

Image Shelf TagsSM The Next Generation of Shelf Tags

written by Gladson Interactive

Shelf tags are a functional necessity and a cost center for retailers. Nearly every Consumer Packaged Goods (CPG) retailer uses a form of shelf tags to present basic product identification at the shelf. These tags are designed to aid retailers in managing their shelf merchandise in an accurate, consistent manner while satisfying legal, corporate and consumer expectations. Shelf tags provide ordering and stocking information for employees and product and price information for consumers. These existing standards and expectations can now be carried a step further.

Studies have shown the addition of color images on shelf tags (Image Shelf TagsSM) generate new labor savings and efficiency for retailers and greater satisfaction for end consumers.

Using images on shelf tags, shelf talkers, fact cards and signage produced by the Image Signs & Tags System, retailers can have a powerful point-of-purchase advertising system that offers new hard-dollar benefits. Image Shelf TagsSM have proven to decrease Out-of-Stocks by 65% while increasing sales. Reduction in time spent hanging tags and a decrease in restocking and reset times are examples of savings.

A Pure Cost Center for CPG Retailers

Retailers incur both the costs of printing shelf tags and store labor needed to sort and hang tags. Maintaining shelf tags for every item in the store is a labor-intensive requirement made more difficult by the dynamics of CPG retailing, current shelf tag standards and the need for 100% accuracy.

There are several dynamics of CPG retailing that affect shelf tags. One example is the continually changing prices due to promotions, competitive efforts, rising product costs, margin adjustments and sources of supply. A typical supermarket can change over 1,000 tags in a single week. On average, over 20,000 new or changed products are introduced each year to the Food, Drug and Convenience trades while many existing products are discontinued. As a result, shelf tag changes must accompany each new and discontinued product. In addition, every year thousands of existing products are changed in some manner such as size, package type, description or order quantity - each requiring updated shelf tags. A final dynamic of CPG retailing is damage or removal of shelf tags in stores. These tags require immediate replacement

Issues Surrounding Today's Shelf Tag Standards

Packed with code numbers, abbreviations, barcodes and small type fonts, today's tags are difficult to read and understand for both shoppers and store personnel. Misread or misunderstood shelf tags cause delays and errors in everyday store operations such as tagging, ordering and restocking, as well as confusion and frustration for shoppers.

Retailers realize that in order to serve their purpose, shelf tags demand 100% accuracy. Current processes to sort and hang new shelf tags at the store level are tedious and mistake prone. By relying on abbreviated item descriptions and code numbers to match shelf tags with products on shelves, it is easy for store personnel to make tagging and stocking mistakes. Because current shelf tags are difficult to read in the first place, a tagging or stocking mistake often goes unnoticed (and uncorrected) for an extended period of time - compounding the impact of the mistake. Retailers are challenged to overcome the consequences of these tagging errors.

- Products with incorrect prices
 - prices that do not agree with the checkout scanners and require price checks
 - old prices
 - missed promotions (or promotions that are left up too long)
 - wasted labor on price checks
 - products sold at wrong prices (or wrong prices that must be honored)
 - frustrated shoppers
- Products stocked in the wrong positions
 - overstocks and understocks
 - false-fronts that cause Out-of-Stocks
 - lost merchandising strategy
 - lack of planogram compliance
 - cluttered appearance
 - confused shoppers

Retailer workforce issues also add to current shelf tag difficulties. These include employee turnover or substitution, English as a Second Language employees, employees with varying levels of literacy and new employees in training. Competition also forces retailers to accomplish more work with less labor. Store personnel need to achieve greater speed and 100% accuracy in tagging, ordering, stocking and doing resets without adding headcount and hours.

Most improvements in tagging speed and accuracy come from store personnel who gain rote memory of the current shelf tags and products for a category. Once turnover or substitution occurs among store personnel, the store loses the efficiency it had previously gained.

A major workforce issue today is the extensive variety of languages spoken. Over 330 languages are now spoken in the United States, and over 11% of the population uses a language other than English at home. Today, more and more store employees and consumers read English as a Second Language, making it nearly impossible to understand the abbreviated "computerese" descriptions on current tags.

The Next Generation of Shelf Tags

The next generation of shelf tags comes with two main innovations: the use of product images and color printing. By adding a clear color image of the product to each printed shelf tag, unmistakable identification and attractive appearance are instantly achieved.

Image Shelf TagsSM are easy to sort and accurately match to products. They save time and eliminate mistakes. By utilizing the Image Signs & Tags System, retailers have a powerful point-of-purchase tool clearly conveys sales information to consumers of any age, ethnicity and literacy level. This creates a win-win, trusting relationship between the retailer, consumer and store employees. Image Signs & Tags are revolutionizing retail with a simple solution that provides more efficient store operations, greater ease of shopping and enhanced store image.

Gladson Interactive has combined the industry's most comprehensive and up-to-date image database with new software and color printing technology that enables rapid printing of large numbers of store specific color shelf tags and signs. The Image Signs & Tags System offers retailers a "next generation" shelf tag and sign solution that is both user-friendly and cost effective.

Pilot Study Headlines

Sorensen Associates conducted an intensive study (funded by Dr. Pepper and 7-Up) of the effects of Image Shelf TagsSM on store operations and consumer behavior. Daily shelf audits and video observation of over 21,000 shopper visits were measured before and after Image Shelf TagsSM were installed in stores. By using Image Shelf TagsSM, the pilot stores experienced a reduction in out of stocks of 65%. Sorensen Associates also found that customer traffic in center-of-store categories increased after Image Shelf TagsSM were installed.

Separately, three major retailers in Grocery, Drug and Convenience channels conducted their own studies, using timed comparisons and interviews with store personnel before and after Image Shelf TagsSM were used in recurring labor-intensive store functions. Results found:

- 40% reduction in time to hang tags
- Re-stocking time dropped 25%
- Reset time decreased by 25%

Using scan data analysis of thirteen identical test and control stores, a major Convenience Store retailer reported these results from Image Shelf TagsSM:

- Categories with Image Shelf TagsSM sold 31% higher in the Test Stores than the same categories sold with regular tags in the Control Stores

- Categories with Image Shelf TagsSM sold 45% higher in ethnic neighborhoods where English as a Second Language consumers were a majority.

In every pilot study and store implementation to date, Image Shelf TagsSM have delivered new benefits to retailers and their customers.

Return On Investment (ROI) Factors

Image Shelf TagsSM are proven to provide retail stores with labor savings and increased sales and profits. Here, the major ROI factors from the pilot studies are further explained.

Planogram Compliance

To realize a return from the major investment retailers and vendors make to develop, test and set planograms in stores, the planograms must stay set correctly in the stores. A 1998 study by Procter & Gamble showed that planograms go out of compliance by 10% a week, primarily due to stocking and tagging errors. Image Shelf TagsSM help keep planograms in compliance because they provide a constant visual reference to the planogram at the shelf.

Labor Saving: Time spent hanging tags reduced 40%.

Image Shelf TagsSM help store personnel sort tags, locate shelf positions and hang tags faster and more accurately. Major supermarkets have measured their rate of hanging tags from 24 per hour to 66 per hour. Image Shelf TagsSM can be hung 90 per hour and faster. Even greater time savings can be generated if tags are printed in exact planogram order.

Labor Saving: Cut re-stocking time 25%

Image Shelf TagsSM make it easier to match packages from cut cases or re-stocking totes in the aisle to correct product positions on the shelf or pegboard so stocking time and accuracy improves.

Labor Saving: Cut reset time 25%

At the end of a reset, the section must be tagged and filled. Timesavings from Image Shelf TagsSM in tagging and re-stocking make finishing resets faster, more accurate.

Labor Saving: Cut time to set seasonal display aisles by 25% or more

New products come in for seasonal displays that store personnel are not familiar with. Image Shelf TagsSM facilitate faster more accurate tagging and fills for seasonal display set ups and faster, more accurate restocking of merchandise during each season.

Sales/Profit Gain: Cut Lost Sales due to Out-of-Stocks

FMI and NACS Studies show Out-Of-Stocks cost retailers 3% of Gross Sales. The FMI Study showed that "Store Employees Unaware/Did Not Order" causes 54% of Out-Of-Stocks due to stocking errors and face-overs.

Image Shelf TagsSM virtually eliminates stocking errors and face-overs from causing orders to be missed. If the product on the shelf does not match the picture on its corresponding shelf tag, store personnel can instantly recognize there is a void and correct it.

❖ **Intangible Benefits**

Additionally, Image Shelf TagsSM are the only shelf tags that provide intangible benefits, such as improved store appearance and ease of shopping, which in turn promotes store loyalty. More organized, attractive store sections and displays lead to more impulse purchases.

❖ **Implementing the Image Signs & Tags (IST) System**

Retailers interested in the IST System have three options. It is available as an in-store system, a headquarters system or a print service bureau. The IST System requires a custom image library from Gladson Interactive. This library is built to include ongoing "100% coverage" of branded, local, store brand and perishable products carried by the retailer. The custom image database is matched by UPC Code to the same price file downloads that are used to create current retailer shelf tags.

Special software generates Image Shelf TagsSM versions of retailer tag-styles, plus Image Shelf Talkers and Image Signs to fulfill retailer operational and promotional needs. Output capabilities include product images, text and/or graphics in full color to create eye-catching, easy-to-understand product displays and point-of-purchase advertising.

❖ **Signs and Shelf Talkers also benefit from Images and the IST System**

According to POPAI, the average sales lift for items with any type of shelf sign is 12.0%. Published study results by AC Nielsen, Ernst & Young and News America show an additional 3.5% sales lift from various types of in-store signs that include product images.

Operationally, signs and shelf talkers with product images can also reduce store labor. Images make the process of sorting and hanging signs faster than regular signs without images. The ability to visually match images on signs and shelf talkers with products on display ensures the highest possible accuracy in sign placement - even for English as a Second Language store personnel.

For shoppers, signs with images provide easier product-to-price recognition than regular signs. Compare & Save signs for store brand items can show customers the exact items to compare. Cross-merchandising signs can feature unmistakable product tie-ins.

As an added benefit, the IST System does not need to use pre-printed media so sign graphics can be quickly changed for seasonal and promotional events. Less expensive blank media can be used for all styles of signs, so there are fewer sign stocks to keep in inventory and there is no wasted media after events are over - a major cost savings.

Depending on retailer priorities, Image Signs and Image Shelf Talkers can be the primary function (and payback vehicle) for the IST System or they can be a value-added benefit of implementing Image Signs & Tags.

Image Shelf Labels (before & after) and Shelf Talker

Printed by the VIPColor VP2020 Color-on-demand Label/Tag Printer (www.vipcolor.com)



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