

Retail chain concept implementation

Background

The client bought a smaller and more exclusive supermarket chain planning to integrate it with their activities while keeping their previous customer base unchanged. Previous operations of the purchased supermarket chain had not been profitable. A core issue was that a high volume of clients had a low average purchase amount. The cost control of the operations was not in order. It became clear that to facilitate an increase in the supermarket's profitability, they needed to maintain excellent cost control as well as the customer base along with increasing the average purchase.

Process

Keeping the customer base meant it was essential to keep the previous supermarket chain service concept while being integrated with the purchased supermarket chain concept. We conducted a study of the strengths and customer perception related to the previous chain's concept and brand. We noticed in our study, that the requirement for change in the overall appearance was small. The needed changes would not have any significant effect on client loyalty.

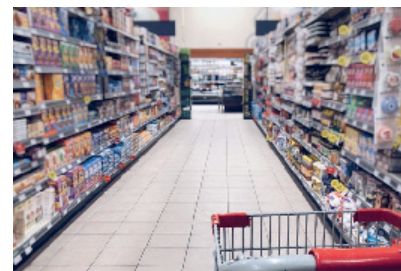
The bigger challenge was to increase the average purchase. During the "discovery and understand" phase, we noticed separate issues related to food category products and non-food category products.

To get a deeper understanding of the food category, we studied the sales statistics at other comparable supermarkets in the chain in order to find useful best practice information.

For the non-food category, we recognised two significant problems: 1. A long lead time between products arriving at the store and placing them on the store's shelf. 2. The employees were assigned to internal logistics, not sales and therefore no customer contact took place.

Outcome

As a result of the improvements of the shop concept, the client base slightly increased with new customers. By focusing on product placement in the food category, we successfully increased food sales' gross profit. By diminishing the inhouse logistics in the stores and reallocating that time on sales service in the non-food category, the average purchase per customer became significantly higher. As a result of these changes, the pilot supermarket made its first positive result in five years.



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