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Subject: Proposal for Improving Shelf Labels at Shoppers Drug Mart

Introduction:

Shoppers Drug Mart (SDM) is a pharmaceutical and retail chain owned by Loblaw with over 1000 stores located across Canada. In retail, an important factor that determines whether a customer purchases a product is the price. As such, shelf labels play the crucial role of communicating prices to customers.

Intended Audience:

The formal report will be addressed to Michael Lam and David Wong, the respective SDM owner and front store manager for a Shopper's Drug Mart store located in Burnaby, BC, Canada.

Problem Statement:

At SDM, shelf labels are simply label paper held in place by a plastic cover, and the maintenance of the paper label system may be an issue. With each new product addition, removal, relocation, or adjustment, the respective labels must also be added, removed, and adjusted accordingly. This label update process requires a significant amount of time and is also susceptible to human error because they must be manually changed.

In the event of an error, SDM experiences losses in multiple ways:

- Shelf label errors reflect incompetence onto the store
- Both customer and employee time are wasted while verifying price-label differences
- Scanning Code of Practice entitles customers to receive additional discounts, further compounding losses for SDM

Proposed Solution:

A possible solution is to switch to electronic labels. With the text being configurable for each electronic label, product prices and labels could both be modified to reflect the corresponding product. In the case that multiple SDM location have electronic shelf-labels, all labels could be centrally managed, ensuring consistency across all store locations. Additionally, without the need to print thousands of labels for products, electronic labels are an environmentally friendlier option compared to their paper counterparts.

Scope:

To determine whether electronic shelf labels are an effective alternative to the existing shelf labels, I plan to investigate the following questions:

- Do customers have a preference between paper or electronic labels?
- How many hours are spent on updating paper labels every week?
- What is the approximate cost for switching from paper shelf labels to electronic shelf labels?
- What is the maintenance of electronic labels like?
- What are the overall advantages and disadvantages of paper shelf labels?

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Methods:

Primary sources will consist of interviews and or surveys with former coworkers at SDM, from cashiers, to supervisors and managers. Customer opinions can also be gathered through surveys. Secondary sources may include reviews of the benefits and detriments of the different label types.

My Qualifications:

I worked as a cashier at a SDM for four months during the Summer of 2020 where I noticed many hours were spent updating and changing shelf labels. On multiple occasions, I have been asked to verify product prices resulting from label inaccuracy. This led me to wonder if SDM would benefit from an electronic label system.

Limitations:

Given the current global pandemic, SDM employee interviews and data collection will be limited to former coworkers from the store managed by David Wong. Consequently, the report will be most applicable to that store and may not be extrapolated to other SDM locations.

Conclusion:

As a retail business, Shoppers Drug Mart should aim to minimize losses, and a potentially unnoticed loss is in the maintenance of paper shelf labels. By answering the questions listed above, I should be able to determine the effectiveness of an electronic shelf label system as an alternative to the paper label system. Given the approval, I will immediately commence research.