I.A.I PLAN

INVENTORY AVAILABILITY IMPROVEMENT
Our Customer First Plan

Enhancing Our Merchandise Availability

Through Better Visibility and Accuracy, Enabled By RFID Technology
What are the benefits?

**CUSTOMER**
- Stock Availability
- Tailored Customer Service
- Right Stock, Right Place, Right Time
- Quicker Click & Collect And Online Orders

**ACCURACY**
- Inventory Accuracy (Inaccuracy Impacts Replenishment)
- On Shelf Availability
- Site / Location
- Pick Success

**VISIBILITY**
- Ability To Advertise Local Inventory Levels
- Improved Inventory Location Identification
- Mitigate Refund Fraud
- Identifies Inventory Variances Daily Rather Than Bi-annually

**COSTS**
- Reduction In Stock Take Salary
- Speed Of Daily Counts
- Reduction In Team Member Theft
- Shrinkage Reduction
- Reduced Markdowns

**COMPANY BENEFITS**
- Customer Satisfaction
- Sales Improvement
- Profit Improvement
- Change Room Insights - Add On Selling
- Improved Efficiencies
Our Journey So Far

<table>
<thead>
<tr>
<th>OCT 2017</th>
<th>DEC 2017</th>
<th>MAY 2018</th>
<th>MAR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Myer Melbourne</td>
<td>International Designer Myer Melbourne</td>
<td>Sheridan Eastland</td>
<td>Sheridan Sydney</td>
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- **Pick success from 92% to 100%
- 79% reduction in shrinkage**

- **Shrinkage reduced from 11.2% to sales to 1.45% (in a 5 month period)
- Pick success increased from 72% to 85%**

- **Apple Eastland, Chadstone, Southland, Fountain Gate**
  - **Apple sales lifted by 87%
- Shrinkage reduced by 91%
- Pick success rate shifted from 83% to 94.5%**

- **Sheridan average 57% sales lift
  84.2% shrinkage reduction
- Pick success lifted from 79.6% to 96.3%**

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**No IT Integration**
- Stand-alone RFID Management System
- Manual stock adjustments

**In-store manual application of RFID Inlays**
- Sheridan Inlay at source at Hanes Truganina facility
Our Business Partners

- Checkpoint
- SATO
- HANES Brands Inc
- GS1 Australia
- ZEBRA

Our Influencers & Collaborators

- Macy's
- River Island
- John Lewis & Partners
- The RFID Coalition
Inventory Availability Improvement Plan

• Transition from proof of concept into a BAU
• Establish an Inventory Availability Improvement work group with members from each business function including:
  - Supply Chain
  - Merchandise
  - Omni
  - IT
  - Procurement
  - Finance
  - Project Management Office
  - Retail Operations
  - Loss Prevention
  - Stores

• Assign a Project Manager
• Enrol members to GS1 RFID training course
Inventory Availability Improvement Plan

• Dovetail into the Myer “Store Tech Refresh” program including:
  - Telephony
  - Back of house server/cloud migration
  - Network and WIFI uplift
  - Back of shop device
  - Application migration
  - IOS to Android
  - Mobile POS
  - CCTV renewal / building security alarm
  - Traffic analytics
• IT/POS integration
• Confirm RFID software, hardware and consumable service provider (Procurement Event)
Inventory Availability Improvement Plan

Expand on Established Inventory Availability Projects
- Continue partnership with Sheridan
- Set up all 61 stores with infrastructure
- Purchase handheld devices with RFID readers and deactivation pads
- Continue with International Designer Apparel
- Replace Apple with Portable Audio

Explore Opportunity With Myer Exclusive Brands
- Focus on a brand that we own
- Garments to be tagged and encoded at factory
- From design, manufacture to distribution
- Stock to be tracked from factory to ship, to DC, to store, to POS, to exit
Inventory Availability Improvement Plan

Set up Chadstone as Store of the future

- Assign a store leader to champion the project
- Allocate salaries to fund manual encoding
- Trial new RFID/EAS entry gates
- Implement RFID in designer handbags, Tommy Hilfiger Menswear, Premium Denim, Personal Care
Inventory Availability Improvement Plan

• Collaborate with international departments stores such as John Lewis, Macey’s, C&A and River Island to create an alliance to create scale

• Continue conversations with companies looking to implement RFID such as:
  - Tommy Hilfiger (Already RFID O/S and are keenly exploring)
  - Lacoste (Already RFID O/S)
  - CK Underwear (Have shown great interests)
  - CK Handbags (already RFID tagged)
  - Champion
  - Superdry (have just signed a world wide RFID mandate)

• KMPG analysis of 2 years of sales, shrinkage and returns data
• Utilise the key findings from data analysis to leverage further investment
Who Would Like To Join Our Journey???

I.A.I

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