

By attaching EPC Gen 2 RFID tags to shoes displayed on its sales floor, the retailer can ensure that customers can see every shoe style it sells.

By Claire Swedberg and Mark Roberti

Nov. 2, 2011—Since deploying radio frequency identification at six of its U.S. stores to track inventory on its shoe displays, [Lord & Taylor](#) has seen a significant increase in sales, according to Dan Smith, the CIO of [Hudson's Bay Co.](#) and Lord & Taylor. The technology is helping the national apparel retailer to ensure that merchandise is available on its store shelves, and that the products are restocked in a timely manner, due to inventory visibility provided by RFID tags placed on footwear, as well as handheld readers used by store personnel.

The objective for using RFID, the company reports, is to ensure that every shoe model available in the department's stockroom remains on display on the sales floor, where customers can see them. Typically, when products arrive at a Lord & Taylor store from a distribution center, one pair of each specific shoe style is put on display, while the others are stored in the back room. Sometimes, however, a pair of shoes in a certain style may not appear on the store shelf, or may be sold and not replaced.

Larry Mann, the divisional VP of IT at Hudson's Bay Trading Co.—which operates 47 Lord & Taylor retail stores in the United States, as well as Hudson's Bay Co.'s 279 [Zellers](#), 92 [The Bay](#), 62 [Home Outfitters](#) and 196 [Fields](#) store locations throughout Canada—described the RFID installation during a webinar that took place last month ([Driving Increased Sales Through Display Execution With RFID](#)), sponsored by [Motorola Solutions](#), which provided the readers and integration for the solution being employed by Lord & Taylor.

In January 2011, the company adopted a strategy to increase sales by ensuring that all shoe styles were always on display. Until that time, to ensure that each model of shoe was visible on the sales floor, staff members needed to perform manual inventory checks. However, the workers did not have time to conduct such inventories as frequently as the company would have liked, since the process was labor-intensive, requiring a sales associate to pick up every shoe in order to view and scan its bar-code label.

The company's business team estimated that Lord & Taylor could obtain a multimillion-dollar annual increase in shoe sales if all of its 47 stores could improve the frequency of inventory counts, and thus ensure that customers were aware of which products were available for sale. The firm decided to test RFID as a potential means to achieve this goal, because it believed the technology promised greater accuracy and efficiency, with immediate flexible reporting, than could be achieved using a bar-code system.

Initially, Lord & Taylor met with various RFID vendors. The retailer selected Motorola for a one-day proof-of-concept test, conducted in April. Lord & Taylor had considered utilizing RFID tags on some apparel and jewelry as well, but opted to restrict its initial deployment to shoes.

On May 11, the company began piloting RFID at its flagship store on New York City's Fifth Avenue. During the pilot, associates working in the shoe department attached an EPC Gen 2 passive ultrahigh-frequency (UHF) RFID tag to each pair of shoes on the sales floor, and then interrogated those tags using Motorola MC3190-Z handheld readers. The system was tested for several months before Lord & Taylor began employing RFID technology at a second store in August. In September, the company began setting up the system at four additional locations.

In the future, the retailer would also like to use RFID in conjunction with planograms (a diagram indicating where retail products should be placed on shelves), in order to verify that each store's layout matches the presentation required by the product vendor, thereby ensuring that racks contain the proper product mix.

"We are leveraging the basic premise that if you know where the merchandise is, you can get more sales," Smith states. "If you are able to take inventory every night, or a subset of inventory every night, there is a pretty high payback."

The company intends to roll out the solution to all 47 of its stores within the United States, as well as at Hudson's Bay stores in Canada. Once shoe manufacturers begin applying RFID tags to their products before sending them to Lord & Taylor's DCs, Smith adds, the retailer's staff will no longer need to attach tags to the shoes they sell.