



Checkout Or Bust

Line-busting solutions streamline retailers' front ends

Consumers equate the IKEA brand with affordable, trendy furniture. To the retailer's dismay, however, some shoppers also associate IKEA with long checkout lines.

IKEA is a \$17.7 billion retailer based in Almhult, Sweden. Each day, the chain welcomes an average of 1 million customers in stores worldwide. Some stores see 250,000 visitors on weekends.

The company's 26 U.S.-based stores can attest to this traffic. "These stores produced \$2 billion in sales [in fiscal 2005]. Based on the 33 countries we operate in, the U.S. is No. 2 in sales behind Germany," Mike Hawk, retail systems business analyst for IKEA North America Services, LLC, said during the session, "Increasing Customer Service With Line Busting," at the Retail Systems Conference & Exposition. The convention, which was held in May, was sponsored by Retail Systems Alert Group, Newton Upper Falls, Mass.

"Our shoppers come and spend hours with us during their shopping experience," he said. "However, when they get to the checkout lanes and the lines are 20 people deep, they abandon their goods."

Clearly, long lines and abandoned shopping carts are commonplace during store openings, promotions and advertising campaigns that draw large volumes of customers. However, U.S.-based IKEA stores noticed similar problems even when their 20-plus checkout lanes were fully staffed. IKEA's shoppers revealed just how serious the issue really was.

"According to customer surveys, 53% of shoppers said we needed to improve our front-end queues," Hawk said.

So IKEA began searching for a new solution. The ideal application needed to provide an efficient checkout experience, and it needed to be flexible enough to link to the company's existing IBM point-of-sale and self-service configuration and still fit within the budget. The chain opted for a wireless handheld POS system.

IKEA began adding the first generation of its handheld line-busting solution five years ago. With the help of



Agilysys, an enterprise technology provider based in Mayfield Heights, Ohio, IKEA began outfitting stores with the vendor's

NextPosition software. The proprietary mobile and wireless software suite enables retailers to run POS applications anywhere in their store.

The application ran on handheld units from Symbol Technologies supported by a Palm operating system. Cameo printers from Zebra Technologies, which are cabled to the handhelds, completed the solution.

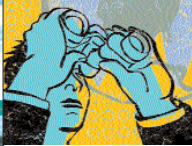
After selecting a shopper from the queue, associates use the handheld to scan product barcodes. After the final item is scanned, the associate processes the shopper's credit card through the unit. The printer creates a receipt and the shopper is directed to exit the store through a dedicated lane.

The solution was making a difference, but IKEA wanted to bring the solution to the next level.

"We wanted a more stable environment," Hawk told *Chain Store Age* after the convention. For example, the original solution ran off of a dedicated, store-level PC. This configuration did not consistently ensure reliability.

Thus, Hawk and IKEA's IT team upgraded to the new

A mobile-checkout solution helps IKEA improve traffic flow at the checkout during busy periods.



FOCUS ON: POS

queue busting

release of Agilysys' NextVision solution. Comprised of Symbol PDT8146 and PPT8846 handheld units, the solution is supported by a Windows-based CE. NET environment. The team also integrated the solution with the chain's IBM POS units, eliminating the need for a store-level PC.

In June 2005, IKEA's Atlanta store added the updated units. The upgraded solution is being added to new stores. Currently, six locations are outfitted with approximately five units.

"On average, stores use the units between three and five times a month," noted Hawk. "We did not add the units to increase the speed of checkout. We wanted to control the flow of traffic during the checkout experience."

Looking ahead, IKEA plans to expand the units' functionality. "Hopefully we can use the units for cycle counting, to perform customer price checks and help shoppers locate items," Hawk said.

The units can also increase manager productivity. "We can use the units to alert a manager to assist with a problem at the front end, for example," he explained, adding that IKEA could add this functionality by the first quarter of its fiscal year, which starts in September.

Line busting in New England: Similarly, the New Hampshire State Liquor Commission (NHSLC) is banking on a line-busting solution to streamline its stores' checkout experience.

An agency of the New Hampshire government, NHSLC regulates and maintains a monopoly on the sale of alcoholic beverages in the state of New Hampshire. The Commission also operates its own stores, called New Hampshire Liquor & Wine Outlet. Unlike retailers operating in unregulated states, business across the agency's stores is driven by tourists.

"Holidays bring an influx of customers to our state and stores. Our biggest challenge is handling the long lines during



Credit-card payments are processed directly through the handheld mobile-checkout unit at IKEA.

maximum number of manned cash registers, we still have long lines."

Approximately five years ago the agency began to search for a way to speed up its checkout process. The agency indirectly came across the answer two years ago. "In 2004, the agency began evaluating handheld units to help us manage our inventory," explained Howard Roundy, the commission's director of IT.

When the agency decided to implement Windows-based Dolphin 9500 handheld units from Hand Held Products, based in Skaneateles Falls, N.Y., "We realized the units had more potential than just taking inventory," he added.

After determining that the units would be a good solution for line busting, the agency brought its point-of-sale vendor, ACR, Jacksonville, Fla., into its plans.

ACR is currently developing code that will enable the units to work with the agency's POS system. The agency hopes to test at least two units in a store by September.

"The store we are targeting processes \$14 million in sales and has seven registers, which is big for us," he explained. "When the store is processing peak volume, we could use these devices to pre-scan a shopper's basket." After scanning the order, the unit will produce a receipt with a printed barcode. They will be directed to a dedicated location where the barcode will be scanned, shoppers can pay for purchases and the order will be bagged.

"The actual cashing-out process should take only 15 to 20 seconds. It will take longer to bag the order than to complete the sale," quipped Roundy.

The NHSLC hopes to be using two to four units in its top-volume stores by the holiday season. Engel and Roundy agree that the solution should "increase our customer service and our brand image." **RTQ**

—Deena M. Amato-McCoy
(damato@chainstoreage.com)



New Hampshire Liquor & Wine Outlet hopes to trim checkout time to 15 to 20 seconds with its handheld solution.

these visits," said Peter Engel, director of store operations, New Hampshire State Liquor Commission. "Even though we feature the