



## SPECIALTY RETAIL QUESTIONNAIRE

**Help us FLiP your store!**

Please fill out the following information about your store so we can ensure that you gain a healthy return from using FLiP Technology.

*All figures are MONTHLY*

Please submit filled questionnaire to [info@freedomshopping.com](mailto:info@freedomshopping.com) or fax to +1 828 994 0210

NAME \_\_\_\_\_ COMPANY \_\_\_\_\_ Email \_\_\_\_\_ Phone \_\_\_\_\_

SALES – please list your sales by categories

Category	Gross Sales	Units Sold	Cost of Goods Sold
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

TOTAL	_____	_____	_____
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<b>OTHER FINANCIAL INFORMATION</b>			
Typical Store Hours/Days	_____	Avg # Employees per store(excl admin)	_____
Average Wage Rate of Floor Staff	_____	Total Wages paid incl. Benefits	_____



## FLIP INVENTORY CONTROL

What percentage of sales do you estimate you lose because of stockouts?  (Average is 5%)

**STOCKOUTS** – is when demand or requirement for an item cannot be fulfilled from the current (on hand) inventory. It often occurs because the existing inventory system reported that an item was on hand/in the store and more of the items were not ordered, when in fact they were NOT in stock and this was discovered only after a customer inquiry.

In a case Study by Shop N Check Worldwide for Pet Smart published on 05/17/06, inventory problems were found on the top 150 selling items. After the out of stock problems were found, procedural changes were made and their inventory process was upgraded. The results were impressive:

In stock rates for top 150 items increased 4% - that increase contributed to a 4.5% increase in store sales. Customers can count on finding the products they want in stock at every visit. As a result, sales have increased and Pet Smart is closer to delivering its goal of complete customer satisfaction.

In a study by Gruesen estimates Phantom Inventory leading to stockout leads to even more losses, since it disproportionately affects the better selling items. The report also finds that stockouts are a leading cause of the cost of locating items in stores.

[http://www.gmaonline.org/publications/docs/2007/OOS\\_execsummary.pdf](http://www.gmaonline.org/publications/docs/2007/OOS_execsummary.pdf)

[http://www.dealerscope.com/article/76000-76999/76335\\_1.html](http://www.dealerscope.com/article/76000-76999/76335_1.html)

What is your average cost of inventory corrections as a percentage of sales? ?  (Average is 20%)

**INVENTORY CORRECTIONS** - are a necessary part of doing business because inventory levels may be too high as a result of overbuying, seasonal merchandise, expiration of perishable goods, misjudged customer response, poor selling, lack of promotion and advertising or the competitions lowering the price of the same merchandise.

“Each season, some products do better than expected while others do worse, resulting in stockouts and markdowns. Retail markdowns are at an all time high of 33% of sales. While estimates of stockouts vary, it is widely agreed that these are the same order of magnitude as markdowns. Retailers must shoulder the largest share of these markdowns, but brands suffer as well (Presentation: New Earnings Strategies for Retail Supply Chains given by Professor Warren Harrimen, Stanford University 06/18/2002. )

In a case Study by Gordmans , it was found real time markdowns resulted in 7% gross margin improvement [www.aisllc.com](http://www.aisllc.com)

**SPOILAGE** – is perishable items destroyed or removed because of expiration, e.g. food. Often spoilage is included as part of inventory corrections.

SPOILAGE APART FROM ABOVE CORRECTIONS

What percentage of sales do you estimate you lose because of Misplaced Product?  (Average is 2%)

**MISPLACED PRODUCT** – appears as an issue in a number of ways, for here this is cited A)when a customer has requested a product that is not where it should be located or B)when the desired product is among many other like objects and difficult to quickly distinguish.

In a Dutch book store, Inventory Accuracy went from 70 to 97 percent after RFID was utilized with the products. Labor associated with searching and handling of the product was reduced by 20 percent(NRF STORES article, Sep 2008)

AVERAGE LABOR COST DUE TO PRODUCT LOCATION 5% of total labor cost YOURS

AVERAGE LABOR COST DUE TO INNACURATE RINGUP 1 % of total labor cost YOURS



## FLIP SECURITY

What percentage of sales do you estimate you lose because of Shrinkage/Theft?  (Average is 2%)

**SHRINKAGE/THEFT-** *shrinkage often erroneously appears in markdowns or other categorizations, but should be treated separately. The average range of shrinkage with U.S. retailers is 1-3%, with the majority from shoplifters, then disloyal employees, and suppliers. 30.9% of theft was from the checkout, 36.5% in the stockroom, and 32.6% on the sales floor. Retail shrinkage has increased in recent years. There are some commentators who view retail crime as the “cost of doing business”, but they ignore the other crimes and difficulties linked to the theft activity, including violence against staff (information from Checkpoint Systems, Inc – Global Retail Theft Barometer – 2007)*

*Since the Freedom Shopping system detects theft both from its smart gates and quick handheld inventory checks, it is the first system to address theft from ALL of these parties and locations.*

<http://www.rfidnews.org/2009/06/04/combatting-the-five-finger-discount-the-value-of-rfid-as-an-electronic-surveillance-tool>

## FLIP KIOSK WITH SELF-CHECKOUT

What percentage of sales do you estimate you lose because of Abandonment?  (Average is 7%)

### SALES LOST TO ABANDONMENT

*“Customers won’t tolerate waiting in line more than four minutes. 10% of shoppers are frustrated enough to leave a checkout line if their wait is too long.” ( Retail Customer Experience 6/27/08 )*

*13,000 shoppers were surveyed by M/A/R/C Research to learn the importance of checkout times. Shopper satisfaction remains high when in line 4 minutes or less. After four minutes, satisfaction drops significantly. 43% of consumers said long lines will effect their decision to shop at a particular retailer in the future. 3% of those customers will stop visiting the store all together.*

*American Apparel reports a 10 – 15% increase in sales due to the benefits of RFID enabled inventory*

What percentage of sales do you estimate you increase if you offered a 10 second checkout?

(Foodservice Average is above 50%)

### PREFERRING A STORE WITH QUICK CHECKOUT

*66% of people say they want self-service at the checkout to make shopping faster and more convenient.*

*(NCR Corp Quote – Self Service World )*

What amount of revenues do you think you could increase if you were able to automatically suggest and offer related products, bundles and accessories at the self-checkout station? %  (average is 10%)

For online/catalog sales? %

For a study on in-store catalog sales, go to <http://www.internetretailer.com/article.asp?id=29591>

UPSELLS AND PRODUCT SUGGESTIONS – are a built in function with the FLiP Kiosk. In studied stores, in-store digital marketing projects have driven sales in targeted product groups from 35-50%.

(<http://retailcustomerexperience.com/article.php?id=757&na=1>)



What amount of advertising do you think you could sell (suppliers, local attractions, etc.) if you had digital signage that was triggered by product offerings and printed coupons? \$

ADVERTISING – is a built in functionality with the FLiP Kiosk Digital Media, it can also activate interactive programs and online shopping

What percentage of sales do you estimate you increase if you offered after-hours unmanned retail for “bonded” customers?  (Foodservice Average is above 20%)

UNMANNED HOURS OF OPERATION – *was not a previously possible offering in retail. Freedom Shopping’s first 30 stores were all completely unmanned, and many continue to be operated exclusively so. In a manned market, the normal way to offer extended hours is similar to Mailboxes, etc(UPS) – a roll down gate that separates higher value items from sundries, and a door lock that only allows store subscribers in after hours under video surveillance. (The door access can also be used for store account payment at the kiosk)*