New Balance Stepping Up Its Use of RFID

With its first RFID deployment complete, the maker of athletic shoes and clothing is testing whether the technology can improve operations inside New Balance retail outlet stores.

By Mary Catherine O'Connor

Aug. 23, 2007—Sales jobs are tough, and when salespeople can't keep track of the things they're selling, the task can become exasperating. But today, the sales representatives who work for New Balance are having an easier time keeping tabs on the sales samples of the athletic appear they hawk, thanks to an RFID system first tested last year (see New Balance Taking First Steps With RFID). "The sales reps aren't having the same problems they were having a year ago," Frank Cornelius, New Balance's RFID project manager, told attendees of the RFID Journal—AAFA Apparel & Footwear Summit in New York City on Wednesday. "We're not hearing the complaints we used to hear about keeping track of samples."

With the sample-tracking application fully deployed, New Balance has now begun a two-stage pilot for tracking athletic shoes sold at the retail outlet inside the company's headquarters in Lawrence, Mass.

The first phase of the project, which began in July and will last until September, involves tagging each pair of the men's version of the 992 model—the company's most popular style shoe—for sale in the store. The women's version is not being tagged so that Cornelius and his team can use the women's inventory and sales levels during the trial as a benchmark to compare the effectiveness of RFID technology and Vue software. The 992s sold in the store are all factory seconds, and the distribution center for all the factory seconds the company sells is located within the same building as the retail outlet, so workers in the DC tag each box of the 992 shoes before sending it to the retail outlet. Avery Dennison is providing the EPC UHF Gen 2 passive tag applied to each box.

RFID interrogators, provided by Motorola, mounted around the doors leading into the store's stock room, read the tags as the shoes arrive at the stock room and are taken from the stock room to the sales floor. The interrogators send all the tag data they collect to software provided by Vue Technology, an RFID solution provider focused on item-level tagging applications in retail environments. The software generates a running inventory, based on the tag read events, of the 992s both on the sales floor and in the stock room. As customers exit the store, Motorola interrogators mounted at the doors read the tag attached to each box of 992s they have purchased, and the Vue software adjusts the store inventory of 992s accordingly.

To check whether the door-mounted interrogators and Vue software are doing an accurate job during the pilot, the store staff use handheld Motorola interrogators to perform a daily count of the tagged boxes of 992s on the sales floor and in the stock room.

The men's 992 comes in more than a dozen sizes and in five different widths, so keeping the floor stocked with a thorough representation of sizes and widths is a chore, explained Cornelius. But now, with the pilot in swing, floor staff can use handheld Motorola PDAs to access a list of how many pairs of which size and width are available on the sales floor and how many are in the back of the store. "The store is quite large, so we're not talking about walking 10 feet to the back room," Cornelius said. Aside from saving staff considerable

energy, being able to check the backroom stock without leaving the customer's side means better, faster customer service. "We want face-to-face interaction with customers, selling shoes, not searching for shoes," he added.

The software also generates daily replenishment reports for staff, which tell them how many pairs of each width and size of 992 need to be pulled from the back room in order to keep the sales floor adequately stocked.

The equipment and software is working well now, but Cornelius and the technologists from Motorola and Vue had to spend more time than originally anticipated dialing in the process. One challenge consisted of tuning the antennas on the door-mounted fixed interrogators so that they read only the tags passing within a narrow read zone in the doorways. Another was enabling the Vue software to handle the large number of SKUs within the 992 style. "Vue had never worked with footwear before, and that meant they needed to customize the software to be able to handle the larger number of sizes and styles that comes with that," Cornelius said.

With the kinks worked out, the team will soon tackle phase 2 of the project, when not just the 992 but all men's styles sold in the store will be tagged and tracked (again, the women's shoes won't be tagged so they can be used to benchmark the effectiveness of the RFID system). The other styles of shoes will be tagged at distribution centers in Massachusetts and California. Using the tags attached to each box of shoes to identify them and bring them into the store inventory should reduce labor significantly in the store, since currently pallets of shoes must be broken down and the bar code on each box manually scanned.

The goals of the pilot are to reduce labor and inventory and increase sales through better on-hand availability. Cornelius noted that New Balance has no interest, at this stage, in incorporating RFID interrogators into the point-of-sale areas to reduce manual steps during sales transactions. He pointed out that signs throughout the store alert shoppers to the fact that some products in the store bear RFID tags to improve product tracking, and that no consumers have objected to the presence of tags on the shoeboxes they carry out of the store. Since there is no association between the shopper and the product information, he sees no reason for concern.

RELATED_ARTICLES However, consumer uneasiness over the practice of embedding RFID tags into products is keeping New Balance from testing what many think could be the killer app for RFID in footwear: preventing mismating. A mismate happens when one shoe is paired with the same style shoe but in a different size or width, or when two right or two left shoes of the same style are paired. RFID could prevent this by identifying each individual shoe and linking it to its proper mate. A number of other footwear companies at the event said they were also steering clear of embedding tags in shoes due to consumer apprehension.

As a next step, Cornelius said New Balance is eager to work with one of its retail customers to launch a pilot project in one of that retailer's stores.