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RFID Trims Costs for Retailer of Lacoste, CK, Burberry

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Turkish Conglomerate Eren Holding is using EPC Gen 2 RFID to track shipments and take inventory at a factory, DCs and stores it operates in Turkey.

By Mary Catherine O'Connor

Feb. 18, 2009—Eren Holding, a 40-year-old Turkish diversified conglomerate that operates a textile company and retail stores, recently began using an EPC Gen 2 RFID system that has significantly improved its inventory-handling and shipping processes, as well as decreased the time required to take inventory at the retail sites.

The company is a manufacturer of the Lacoste garments sold at the 88 Lacoste retail stores it owns and operates, primarily in Turkey and Russia, and also imports Calvin Klein, Burberry, Coach and other high-end clothing and accessories and distributes them to its stores in Turkey. Eren Holding also owns distribution centers, which it uses to ship the Lacoste clothing it produces and the other brands that it imports.

Eren Holding hired RFID systems integrator STS Technology to develop and install its RFID system, and STS selected Alien Technology's EPC Gen 2 passive UHF tags and readers. In January, it rolled out an RFID system that replaced the bar-code-based process that it formerly used at its factory, DCs and stores to identify individual items of clothing.

At its Lacoste manufacturing facility, Eren Holding formerly had a 17-person team dedicated to logistics, but it has been able to reduce that team to 10 people because the adoption of RFID has decreased the amount of time required for handling and shipping of the clothing items by 75 percent, according to Stephen Crocker, Alien Technology's director of channel management for the European market.

At the factory, an Eren Holding employee attaches an Alien M tag to each article of Lacoste clothing, to identify the article before it is shipped. Using Alien's ALR-8800 interrogators, the logistics team can read the tags of up to 500 items packed into a single shipping box as it leaves for a distribution center, according to Alien.

At Eren Holding's DCs, employees also place an RFID tag on each item of clothing the company imports for sale at its retail stores, so that these tags can be read with Alien's ALR-8800 readers when these garments leave the DCs and arrive at the stores. Due to the various sizes of the hangtag labels already attached to the clothing it imports, employees apply the Alien 2x2 tag, which is smaller than the M tag.

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To take inventory inside Eren Holding's stores, one employee wheels a mobile RFID interrogator through the aisles, while another carries the interrogator's antenna.

To perform an inventory inside one if its retail stores, it used to take four employees up to four hours to manually scan each item's bar-coded label. With RFID, it takes two people just 20 minutes to complete an inventory count, using a customized mobile reading station. Designed by STS, the station includes an Alien ALR-8800 RFID interrogator mounted on a wheeled carrier. The station is moved through the aisles between store shelves, with one employee pushing the carrier and the other holding the interrogator's antenna to collect data from each item's RFID tag. Crocker says each retail store has anywhere from 5,000 to 10,000 items in inventory.

Because the older bar-code approach was so time-consuming and labor intensive, the retail stores used to take inventory only twice a year. Now, the process is monthly, and this has translated into more accurate inventory data and better-stocked shelves. STS's proprietary RFID middleware manages all of the EPC tag data and links it up to the Oracle database that Eren Holding uses to manage its logistics and retail operations.

STS has already worked with Alien on a number of apparel-related projects in Europe, including a system by which Turkish retailer LC Waikiki aims to manage inventory, replenish stock and prevent theft (see Turkish Retailer Uses Hybrid EAS-RFID Tags to Stop Theft, Improve Inventory Management).