



ment issues could have such a dramatic impact on sales. Yet the data and analysis demonstrated conclusively that stores with declining meat department sales kept customers waiting longer than stores with stronger sales. In the declining sales stores, customers apparently walked away, impatient with the long lines. The theory that there were not enough people working the counter at peak times was reinforced by video tape showing associates cleaning the product case or working in the back cutting room rather than serving customers during peak sales hours. Statistical analysis of the company's butcher block employee data also proved that other potential factors for poor sales, such as the experience level of associates, did not have a significant impact on revenue. In short, labor scheduling and adherence to the schedule were the largest contributing factors to the sales decline.

In response to this discovery, the company shifted workers from slower sales periods to the busiest sales hours and created reporting mechanisms to ensure compliance.

As a result, the number of pounds of product sold in the department increased by nearly 14%, or an annual sales lift of \$360,000.

At first, we believed that this poor oversight of labor management was just an isolated case at a single retailer. Yet in dozens of businesses, we have found the failure to scrutinize routine processes results in significant lost revenue. Since these inefficiencies can occur in hundreds or even thousands of stores every day, small problems can create big revenue opportunities.

Finding the Root Cause of Operational Failures

The difficulty most retailers have in resolving operational issues that impede sales is conducting a thorough root cause analysis. Because revenue can be impacted by numerous factors including competitor activity, pricing, product selection – even weather – determining the factors that are having the greatest impact on sales can be extremely complex. To help retailers gain clarity about the

real issues that impede sales, SSA & Company developed a statistical methodology to examine all of the processes a retailer relies on in conducting sales. Using robust analytics, we can determine the impact of various factors on revenue and test assumptions about the sources of a sales problem.

Too often, even experienced retailers exert tremendous money and energy fixing problems that are, in reality, not the root cause of their sales problems. They rely on anecdotes, casual observation, or employee opinion, rather than data, to analyze their sales performance. Others use only surface-level data and simple equations when analyzing complex issues such as revenue. But age-old metrics of prior sales, gross margin, sales per square foot, etc. do not give retailers sufficient insight into the real problems occurring in their business. As a result, a trial and error method is often employed, offering little financial gain and creating frustration among store operators who must execute countless new programs without the benefit of improved sales.

SSA & Company's statistical methodology is different. We use robust data and analytics to determine root cause and identify cause-and-effect correlations. This means we collect and analyze data that is often overlooked or not readily available, particularly at store level. Believe that out-of-stocks are causing your revenue loss? Improper



5.2% SALES INCREASE

A large grocery retailer found that frozen pizza sales in three districts were not meeting expectations. The retailer was confused because it had made a concerted effort to ensure that its stores had a variety of different pizzas and plenty of shelf space to display them. SSA & Company worked with the retailer to analyze both the stores' inventories and its customers' purchasing habits. To the retailer's surprise, we found that while stores had sufficient shelf allocation for frozen pizza and offered substantial variety, they did not carry enough of the varieties customers purchased most, resulting in a high number of out-of-stocks. To address the issue, the company modified its shelf allocation to increase the amount of high-moving items on its shelves. This change resulted in a 5.2% improvement in frozen pizza sales, generating \$200K in additional revenue annually.



product mix? Poor display execution? We can help prove – or disprove – such theories by gathering and analyzing the data. As a result, we can tell you what's really happening in your business and help implement changes that will have a significant and lasting effect on revenue.

Breaking Down Functional Barriers

When it comes to sales, everyone in retail wants more. As a result, both merchandisers and store operators try to find every opportunity to make an impact. Too often, though, these good intentions go awry when decisions are made within rigid functional silos. For example,

