



Italian retailer improves stock management and customer experience with Cisco Connected Retail

EXECUTIVE SUMMARY

Customer Name: Auchan S.p.A.

Industry: Retail

Location: Italy

Number of Employees: 11,000

Challenge

- Optimize supply chain efficiency, sales opportunities, and shopping experience

Solution

- Cisco Wireless solution for automated inventory management and self-service check-out
- Cisco TelePresence for improved collaboration between headquarters and stores

Results

- Executive travel and accommodation costs cut by 40 percent
- Greater efficiency of day-to-day store operations
- Less errors in routine operations at stores and warehouses, especially in reordering and pricing

Challenge

Auchan S.p.A. is part of Groupe Auchan, a successful retail chain founded in France during the early 1960s. The group has grown into one of the world's leading retail chains through a mix of 1375 hypermarkets and supermarkets in 13 countries all over the world. It delivered more than €44 billion in pre-tax revenues in 2011 and employs almost 270,000 people worldwide.

Headquartered in Milan, Auchan Italy runs 51 hypermarkets. The retailer prides itself on offering customers the most modern, convenient methods to shop, including dynamically-updated product information and new payment options.

To improve the shopping experience, Auchan Italy wanted to help ensure shelf displays always contained the right products at the right price. Achieving these goals meant replacing cumbersome processes that were often unable to cope with sudden shifts in consumer demand and depended on manual operations by store and warehouse staff.

"If a store requests certain goods and does not get what it expects, this equates to a missed sale opportunity," says Marino Vignati, IT manager at Auchan Italy. "Consumers are often very loyal to the products they like; if they cannot find their preferred brand on the shelf, that usually creates a very bad experience."

As well as optimizing its supply chain processes, the retailer was looking to transition from paper-based to electronic labeling, while also launching self-service customer checkout facilities to reduce queuing. The new IT environment also had to enable sales staff to quickly gather commercial information such as the success of in-store product promotions.

Solution

Recognizing the need to modernize its IT infrastructure, Auchan Italy decided against a standalone product approach and instead chose a Cisco Connected Retail® solution.

"As well as providing investment protection, Cisco's architectural approach enabled the planned expansion of video collaboration and a more intensive use of wireless devices across the whole business," says Vignati.

The Cisco Connected Retail solution delivers fast and secure wired and wireless communications and is based on a Cisco Borderless Network foundation, comprising Cisco Catalyst® 6500 Series Switches, Wireless Access Points, Wireless Controllers, and Adaptive Security Appliances.



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IT Manager
Auchan S.p.A. Italy

Importantly, the solution has allowed Auchan Italy to integrate batch processing at point-of-sale with product display data captured by handheld scanners. This real time view of the supply chain helps ensure better management of stock control and means less risk of incorrect pricing or goods running out.

“Before staff had to continuously scan shelves to collect pricing information and product codes,” says Vignati. “They would then have to go to the office to download the data and check for discrepancies between prices shown to consumers and those used at the checkout counter. Thankfully, this time-consuming, multi-step process of having to read, print, check, and edit is no longer required. All this has been enabled by working online over a wireless link.”

Designed for optimal video user experience, this highly-scalable network foundation also helped accelerate the introduction of Cisco TelePresence® at hypermarkets.

Results

Auchan Italy has recorded a 40 percent saving on travel costs through increased use of video collaboration. Scheduled and ad hoc meetings are now much easier to manage. Cisco TelePresence is proving to be popular with store heads and senior managers in Milan, who regularly use lifelike pervasive video for briefings, operational reviews, and to speed decision-making.

Vignati also feels the solution has had a significant impact on the company’s carbon footprint and on staff quality of life. Last year in the first six months, he flew on business to Paris 20 times. So far this year, he has needed to travel only once. “Every trip typically involves early morning starts and late evening returns,” he says. “Thanks to TelePresence, we are more productive at work and are able to spend more time with our families.”

Sales managers use TelePresence once a week for planning and to discuss results. Site visits are usually only necessary to review the store layout or to see how goods are displayed on the shelves.

Other core processes have benefited. For example, a 30 percent time saving during stocktaking is attributed to the new Connected Retail network. “We substantially lowered time and people required for stocktaking,” says Vignati. “With 51 stores carrying out stocktaking twice a year at least, the minimum annual saving could reach more than 4000 man-days. We’re also seeing improved productivity in other areas. Working wirelessly, for example, we can often restock a hypermarket from the warehouse on the day of the request.”

The restocking process has been transformed. Instead of printing out lists, visually checking stock, and writing down details on paper, staff in the warehouse are guided by the system. They receive instructions on their wireless device and, rather than in many cases having to read a 13-digit code by eye, simply scan product barcodes, thus removing the potential for human error.

Real time visibility of its supply chain has transformed decision-making. “Our department managers can access the sales management application right in front of the shelves and decide on the spot changes to apply to the orders for their stores,” Vignati says.

Meanwhile, Wi-Fi is affording improved shopping experiences to consumers at Auchan outlets, with self-scanning devices installed at stores and more try-before-you-buy promotions of smart electronic devices, such as tablets and TV sets. The company is now looking at the commercial benefits of installing a Cisco Digital Media System for in-store displays.



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Vignati sums up: “We have completely re-engineered our business processes. Staff can instantly check prices against those on the system by using Wi-Fi terminals, and productivity in our stores and warehouses has been greatly improved.”

For More Information

To learn more about the Cisco architectures and solutions described in this case study, please go to:

www.cisco.com/go/borderlessnetworks

www.cisco.com/go/collaboration

www.cisco.com/go/retail

Product List

Routing and Switching

- Cisco Catalyst 6500 Series Switches

Security

- Cisco Adaptive Security Appliances

Video

- Cisco TelePresence

Wireless

- Cisco Wireless Access Points
- Cisco Wireless LAN Controllers



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