Steering Through the Storm

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Technology is also being deployed to deter employee fraud, another problem stoked by the recession. This year, Big Y implemented a service, from StopLift Vision Systems, Bedford, Mass., that analyzes video feeds from overhead cameras to determine whether cashiers are deliberately not scanning products — or “sweethearting.” Raley's, West Sacramento, Calif., completed a rollout of a video-analysis system from AgileLance, Camden, N.J., that targets sweethearting and theft, while also identifying non-fraudulent operational miscues, continuously but inadvertently perpetrated by cashiers.

Data security continued to make news in 2009 as retailers grappled with the fallout from high-profile card data breach cases of the past few years, notably the Hannaford Bros. case. Dissatisfaction continued to be expressed about the Payment Card Industry (PCI) Data Security Standard that retailers are required by the card industry to follow.
Responding to retailers’ concerns, the PCI Security Standards Council commissioned a study by PricewaterhouseCoopers, New York, to assess the potential of end-to-end encryption, tokenization, and “chip and PIN” systems to improve the security of payment card data and possibly be included in the PCI standard. Meanwhile, payment card processors like Heartland Payment Systems and RBS WorldPay announced end-to-end encryption programs, and First Data announced a tokenization program, designed to improve the protection of consumer payment data handled by retailers.

In-store shopping devices made progress this year. Stop & Shop/Giant-Landover, based in Quincy, Mass., continues to lead the industry with its Scan It! handheld shopping unit. The device, which allows shoppers to scan and bag as well as receive targeted promotions, is available in about 250 Stop & Shop and Giant Food stores. Scan It! users account for 7% of transactions and 10% of sales in those stores, said Stephen Vowles, senior vice president, Stop & Shop/Giant-Landover.

Meanwhile, other shopping systems are being tested around the U.S. Bloom, a division of Food Lion, Salisbury, N.C., is “encouraged” by the early results of a test of a mobile shopping device, known as PAT (personal assistant technology), in one store in Fort Mill, S.C. The device, from Springboard Retail Networks, Toronto, is an 8.4-inch touchscreen tablet that is attached to the front of each of the store’s shopping carts; it allows shoppers to locate products, view a digital sales flier and look up recipes, and it enables loyalty shoppers to access online shopping lists and favorite recipes.

One of the major impending changes in store technology—the GS1 DataBar bar code—spurred a lot of activity among food retailers this year. On Jan. 1, 2010, their POS systems will be expected to scan and process the GS1 DataBar, which is smaller, yet contains more data than the traditional UPC bar code.
While the DataBar has forced retailers to invest time and money in equipment upgrades, it is expected to offer a number of advantages. In its initial application on loose produce, the DataBar promises more accurate and productive scanning (especially of organics), yielding better sales, inventory and shrink data. On coupons, the DataBar is expected to reduce fraud and offer greater validation capabilities.

However, because processing the coupon DataBar is far more complex than processing the produce DataBar, retailers have been given an additional year to prepare their systems for the coupon DataBar; beginning on Jan. 1, 2011, manufacturers will be able to feature only the DataBar — and not both the DataBar and the UPC-A bar code — on coupons.

In whatever form bar codes take, the detailed transactional data that bar-code scanning makes possible is being increasingly shared by retailers with their suppliers. According to a white paper released by the Grocery Manufacturers Association, most U.S. grocery retailers and mass merchandisers with more than $5 billion in annual sales are sharing store sales and other data directly with their suppliers free of charge.

Food Lion has developed two major data-sharing programs, Vendor Pulse and Shopper Insights. By sharing its store and shopper data, Food Lion is following in the footsteps of Wegmans Food Markets' New Ways of Working Together program that aims to foster more productive trading partner collaboration.

Another important data-sharing program developed this year is the Food Marketing Institute's online recall portal. Originally launched in January, the portal was redesigned and reintroduced in September as the Rapid Recall Exchange.

— Michael Garry