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# Walgreens' Digital Transformation Takes Inventory Management to New Heights

Drugstore chain upgrades from dated legacy systems to data-rich mobile computing devices to boost merchandise visibility, improve worker productivity and enhance the shopper experience.

## Situation/Challenge

Walgreens serves 8 million shoppers in its 9,560 stores and online. A company-wide digital transformation revealed that the drugstore chain's store-level inventory-management tools lagged the on-demand shopping expectations of its digitally savvy, omnichannel customers.

A mix of legacy devices made critical store-associate tasks, like finding a product for a shopper, laborious and inefficient, which compromised customer service. Meanwhile, store managers were stymied by an inefficient and cumbersome system of tracking inventory via pen-and-paper on the sales floor, then inputting that data into a back-office computer.

## Solution

Walgreens empowered store teams with Zebra Technologies' ET50 tablets and TC51 handheld computers. The business intelligent mobile solutions facilitate automated, real-time inventory visibility from the back office to the store floor.

## Result

The mobile solutions helped store associates better serve shoppers' on-the-spot needs, like locating an item and shipping it to their home, without ever having to leave the customer's side. They also brought a new nimbleness and heightened precision to inventory management. The mobile devices enabled store managers to conduct cycle counts and replenish merchandise directly from the store floor, drawing from real-time data insights accessible from the handhelds and tablets.

# Transforming the Shopper Experience

Today's shoppers expect digital technology to perform everyday tasks, synchronizing and navigating their online and offline footsteps hitch-free. Walgreens' consumers embody these same traits.

For the drugstore chain, staying true to its "customer-led" ethos called for replacing outmoded technology platforms to rise to consumers' increasingly on-demand shopping needs, be it their "no-tolerance" stance on out of stocks to the growing interest in conveniences like buy online, pick up in store.

But against this backdrop, the retailer was hamstrung by an inventory-management system with limited functionality. This made it onerous for store teams to locate merchandise quickly and efficiently, compromising customer service, worker productivity and eating into time better spent with shoppers. Walgreens existing system forced store leaders to manage inventory from a PC tucked away in a back office, disconnected from up-to-the-minute intel on the store floor.

## Upgrading to Data-Rich Mobile Solutions

When Charles R. Walgreens purchased the Chicago drugstore where he'd worked as a pharmacist in 1901, Walgreens was born. Since then, "customer-led" innovation has been baked into Walgreens' DNA — from the introduction of the drive-through for prescription pickup to its five-star-rated mobile app, which boasts 50 million shopper downloads, and generates 20% of its pharmacy refills, executives said.

Heavy usage of the app echoes just how much Walgreens' core shoppers are mobile, bricks-and-clicks consumers who spend "a lot of time online," said Steve Turner, chief information officer and senior vice president of the chain. "And just like everything in retail," adds Turner, "customer expectations are higher."

"They want what they want, when they want it, where they want to get it. And we are a big part of that," says Turner. "We serve 8 million customers everyday, online and offline, and we're constantly having to look at those behaviors and understand how to better serve them."

Walgreens embarked on a digital transformation designed to better personalize the shopping experience. That mission led to a central question: How is Walgreens leveraging technology to shape the future of that experience? "Online has been a big part of our customer strategy, and tapping mobile technology to take friction out of the shopping experience is intrinsic to that effort," explains Turner.

A much-needed area of investment became clear: Walgreens' in-store inventory management system burdened workers with manual, inefficient processes.

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### Searching for a Technology Partner

Like many retailers, Walgreens has a large footprint, one of the largest in the United States. "We had a lot of different devices and old devices that team members were using in the stores," says Andrea Farris, vice president of special projects, customer experience and store technology innovation for Walgreens. "That was one of the challenges: Not only, 'how do we enhance our consumer applications?' but also, 'how do we take care of our team members in the stores, and provide them with better tools to do their jobs?'"

"When we looked at the scale of the solutions that we needed to deploy in our stores and the number of devices that we had to replace, we needed a partner that had a proven track record of being able to support the scale that we have," explains Farris. "Zebra was a natural fit for us," reported Farris. "We share a common vision for leveraging technology to transform the store experience."

### Tackling Out of Stocks

Out-of-stock items on retail shelves erode shopper good will, and when chronic, erode store sales, too. With an endless aisle of merchandise a mere click away online, consumers' tolerance for stockouts is plummeting. Studies show that when a shopper routinely faces missing inventory at a retailer, they'll abandon the purchase, or instead, buy it from a competitor.

For Walgreens, eliminating store associates' ongoing struggle to hunt down inventory became a pressing priority. "Prior to using the Zebra devices, it was difficult to find items in the store," noted Walgreens store manager Brian Meltzer. On the devices, "we didn't have pictures to rely on to help customers, but only product descriptions that were not very user-friendly," says Meltzer.

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Walgreens switched to Zebra's TC51 devices, which morphed labor-intensive workflows into streamlined, data-driven processes and laid the foundation for an enhanced shopper experience.

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Small and easy to carry, "Zebra's devices make it much simpler to find items throughout the store," says Meltzer. And the mobile TC51 yields full-color pictures "that we can pull up on the devices to show customers."

The device's My Store app serves as a dynamic portal to real-time product information, from identifying the precise location of an item whether it's on the store floor or in the backroom, to offering up rich product descriptions and pricing data.



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If an item a shopper is looking for is unavailable, sales associates armed with a handheld device can now order the product on the spot, schedule an item for store pick up at a later date or for shipment to a shopper's home, thus saving the sale.

All told, the tablet and the handheld devices "free up our team members' time and make it easier for them to work with customers and to do their jobs on the sales floor," says Meltzer.

### Leveraging a Strong Store Presence

Two decades into the ecommerce revolution, retailers are increasingly leveraging what was labeled a liability amid the heady rise of online shopping: Their physical stores. Indeed, stores are undergoing an image revival, viewed as a valuable asset that pure-play retailers lack. The 850 ecommerce merchants slated to open stores over the next five years are a testament to the power of stores to build shopper loyalty and drive omnichannel sales.[1]

Now more and more, retailers are turning to their stores to tackle the multichannel shopping landscape, from serving as destinations for consumer perks like click and collect to doubling as online distribution hubs via programs like ship-from-store.

Walgreens is a believer in the strategy. "Putting our customers first is the real magic in our approach as nearly 80% of Americans live within five miles of a store," reports Turner. "We are bringing them value through technology and partnerships that are the foundation of what Walgreens was built upon."

With billions of dollars flowing through the bricks-and-clicks product pipeline, knowing where an item is at any given moment in the supply chain is more critical than ever. But the reality was that Walgreens wasn't set up to fully unlock the value of its nearly 10,000-store fleet.

### Slaying Inventory-Management Inefficiencies

The inventory-management platform powering stores failed to optimize worker productivity, which in turn, failed to maximize customer service. Store associates were tethered to stores' back office PCs, which operated as a single, fixed repository for inventory management data. "The problem with the system was that the store manager or the store associates have to sit in an office on a PC to do their work," states Turner.

Managers would manually take stock of inventory, walking around the store with a clipboard to identify items that needed replenishment on a shelf or in the backroom. They would then take the information back to their office and input the data into a computer. The manual process was time intensive and prone to human error.

[1] Digital brands get physical, JLL Retail

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After upgrading to the TC51 and the My Inventory App mobile solutions, store managers can enter real-time information from the store floor or the back room without having to dart back to their office, which saves time while boosting efficiency and inventory accuracy.

Outfitted with the TC51 and the ET50, store managers can now scan products, reorder merchandise and conduct inventory counts directly from the store floor. Team members benefit from unprecedented supply-chain visibility, as the tools can determine if an item is even on site or instead sitting in a truck en route to a store, and set to arrive the next day, for example.

"We have a platform now where we allow our associates to have more information at their fingertips as they're roaming the store to serve customers," says Turner. "It's a big strategy for us and how we serve."

Empowering workers with business-intelligent mobile devices has also granted Walgreens' store teams a newfound nimbleness to measure key performance indicators and make inventory decisions on the fly to respond to market shifts. If the weather changes, for example, workers are now equipped to "shift focus to different product promotions in the store," based on real-time information, says Turner.

### Creating Efficiencies on the Store Floor

What's more, the devices are intuitive and user-friendly, which makes training store associates largely trouble-free. "A new team member can pick it up without any training whatsoever and be able to figure out how to use it," says Meltzer.

For Walgreens, the technology upgrade appears to be paying off. "When we rolled out the Zebra handheld devices and tablets, we immediately had great feedback from our team members," concludes Farris. "They are becoming a core element of our team members' tools and solutions to improve operations in the stores — from reducing the number of tasks they that do every day, to being able to be more present on the sales floor interacting with customers."

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To learn more about how Zebra can help your retail operations improve operational efficiency and enhance the shopper experience, visit **www.zebra.com/retail**

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