

Lexmark's print-on-demand solution, integration services, warranty support and other services help leading arts and crafts retailer improve store efficiencies and reduce costs.

Michaels Stores reduces costs; gains more reliable printing solution with Lexmark

The Organization

Michaels, the nation's largest retailer of arts and crafts materials, operates more than 850 stores in 48 states and Canada and offers a large selection of arts, crafts, framing, floral, wall décor and seasonal merchandise. Each store carries 40,000 items and averages 18,200 square feet of selling space and approximately \$3.9 million in sales. For fiscal 2004, Michaels delivered an eighth consecutive year of record sales and operating income. Total sales surpassed the \$3.3 billion mark.

In 1997, Michaels selected Lexmark to optimize a solution to help its stores print shelf labels and reports more efficiently and reliably at less cost. Michaels has continued its relationship with Lexmark over many years and has continued to upgrade its printing solution to acquire new capabilities and reduce its overall maintenance costs.

The Challenge

1997 - 2003

In 1997, Michaels was looking to more effectively print shelf labels for its thousands of products and other reports on demand in each store. Each store prints approximately 5,000 pages per month, as well as 15,000 labels per year.

Michaels' original process at that time involved printing shelf labels centrally at company headquarters and shipping batches of labels regularly to new stores. This highly manual and time-consuming process was riddled with problems, including mistakes and delays that could have a significant impact on store operations and the company's ability to compete effectively.

It is imperative that the shelf labels be accurate and that they reflect current prices. As with any retail store, Michaels is subject to truth-in-advertising laws and could face potential lawsuits and fines if

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—Ted Layne
 Vice President of Technical Services
 Michaels Stores
 Irving, Texas
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labels are missing or are mis-priced. In addition, properly rolling out merchandising campaigns at the stores can significantly improve the brand image to consumers. Conversely, mislabeled items could hurt Michaels' image with its customers, who might be less willing to shop there in the future if actual prices found in the stores did not match current prices.



Reliability is also extremely important to each of the Michaels' locations to run efficiently. Printers are mission-critical and are used for everything from shelf-label printing to financial reports and other office documents.

2003 - 2005

Over time, Michaels' older printing equipment became expensive to operate and maintain. Specifically, the existing printers were aging, out of warranty, required a substantial amount of support and could not adequately handle the stores' diverse, high-volume printing tasks.

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—Ted Layne

“We had aging, out of warranty printers that required substantial amounts of support,” said Ted Layne, Vice President of Technical Services, Michaels. “We knew we had to come up with a better solution and Lexmark did just that.”

The Solution

1997 - 2003

In 1997, Michaels chose Lexmark to help design and implement a comprehensive output strategy to print shelf labels and reports directly at each store. The solution allows Michaels to print shelf labels and other documents on demand at the stores, rather than have some of them shipped from corporate headquarters to each individual location.

The Lexmark solution helps ensure that the shelf labels at Michaels will match corporate mandates and current pricing. This means that Michaels is less likely to be subject to potential lawsuits and fines for missing or mis-priced information. It also will lead to less customer confusion and greater customer satisfaction, which in the long run leads to increased customer loyalty and revenue.

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gained store-level efficiencies that continue to serve us extremely well,” said Layne.

Additionally, every year each store completes approximately 100 department “re-sets” when new or seasonal merchandise is brought into each store. On these occasions, new labels must be printed for the new merchandise in each department. Lexmark printers have been able to handle that volume without any problems. The same Lexmark printers also easily handle all the other reports required at each Michaels' location, eliminating the need for separate devices for different print job types.

From 1997-2003, Michaels was focused on:

- Building a solution that could print complex media such as shelf labels and reports. Michaels needed to print shelf edge labels on demand at each store location to increase store efficiencies and reduce costs. Prior to the Lexmark solution, some of these labels were printed centrally at headquarters and then mailed to each store - a costly and time-consuming process that was subject to mistakes and delays.

2003 - 2005

In 2003, Michaels focused on improving the reliability of its printing solution in the stores and reducing maintenance costs. Lexmark installed new Lexmark monochrome laser printers and removed old ones in a phased approach in all Michaels stores. The solution will be deployed at new stores as they continue to be opened.

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Specifically, Lexmark deinstalled the older printers, installed the new ones and provided project management services for Michaels. This included taking the old devices off the network and packaging them for removal.

Lexmark built all the new devices to the customer’s specifications, including installing all accessories, and connecting them and configuring them on the network. Lexmark also provided order and delivery management for Michaels, including installation of each device within 48 hours of its arrival at each location.

Throughout this process, installing printer drivers on all store computers was made far easier as well. A standard “image” that includes the Lexmark printer driver was copied to all of Michaels’ store PCs, eliminating the need for its support staff to install drivers separately. This quick process contributed significantly to the fast, easy and successful rollout of the new solution.

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From 2003-2005, Michaels was focused on:

- Improving the reliability of existing systems. Aging printers were prone to more frequent failures, which made it difficult for store personnel to do their jobs. Michaels needed new technology to improve the reliability of the solution so that employees could focus on customer service.
- Cutting support costs. Its existing printers were aging, out of warranty, and Michaels had to pay for each repair. The company needed a solution that was more economical to operate and maintain.

The Results

With the Lexmark solution now installed in all the stores, Michaels has continued to extend its use for greater cost and efficiency benefits. Now, instead of mailing human resources, training and trouble-shooting forms from headquarters at considerable cost to all locations, the company is distributing the documents electronically, and stores are printing them locally on the Lexmark laser printers.

Michaels continues to aggressively open new stores. It has completed installation at all of its existing stores and is continuing its phased rollout of installing the Lexmark solution in new stores as they are opened.

With the reliability offered by the Lexmark printers, Michaels will be able to keep printing and support costs low, while enabling the stores to print shelf labels, forms and reports on demand.

“We’ve been extremely pleased with our experience with Lexmark,” said Layne. “They’ve been everything you could want in an infrastructure vendor: rock-solid, with reliable products and excellent support.”