

Ringling in a new EPOS era

IN THE FIRST OF A TWO-PART SERIES, **STUART JACKSON** LOOKS AT WHETHER THE LATEST ELECTRONIC POINT OF SALE (EPOS) SYSTEM TO HIT OUR MARKET PROVIDES A LONG-AWAITED SOLUTION.

The health food retail industry has been crying out for an EPOS system that actually delivers on its promises yet the same batch of service providers continue to vend packages that, while gradually improving, still fail to deliver anything more than a basic solution.

The systems available to the health food trade underachieve because the software is derived from other markets such as pharmacy, pet care or grocery. In each case, the core system has been modified to fit our industry's needs. Further hindering progress is the fact that dealers still concentrate on their other markets, which bring in the majority of their sales revenue.

For the first time, a supplier has arrived with a system that is gaining positive early reports from retailers and having spent a number of hours looking over the software myself, it also appears to have plenty of potential. In exchange for this new EPOS solution, there is a price to pay in terms of a retailer's data security at least in the short term, supply will be limited to customers of the vendor, CLF Distribution (Tel: 01725 514200). During this and next month we will review the main benefits of EPOS and look at how well the CLF option performs.

CHOOSING EPOS

There are three reasons to install an EPOS system: to increase net profit, to improve efficiency and to enhance customer



service. The retailer's driving force to make this purchase may stem from a desire to diminish the effort required in managing the business, to preserve competitiveness or for financial gain.

The first decisive factor relates to the current turnover of a shop and its potential to grow. If, for instance, a shop is small, turning over less than £300,000 and has little potential for growth, EPOS may not be a necessary addition. In almost any other scenario it is the right choice in principal, for a forward thinking retailer.

The second decisive factor is that any retailer considering installing EPOS must be prepared for the massive investment of personal energy that such a project will demand. It is a factor that retailers are rarely ready for and one that is relieved by a well-prepared installation.

Buying computer hardware and software is the most difficult equipment purchase any retailer will make. A lack of expertise often leads to a tendency to get caught up in allowing a seller to demonstrate what a system can do rather than the buyer looking at what the business needs before checking that a system can fulfil it. It is difficult to interrogate something one does not understand.

WHAT EPOS MUST DO

To increase profit, a system must increase sales, control discounts, reduce shrinkage, aid the buying process and diminish overheads.

To enhance customer service it must make the checkout flow faster, provide interesting promotions, search and report on product requests, offer customer loyalty rewards, make new services such as home delivery possible and move products from delivery point to the sales shelf quicker.

To improve efficiency it must increase pricing accuracy, reduce loss through wastage and theft, offer easy reporting of management data, assist cashing up procedures and shrink wages costs.

THE CLF SYSTEM

The CLF option originates from the USA and has been adapted for the UK and the health food retailer by Robin Holiday, MD of CLF who is supported by a six strong I.T. team. Robin has a background in large-scale distribution and computer programming, a combination that has him ideally placed to implement improvements to the software.

The system cost is good value at around £2,500 per lane (dropping slightly for further lanes). The cost includes all the

essential peripheral equipment for the front end although more expensive users interested in hand-held scanners and integrated card services will pay add-on fees. Those attracted to long-term maintenance and back-up support, which are both readily available, will also face additional costs. The lane charge is subsidised to customers by CLF and any future plans to make the system available to non-customers will likely result in an increased fee for them.

When I visited CLF earlier this year there were 21,577 products on the database and this will go some way towards alleviating launch hardships. A slight negative is that the system is designed to link to Quick Books accounting rather than Sage software, much more popular here in the UK. This should prove no more than a minor inconvenience for those advanced enough in their usage to benefit from a direct link. The system is multi site capable, communicating by batch, under scheduled or manually prompted transfers.

FUNCTIONALITY

The front end has a time clock, user ID, password and distinct levels of access, which make it easy to control and identify each till operator's performance. It has flexible promotional ability with options ranging from "Buy X get Y free" to straightforward discounting, all with the option to pre-set start and end promotional dates. A particularly appealing feature is that of cashier cards which can be set up to record and reward staff for specific product sales incentives.

A loyalty card system does exist but is presently limited to cash discounting only. Future plans are to upgrade this to a much friendlier points-for-purchases scheme. Standard discounting needs such as selling off short dated or overstocked items are well catered for, as is the ability to record wasted products. Overall, the front end needs of the till operator are more than satisfied with smart functionality.

For those of you with fruit and vegetables to manage, CLF's system does have a facility to link to weighing scales and permits various types of produce to be listed and then activated or deactivated as "live" in the system. This is necessary so that staff can alter and price a constantly fluctuating product range each day.

The system has an integrated chip and pin card service using "Yes Pay" that eliminates the need to have a separate card terminal and is connected via broadband with a fast 4-second transaction time. There is a £20 monthly service fee and a one-off per checkout installation charge. Staff-purchase schemes, so often the root to employee theft, is well handled by an accounts package that provides credit limits and a variety of control options per employee.

SUMMARY

A very positive start for CLF and overall I am impressed with the system. Tune in next month when we tackle the most difficult areas to get right, that of data maintenance, ordering and stock management, plus I will be revealing the data security price a retailer has to pay in exchange for a leading EPoS package.



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk