THE AUSTRALIAN CENTRE FOR
RETAIL STUDIES

Retail Technology Solution Report

Case Study Prepared For Meat & Livestock Australia, 2005

"We're retailers. We have to focus on retail. And this is the system that helps"

"I don't know how I operated before! Obviously on a lot lower scale. Not as efficient as we are and not as busy as we are. Because you couldn't turn over the dollars we're turning over without the technology and the systems in place"

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Executive Summary

Report Context

This report presents the findings of Retail Technology Solution (RTS) case study conducted by the Australian Centre for Retail Studies (ACRS). This research was initiated to report on the industry benefit and impact of the RTS to key stakeholder groups including government bodies, peak councils, MLA members, and potential funding partners. Specifically, this case study reviews the extent to which the benefits, objectives and guidelines envisaged at the Retail Technology program's inception have been satisfied.

Project Method & Scope

Two methods were employed in conducting this case study research.

1. Desktop research into the red meat industry using the Monash University database system, online trade magazines and publications, as well as government and industry websites.

2. Qualitative research including:
    - Interviews and on-site observations with 14 butchers in three states and six separate organisations
    - Three interviews with Retail Technology Project consultants
    - Information and views gathered in a workshop held with selected MLA personnel and affiliates upon the commencement of this project have also been used in completing the study

Case Study Key Findings

There were a number of key findings that emerged from this research. Firstly, users of the RTS found the system to be of value to their business and provided a number of benefits such as:

- Faster and easier customer service
- Time saved in administration and ordering
- Better fraud management
- Reduced mistakes when processing sales
- Increased capability to track transactions thereby improving fraud management
- Increased the capacity to resolve customer complaints and discrepancies
- More effectively managing stock levels, reducing waste and discounting
- More accurate staff rostering and management

Overall, the RTS project achieved all development milestones, however two are still continuing development. Project timeframes were not achieved as expected, nor were program budgets. Installation of the system has improved over time, although initial experiences were very negative. RTS training was generally seen to be inadequate and inconsistent with much room for improvement and the extent of RTS use varied considerably among retail butchers depending on their level of training. Similarly, RTS support was generally seen to be insufficient especially for those retailers in states other than Victoria

Recommendations

Issue	Description	Recommendation
Training	Training has to date been inconsistent and generally insufficient.	Reassess and increase, where appropriate, the amount and level of RTS training currently provided. ▪ Ensure that initial training is consistent, including the time, format and delivery ▪ Tailor training packages to suit the level of responsibility of different RTS users ▪ Make available ongoing and affordable training sessions ▪ Make available refresher sessions for all levels of users ▪ Ensure that all training facilitation and materials are in a language that butchers understand ▪ Distribute an up-to-date and step-by-step user manual to all RTS users
Support	Current support levels were poor to non-existent, especially when dealing with large problems outside of Victoria.	Improve the level of RTS support currently available to users. ▪ Clearly delineate the roles of MLA and AMC in providing support ▪ Ensure that butchers are provided with local support ▪ Ensure support provider can offer nation-wide support within 24 hours ▪ Introduce consistent support costs across Australia ▪ Establish forum in which problems and issues can be discussed comfortably

RTS Costs	Retail butchers believe that the costs associated with the RTS are too high.	Reassess RTS investment, maintenance and support costs to users. ▪ Reduce initial investment costs for full commercialisation ▪ Develop an affordable ongoing cost structure ▪ Ensure maintenance and support costs are at a level that reflects each retail butchers' use of the RTS ▪ Standardise maintenance costs across Australia
Long-term RTS Value	Retail butchers fail to see the RTS as a long-term income-generating investment.	Make concerted efforts to ensure that retail butchers perceive value in investing in the RTS long term ▪ Include costs versus the benefits received in RTS marketing material ▪ Provide testimonials and real life examples that highlight RTS expected outcomes and benefits
RTS Marketing	There is currently no clear ownership of RTS marketing activities amongst partnering organisations	Ensure that there is adequate marketing support and leadership ▪ Reassess partnership agreement with AMC to establish clear responsibilities ▪ Develop a user group or networking group to discuss the RTS ▪ Recruitment of a full-time RTS Marketing and Sales person

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1.0 Overview of Program Strategy and Approach

1.1 Background and Scope of Retail Technology Solution Case Study

This report presents the findings of Retail Technology case study research conducted by the Australian Centre for Retail Studies (ACRS), commissioned by Meat and Livestock Australia (MLA). The research was initiated to report on the industry benefit and the impact of the Retail Technology Project to key stakeholder groups.

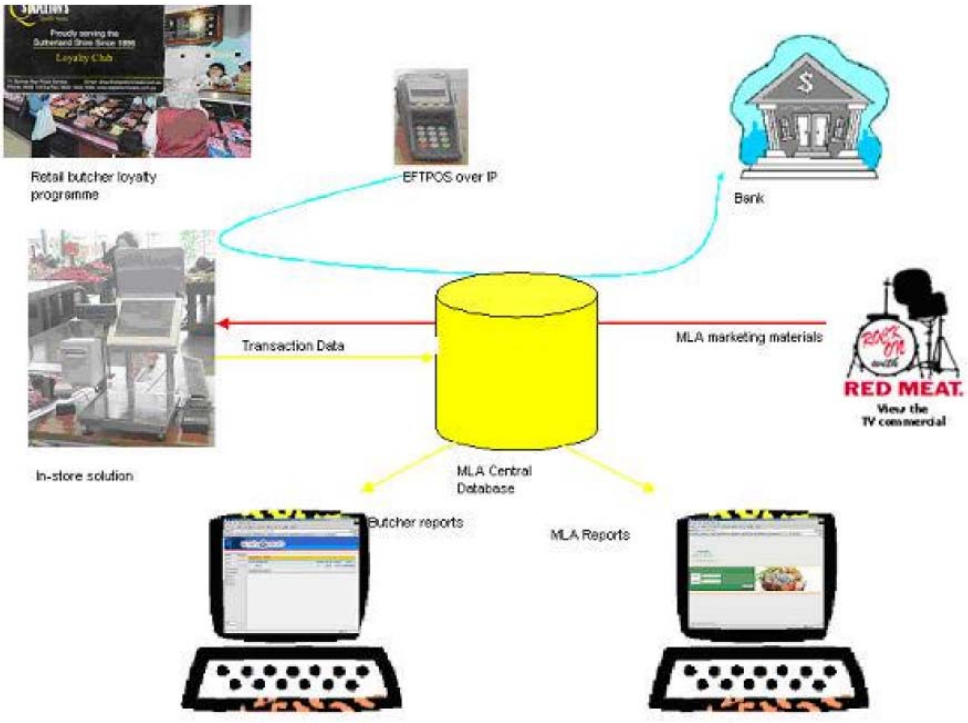
The scope of the study was set out in the tender specification noting:

> MLA has identified a number of mature programs that need to be evaluated in terms of their impact on one or more of the following industry fundamentals:
> - changes in demand for Australian meat products, across many domestic markets, but especially in export demand
> - changes in prices for meat products along the value chain
> - changes in meat product quality across many markets
> - reductions in meat production costs across many regions and climatic zones
> - changes in the quantity of a wide variety of inputs that has implications for the use of environmental resources
> - changes in competitive behaviour.
>
> MLA now desires an independent review of a Retail Technology project that was commissioned in 2000 and for which installations commenced in 2004.

1.2 Background to the Retail Technology Project

The Retail Technology Solution (RTS) referred to throughout this report commenced development in 2002 and comprises a number of components:

- POS software, hardware and relevant peripherals
- Advertising capability and loyalty programs delivered through POS software/hardware
- MLA Internet Portal



The RTS was developed to provide retail butchers with sophisticated tools and facilities to help them more effectively operate and manage their business. The technology was intended to lead to cost reductions and opportunities to increase revenues for retail butchers. The RTS was also developed to collect and provide MLA with timely and conclusive information regarding the sale of meat products within Australia. This information would enable MLA to better make industry decisions.

The main objectives of the RTS were to:

- Demonstrate industry leadership through the development of innovative retail butcher business solutions
- Provide a user-friendly retail system to improve data capture, processing and reporting at the point of sale
- Improve access to industry marketing initiatives and an integrated loyalty program
- Improve data flow between business units and trading partners within the meat industry
- Enable small businesses to participate in industry supply chain initiatives, such as connecting to wholesalers or producers
- Provide accurate information regarding sales and trends in the Australian red meat industry to enhance sustainability of retail butcher operations

If the above objectives are satisfied, the RTS is anticipated to bring about numerous benefits for both the red Australian meat industry and retail butchers. Specifically, benefits for the red meat industry are expected to include:

- Increased red meat consumption through enhanced professionalism of the retail butcher and effective use of customer sales data
- Increased accuracy of market survey data and product monitoring
- Real time impact measurement of events that affect red meat consumption, including MLA supported marketing promotions, adverse publicity and product quality issues

Retail butchers are also expected to benefit from the RTS through:

- Improved operational margins and a reduction in costs
- Increased transaction accuracy and cash management
- Easier and more timely management reporting
- Loyalty program and integrated EFTPOS capabilities
- More precise stock management
- Better staff management and performance tracking
- More accurate pricing and promotion management
- Remote access for store management

1.3 Project Objectives

As detailed in MLA's "Terms of Reference", this case study project reviews whether the benefits, objectives and other guidelines developed at the RTS program's inception have been satisfied. The case study is aimed at reporting on the industry benefit and impact of the RTS implementation to key stakeholder groups including government bodies, peak councils, MLA members, and potential funding partners.
Specific objectives were to:

- Report on the effectiveness and benefit of the RTS
- Report on the impact of the project on retail butchers throughout Australia
- Investigate the achievements of the project against stated aims and KPIs
- Evidence building industry innovation capability
- Analyse the main adoption and commercialisation activities
- Gather evidence on program efficiency
- Determine the strengths and weaknesses related of the implementation

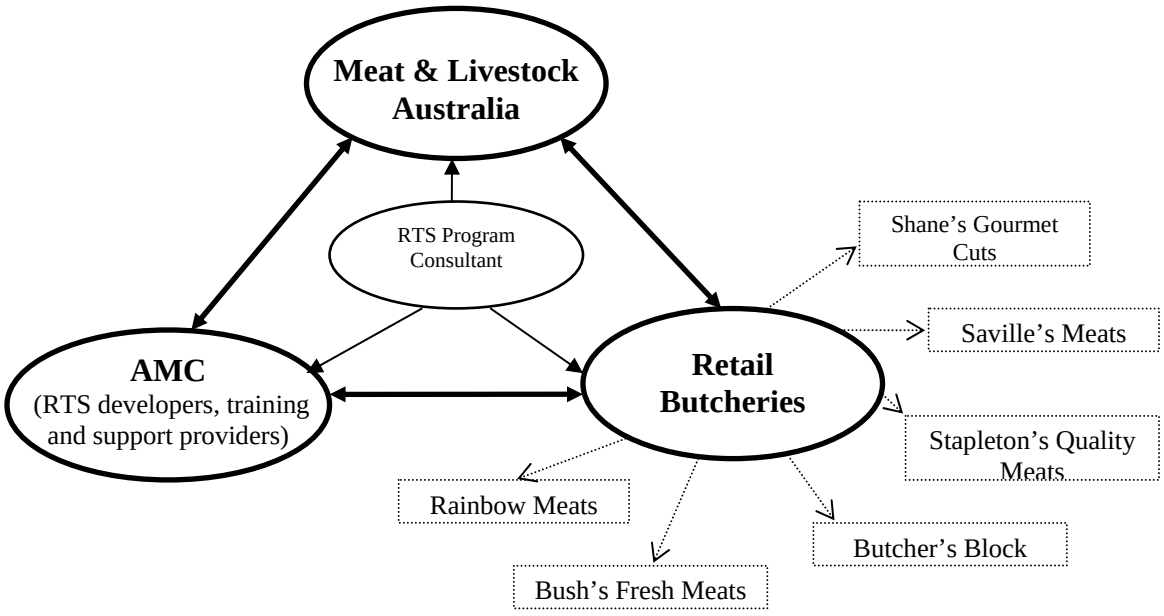
1.4 Method

To answer the objectives outlined above, two research methods were employed. These were:

- Desktop research into the red meat industry using the Monash University database system, online trade magazines and publications, as well as government and industry websites. Information provided by MLA relating to the Retail Technology Project was also used.

- Qualitative research:
    - Interviews and on-site observations with butchers in three states and six separate organisations
    - Three interviews with Retail Technology Project consultants
    - Information and views gathered in a workshop held with selected MLA personnel and affiliates upon the commencement of this project have also been used in completing the study

Key Stakeholders of the RTS Project



The following individuals were consulted and/or interviewed as part of the project:

RTS Case Study: Key Contacts		
Affiliation	**Name**	**Role**
MLA	Peter Jones	Manager Commercialisation & Business Services
	Lachlan Bowtell	Trade Marketing Manager
	Rebecca Underwood	Program Manager
	Trent Geary	AJ Bush Representative
	Louise Kovacs	Program Consultant
	Colin Moore	Program Consultant
AMC Convergent IT[⊗]	John Flanagan	Chief Executive Officer
Rainbow Meats	Frank Russo	Owner/Manager
	Tina[≈]	Supervisor
Bush's Fresh Meats	David Barnes	Manager
	Mick Boyle	Store Manager
	Annie	Sales Assistant
Shane's Gourmet Cuts	Shane Saunders	Owner/Manager
	Scott Pavvitt	Store Manager
	Troy	Butcher/Sales Assistant
Stapleton's Quality Meats	Ron Stapleton	Owner/Director
	Debbie	Sales Assistant
Saville's Meats	Trevor Saville	Owner/Manager
	Wayne Brookes	Store Manager
Butcher's Block	Craig	Store Manager
	Christian	Butcher/Sales Assistant

1.4.1 Interviews with Retail Butcher Organisations

[⊗] AMC were the RTS software developers as well as the primary training and support provider
[≈] Not all interviewees' complete names were provided

Qualitative data was collected through 14 in-depth interviews with personnel working in retail butcheries throughout Australia. One of the key considerations for using interviews was to ensure the confidentiality of company information discussed in the interview process. The in-depth interview also affords the ability to obtain rich information regarding perceptions of RTS while ensuring anonymity.

Interviews were conducted with staff employed six retail butcheries where the RTS was in operation. To obtain a broad perspective, those interviewed ranged from sales assistants and butchers to business owners. The interviewees provided a range of views and used the solution to varying degrees, forming a stronger base for generalisations, comparisons and recommendations.

All butcher interviews, with the exception of one telephone interview, were conducted on-site. Interviews lasted between 10 and 60 minutes and followed a semi-structured approach to ensure that all issues and concerns were raised, and respondents were not limited to a set of pre-determined responses. While staff were presented with similar questions, they were not led to respond in any particular way. A full list of interview questions is provided in Appendices A and B. Topics covered in the interview process included:

- Effects of the RTS on sales and competitive behaviour
- Efficiencies gained since the technology's installation
- Extent of RTS usage
- Perception regarding the POS advertising feature and the loyalty program infrastructure
- The impact of the RTS on computer usage
- Issues related to the training and installation of the solution
- Views on the hardware and software

Additional information was gathered at each retail butcher site through observations carried out by consultants before and after interviews were conducted. A complete list of the on-site evaluation criteria is provided in Appendix C. Generally, information was collected on:

- Staff interaction with the RTS
- Staff attitudes towards the technology
- Daily in-store use of the technology, including reporting
- Integration of the RTS into the retail butcher environment

1.4.2 Other Stakeholder Interviews

Three formal interviews were conducted with stakeholders who had intimate knowledge of, and involvement, with the Retail Technology Project. These interviews were conducted to supplement the insights and background gathered during the initial meeting with MLA personnel, as well as those found in MLA documentation. Interviews were held with Louise Kovacs, John Flanagan and Colin Moore.

Each interview was semi-structured and tailored to address each stakeholder's involvement in the project and their respective area of expertise. Interview duration ranged between 60 and 90 minutes. Generally, information was obtained on the following areas:

- Development, adoption and implementation issues
- Benefits of the RTS
- Training and support offerings
- Portal operation and use among butchers
- Skills and attitudes towards the RTS

See Appendix B for complete stakeholder topic guide.

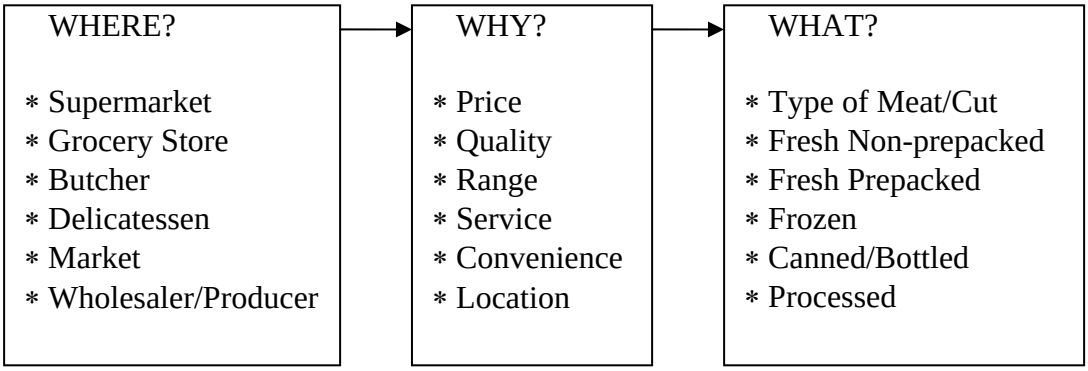
2.0 Desktop Research

2.1 Industry Overview

2.1.1 Australian Meat Industry

Meat is a significant food item purchased regularly by consumers in Australia and represents an average household expenditure of approximately $988 per annum (MCCA, 2000). The meat industry is fragmented with only a small number of operators having more than 10 retail outlets (Euromonitor, 2005). As can be seen in the figure below, consumers are presented with a variety of options when purchasing meat from retail outlets.

Consumer Meat Purchasing Decisions



As illustrated above, meat is readily available from supermarkets, grocery stores, butchers, delicatessens, and markets. Factors impacting on the choice of where to purchase meat are price, quality of product, range of products available, service received, standard of the outlet and its presentation, convenience and location (MCCA, 2000). Consumers must next decide whether to purchase fresh, frozen, canned, bottled or processed meat. Furthermore, if a consumer decides to purchase fresh meat, there are a large variety of meats available in a selection of cuts, prepacked or non-prepacked.

2.1.1.2 The Red Meat Sector

The red meat sector forms a sizeable and integral part of the Australian meat industry. The sector encompasses the production, processing and retailing of meat products sourced from beef cattle, sheep, goat and buffalo for export and domestic consumption (Department of Agriculture, 2005). When considered in isolation, the red meat industry is Australia's top agricultural export earner. Red meat accounts for over 50 percent of total fresh meat sales, with beef and lamb the dominant and most popular types of red meat; 34 percent of all red meat purchased is beef, followed by lamb (18%), veal (3%) and mutton (0.5%) (RMR, 2005).

However, in recent years, the red meat sector has faced tough competition from alternative meat products, with chicken and pork gaining increased shares of meat consumption (ABARE, 2000). Underlying this shift in meat consumption is the growing awareness of the fat content of some red meat cuts. The introduction of "lean cut" options by retail butchers and the popularity of high-protein, low-carbohydrate diets have, however, recaptured some market share (IBISWorld, 2005).

According to IBISWorld (2005), there are several key factors necessary for success in the Australian red meat industry:

- Optimum capacity utilisation
- Effective cost controls
- Proximity to key markets
- Having a clear market position
- Production of goods currently favoured by the market
- Access to highly skilled workforce
- Ability to alter goods and services produced in favour of market conditions
- Provision of superior after sales service
- Use of production techniques that add value to base products

2.1.1.3 The Independent Butcher

Independent butchers are speciality meat retailers and are key influencers in the sale of red meat (MLA, 2003). Traditionally, consumers associate the purchase of quality meat with a butcher. However, the last 20 years have witnessed major changes in the independent butcher landscape. The previous era in retailing in, where the customer sought personal service at the local butcher, has gradually faded as large retail chains have introduced traditional butcher-oriented meat departments (Becker, Benner and Glitsch, 2000).

Large retail chains have come to dominate this industry due to their ability to adopt economies of scale. Population shifts to off-centre locations and the general desire, and ability, of consumers to shop at new retail formats such as "one-stop" food supermarkets and large shopping centres also contributed to the rapid decline in the proportion retail butcher transactions (ABS, 2005).

According to Roy Morgan Research, the majority of fresh meat is now purchased from supermarkets (70%). A quarter (25%) is purchased from butchers, while the remainder is purchased from markets, delicatessens and other places (5%) (RMR, 2005). Nonetheless, independent butchers remain the most trusted source for meat information and advice around the world (Becker, et al., 2000).

Table 1: Retail Butcher Sales and Sales Growth

	1999	2000	2001	2002	2003
Sales ($m)	2,295.6	2,096.8	2,242.6	2,461.4	2,513.7
% Total Retail Sales				3.6	3.5
Sales Growth (%)		-8.7	7.0	9.8	2.1

Source: Euromonitor, 2005

Butchers do not receive the same advantage as supermarkets, which often deal directly with farmers and/or abattoirs. While butchers are able to acquire products at a wholesale level, they are not able to access products as far up the food chain as supermarkets and are therefore at a disadvantage in terms of the prices they pay (Euromonitor, 2005).

With large and powerful supermarket chains shaking up retail operations, an increasing number of butchers are considering new ideas in the meat department (Howell, 2005). Many butchers have altered their businesses to concentrate on value-added and gourmet products, which are now largely driving their growth (Euromonitor, 2005). Many retail butcher outlets have also redeveloped into “new concept stores” to combat the tough competition from supermarkets. The occupation has also undergone drastic changes. The nature of the business has shifted from a pure product focus to one that is customer service centred.

2.1.2 Industry Size

Information on the Australian red meat industry in isolation is limited. However, red meat falls under the category of *fresh meat, fish and poultry retailing*, which has been an industry of interest for several analysts. In 2004, fresh meat, fish and poultry retailing in Australia generated revenue of $2.8 billion, up 3.3 percent on 2003 and representing 1.3 percent of total retail sales for the year (IBISWorld, 2005). However, growth in seafood and poultry consumption largely underpinned this industry growth. Table 2 below provides a breakdown of the key market statistics for fresh meat, fish and poultry retailing. It also shows that the industry turnover increased by 29 percent between 2000 and 2004.

Table 2: Key Statistics for Fresh Meat, Fish and Poultry Retailing

	2000	2001	2002	2003	2004
Industry Revenue ($m)	2,209.0	2,285.0	2,500.0	2,680.0	2,850.0
Industry Gross Product ($m)	383.0	395.0	420.0	445.0	475.0
Number of Establishments (units)	6,113.0	6,022.0	5,869.0	5,728.0	5,588.0
Number of Enterprises (units)	5,410.0	5,329.0	5,240.0	5,160.0	5,080.0
Employment (units)	18,423.0	18,250.0	18,000.0	17,900.0	17,750.0

Source: IBISWorld, 2005

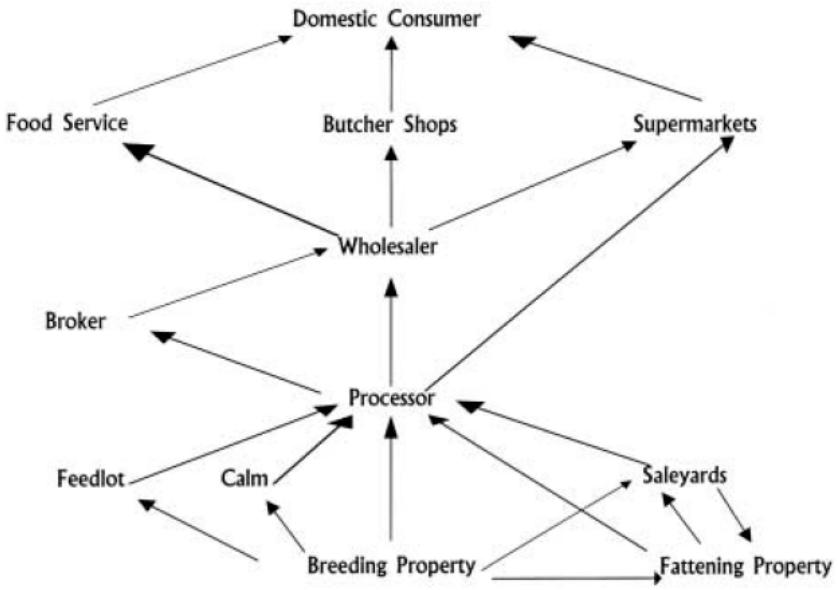
As Table 2 highlights in 2004, there were 5080 fresh meat, fish and poultry enterprises, representing a decrease of 1.6 percent compared to 2003. This may be attributed to the fact that during this period the industry experienced continued competition from external operators such as supermarkets who extended their product range and trading hours (IBISWorld, 2005). The industry was also negatively affected by the introduction of home meal replacements which decreased the demand for fresh meat, fish and poultry goods. In the face of declining revenue and continued external forces, these retailers were forced to cut operating costs, leading to the closure of a number of outlets (IBISWorld, 2005).

According to MLA, there are currently over 2000 meat retailing supermarkets competing with 4851 independent butchers. The major constraint for growth in this industry is the expansion of supermarkets into selling meat products. Supermarkets that previously did not stock these products are now starting to do so, and those that have been selling them for several years have expanded the range and amount of refrigerator space dedicated to meat products (IBISWorld, 2005).

2.1.3 Industry Structure

Operators in the Australian red meat industry sell a broad range of meat goods, which are purchased primarily from domestic wholesalers or processors (IBISWorld, 2005). Meat merchandise is then sold by industry players through their retail stores to sellers and consumers. Meat sellers are categorised as either wholesalers or retailers, and retailers are further divided into butchers, supermarkets and grocery stores. The figure below illustrates the structure of the Australian red meat industry.

Domestic Meat Industry Structure



Source: Cox, 2003

2.1.4 Industry Performance

Factors that affect red meat industry performance are:

- Macroeconomic variables such as unemployment and interest rates
- Competition from other retail formats
- Seasonal demand
- Health concerns
- Changes in relative retail prices
- Diet preferences
- Alternative meat products

Fresh meat, fish and poultry retailing has experienced some tough times in recent years. The industry experienced average revenue growth of 1.6 percent per annum over the five years to 2004 (IBISWorld, 2005). Revenue during this period was affected by fluctuations in a number of key macroeconomic variables including in the unemployment rate, interest rates and growth in real GDP, as well as the level of real household disposable income, household final consumption expenditure and the consumer sentiment index.

Other factors that influenced the demand for meat, fish and poultry goods included competition from substitute operators such as supermarkets and grocery stores, seasonal demand and consumer concerns regarding the fat content of red meat (IBISWorld, 2005). In recent years, the red meat sector has also lost significant market share to poultry and seafood. This has been due to changes in relative prices, diet preferences and the marketing of lean pork and seafood as healthier options to red meat.

2.1.5 Future Industry Performance

Factors that will affect the future performance of the red meat industry include:

- Increased market share of supermarkets
- Increased red meat prices
- Increased exports
- Decreased consumption of red meat per capita
- Increased volumes of valued-added products
- Increased disposable income and awareness of nutrition

It is expected that fresh meat, fish and poultry retailing revenue will experience modest growth due to the continuing erosion of market share by supermarkets, the increased price of red meats relative to meat substitutes, increased meat and fish exports and associated reduced availability on the domestic market, and the continuing trend of decreased red meat consumption per capita. However, these negative effects will be partially offset by increased volumes of higher value added products (i.e. marinated meats), changes in the level of real household disposable income and consumption expenditure, and the forecast population increase.

Over the period to 2009, the fresh meat, fish and poultry retailing industry is also forecast to experience relatively static growth in the number of enterprises and establishments. Continued competition from within the industry and from external operators such as supermarkets will constrain the possible market share available to players, hence diminishing the incentive for new shops to be opened. Furthermore, despite the attempts to change community attitudes concerning the health risks and/or nutritional value of meat, especially in relation to lean meats, meat consumption per capita has yet to increase. Per capita consumption of meat is forecast to stabilise compared to the decline in consumption experienced during the past decade. It is predicted that there will be a substantial change in the type of meat purchased with leaner varieties becoming more popular (IBISWorld, 2005).

2.2 Industry Trends

2.2.1 Red Meat Consumption

Factors that are influencing red meat consumption are:

- Cultural influences
- Increasing health concerns
- Changes in diet preferences
- Changes in the relative prices of red meat
- Marketing was of meat products
- Changes in the socio-demographics of the Australian population

Over the past 40 years, meat consumption habits in Australia have undergone numerous changes. Reasons for these changes include cultural influences, increasing health concerns, changes in the relative prices of red meat, and product marketing. Furthermore, changes in the socio-demographics of the Australian population have led to an increasing demand for convenience foods, ready-to-serve meals, and food products in smaller packaging units. Also of growing importance over the last three decades is the concern amongst consumers of dietary requirements and the higher fat content of red meat, which has caused a marked decline in its consumption (IBISWorld, 2005).

As a result of these factors the average per capita consumption of red meat decreased from 102 kg in 1979 to 83 kg in 1989, representing a 19 percent decline and this decline has continued until recently (ABS, 2005).

While red meat consumption has seen a decline, over the same period, consumption of seafood and poultry have increased. As Australian consumers become increasingly exposed to the link between certain meat products and diseases such as cancer and heart disease through the media, there is an increase preference for lighter meals based around poultry and fish. The rising demand for convenience meals has also contributed to the popularity of these food products (Anderson and Shugan, 1991).

However, in the last few years there has been a slight resurgence in beef consumption with the popularity emergence Atkins diet and the CSIRO Total Wellbeing diet. These diets promote a high-protein, low-carbohydrate approach to weight loss and encourage the consumption of red meat to aid weight loss. As consumers are looking to lower the fat levels in their diet, they are increasingly turning to lean beef products (IBISWorld, 2005).

2.2.2 Shopping Habits

Emerging shopping habits that are affecting the purchase of red meat include:

- Expanding range of meat products sold through alternative channels
- Consumer demand for convenience 'one-stop' shopping
- Increasing purchase of meat within consumers' weekly grocery shop

Since the 1980s, supermarkets have been placing an increased emphasis on the sale of meat products because of the much higher margins attached to them. Store design has been modified accordingly, with fresh meat often located near the front of stores to attract sales. The expanded range of meat on offer by supermarkets and grocery stores has also influenced the shopping habits of consumers.

With today's busy lifestyles, consumers are forever trying to find ways to limit the amount of time required to perform weekly tasks such as grocery shopping (IBISWorld, 2005). When purchasing meat, consumers are looking for greater convenience through one-stop shopping and retail outlets open for longer hours. Consumers also find it easier and more flexible to purchase meat within the context of their weekly grocery shop rather than purchasing from a separate location. Supermarket and grocery stores are also able to offer lower prices due to economies of scale and scope.

Consequently, today approximately 70 percent of all meat is purchased from supermarkets, this compares to 46 percent in 1995 (RMR, 2005). The market share of butcher shops in Australia has been declining, and currently accounts for roughly 25 per cent of all meat sales (RMR, 2005). However, this trend may be reversing as MLA recently released figures showing a gain for independent butchers of two percentage points in sales volume over supermarket chains (AMIC, 2005). This increase was largely driven by beef and veal, and represents a five percent increase in fresh meat sales for the year.

2.2.3 Cooking Trends

Cooking trends that are influencing the sale of red meat are:

- The price of red meat
- Lack of education on how to cook red meat
- Anatomical labelling of red meat
- Increasing range of meal options presented to consumers
- Popularity of convenience cooking and meal preparation

Several cooking trends are working to the detriment of red meat sales. For instance, red meat is usually the most expensive ingredient in a meal. There is also a lack of education on how to cook certain red meat cuts and this is especially true for younger generations. Red meat cuts are often labelled by anatomical names, which give very little indication of how the cut should be prepared and cooked.

Furthermore, consumers are now presented with a larger number of meal options. These options range from eating out, purchasing `ready-to-eat' or `ready-to-cook' meals to purchasing a variety of fresh products and preparing a meal (IBISWorld, 2005). The trend towards convenience is also important in cooking, as more consumers are buying packaged accomplishments to the meat dish. For example, packaged sauces, pastes and marinades. Furthermore, consumers are looking for quick and easy meals taking no more than 15 minutes to prepare and cook.

2.2.4 The Rising Price of Red Meat

Key factors contributing to the rising price of red meat are:

- Sustained drought conditions throughout Australia
- Strong demand from key export markets

Recent years have seen a continuous increase in the retail price of red meat. This is largely attributable to the sustained drought conditions across Australia, with almost half of the country's farming land affected (Gosch, 2005). Red meat prices rise as demand outstrips supply and butchers and supermarkets compete for good-quality product.

Beef prices are estimated to have risen 2 percent in 2004, bringing the total price increase to 42 percent since 1998 (MLA, 2005b). Industry analysis suggests that it was rising price of red meat that caused the rapid decline in its consumption throughout the late 1990s (IBISWorld, 2005).

According to the Australian Bureau of Agricultural and Resource Economics, red meat prices are forecast to increase even further in 2005-06 (MLA, 2005a). Even if the severe drought comes to an end, red meat prices are unlikely to fall with farmers needing to holding on to their stock to rebuild herds (Gosch, 2005).

Strong demand from key export markets, such as the US, Japan and China, will further support future price increases (IBISWorld, 2005). With consumers generally being price sensitive, they are likely to shop around to purchase meat products that provide them with the best value for money. As such, players in red meat industry need to closely monitor the prices of substitute meats whilst trying to maintain gross margins.

2.2.5 The Importance of Technology in Retail Environments

Several reasons point to the importance of technology in a retail butcher environment. These include:

- The use of technology is virtually non-existent for retail butchers in comparison to other retailers
- New technology can act to combat the decline in the market for red meat
- The expanding use of electronic ordering systems by retailers
- The expanding use of EFTPOS and credit card processing by consumers

Overall, changes in the relative price of meat, diet preferences and increased marketing of lean pork, chicken and seafood, have all contributed to a decline in the market for red meat. In the face of such overwhelming trends and developments, and despite the fact that butcher numbers have recently begun to stabilise, independent retail butchers "require a new strategy if they are to survive and prosper... this will require them to have new skills and new ways of doing business" (Ring, 1999, p.4).

The introduction of retail technology that computerises and automates business management and the day-to-day business operations affords the potential for retail butchers to combat effectively the pressures that appear to be such a major feature of the sector at present.

However, the Australian meat retailing industry has traditionally had a low rate of technological change, particularly amongst smaller retailers and those that rely on a relatively low number of transactions (Euromonitor, 2005). Traditionally point-of-sale systems have only been justifiable in outlets that handle a large volume of transactions. The adoption of technology by retailers such as supermarkets, therefore, has been high. The use of technology is virtually non-existent for many smaller retail butchers, apart from cash registers and refrigerators (IBISWorld, 2005).

Nonetheless, technology is causing drastic changes to the wider retail trade. These changes range from the way goods are paid for to promotion and display of merchandise, the prevention of stock loss and other stock control measures, and integration between the cash register and back office functions such as financial systems (Euromonitor, 2005).

In addition to the rapidly expanding use of EFTPOS and credit card processing, recent innovations in technology and e-commerce look set to revolutionise the meat retailing sector. "Probably the most important change that will have an impact on the current and future success of the independent retailer, stems from changes that have occurred in the technological environment. At a very minimum, all independent retailers will need to establish electronic ordering systems and have Internet access to remain competitive" (Small Retail Skills Forecasting Unit, 1999, p. 13).

In such a competitive and rapidly changing environment, it is vital that technological developments be introduced and used in the most effective way to arrest the decline in retail butcher outlets and enhance industry competitiveness (IBISWorld, 2005).

3.0 Case Summaries

3.1 Bush's Fresh Meats

AJ Bush and Sons was originally established as a wholesale business in 1921, and today the company is one of the largest suppliers of meat to retail and wholesale customers. Operating as Bush's Fresh Meats, the company is one of the largest meat retailers in New South Wales and currently has 37 retail outlets. Bush's Fresh Meats was one of the original, and most significant partners, in the development of RTS. In September 2005, Bush's Fresh Meats installed the RTS in six of their 30 stores, with another four installations planned for the near future. The RTS is integrated into head office daily tasks and used to guide strategic business decisions. However, the site visited was observed to be less comfortable with the RTS and did not use it to its full capacity. At the time of observation, the store used the POS advertising primarily to promote in-store specials. As part of this case study, three members of the organisation were interviewed: a head-office manager, a store manager and a sales assistant.

3.2 James St Butcher's Block

Based in Brisbane, Butcher's Block was established in 2002 and is owned by Tender Choice Investments. Based in a local up-scale market, James St Butcher's Block is one of two Butcher's Block retail butcher outlets. The RTS has been installed in this site for several years. Use of the portal was limited in the store environment, although owners and directors were reported to be using the RTS to a higher level. Within the retail outlet itself, the POS screen was switched off as Butcher's Block have not yet received MLA marketing materials. Therefore, as the store strategy was to limit price promotions, there was no use for the POS screen at this point in time. Two Butcher's Block personnel were interviewed: the manager and a sales assistant.

3.3 Rainbow Meats – The Healthy Choice

Rainbow Meats is an established family-owned business which has been in operation for 25 years and is located in an outer-suburban shopping centre. Rainbow Meats has two RTS terminals, which were installed in July 2004- a first for any Victorian Retail butcher outlet. Since this time, Rainbow Meats has enjoyed a host of benefits and retail awards. The RTS is trusted by Rainbow Meats to control all facets of the business. The RTS is fully integrated into the busy store environment, it is used to its maximum potential with frequent running of POS specials and MLA advertisements, a loyalty program, and a Footy Tipping competition. Rainbow Meats have a large plasma screen in the centre of the store with a live-feed camera to the boning room. Rainbow Meats is also the first retail butcher outlet to trial the new Recipe Kiosk feature. Two people were interviewed for the purposes of this project: the store owner/manager and a sales supervisor.

3.4 Saville's Meats

Queensland's Saville's Meats comprises eight shopping centre-based stores, which are owned and operated by Trevor Saville. This butcher chain is uniquely structured with all fresh meat preparation, including boning and packaging, conducted at head office and distributed to each store for display. The RTS is installed in all Saville's Meats stores and is used to monitor activities from the head office on a daily basis. However, the RTS is not used to its full capacity with many tasks manually computed rather analysed using the system. In-store use of the portal was minimal at the time of visit, with POS screens not used to advertise in-store specials. No other material was advertised through the POS as Saville's are yet to be received MLA marketing material for display. As part of this project two people were interviewed; the owner and a store manager.

3.5 Shane's Gourmet Cuts

Owned by Shane Saunders, Shane's Gourmet Cuts has two retail outlets operating in regional Sydney. Located within shopping centres, both stores had the RTS installed in mid 2005. As one of the newest business' to adopt the RTS, Shane's Gourmet Cuts have

been quick to use many of the system's features. At the time of visit to one Shane's Gourmet Cuts outlet, the POS advertising was used to promote store specials, as well as a heavily marketed loyalty program. A plasma screen displaying Shane's Gourmet Cuts meal solutions was also in view. Within the store environment itself, staff had a positive view regarding the RTS, however detailed knowledge was lacking. For the project three personnel were interviewed: Shane Saunders, a store manager and a sales assistant.

3.6 Stapleton's Quality Meats

Established in 1896, Stapleton's Quality Meats (also trading as Q-Stapleton's) is located in a busy shopping strip in regional Sydney. Stapleton's Quality Meats has two RTS terminals and was one of the first to have it installed in Australia. Before this time, the store was redeveloped into a new concept butcher outlet to suit the busy lifestyle of the area. Despite being one of the first retail butchers to adopt the RTS, Stapleton's Quality Meats is utilising minimal functions and features. Knowledge, training and confidence amongst staff members is very limited, which is largely attributable to the many negative experiences suffered by the retailer. Stapleton's Quality Meats is using POS advertising which is complemented by a large plasma screen. However, the store is also awaiting MLA marketing material to display on these screens and, as such, have recently developed their own. As a part of this project two people were interviewed: the store owner/manager and a sales assistant.

4.0 Achievement of Program Objectives

At the inception of the RTS program, project guidelines and objectives were established. A key focus of this case study project was to determine whether these objectives have been realised. These objectives were further used as a measure of achievement and benefit of the RTS program. Based on MLA documentation and information provided by

key stakeholders, the critical guidelines and objectives of the RTS project were assessed. Each of these is now discussed in detail.

4.1 Increase Red Meat Consumption

- **Yes, but has the capacity to increase sales of *all* product lines**
- **Not enough information for MLA to effectively use sales data to increase red meat consumption**

One of the most critical objectives of the RTS project was to increase red meat consumption in Australia. It was anticipated that this would be achieved by increasing the professionalism of retail butchers and facilitating the effective use of customer sales data. There was a general consensus among retail butchers that the RTS had improved the professionalism of retail butchers.

> *"It makes the store look more professional. You'll go in to the old-style butcher shops and you've got chalk boards and it looks messy. But this looks so professional [here]"*

However, due to the limited uptake of the RTS to date, accurate and representative red meat sales data is not yet available. Therefore regarding the second aspect, facilitating the effective use of consumer sales data, was not yet satisfied at the time of this case study. As a result MLA have not been able to harness this information and use it for promotional activity aimed at increasing red meat consumption.

> *"MLA could get statistically valid [sales] information for their marketing decisions. They need to have close to 300 sites open. Anything less than that is actually going to give them potentially demographically skewed information…It's not a large enough population from which to make statistical decisions"*

Overall, retail butchers felt that the RTS did not have the capacity to increase red meat consumption at store level. While there was some agreement that red meat consumption could be increased as a result of the RTS, this was seen as an outcome of *all* product lines experiencing growth.

> *"Yes, the red meat sales have gone up and, in fact, all sales have gone up"*

> *"It's helped increase sales across the board. Red meat's not specific to that"*

Retail butchers did not feel that the RTS had the power to solely affect red meat sales, but would affect all products in stock. The only instance where the system was noted to boost red meat sales was via the implementation of specific campaigns to increase sales on specific red meat lines.

In this instance the data in the system may be used to stock the right product at the right price with promotional support, and thereby increasing sales. However, it should be noted that this strategy is not specific to red meat and the RTS can be used by management to boost any product line, including chicken and pork.

4.2 Industry Standardisation

- **The RTS has the potential to become industry standard, however:**
  - **Not until all problems are resolved**
  - **Not in small retail butcheries where costs are seen to be too high**
  - **Would see some resistance amongst traditional butchers**

The RTS was intended to be rolled-out to a number of demonstration sites with the aim of eventually becoming a standard technological requirement for butchers across the industry. While it is yet to reach critical mass throughout retail butcheries, potential does exist for this objective to be achieved. Those interviewed in the case study project did believe that the RTS had a place in retail butcher shops because this technology was seen to be the way that all industries are heading.

> *"Its [RTS] the way to go…you walk into a supermarket and its all scanners and computers. And, that's the way we have to go"*

> *"These retail technology systems should become industry standard. Oh my word! By far!"*

While those involved in the study did see technologies such as the RTS, as something inevitable and a requirement of retail in the future, there were some concerns regarding its standardisation. Firstly, there was a feeling, especially among the early adopters, that the RTS was not ready to become industry standard due to several technical problems they believed had not been adequately resolved. They did not want to see this technology becoming industry standard until all the technical and support issues had been adequately resolved.

> *"If they've got the back up and they're getting the support yes I'm all for it but at the moment I'm not seeing anything. I mean I'd prefer to use the tills and a calculator to cash up really."*

Secondly, participants in this case study expressed the belief that not all butchers would welcome this technology. It was felt that there would be a resistance to this type of technology and a general resistance to change, making it difficult for it to become standard.

> *"I think some of the butchers out there, there's a few hard heads, so they're going to be hard to break them.. I think it comes down to training and making people aware that it's not as hard as they think."*

The final issue related to the value of the RTS to smaller butchers. It was believed that the RTS could become a standard for larger industry players, however smaller retailers with smaller budgets and lower sales, would be less likely to adopt the system. For a small butcher shop the RTS was seen as too costly an investment without enough benefits to justify the expenditure.

> "Well no [it shouldn't become standard for all shops] not for a small shop. No. It's too much of an expense… Like if it's something you don't need, its not going to benefit your shop… for a lot of smaller shops it's an expense they don't need."

4.3 Increase Accuracy of Market Data and Product Monitoring

➢ Not yet achieved as insufficient numbers using the RTS

A key objective of the MLA portal was to make accurate industry information and information on product lines readily available and accessible. In addition to providing heightened capabilities for MLA, this accurate information was aimed to provide butchers with the ability to benchmark their store performance against broad industry trends.

However, as previously mentioned, retail butcher data within the portal is not being used by MLA due to insufficient numbers in the system. While this objective has the potential to be achieved, as yet this was not the case due to the small numbers of retail butchers currently with the RTS.

> "Originally it [the RTS] was intended to go to 1000 butchers… with 1000 butchers we would have a very significant representation of the industry and MLA could actually make very hard decisions and projections based on the feedback from those 1000…"
>
> [Consultant]

4.4 Improved Sales and Competitiveness

- **The RTS only impacts on sales when used to full capabilities**
- **Where there are significant problems, the RTS has a negative impact on sales**
- **It helps to compete against other butchers, not supermarkets**

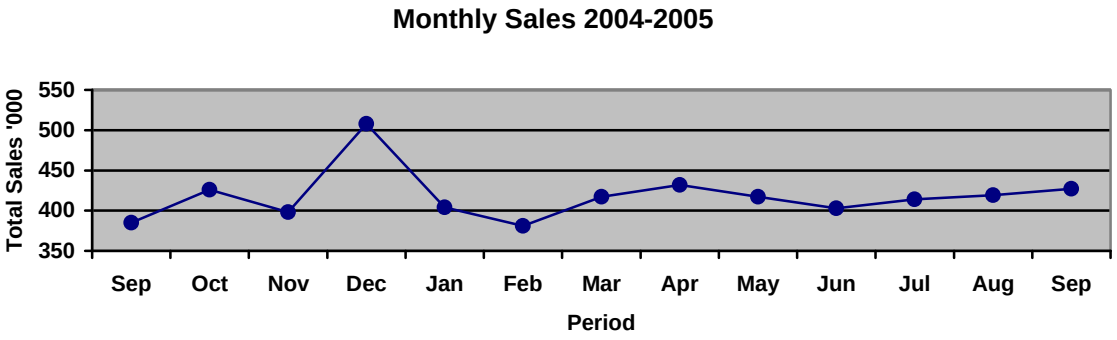
The RTS was promoted as being able to improve the sales and competitiveness of retail butchers. However, this objective was met with mixed results. Generally, it was found that when used to its full capabilities the RTS did have the ability to improve sales. Where retailers trusted the system, had experienced minimal problems and actively sought to increase sales, a visible increase in sales was achieved.

> *"Yes, it [RTS] has definitely helped increase sales!"*
>
> *"The system has improved my business. My bottom line is up. Everything is up. I've saved money. I'm making more money". The old fashioned way of doing business is out the window. We're running a business now"*

Butchers that reported the above gains in sales were the only two butchers that could primarily attribute this result to the RTS. Both of these companies had received payback on their investment in under a year and were happy with the results they were seeing.

- One company interviewed had seen average increases of three percent in sales and five percent in gross profit since the introduction of the RTS. Gross cost had also fallen by 1 percent as a result of wage savings.

- Another company had seen gains of 11 percent in sales since the introduction of the RTS. The monthly growth in sales for this store's since the RTS' introduction is graphed below.



However when users had experienced numerous problems with the RTS, they were less likely to use the system to its full capacity. In these cases the RTS was not used in a strategic manner and therefore did not have a significant impact on sales.

> *"No [it hasn't affected sales] Because at the end of the day I mean it's really only something we see, it's not something they [customers] see."*

> *"I don't think it's had any effect on sales…It's just a set of scales... I don't think that increases sales"*

Not only did the RTS not have a positive impact on sales for all adopters but in some cases it actually had a *negative influence* on store performance. Where there were significant problems the cost far outweighed the benefits. Not only in terms of initial costs, but the costs incurred when customers could not be served due to technical problems and increased labour costs associated with more complicated data entry procedures.

> *"It has [RTS] actually had a negative effect on sales because of the increased [maintenance] costs to the butcher"*

> *"It freezes up and slows down when we're really really busy. And to change information [its difficult]…changing prices and changing PLUs… I can't spend my time running around changing PLUs… its cost me more time than its worth, like the lady that does labelling for me, her job used to take her an hour and now it takes her three. What cost me $15 do that job now costs me $45…"*

Similarly, it was felt that while the RTS could potentially help the retail outlet in terms of sales at the counter, it *would not directly enhance their ability to compete*. The system could help in competing against other butchers by being more professional and stocking the right products. However, against their biggest competition, the supermarkets, the RTS was not believed to have any impact. As participants often commented, the RTS helps once customers are at the counter– but it is still up to the retailer to draw customers into the store in the first place.

> *"We have to get the people in the door... It just helps me to service them better when they're in here"*

> *"It [RTS] helps in the way we run our business. I wouldn't say it helps in our competitiveness… I mean it helps because it lets us see customer trends and what they're buying and what they're not buying. It also helps us note what's selling at what point in time. Its provides good trace back, but I mean at the end of the day, it doesn't predict the future"*

4.5 Loyalty Program

- **All butchers saw the benefit of the infrastructure even if they had not established a loyalty program**
- **Loyalty programs exceeded expectations regarding increase in customer spending**

One of the avenues through which the RTS was set to improve retail butcher sales and competitiveness was via the loyalty program infrastructure. The development of the loyalty infrastructure was a key objective intended to make the running of a loyalty program, either internally or through a third party, a less cumbersome task for the retailer. This objective was achieved.

> *"Before when you had to redeem a discount for a [loyalty] customer, it took approximately 6 mins 15 secs was the average. We did a test. By the time you got the voucher out of the drawer, by the time you went up to the customer, by the time they got their card out of their pocket, by the time they wrote the number of it, by the time they wrote the date in… with all the details you had to write in about redemption, it was just over six minutes. Well, if you are redeeming here on the portal, the barcode on the card, zap, done. Push. 100 points redeemed. Finished with. No errors…The system does all the calculating for you so you cant make a mistake. It's fairer for the customer because they are getting the correct amount of reward points. So yes it has definitely saved us a lot of time with serving and also with our loyalty program. By far"*

At present, only 50 percent of retailers in the study were using the loyalty infrastructure, although all could see the benefits of doing it. Retail butchers that had yet to implement a loyalty program expressed an interest in doing so in the future. Those currently using the infrastructure, were seeing numerous benefits and believe it to be a critical driver of their business growth.

> *"Once the [loyalty] data builds, I will be able to see trends and target my market better by looking at buying patterns and things like that…"*

> *"It's nice to know everything about your loyal shoppers…It better helps to target your market… You can send a birthday card if you want! You can do anything you like! We've got over six thousand [customers] on the loyalty card. And three thousand seven hundred active…It's really endless on the marketing side of it"*

The loyalty program did exceed the projected aims regarding increased customer expenditure. While MLA initially expected loyalty customers to spend approximately $5 extra than non-loyalty customers, in two stores it was revealed that the average monthly spend of loyalty members was at least $10 more.

> *"Our loyalty members are definitely spending more. Like our average sale last week was $17, and the average sale of loyalty customers was $28. So that's at least $10 more… And that $17 includes loyalty customers. So if you look at non-loyalty customers versus loyalty customers, it'll be even bigger. So it'll be more like $15 more…"*

4.6 POS Advertising

- **Was not used to full extent due to insufficient MLA marketing materials**
- **Could increase enquiries regarding advertised lines if POS advertising was actively managed**

POS advertising screens allow retailer butchers to display relevant MLA advertisements, MLA key nutritional messages, recipe information, industry topics, store promotions, and many other tools to drive sales at the point of purchase.

POS advertising was not reported as achieving the benefits originally set. In stores in which the POS was not used to its full potential, there was no impact on sales. However it did act to:

- Catch the attention of passers-by
- Keep customers busy while they waited
- Prepare the customer before service

While these were not primary benefits of the POS advertising at least it helped to highlight some benefit for the retailer. This helped to lead them too see some value in this aspect of the technology.

> *"It [RTS] gives us a wider scope for advertising. While the customers are standing there waiting to be served we can have the screen playing and we can have our specials up on the screen. So it probably prepares the customer a little bit more. And then again, it saves us time because we don't have to stand there and go through all the specials. Because most customers watch the screen and go, "I saw something about chicken"."*

Only among those retailers who were making good use of the system (two of the six stores) was the POS advertising reaping benefits. In stores that continually changed POS advertisements, and specials appeal to a range of consumers, there was seen an increased level of enquiry regarding advertised lines (and a subsequent increase in sales of those lines).

4.7 Increased Operational Efficiency

- **Efficiencies gained was dependant on the extent the RTS was used, but generally led to:**
  - **Faster and easier customer service**
  - **Time saved in administration and ordering**
  - **Better fraud management**

The RTS was expected to result in a number of operational efficiencies for retail butchers. Achievement of this objective was again dependant on the extent that the system was used by the retailer, which tended to be largely based on their past experiences with the system and the extent to which they trusted it to perform tasks.

In terms of customer service the RTS has made this process quicker and easier. Time savings have also been realised with regards to administration in that less time is required for reporting, monitoring and rostering.

"Its saving us a lot of time labour wise, everything is done for us. It's all recorded we don't have to record anymore… There's no use in having the technology and not making use of it. You need to make use of it"

"It's a lot faster so you've got your mind on one thing, serving the customer, not doing the mathematics. There's nothing wrong with my mathematics but I'm just saying it's easier just to press a button…"

The RTS positively affected most retailers through a decline in the number of stock and cash thefts by employees. This has saved substantial money and also provided them with a sense of control over their business even when not physically in the store.

> *"Well just through stock control, staff control and also when the staff, you can pinpoint everything that's going on in your store. As of before you were guessing, like if operators are doing too many voids you want to know why. At the end of the day before in the till you might have had fifteen voids but you didn't know who done them all. Now I can pinpoint and say [something to them] It's brilliant for stock control and it's brilliant for theft and it's brilliant for rostering. I love it…"*

Retail butchers also reported more efficiencies with regards to their ordering. They are using the RTS to see what is selling and order accordingly, thereby reducing product wastage and ensuring that products are always on display.

> *"It's very important to have everything tidy for the staff so it's all nicely working so they're not chasing their tail and really, our systems we put in place with the portal just streamlines our business. The days of running out of a product are gone. If that happens you're managing your business wrong. If you've got this system and you run out of a product you are really, really going wrong and you really need help."*

4.8 Increased Transaction and Cash Management Accuracy

- **It reduced the number of mistakes when processing sales**
- **The RTS Increased capability to track transactions thereby:**
  - **Improving fraud management**
  - **Increasing capacity to resolve customer complaints and discrepancies**

The RTS was aimed at increasing transaction accuracy among staff members and improving cash management, which is seen to be critical for retail butcheries. All retail butchers interviewed did report the benefits of increased transaction accuracy and more precise cash management. In processing sales, the POS software was said to be significantly more accurate with fewer mistakes than traditional pen and paper methods.

> *"Serving customers it's quicker, adding it up there's no mistakes…With pen and paper, you just weigh it up and write it down on a piece of paper the total price. With this system, customers get a proper print out docket of everything, how much everything weighs, what they bought…It's heaps better than the pen and paper system… the customer is assured that you're not ripping them off any more… and adding it up on a piece of paper you can make mistakes"*

For management, having a trustworthy system for processing sales resulted in a reduction in theft and fast and accurate traceback of any discrepancies. The RTS enables management to see when mistakes have been made or when other abnormalities are present; enabling them to separate honest mistakes from dishonest ones.

> *"It makes it harder for staff to make mistakes and harder for the dishonest people out there to take money because everything is logged. You can see exactly who has done what. You can watch your stock"*

The RTS also enables management to effectively deal with any customer complaints. Unlike traditional systems where receipts are not provided, the RTS enables the retailer to print out receipts as well as keep an electronic copy of all transactions. For the retailer this means that any complaints can be easily dealt with and resolved in a mutually satisfactory manner.

"It logs all your journals. So if a customer rang me now to tell me they have one item missing, I'd say, "Okay, how many items have you got? Four items. Can I have that journal number please?" They will tell me the journal number 745. They'll tell me the terminal number. So I'll go on the computer and have a look at the journal and say, "Stacey, yes, it seems you are missing your mince are you? Well in that case that should have really been in the one bag. It's probably fallen out. It could have gone back to the counter. I'll check the book and if it's not there I will replace it for you"

4.9 Improved Access to Marketing Initiatives

- **Over 50 percent of stores visited are yet to received MLA marketing materials**

MLA originally intended to provide retailers with marketing materials and information to be used within their store environment through the RTS. The RTS POS software and hardware was specifically designed to run these MLA advertisements. While this has been achieved in some butcher stores, over 50 percent of those interviewed were yet to receive MLA marketing materials, and as such, advertisements were absent from the POS display.

While owners and managers expressed an interest in MLA marketing materials, these materials have been short-coming and as such are not being advertised. This clearly indicates the need to redress this objective as soon as possible.

> *"They've put these new beaut screens on… and there was nothing to go on there. Well, there's things they've developed now, we still haven't been given anything to put on there… We've had to actually designed the advertising system for ourselves to put on it"*

4.10 Increased Reporting Capabilities

- **Did improve reporting capabilities but:**
  - **Not all retailers were comfortable with the RTS and preferred to use manual systems**

The RTS was aimed at providing managers and owners with a user-friendly retail system to improve data capture and reporting at the point of sale. The system was promoted as simpler and more accurate than those previously used by butchers. The butchers interviewed did discuss the RTS as having increased their reporting capabilities and the capture of large volumes of data previously lost.

> *"The reporting done for you. It shows you with a click of a button. All the data's collected for you. We may know in our experience we are selling this, and we're selling that, and we'll guess this. Estimates to us in retail is okay, but really the exact figures are there. The proof is in the pudding. What's there is there. It doesn't tell a lie. You can eliminate lines that are not selling, and some lines you thought wouldn't be selling are selling. So how do you do analysis on that manually? It's impossible because it's too time consuming"*

While it was acknowledged that the RTS reporting capabilities were beyond the scope of previous systems, not all managers and owners used them and rather preferred to continue to use their manual systems for day-to-day reporting. Owners and managers that were less confident with the RTS, or had received less training, used the RTS reporting functions less frequently. These retailers expressed a preference for using their manual systems, which they trusted and felt were more reliable.

> *"We mostly just go and look at the day sales, and only look at the balances if there's a problem. We look at the item sales, like pork, beef, lamb, all the time. The portal prints out the sales of beef, chicken, lamb, pork, small goods, and then we do percentages on the main items, so beef, pork, chicken, lamb, small goods"*

4.11 Stock and Price Management

- **RTS helped manage stock levels, reducing waste and discounting**

➢ Assisted with the layout of display cabinets

It was expected that retail butchers would be better equipped to manage their stock levels and pricing using the RTS. This objective was achieved by all butchers involved in the project. The level which the RTS was relied upon varied, with some owners and managers not using it to its full extent and preferring to rely on "gut instinct".

> *"I don't rely on the system. I know what goes on in here. I know when it's going to be busy… Butcher shops run like record, they run in the same pattern all day long every day… Like my old boss he knew what to buy every week of the year. He could forward order for three months straight. I know, for example, that next week I'm going to go through 45 lambs. I know before the week even starts and I know in about four weeks time the market is just going to bottom out, it's going to be dead quiet for three weeks…"*

However, it is important to note that while they may not have used the RTS for all stock and price management decisions – all stores in the case study did use this capability to some extent. Butchers discussed being able to monitor historical sales and order accordingly, thereby ensuring that sufficient stock was available and minimised wastage and last minute discounting.

> *"So ordering wise you know your inventory, we're focusing heavily lately on making sure those guy look at the portal, so if they sell 200kgs of product they ensure that they order at least 200kgs of that product for that week, not 150 so they can gauge that as it goes on from day, so you can compare days or weeks, months or whatever it may be. So every day if they're up a little bit in those sales they can up the order a bit or if it's down they can bring it back if need be. "It helps with inventory levels, so one having enough, but also not having too much. So it comes into waste and discounting, which loses profitability"*

> *"We can go in to the computer in to the portal, we can have a look, and say, "Okay, after the last month let's have a look how pork went, or how beef went. We didn't do too good with beef. We'll promote that more." Because you can do all your statistics and graphs, it lets us know what the trend is. Because we're open seven days a week Sunday is different trading to us than the rest of the week. We have a lot more families that come in. So they will buy different to what say older people do who do their shopping on a Thursday or Friday. So it definitely gives us an edge on being able to plan and being able to look at each day what we need to change."*

Some retailers also used the RTS to assist them with the layout of their display cabinets. At a basic level the RTS was being used to determine the lowest selling product lines throughout the day, these lines were then taken off display and replaced by products more likely to sell.

> *"It just keeps track of everything…we can go through and see what is selling, what's not selling. If it's not selling we'll pull it out of the counter. Because it's only a small shop there's not a lot of display area and we can't afford to put things in that doesn't sell. So if something's not selling over the week we need to take it off and put something else in. To utilise the area as much as you can."*

At a more strategic level two stores reported using the RTS in the layout of their display cabinets. The system was used to determine what products sold together, these items (that customers were more likely to buy in the same transaction) were placed in the same area of the cabinet helping to boost complementary sales.

> *"Profitability wise we can start looking at what people buy and make complementary sales of those products too. So we can start fashioning our shop to put them together. So if people buy one product we know they frequently buy the other. So it helps us with average sale, making sure they purchase more, profitable sales."*

4.12 Better Staff Management

- **More accurate:**
  - **Rostering**
  - **Performance and sales reports**
  - **Incentive programs**

It was an objective of the program that managers would be better able to manage their staff. On a day-to-day basis the generation of time/hour reports have achieved this goal by enabling managers to view accurate customer counts and roster their staff accordingly. This ensures that there are staff rostered when required and that wages are not wasted by putting on unnecessary staff. As previously mentioned the RTS can also ensure that staff are not being dishonest and reporting false sales. Furthermore, it can assist management in targeting and assessing their best and worst performers.

> *"As well with specific people, we have a clerk transaction report which we do use that a fair bit too, so to see who your better performers are. So the same again you may roster them in more hours. If someone averages $30 for example and someone averages $12, then obviously from looking at just the facts they're obviously better sales people, so we'll give them more time as far as looking to extend or put people on, than rather give those people more time."*

Information available through the RTS was also used by some owners/managers to boost store performance through staff incentive programs and competitions. The system enabled managers to determine exactly how many customers are being served and the value of each transaction. This objective data was used to reward staff accordingly.

> *"So it helps us to identify people for promotions as well. So and rewards too, like if they do exceed the average, like someone might be averaging $23 you know we might go out there and give them some movie passes or whatever it may be."*

4.13 Time Savings

- **Could increase time savings for managers of multi-site operations**

➢ Single-store owners preferred not to access the portal at home

The RTS was expected to yield time savings for managers via remote access capabilities.

> *"Using that point of sale technology was the enabling device we felt and if you have a web capability so they could do the same thing from their home that they could in their shop meant they could spend less time. You know in the evenings instead of staying in the shop and doing all their cashing up and everything and their books, they could actually do it from home on the data set they would have used if they were in the shops. It's basically taking their electronic shop, sticking it somewhere remote which is now the portal and accessing it from there"*
>
> [Consultant]

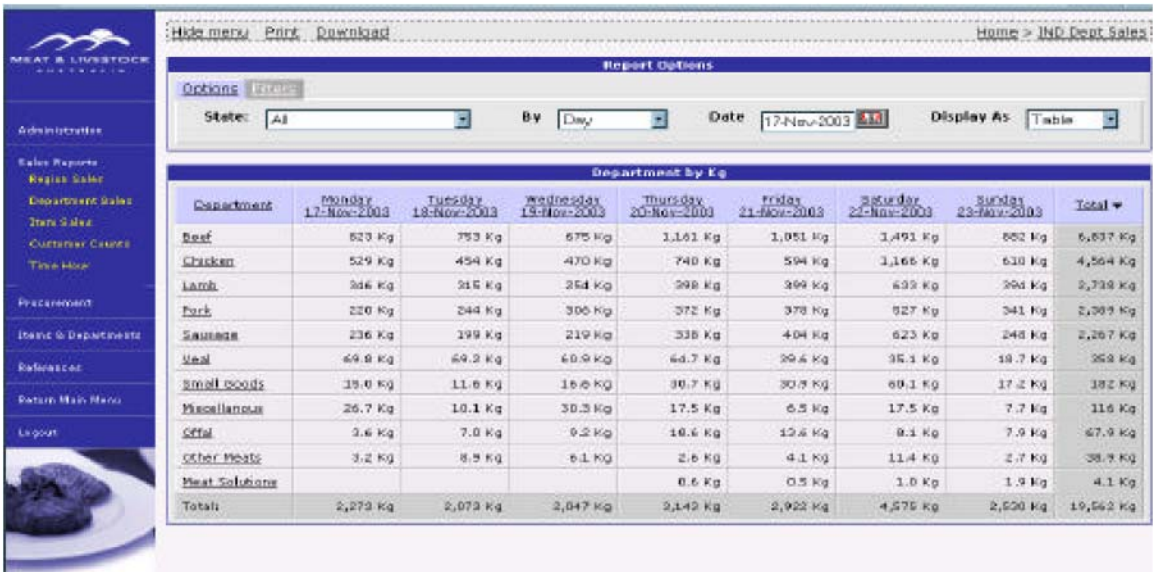
The satisfaction of this objective is, however, questionable amongst retail butchers. Managers of multi-store butcher shops did report using remote access at a head office or other central location. In doing so, they were able to monitor the live performance of the store without the need to be physically present in the store environment; thereby saving them time.

> *"Yeah it is [great to be able to access the system from home]. And I sit down and look at what's selling and what's not selling and oh all sorts of things actually. The void items. See there's a lot of things that control theft. Yes, people are always going to steal. Sorry, but it's human nature unfortunately. But what you can do is you can track the theft. Before, if they were under ringing my till, well you didn't know whether they were under ringing or not, or the no sales or the voids. You don't know whether the customer's needed change back so they press 'no sale' to get it out. But here it's going to tell you why and what and what reason, do you know what I mean? Things like that."*

However, some owners preferred not to use remote access as this was seen to encroach on their personal time. They did not see the value of accessing the system from home on a regular basis. Although it should be noted that the majority of owners or managers that fell into this category operated a single retail butcher shop.

> *"No I don't. I don't need to. When I'm home I try to stay home. You can remotely log in but I don't. I kind of feel that I can trust the staff. If there*

was a problem or an issue then I would have to monitor it. I would have to do that but other than that, no."



5 Evidence of Program Efficiency

5.1 Milestones

Various milestones were established at the outset of the RTS program, a key objective of this case study project was to determine if these milestones had been achieved. The table below highlights the milestone achievements for the project to date.

Milestone	Achieved	Ongoing
RTS Phase 1		
Innovative concept retail butcher setup		✓
POS hardware development	✓	
POS software development	✓	
MLA portal development		✓
Loyalty infrastructure development	✓	
EFTPOS over Internet Protocol (IP) Development	✓	
RTS Phase 2		
Reporting solution development	✓	
Procurement infrastructure development	✓	
Inventory management solution development	✓	

Overall the majority of milestone had been met, with the exception of the innovative concept retail butcher setup and the portal development which are yet to be fully developed and utilised. Each individual milestone will now be discussed in turn.

5.1.1 Innovative Concept Retail Butcher Setup

- **Currently in the process of being redeveloped**

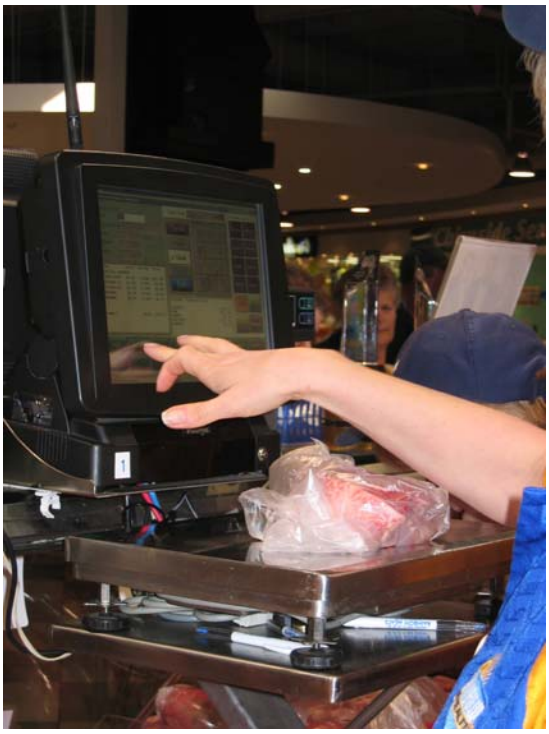
As part of the Retail Technology Project, innovative retail butcher outlets have been, and will continue to be, developed and setup to enhance the competitiveness of butchers and to build the market share of red meat. These innovative concept butcher shops are intended to provide a working model for future retail butcher shops. According to the MLA documentation key attributes of these outlets include:

- Retail meat that has a highly identifiable consumer brand that is completely underpinned by the Australian Meat Industry Standards
- An on-site facility with the capacity to produce a full range of ready-to-cook meat meals for both retail and wholesale
- Exciting packaged value-added meat meal-ready products
- A retail environment that is totally skewed towards ensuring that consumers shopping experience is made as convenient as possible by clearly and simply identifying the various cuts of meats and coupling all cuts with the correct cooking methods
- The opportunity to introduce a self-service value-added section which will incorporate then latest in designed visual light boxes and technology
- Exciting visual demonstrations of selected products being prepared and tastings of new products in an area designed within or attached to the retail component
- A supporting IT system incorporating touch screen and LCD visuals, and ordering by fax, email and phone

Of particular interest and relevance to this case study is the final point mentioned above, which refers to implementation of the RTS and supporting peripherals. As will be detailed in the following sections, this has been achieved across 30 retail butcher outlets.

5.1.2 POS Software Development

- **Did have several problems when first developed but current version has achieved objectives**



To provide butchers with a more efficient way of handling sales in-store, as well as capturing and storing transaction information to generate reports, user-friendly POS software has been developed. This software was tailored specifically to retail butcher requirements in an attempt to provide them with "the same kind of capability that the large retailers have in terms of supply chain management and customer care" (Consultant).

There were mixed responses amongst retail butchers regarding the adequacy of the POS software solution. As it was initially developed for a chain store retail butcher set up early RTS adopters experienced problems with the software.

> *"The whole idea was originally driven by Bush's and what they required…and then other people have come in"*
>
> [Consultant]

> *"It [the POS software] was a system that had been set up for chain stores and big companies. With 40,000 different security things on it, which we couldn't work with. Wasn't practical"*

Of greater importance was the fact that butchers felt that the software was initially driven by the needs of MLA rather than those of retail butchers. As the POS software was originally developed with the needs of butchers in mind basic functions required in a retail butcher environment had been overlooked during the initial development.

> *"They started off [development] too high. It didn't do the basic things scales did. They should have started more basic and then built up rather than focus on the portal then the elements that butchers need"*

> *"I said "These are the things that we need. Whatever you do above that is a plus, but these are the basic things." I showed them how we do our paperwork each day, how we tear off the docket and put it in the till… Well the initial thing did none of those. Nothing"*

Other software issues that arose from the interviews included slow processing, freezing up while busy and breakdowns. These issues resulted in numerous problems for butchers especially in that the software did not satisfy their need to serve quickly and efficiently with minimal problems.

> *"In the early days, the system [the POS software] would freeze and that would be disastrous... It breaks down and no one wants interruptions in the business, breaking down and no registers and people getting frustrated. Customers abusing us…"*

Despite the problems faced, especially at the start of the rollout, butchers could see that the POS software was well-suited to their needs and had the capacity to provide a solid and robust technological solution.

> *"It's an excellent system, I'd recommend it to anybody and I have"*

> *"It's a great solution for a butcher shop, there's absolutely no need for improvement"*

5.1.3 POS Hardware Development

- **All retail butchers are happy with the POS hardware that has been developed**

In conjunction with the POS software, stainless steel hardware incorporating touch screens and scales has been developed. The aim of this POS hardware was to provide a robust system capable of withstanding retail butcher in-store use. Early adopters did note some problems with the size and sensitivity of the POS hardware, particularly in relation to the scales.

> *"We've got limited amount of space behind the counter, and these things [scales] stuck out that far. I mean, it was ridiculous. So because were too heavy, they didn't work…they were unbalanced and they were hanging off the counter. So you'd put the bit of meat on, and it wouldn't settle"*

However, the results from the case study revealed that these issues have since been rectified, and overall, retail butchers are now satisfied with the hardware solution.

> *"Hardware wise we've had no problems at all. It all fits well and I've had no problems…"*

5.1.4 MLA Portal Development

- **The main infrastructure has been developed but the Portal is still undergoing improvements**

As part of the Retail Technology Project it was necessary to develop a centralised location where data gathered from retail butcher sites could be stored and used by MLA and other stakeholders. To pass butcher transaction information over the Internet to this central database, the MLA Portal has been developed. The portal provides both MLA and retail butchers with accurate market sales data and the ability to generate and view reports based on this information.

Adoption of the MLA portal has also allowed access to the Internet, giving retail butchers a host of information content at their disposal. However the portal development is still in progress and continues to be improved in line with practical experiences and feedback.

> *"[The developers] continue to extend the portal broadly in line with the original concept, but now very heavily influenced by peoples' practical experience"*
>
> [Consultant]

> *"It [the MLA portal] was never intended to be a fixed piece. The whole strategy was intended to evolve. So we had a starting point four years ago and it was always intended that it would roll over time and change its form"*
>
> [Consultant]

5.1.5 Loyalty Infrastructure Development

- **Development of the loyalty infrastructure has been very successful**

According to original guidelines a loyalty infrastructure was developed to provide retail butchers with the means to implement an in-house loyalty program through the RTS. Specific loyalty program functions that were developed include:

- Ability to offer a points for dollars system
- Ability to share points with club/charity
- Ability to configure system to do spot offers such as double points
- Ability to offer different point schemes on individual products
- Ability to generate reports on customer activity

The development of these functions enabled butchers to better manage customer relationships. Although the RTS allows retail butchers to develop and manage their own loyalty program, the infrastructure has been developed so that they also have the option of using a third party to maintain a loyalty program. More butchers had opted for this option.

Without the RTS operating a loyalty program with such detailed data storage and easy management, would not be possible and therefore development of the loyalty infrastructure has been very successful.

5.1.6 EFTPOS over Internet Protocol (IP) Development

- **Development was achieved but uptake is unlikely**

EFTPOS was part of the RTS development as it was expected to bring about cost savings for retail butchers by reducing bank charges associated with EFT and eliminating the need for numerous phone lines. This technology was developed and EFTPOS transactions sent over a secure connection via IP has been available for some time.

However, few retail butchers are running their EFTPOS in this way either because they are not aware of its availability or they have made a conscious decision not to do so.

> *"The only reason why I don't want to do EFTPOS on the portal is because if you look at how busy we are, it means until that's [EFTPOS transaction] approved, you can't touch the portal. So what are the girls doing why they are doing the bank terminal? They continue on serving…"*

Although running EFTPOS though the RTS was initially expected to result in significant telecommunication cost savings for retail butchers, EFTPOS operating costs have generally been reduced. Therefore, the initial cost benefits of EFTPOS over IP have not been delivered.

> *"EFTPOS was originally going to provide some greater cost benefits... But bank rates went down anyway... things changed. So it didn't get as much benefit on the EFTPOS as we had hoped"*
>
> [Consultant]

Therefore, while this development milestone has been achieved, full uptake is not expected and the concept may need to be redeveloped. It may be necessary to revisit the EFTPOS functionality with the advice and feedback from the butchers regarding cost and practicality taken into account.

> *"Yes, I'd save money because I don't have four Telstra telephone lines. But really, it pays me to have them. Because I don't pay for the calls. The bank does… It could save money, but for us it is faster and more efficient by doing it with the bank. Because if there is a problem with the terminal it's immediately replaced. There are less problems happening and we don't know if there would be more problems using the other way [via IP], but I think by using the bank terminal we've got more functions"*

5.1.7 Reporting Solution Development

➢ All reporting functionality has been fully developed

Reporting functionality has been developed in such a way that it provides access to a range of sales reports for both MLA and retail butchers. MLA can use such reporting to view and assess industry sales and performance figures. Retail butchers can generate reports either at store level for one store, or at a head office level across multiple stores, to view and track various areas of their business. The reporting functionality also includes the ability to drill down into a more detailed analysis if required.

> *"It tracks and stores everything your business has done forever basically. And you haven't got to worry about having all these bits and pieces of paper and everything that I keep losing"*

MLA reporting functions that have been developed include:

- Industry sales
- Industry gross profit sales
- Industry cut type sales
- Traditional vs. value-added products gross sales
- Industry PLU percentage share
- Industry peak purchase period share
- Industry top selling complementary PLU's by basket

Retail butcher reporting capabilities that have been developed include:

- Account information
- Costing sheet
- Daily takings
- Employees weekly timesheet
- Operator sales
- Peak purchase
- Profit and loss
- Store sales variance
- Store sales by weight
- Store sales by dollar value
- Top selling PLU's and products

5.1.8 Procurement Infrastructure Development

- **Procurement infrastructure has been successfully developed however is not being used due to lack of awareness/education**

Procurement infrastructure that enables retail butchers to electronically view products, order products, receipt delivered items, and to generate reports at each of stages has been developed. It was developed with the intention of making these tasks easier to manage through automation.

This infrastructure is available as a complete procurement solution or in a simplified format for butchers that want to order and receipt goods only. However, with the exception of Bush's Fresh Meats, retail butchers not utilising this functionality as they did not see the value in it.

> *"No one is really using the procurement functionality. The reason for this is really an educational and training issue. Butchers do not ask for this level of training, they don't really want to get into this sort of thing just yet"*
>
> [Consultant]

> *"[Procurement] Who's got time to do that? Delivery rolls in the back door at six o'clock, I've got my head down by six…The thing is I mean there's all different dockets in there. Some people write handwritten dockets and I mean unless you've got someone working in an office for you, unless you've got admin people, it's pointless"*

5.1.9 Inventory Management Solution Development

- **Inventory management solution has been successfully developed however is not being used due to lack of awareness/education**

Infrastructure to manage inventory has been developed and allows retail butchers to keep track of their stock, both in the store and during stock transfers. This system "provides [butchers] with an incredibly simplistic inventory management or an incredibly complex one, depending on what they want to do" (Consultant).

Once again, the majority of retail butchers interviewed are yet to utilise this capability. While it was something retail butchers could see the value using sometime in the future, as yet this had not been a priority for them to learn to use.

> *"I'm still fully trying to get my head around the whole system. I've got inventory and a few other things to learn on this system yet, but what I'm trying to do is fully absorb what's in front of me first until I know what I am doing without even having to blink and then we'll go to the next step – that's how I learned the last lot…"*

5.2 Timeframes

➢ Were not achieved as expected

With the exception of full commercialisation, a timeframe of 6-12 months was originally anticipated for achievement of all RTS project milestones. According to MLA documentation, initial timeframes for the RTS program were as follows:

INITIAL TIMEFRAMES		
New concept retailing/processing meat outlet	June	2001
In-store hardware and software solution	End	2002
Loyalty infrastructure	July	2003
EFTPOS Solution	July	2003
Inventory Management	July	2003
Reporting, procurement, and operations management	January	2004
Demonstration store rollout (30 stores)	January	2004
Full commercialisation (1000 stores)	End	2005

The initial project timeframes outlined above were not met. It is important to note, however, that a four year timeframe for the development and commercialisation of technology such at the RTS is not unusual. This is something that should have been taken into account when initial timeframes were established.

> *"It's been about four years now… it's taken a lot longer to get it all up and running"*
>
> [Consultant]

> *"Two reasons [why it has taken longer]. One is the price of the technology. And the second one is the resistance to the intrusion that it causes in the way they [butchers] run their business… I think they [MLA] would have liked things to have happened quicker…but I think it's such a major change for the industry that it was perhaps unrealistic to think it would happen any quicker. And I've been involved in the IT industry for a long time and I know how long IT projects take... it's not going to happen overnight"*
>
> [Consultant]

5.3 Budget

➢ Program expenditure is currently beyond allocated amount

A budget of $1.4 million was initially allocated for the development and commercialisation of the RTS across 26 retail butcher outlets. According to MLA documentation, the original budget was distributed as follows:

INITIAL EXPENDITURE		
Systems Integrators (AMC & Eposode)		
Professional Fees	$50,000	
Operating Expenses		$710,000
Capital - $8,000 per lane; average site 2.5 lanes x 26 sites		$520,000
Partner Total		*$1,280,000*
Meat & Livestock Australia Limited		
Final Reports – Brooks	$8,000	
Video		$8,000
Project Management	$104,000	
MLA Total		*$120,000*
TOTAL PROJECT EXPENDITURE		**$1,400,000**

However, the RTS program expenditure currently stands at approximately $2 million for adoption across 30 retail butcher outlets. This is a clear indication that the current RTS program budget is much higher than originally anticipated any many continue to increase unless checks are put in place to manage it.

6.0 Evidence of Building Industry Innovation

- **Has built the capability of the industry to accept future innovations by increasing the knowledge and acceptance of technology among butchers**

The Retail Technology Project was also aimed at building innovation in the red meat industry both with regards to products offered and the service provided to consumers. This was part of wider strategy to combat the declining numbers of independent retail butcheries and increasing sales through alternative meat retailers (such as supermarkets and grocery stores).

The RTS was developed to boost the viability of the retail butchers by providing them with an innovative business tool. Adopting such a technology was a first for the industry and did build innovation with level of service provided to consumers. It also increased the likelihood of innovations being adopted in the future by making retail butchers more accepting of technology in general.

The computer skills of retail butchers were reported to be very limited in terms of computer literacy prior to using the RTS. Seventy-nine percent of those interviewed had no previous computer experience, whilst the remaining only had minimal computer skills.

> *"What computer skills? Three years ago I couldn't turn a computer on… People would say computer and I didn't even know how to turn an on button on, never used one... I still wouldn't say I'm computer literate, but I can use it pretty well… so from that point, yes [helped me be more comfortable with computers]"*

> *"Very average [computer skills prior to RTS installation]. I now know how to turn a computer on and I know how to eventually get my way to where I want to go and they're picking up. It's very user friendly. It's pretty much idiot proof. So it's easy for us butchers to get our heads around"*

The RTS acted to lift butchers' attitudes towards technology, resulting in a positive regard for technology and computers. As a result, retail butchers are now more likely to accept future technologies thereby helping to heighten innovation uptake in the industry.

> *"Yes [more likely to accept future technologies] I'd be a lot more comfortable because I wouldn't be scared, I'd say I've just got to learn how to do it"*

> *"Without a doubt [I am more likely to accept future technologies]. I mean the way I'm looking at it now is I don't know how I've run my business in the last six years without it!"*

7.0 Evaluation of Implementation

- **Installation has been improved over time although initial experiences were very negative**
- **Training was generally seen to be inadequate and inconsistent with much room for improvement**
- **The extent of use varied considerably among retail butchers**
- **Support was generally seen to be insufficient especially for retailers in states other than Victoria**

7.1 Installation

Early RTS adopters experienced significant problems in regards to installation. In relation to the POS hardware installation issues such as the following were raised:

- Inexperienced consultants preforming installations

> *"When we were doing the initial installations… we had some issues with the early installation company that they weren't properly coordinating everything. So you know they'd turn up on-site but they hadn't organised any internet connections to set-up"*
>
> [Consultant]

- Unprofessional finishing

> *"Anyone brought on didn't know anything about it… we've had guys come out to the site and do an installation and we even do installations now ourselves, because the two guys they had to do installation need like two days, and we're in the store opening a brand new store and this guy says "I can't get your system working". We're going to do our next store ourselves, because their installations, apart from that what they to do is terrible, wires going everywhere exposed. We've had nothing but trouble with those installations, so we've had to rewire the whole product ourselves"*

- Time delays

> *"There's been a new portal system out now for some six months. We still haven't got it. It was supposed to be… this has been going on and on and on. It was supposed to be installed Sunday before last and then last Sunday and now they're actually coming tomorrow to install it… we'll see…"*

- Terminals and printers not communicating with each other

> *"We had minor breakdowns like two terminals not talking to each other… But we're still having problems that you do something on one and it doesn't convert to the other. So just little things like your printer wouldn't connect to your systems, so you went to print something at it wouldn't work."*

However, those butchers that adopted the system at a later stage reported less or no issues with installation of the RTS and are happy with the level of service they have received in this regard.

> *"We had none [installation problems]. There were no hurdles. We went in, no problems…Yeah, none, none at all"*

> *"We're very pleased… really there were no bugs. We haven't had any. So they obviously must have got it right before they put it in here"*

It is important to note here that some early adopters are still waiting for initial problems to be rectified.

> *"We have countless problems with our cash draws…now after 18 months, they're finally making the changes… We've also had problems with one of our terminals… we've only had one terminal registering sales for a few months… So we're working off a manual system"*

7.2 Training

One of the major weaknesses that stem from the implementation was the training provided when the RTS was initially installed. Once again, there were significant differences in the training experienced by early and late adopters of the system. Differences were noted in the time allocated to training, as well as the delivery and format of training, with the early adopters being very unsatisfied with this aspect of the implementation. Key problem areas identified in the case study were:

- Initial users found training to be inadequate for their needs

> *"Maybe two hours, maybe one hour [of training]. The training promised wasn't delivered… they said oh we're there for a day or two and train everybody… They [staff] trained themselves…we just had to play with it and learn it"*
>
> *"Really the training was atrocious. Because there's one guy virtually… And we only had one meeting with him and I said… this is not going to happen…"*

- Training was not sufficient to use all facets of the RTS

> *"The training is probably not what you would refer to as ideal. It's not delivered in an ideal environment and it's probably sufficient for them to be able to trade, but whether it's sufficient for them to actually get the maximum value out of the information I would question"*
> [Consultant]
>
> *"They just put it all in, they stand with you for a few hours and that's it… they stood and watched you serve and said do this, do that, and then that was it for half a day but that's not really learning, that's just saying that's how you do it"*

- The technical language used in both face-to-face and print training materials

> *"The big issues with the training initially was that the people doing the training are quite technical. The people receiving the training are not technical...The other big issue was that there's a huge amount of functionality on the portal…that they're not utilising. So the reason they're not doing it is because they don't really understand how the information is useful; what they could be using it for"*
>
> [Consultant]

- Unsatisfactory user manual

> *"As far as answering your question in training, that definitely needs to be improved. We've actually written our own manual…because the manual was, for our guys, not written in plain English…and the version changed every so often, so the manual was almost irrelevant every time you had a problem… Like they'll always say it was all written in the manual, but the manual was written by probably someone that knew and was experienced in IT. But it wasn't, well we sort of made a step by step manual. So it's you know you go and push a certain button and do this and do that…"*

- Costly and insufficient ongoing training

> *"The other issue was them guys being in Melbourne and we didn't have the training, we would have to pay for them to fly up and pay for their accommodation and then pay for their hours"*

As a result of these training problems numerous errors are occurring on the shopfloor. For example, staff are entering products/prices in the system incorrectly because they do not understand how to change things in the correct manner. In addition, two of the four early adopters have resorted to investing in their own internal training personnel and programs rather than rely on the standard training that is provided.

> *"We basically internally did all the training because what they promised wasn't delivered..."*

Those that installed the RTS at a later date have been satisfied with all aspects of training and have found it to be adequate for the effective use of the system. This may indicate that training has been improved over time or that these new stores ensured that the training process was more closely managed.

> *"Yes [training was sufficient]. I did ask for further training and it was never a problem. It was part of the package"*

> *"Training was great. I found it really easy to pick up actually and haven't had any problems since.*

7.3 Extent of Use

A key objective of the RTS was to capture timely and consolidated market sales information for internal use by MLA. At this point, however, MLA's use has been limited as the extent the number of participating retail butcher sites does not provide a statistically valid data set.

> *"They [MLA] tend not to use it very heavily and the reason that they don't is there are insufficient numbers of people using it. I don't think that they doubt the value of the information… I think that they probably just perceive it well until they get a broader spread"*
>
> [Consultant]

For retail butchers the RTS presents them with an array of business management and point of sale tools. However, butchers are not utilising the RTS to the extent hoped for at this point in time.

> *"We feel at this point in the day they [butchers] aren't using the information that's there, or aren't using the functionality that's there"*
>
> [Consultant]

The extent to which the RTS is used varied considerably amongst retail butchers involved in this case study. Butchers that were less comfortable with the system and/or received limited training used the RTS to a lesser extent.

> *"Tracking and scales and getting all these reports and percentages of top line things is all you-beaut and fuzzy, but at the end of the day, not many people use it… Like we run our business, we sell what we need to sell, we put specials on, we move everything around, and a basic profit and loss at the end of the week with the greatest profit of percentages is what you work on… You know? And it's alright to get the things – I mean, the information's there if you want to get it out, and a lot of people will get it out. I'd be more interested in getting, you know - the sales staff, of giving them incentives and driving them and saying "What have you sold?" And things like that…"*

Those that are confident with the system, use it to a much higher level such as for strategic business purposes.

> *Everything is so useful. I look at sales, key items like time, hour, units... And that gives me an idea of what I'm doing per hour and the customers I'm serving. You've got the sales, the percentages, staff sales, line graphs and bar graphs of everything. It gives you the whole scope of what's happening in the shop… There are also security things like low value sales and I want to check and make sure that nothing's been hit in the wrong manner…"*
>
> *"It's really endless on the marketing side of It [the loyalty program]. We enjoy it because it's very challenging. It's made us aware of a lot of things and I enjoy marketing and so do the staff"*
>
> *"I've been able to monitor campaigns… it helps us reproduce the same type of formulas that have been working, next time there's a meat campaign…It helps us maximise the sales…It helps us construct our business to focus on specifics, rather than just a general day type of display"*

The extent that the RTS was used also varied according to the role that the owner wanted the technology to play within the business.

> *"This is the system that is managing our business. It just helps manage us quicker and easier and identifies the weak points, our strong points"*

7.4 Support

The case study revealed a clear lack of support was experienced by retail butchers in states other than Victoria. This was largely due to the fact that AMC is a Victorian based organisation, without infrastructure across Australia. There is a large difference between the response times and costs associated with request for assistance between Victorian retail butcheries and those based in other states. As no other parties, including MLA, have stepped in to fill this void, satisfaction with this aspect of the project is very low.

> *"We haven't had any sort of support here… we had one person come out…And then we never heard from them again… We haven't talked to head office and they haven't run us. And I thought that was sort of meant to be all in the maintenance contract"*

> *"I don't think the support level is where it should be… They [MLA] should have more ownership of the support given to the industry. So they should be looking at that closely. Because we're helping them develop the product"*

While remote support via the telephone is available to all butchers at no cost, this was limited to traditional business hours. This means that support is not available on the weekends and late nights when retail butchers trade. This was an issue of great concern for butchers.

> *"We need very good support, seven day a week support, because you trade seven days a week. So even support goes into your break down mode too, like if it breaks down you need someone there straight away, because you can't trade… If you can't trade for a day, you don't earn any money that week so. So your bread and butter disappears…"*

When support was sought on-site retail butchers not only had to wear the cost but faced long waits before assistance was provided. Some butchers have also faced major disruptions to their business due to the time taken to address and solve on-site issues.

> *"In the instance that on-site support is required, the retail butcher must wear the cost which can reach substantial levels once hourly rates, flights and accommodation are taken into account"*

> *"The last twelve months now we're not happy, well there's no service… They haven't got anybody. Actually Bob from Melbourne, from AMC, came up the other week and fixed a few things, went to a couple of shops and fixed them but we were waiting for three months for him to come up, but he said I'm not due in Queensland… But that's the only gripe we've got that if something goes wrong there's no one to fix"*

However, AMC do not believe there to be any support issues or problems facing butchers, as this quote illustrates:

> *"They actually rarely call us, they rarely have problems"*
>
> [Consultant]

This highlights a breakdown in communication between users and support personnel. For example, one retailer has been experiencing problems with the RTS for several months. When discussing the butcher in question, support personnel stated:

> *"We haven't heard boo from him…"There's no issues, there's no problems, there's no phone calls, there's none!"*
>
> [Consultant]

8.0 Summary of Lessons Learned

MLA has successfully developed a leading-edge retail technology solution that has been adopted by a number of retail butchers throughout Australia. This case study research has identified a number of key lessons that stem from the implementation of this technology. Following are the key lessons learned from the RTS program:

- Red meat consumption has increased however the RTS has the capacity to increase sales of *all* product lines
- There is not enough information for MLA to effectively use recorded sales data to increase red meat consumption

- The RTS has the potential to become industry standard, however not until all problems with the system are resolved and not for small outlets for which the cost is seen to be too high

- Accurate market data and product monitoring is not yet achieved as there are insufficient numbers using the RTS

- The RTS only impacts on sales when used to full capabilities
- Where there are significant problems with the RTS, it has a negative impact on sales
- The RTS helps to compete against other butchers, not supermarkets

- All butchers see the benefit of the loyalty infrastructure even if they did not operate a loyalty program
- Loyalty program benefits exceeded expectations regarding the increase in customer spending

- The RTS did improve reporting capabilities however, not all retailers were comfortable with the RTS and preferred to use manual systems

- POS advertising was not used to its full extent due to insufficient MLA marketing materials on hand
- POS advertising could increase enquiries regarding advertised lines if it was actively managed
- Over 50 percent of stores visited are yet to received MLA marketing materials for POS display

- Business efficiencies gained is dependant on the extent to which the RTS is used, but generally led to:
    - Faster and easier customer service
    - Time saved in administration and ordering
    - Better fraud management
- The RTS reduced the number of mistakes when processing sales
- The RTS Increased capability to track transactions thereby improving fraud management and increasing the capacity to resolve customer complaints and discrepancies
- The RTS helped manage stock levels, reducing waste and discounting
- The RTS assisted with the layout of product display cabinets

- Staff management and has since become easier through:
    - More accurate rostering
    - Operator Performance and sales reports
    - Incentive programs

- The RTS could increase time savings for managers of multi-site operations, however single-store owners preferred not to access the portal from home

- Innovative concept retail butcher setup remains in progress
- POS software development did have several problems when first developed but current version has achieved objectives
- All retail butchers are happy with the POS hardware that has been developed
- The MLA Portal infrastructure has been developed, however it is still undergoing change

- Development of the loyalty infrastructure has been very successful
- EFTPOS over Internet Protocol (IP) development but further uptake is unlikely
- All reporting functionality has been fully developed and is in use
- Procurement infrastructure has been successfully developed, however is not being used due to lack of awareness/education
- Inventory management solution has been successfully developed however is not being used due to lack of awareness/education

- RTS program timeframes were not achieved as expected

- RTS program expenditure is currently beyond estimated amount

- The RTS has built the capability of the industry to accept future innovations by increasing the knowledge and acceptance of technology among butchers

- RTS installation has improved over time although initial experiences were very negative

- RTS training was generally seen to be inadequate and inconsistent with much room for improvement

- The extent of RTS use varied considerably among retail butchers

- RTS support was generally seen to be insufficient especially for retailers in states other than Victoria

9.0 Recommendations

The key findings of this case study research highlighted some important areas to be addressed by MLA in moving forwards with full RTS commercialisation. These issues involved RTS training, support, costs, perceived value and marketing. Each of these issues will now be discussed in detail, including suggestions for ways in which to effectively combat them.

9.1 Improved Training

It was identified in this case study that training is a key determinant of RTS usage and satisfaction with the system. Those that were satisfied with the level of training they underwent felt more comfortable with the system and were prepared to explore all RTS capabilities. However, those that were not satisfied with the initial training were not using the system for functions other than processing sales, stock control and cashing up.

Two recommendations are put forward for implementation by MLA to increase retail butcher staff trust in, and use of, the RTS. This would not only increase satisfaction now, but also engender retail butcher confidence for full commercialisation.

- MLA needs to reassess and increase, where appropriate, the amount and level of training currently provided to retail butchers by partnering organisations
    - Ensure that initial training is consistent for RTS adopters, including the time, format and delivery of training
    - Tailor training packages to suit the level of responsibility of different RTS users. For example, offer a very high level of training for owners, detailed training for managers and more basic training for sales assistants
    - Make available ongoing and affordable training to allow for knowledge to be built when users are ready, rather than providing them with too much information upfront

- Make available refresher sessions for all RTS user levels to ensure that the system is being used correctly. This is particularly important for early adopters who did not receive adequate training and, as a result, do not use the system correctly or to the level they should
- Ensure that all training facilitation and materials are in a language that butchers are comfortable with and have a full understanding of
- Distribute an up-to-date and step-by-step user manual to all retail butcheries using the RTS

9.2 Improved Support

Support was a key issue raised by the majority of people interviewed in the case study. It was generally felt that current support levels were poor to non-existent in some cases; especially when dealing with large problems outside of Victoria. This issue is attributable to a lack of change management for retail butchers and project monitoring since early RTS adoption took place. The following recommendations are suggested to improve the RTS support offering to retail butchers:

- The roles of MLA and AMC need to be clearly delineated with one party taking responsibility for support
  - Those interviewed thought that support should be provided by MLA as the governing body and not a third party. If support is to be provided by a third party such as AMC, this needs to be clearly communicated to butchers so that they can identify whose role it is to provide them with assistance

- MLA needs to ensure that butchers are provided with local support. While remote assistance is available via telephone, in cases where on-site support is required, this was not delivered in a timely and/or cost-effective manner
  - MLA needs to ensure that they work with a service provider that can offer nation-wide support within 24 hours
  - The cost of support should be consistent across Australia

- A user group or networking club needs to be established to provide butchers with a forum in which problems and issues can be discussed comfortably (see recommendation 9.3.2)

9.3 Reassessment of RTS Costs

A key finding of this case study was that RTS investment and ongoing maintenance costs were believed to be substantial and at an expense too high for retail butchers. There was a general consensus amongst butchers and their peers that the RTS was not of significant investment value at the current retail price. In order to effectively combat this perception, two recommendations are suggested.

- MLA needs to implement strategies to reduce the investment cost of the RTS to retail butchers. This will satisfy the objective of making the technology standard across the industry
    - Efforts should be made to reduce initial investment costs for full RTS commercialisation
    - In conjunction with project partners, a cost structure that is affordable for retail butchers needs to be developed. This may include paying monthly instalments or leasing the RTS

- MLA needs to reduce ongoing maintenance and support costs to keep current users satisfied
    - Work with project partners to ensure that maintenance and support costs are at a level that reflects each retail butchers RTS usage. For example, the introduction of a sliding scale whereby payment is dependent on the number of stores and/or terminals installed
    - Standardise maintenance costs across Australia; retail butchers should not incur costs for accommodation and travel to receive the support agreed upon

9.3.1 Enhance Perceived RTS Value

It is recommended that MLA make concerted efforts to ensure that retail butchers perceive value in investing in the RTS now and in the future.

> *"The way I work is its all based on value and people will pay what they consider to be a fair price for good value, yeah? And it's about selling them the value. If you sell them the value, they will pay the price"* [Consultant]

This will help retail butchers to look beyond the initial costs and see the RTS as a long-term, income-generating investment.

- MLA marketing material needs to discuss initial costs versus the benefits received from RTS adoption
- Concrete testimonials and real life examples of butcheries that highlight expected outcomes and benefits such as sales and gross profit increases need to be provided to ensure that owners/managers can make a realistic assessment of the value of the RTS to their business

"The only thing they're really interested in is more money. So you can explain to them how they're going to get that. The original idea was we get case studies from someone like Frank Russo, from Bush's because they're different kinds of organisations, and use those if you like as look, this is what you could do"
[Consultant]

9.3.2 RTS Marketing

This research also highlights that there is no clear ownership of RTS marketing activities amongst partnering organisations. The role of marketing the project to retail butchers was not clearly defined, resulting in both AMC and MLA deferring responsibility to the other. To overcome this issue, MLA should adopt the following recommendations:

- Clarify and reassess partnership agreement with AMC to establish clear responsibilities for RTS marketing
- Develop a user group or networking group as a forum for existing and potential users to discuss the RTS. This will ensure that there is a comfortable way in which issues can be raised and frequently asked questions can be resolved in a non-threatening way. Also, this forum will help generate positive word-of-mouth and increase uptake

  "The purpose is that so they can all get together and discuss how they're using it and share ideas, also put new ideas forward to MLA and to AMC… at the moment it's been a bit more ad hoc. You know people talking directly to me or to AMC about what they want to do" [Consultant]

- Recruit a full-time RTS Marketing and Sales person whose role it would be to:
  - Represent the interests of retail butchers to stakeholders
  - Sell the idea of the RTS to butchers
  - Keep the momentum going for RTS adoption
  - Establish and facilitate a RTS user group/networking group

  "So how do you, how do you know that they're not happy? How does MLA know they're not happy? Well we don't because you know there isn't anyone there proactively always on the case. I mean I get people pay me every now and then to do something specific for them" [Consultant]

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APPENDIX A

Retail Butcher Interview Protocol: Owner/Manager

1. Do you feel that the MLA portal and the POS solution has had affect on the demand for red meat?
    a. Has it increased consumption? Consumer confidence? Sales? Enquiries?
    b. Have all products befitted from an increase in demand or just red meat?

2. Has *the portal*[1] had an affect on your store's competitive behaviour?
    a. Are you able to compete with supermarkets/other butchers more successfully?
    b. What affect do you think the portal and the POS system will have on competition in the future?
    c. What affect would you like it to have?
    d. Do you think some in the industry can/will benefit more from this technology?

3. How do you think the portal will affect your business' viability in the future?
    a. Will it help you stay in business/grow your business? Remain competitive?

4. Has the portal improved the efficiency of business operations?
    a. Tracking?
    b. Reporting?
    c. Procurement/supply chain management?
    d. Ability to track effectiveness of in-store promotions?

5. To what extent do you use the portal to generate reports?
    a. Sales figures? Banking? Cash-up? Customer information? Staff performance and tracking?

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[1] "The Portal" is used interchangeably with the following terms: The MLA Portal and POS solution, The POS Hardware & Software, The System, and/or The Solution. The term used throughout the interview varies depending on how the interviewee refers to it; "the portal" has been found to be the most common term used by those interviewed when referring to both the MLA portal and the POS system.

6. What improvements have you seen in the efficiency of the store?
    a. More accurate ordering?
    b. Less wastage?
    c. Reduction in staff errors/discrepancies?
    d. Increased security and efficiency of sales processing?
    e. Time efficiency gains with customer service/management tasks?

7. Do you believe that the benefits of the portal have outweighed the associated costs?

8. Do you think that the portal's in-store advertising feature has improved sales at the counter?
    a. What kind of reaction has the advertising received from customers?

9. Do you think the portal has made it easier or harder for you to target your market?

10. Do you use the portal's loyalty programme infrastructure?
    a. (IF NOT) Why is a loyalty programme not something that has appealed to your store? What would make it a more attractive option for you?
    b. (IF YES) What has been the outcome of establishing the loyalty programme? Can you please talk about some of the positive affects that it has had? What are some of the loyalty programme's drawbacks (if any)?

11. Do you think that using the portal has increased your general computer/technology skills?
    a. Has it had a positive or negative impact on your view of information technology?
    b. Has it made you more or less likely to accept retail technologies in the future?

12. Have there been any hurdles that you experienced when the portal was first installed?
    a. Difficulties with learning computer skills? Getting to know the new system?
    b. Negative customer reactions?

13. How have you found the training programmes for the new technology?
    a. Was it sufficient? Are there areas that you are still not sure about?
    b. Did you get sufficiently trained in using the software? Trained in generating reports from the portal and interpreting the information?

14. With regards to the hardware do you think that it is a good solution?
    a. What are the positives/negatives?
    b. Are there any improvements that you think could be made to the hardware?

15. What functions of the portal do you find the most useful? Which are the least useful?
    a. The software?
    b. The point-of-sale system?
    c. The hardware?

16. With regards to the register software do you find that it is an improvement on your old system?
    a. Easier to use? The advantages?
    b. What problems have you faced? Any drawbacks?

17. Would you find the following functions of the portal useful (enquire about the developments they have not yet adopted):
    a. Online purchasing? Online procurement?
    b. Advertising?
    c. EFTPOS?
18. Do you think that the technology should become industry standard?
    a. What do you see as the benefits/disadvantages if this were the case?

19. Do you see technologies such as the portal as being a positive for the industry or do you feel there are more negative aspects?
    a. What are the benefits/disadvantages of the portal technology?

20. Is there anything that you feel MLA could do to increase the likelihood of more butchers adopting the portal?
    a. Improvements? Better promotion of it? Training? Demonstrations? Eliminate certain problems? Reduction in costs?

21. Do you feel that there is any other information or any questions that you would like to discuss with us?

APPENDIX B

Retail Butcher Interview Protocol: Sales Assistant

1. Has *the portal*[2] had an affect on your store's competitive behaviour?
    a. Are you able to compete with supermarkets/other butchers more successfully?
    b. What affect do you think the portal and the POS system will have on competition in the future?
    c. What affect would you like it to have?

2. How do you think the portal will affect your business' viability in the future?
    a. Will it help you stay in business/grow your business? Remain competitive?

3. What improvements have you seen in the efficiency of the store?
    a. More accurate ordering?
    b. Less wastage?
    c. Reduction in staff errors/discrepancies?
    a. Increased security and efficiency of sales processing?
    b. Time efficiency gains with customer service/management tasks?

4. Do you think that the portal's in-store advertising feature has improved sales at the counter?
    a. What kind of reaction has the advertising received from customers?

[2] "The Portal" is used interchangeably with the following terms: The MLA Portal and POS solution, The POS Hardware & Software, The System, and/or The Solution. The term used throughout the interview varies depending on how the interviewee refers to it; "the portal" has been found to be the most common term used by those interviewed when referring to both the MLA portal and the POS system.

5. Do you use the portal's loyalty programme infrastructure?
    a. (IF NOT) Do you think it would have a good affect on your customers?
    b. (IF YES) What has been the outcome of establishing the loyalty programme? Can you please talk about some of the positive affects that it has had? What are some of the loyalty programme's drawbacks (if any)?

6. Do you think that using the portal has increased your general computer/technology skills?
    a. Has it had a positive or negative impact on your view of information technology?
    b. Has it made you more or less likely to accept retail technologies in the future?

7. Have there been any hurdles that you experienced when the portal was first installed?
    a. Difficulties with learning computer skills? Getting to know the new system?
    b. Negative customer reactions?

8. How have you found the training programmes for the new technology?
    a. Was it sufficient? Are there areas that you are still not sure about?
    b. Did you get sufficiently trained in using the software? Trained in generating reports from the portal and interpreting the information?

9. With regards to the hardware do you think that it is a good solution?
    a. What are the positives/negatives?
    b. Are there any improvements that you think could be made to the hardware?

10. With regards to the register software do you find that it is an improvement on your old system?
    a. Easier to use? The advantages?
    b. What problems have you faced? Any drawbacks?

11. Would you find the following functions of the portal useful (enquire about the developments they have not yet adopted):
    a. Online purchasing? Online procurement?
    b. Advertising?
    c. EFTPOS?

12. Do you think that the technology should become industry standard?
    a. What do you see as the benefits/disadvantages if this were the case?

13. Do you see technologies such as the portal as being a positive for the industry or do you feel there are more negative aspects?
    a. What are the benefits/disadvantages of the portal technology?

14. Is there anything that you feel MLA could do to increase the likelihood of more butchers adopting the portal?
    a. Improvements? Better promotion of it? Training? Demonstrations? Eliminate certain problems? Reduction in costs?

15. Do you feel that there is any other information or any questions that you would like to discuss with us?

APPENDIX C

ON-SITE OBSERVATION CRITERIA FOR INSTORE VISITS TO RETAIL BUTCHERS

Observe:

- Staff interaction with Portal
- Staff attitudes towards the Portal solution
- Specific daily in-store use of the Portal
- Generating reports and use of information/actions

Collect:

- Information on improvements in wholesale sales and/or retail sales
- Wholesale gross profit and/or retail gross profit data
- Loyalty programme results; uptake and increase in dollar sales per customer

APPENDIX D

MLA Project Consultants Interview Protocol[3]

1. Can you please highlight Involvement in POS solution and portal?
2. Were there any Implementation issues/ hurdles?
3. What were the key Issues in POS and portal adoption for retail butchers?
4. What was the efficiency of MLA project implementation compared to projected aims?
5. How do you feel about the following portal extensions – online ordering, advertising, EFTPOS?
6. Can you explain your view of the capability of project to build industry innovation?
7. Benefits for retail butchers and industry have they been realised?
8. Has there been an increase in red meat demand and consumption?
9. Has the portal improved retail butcher competitiveness and viability?
10. Has it improved efficiency in store operations and business management?
11. What were the major issues surrounding the general computer and/or technology skills of retail butchers?
12. In your experience how did you find the technology attitudes of retail butchers?
13. What do you believe to be the most/least used functions of portal by retail butchers?
14. Are there any actions that MLA could implement to increase uptake amongst retail butchers
15. What would be the benefits/disadvantages of this as industry standard?
16. Training programmes – Sufficient? Feedback? Future aims?
17. How has the reality of the project measured against MLA expectations?
18. Are there any outstanding issues you would like to address?

[3] Questions were tailored according to consultants' involvement with the project

AMC Director

- Can you please guide us through AMC's development of the POS solution and portal? Portal design and operation?
- What were the software development issues/hurdles?
- What were the key Issues in POS and portal implementation and adoption for retail butchers?
- How have you found the efficiency of MLA project implementation
- Can you explain the portal extensions (online purchasing, advertising, EFTPOS) and your thoughts/expectations of each?
- What do you see as the capability of project to build industry innovation?
- What are the benefits of the technology for retail butchers and industry?
- Did you have any major issues as a result of the butchers' general computer/technology skills?
- What was the attitude of retail butchers towards technology when you approached them?
- In your experience what do you find to be the most/least used functions of portal by retail butchers?
- What MLA activities could be undertaken to increase more uptake amongst retail butchers?
- As a consequence of this development do you feel that butchers more/less likely to accept retail technologies in the future?
- What do you believe would be the benefits/disadvantages if the portal and POS system became industry standard?
- What is your perception of the training programmes? Any issues that have been bought to your attention?