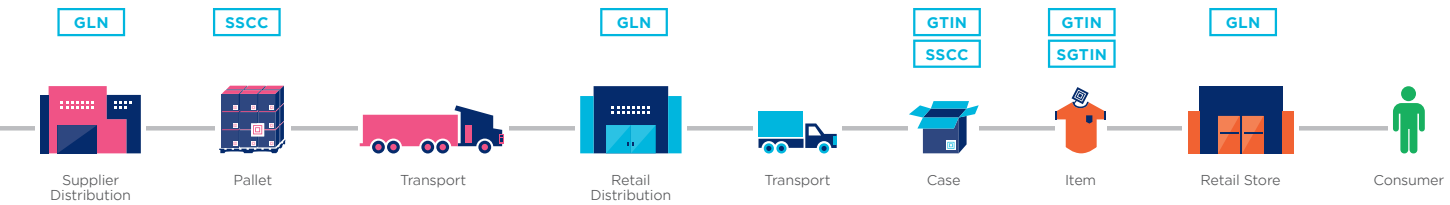
Levi Strauss Takes Control

Levi Strauss & Co. employs about 5,000 people and manages 50 production centres in more than 110 countries. In 2005, the company decided it needed more reliable and precise control of its inventory.

Pilots were initiated to implement EPC/RFID item-level tagging and technologies in its Mexico operations, including stores, a distribution centre and manufacturing plant. Based on exceptional pilot results, Levi Strauss decided to extend GS1 EPC/RFID standards to improve business processes in its remaining stores.

Results from the EPC/RFID implementation are impressive, and include:

- Reduced in-store inventory from 4-month to 2-month supplies
- Improved inventory accuracy to 99 percent when comparing on-shelf inventory levels with those in the company's system
- Increased sales by 11 percent
- Reduced lost sales by 40 percent due to reduction in out-of-stock merchandise



The SGTIN is a serialised GTIN that uniquely identifies an individual trade item. • The SSCC identifies a logistic unit such as a case, pallet or parcel.

"GS1 standards allow us to drive availability and efficiencies across our omni-channel supply chain, improving the experience for customers and profitability for partners."

– Terry Murphy, Director of National Distribution Centres, John Lewis

About GS1

GS1 is a neutral, not-for-profit, global organisation that develops and maintains the most widely used supply chain standards system in the world. GS1 standards improve the efficiency, safety, and visibility of supply chains across multiple sectors. With local Member Organisations in over 110 countries, GS1 engages with communities of trading partners, industry organisations, governments, and technology providers to understand and respond to their business needs through the adoption and implementation of global standards. GS1 is driven by over a million user companies, which execute more than six billion transactions daily in 150 countries using GS1 standards. More information at www.gs1.org.

GS1 AISBL

Blue Tower, Avenue Louise 326, bte 10
BE 1050 Brussels, Belgium
T +32 2 788 78 00
E contactus@gs1.org

www.gs1.org

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