

Implementation of RFID has led to

## Market improvement in Moods of Norway's product and information flow



The Norwegian fashion company Moods of Norway was established in Stryn in 2003 by Simen Staalnacke, Peder Børresen and Jan Egil Flo. Their concept is to market untraditional fashionwear in the segments street, casual, cocktail and sport under the slogan: "Happy Clothes for Happy People". Today, Moods of Norway is the largest Norwegian brand in international fashion.

Moods of Norway's administration is located in Hegdehaugsveien in Oslo, while the main warehouse and functions such as IT, logistics and finance are in Stryn.

In 2008, Moods of Norway opened its first brand store in Akersgata in Oslo. Today, the company has 14 brand stores and three outlet stores in Norway, plus brand stores in Los Angeles and Strömstad. Their products are also sold through many multi brand stores all over the world.

Sales turnover in 2014 was in excess of NOK 300 million.

### Opportunities and areas for improvement

The management of Moods of Norway considered that there were great opportunities for achieving an improvement and streamlining of the company's product and information flow. This applied especially to the following areas:

- Planning purchasing and transport from manufacturers/suppliers to Moods of Norway's main warehouse in Stryn
- Trading stock and stock-holding at the main warehouse
- Distribution between the main warehouse and the stores
- Inventory control in Moods of Norway's brand stores
- Electronic Article Surveillance (EAS)

"Getting the stocktaking done in an hour, and receiving a full update on stocks in the stores every week, is a radical improvement on using 30 hours on manual stocktaking once a quarter. Stocktaking with RFID is also much more precise than manual stocktaking."

**Hans Petter Hübert**  
Retail Director  
Moods of Norway

#### What is RFID?

Radio frequency identification or RFID is an automatic data capture technology, which uses radio waves to flawlessly identify objects, locations and more. RFID has the capacity to identify one or more objects simultaneously without, in most of the cases, human interaction or line of sight, thus enhancing efficiencies of key business processes.

## Running the pilot project

After collaborating with GS1 Norway over how a solution with RFID tagging could contribute to the desired improvement and streamlining, it was decided in 2013 that Moods of Norway would run a pilot project using RFID.

Planning for the pilot project was carried out during autumn 2013. Moods of Norway considered that good control of the stores inventory was particularly important, with good opportunities for improved financial gains. It was therefore decided to concentrate the pilot project on this area.

One of the reasons for this was that errors in inventory data in stores led to incorrect replenishment from the warehouse, resulting in unfortunate situations such as out-of-stocks or excess stocks. With better control, inventory in the stores can be reduced and the level of service increased.

## Scope of the pilot project

- Two of the brand stores were selected for participation in the pilot project: one store in Oslo and one in Stryn.
- Two of Moods of Norway's product categories were RFID-tagged: men's suits and shirts.

## Aim of the pilot project

- To reveal significant differences in the sale of RFID-tagged products in the pilot stores, compared with Moods of Norway's other brand stores.
- To reveal whether RFID led to better stock control and fewer out-of-stock situations in the pilot stores.

The pilot project began on 1 January 2014. RFID tags had by then been tagged onto the selected products and the two pilot stores had been equipped with hand-held RFID readers.

## Results achieved

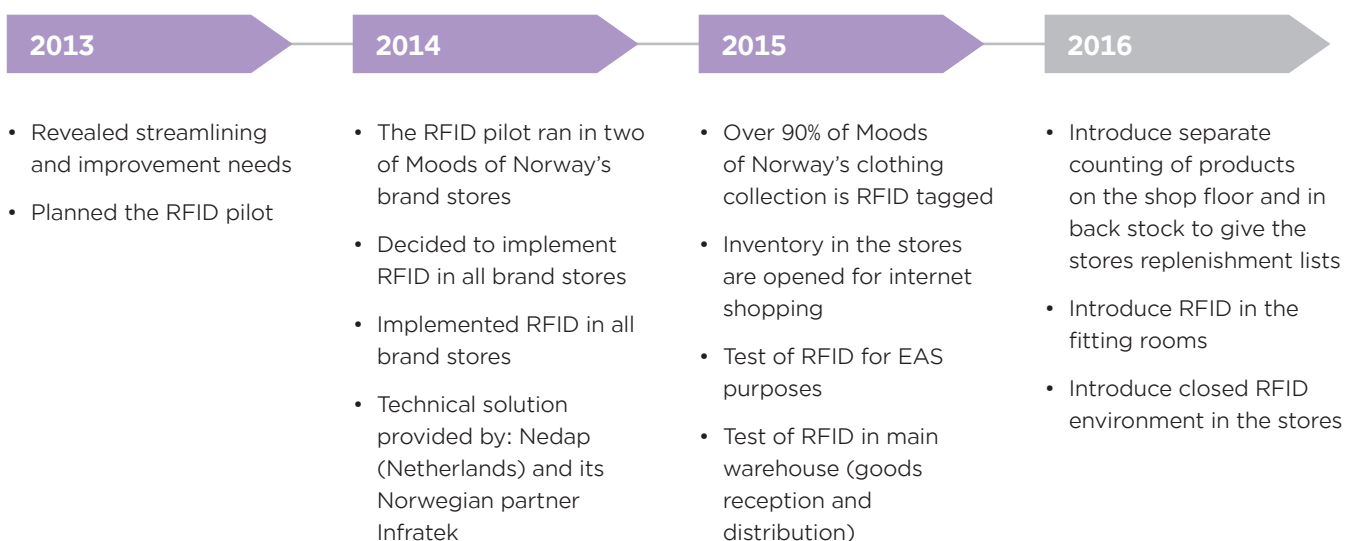
The pilot project achieved dramatically good results:

- Both pilot stores achieved very good growth in sales of the two pilot categories. Sales there were far above sales of the same products in other Moods of Norway brand stores.
- It was confirmed that the pilot stores improved their overview and control of inventory. This led to a more correct replenishment of the RFID tagged garments from the main warehouse, so that there were fewer out-of-stock situations.
- An unexpected additional result was that the two pilot stores also had marginally greater sales of products without RFID tags, compared with the other stores. Moods of Norway could not find any reason for this other than that RFID had a generally positive effect on the stores' performance. This is not unknown among other retailers that have introduced RFID.

Because of the good results from the pilot project, the management of Moods of Norway decided to fully implement the RFID system in all its 14 brand stores in Norway. Work on this began in August 2014 and the system was implemented in all the stores during the course of September. The autumn collection that had then arrived at the stores had three categories that were already RFID-tagged by the manufacturers. In the spring season that followed, everything was RFID-tagged, apart from a few small items that were still counted manually. The tagged products are counted by shop staff using hand-held RFID readers that are swiped around in the store.

With this implementation, Moods of Norway has completed the largest RFID project in the Nordic clothing industry and the company has great plans for the more widespread use of this technology in the future.

## Phases of the project



## The way forward

Moods of Norway has the following focus areas for the further use of RFID:

### 1. New replenishment solution for the stores

By dividing the stores into back-of-store stocks and shop floors, which are counted separately, RFID will give the shop staff system support for restocking from storage area to sales floor.

### 2. Stock data in real time

In summer 2015, fixed antennas were tested in one of Moods of Norway's stores. The aim of such a system is to provide stock data in real time, with no extra effort from the shop staff. The system also provides an overview of where the products are located in the store.

### 3. Counters in the stores' fitting rooms

Moods of Norway is to test counters in the fitting rooms. The purpose is to record how many times a product is taken in there. This will then be measured against sales of the product. Such an infrastructure can also be used to communicate with the customer, thus increasing service and enhancing the shopping experience.

### 4. RFID control between Moods of Norway's main warehouse and the stores

Testing of RFID is now well under way at the main warehouse in Stryn. This is expected to be in full operation during the course of 2016.

### 5. RFID and Electronic Article Surveillance (EAS)

The RFID system includes alarm functionality that can be used in addition to, or instead of, the traditional alarm hard tags. Moods of Norway is in the process of evaluating different marking systems beside the present marking, such as sewn-in RFID tags.

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“Staff in the stores no longer need to go into the storeroom to look if a customer cannot find a garment in the right size. Now they can quickly check on the screen whether the right size is in stock or not.”

**Hans Petter Hübert**  
Retail Director  
Moods of Norway

## Lessons learned

The spring 2015 season was the first season when almost the entire Moods of Norway collection was equipped with RFID tags. Only a few of their manufacturers had any experience at all of this in advance, so the management of Moods of Norway was anxious that this might lead to incorrect deliveries and other problems. The whole process was unexpectedly pain-free however: There were a few cases of small errors and incorrect marking, but not more than previously.



### GS1 Standard Used

The Serialised Global Trade Item Number (SGTIN) is used to uniquely identify individual items.

The most serious failure was a supplier that had lost 200 RFID tags. Since the supplier did not understand the purpose of them, they printed normal paper labels and marked the products with these instead. They probably hoped that nobody would notice...

Experience shows that RFID tagging means that Moods of Norway can detect faults and inconsistencies more easily and quickly. This has an educational effect on suppliers, who soon realise that Moods of Norway now has even better control over deliveries from them.

Without RFID, the average inventory accuracy in fashion retail is less than 70 per cent. In other words, the stores lose control over at least 30 per cent of their stock most of the time. After the introduction of RFID, Moods of Norway's shop staff can rely on their stock figures being almost 100 per cent correct.

The introduction of RFID has also improved stock security. Now Moods of Norway receives information every week on what has gone missing and where, and is thus able to take suitable measures against shoplifting.

Internal shrinkage is not a great problem for the company. Even so, it would be naive to ignore it. But with close to 100 per cent quality in the stock figures, there is very little opportunity for disloyal employees.

Moods of Norway has its own online shop for its collection. Up until May 2015, all online orders were despatched from the warehouse in Stryn. The disadvantage of this was that the further into the season they got, the emptier the warehouse. This meant that many products were shown as out-of-stock on the internet, while there were still products available in the stores.

With the introduction of RFID, Moods of Norway has achieved good control over inventory in the stores, and has therefore been able to open this inventory up for sale to their online customers, with great success: In autumn 2015, as much as 25 per cent of internet orders were despatched from Moods of Norway's brand stores. This would not have been possible without RFID. At present, all delivery is by post, but it is also planned to make it possible for customers to collect the ordered products themselves – so-called click-and-collect. This is an important step in Moods of Norway's orientation towards an omnichannel landscape.

## What is EPC?

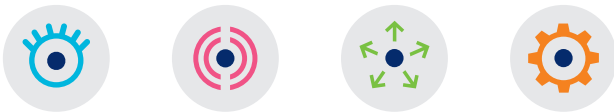
Electronic Product Code or EPC is an electronic ID that contains a unique number, e.g. the Serialised Global Trade Item Number (SGTIN), which uniquely identifies an item. Moreover, it provides valuable product-related information, at any point in time, about its physical location as well as detailed information such as size, colour and manufacturing location.



## About GS1 Norway

GS1 Norway is a user-driven, not-for-profit organisation. It is a member of the global GS1 organisation, which develops, maintains and offers standards for efficient product and information flow between trading partners the world over. Today, GS1 is represented in 112 countries and more than 1 million companies use GS1's standards.

The focus of GS1's activities is concentrated on four factors: identification, data capture, data sharing and improving business processes.



GS1 Norway also offers implementation tools and competence in the form of advisory services and training through the GS1 Smart Centre.

## Business is easier when you speak the same language as your customers, suppliers and partners

We all do things our own way. But although these differences help define an organisation's identity, they can cause problems when we work together.

That's where GS1 can help.

No matter what success looks like for you, being able to identify, capture and share information is vital to achieving it. Our standards provide a common language through which your organisation or business can do this.

We work with enterprises of all types and every imaginable size.

And although we believe in healthy competition, in some areas cooperation is more important. That philosophy directs how we're structured and ensures we work together to agree standards that are right for our members.

## For more information, please contact:

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"Professional suppliers and manufacturers should see the benefits of using the RFID system. I am surprised that more large companies here in Norway and in the Nordic region generally have not realised the benefits and advantages of RFID yet"

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"GS1 Norway made sure we were on the right track quickly"

**Hans Petter Hübert**  
Retail Director  
Moods of Norway

## With special thanks to:



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