

## CASE STUDY

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# How a major convenience store retailer swapped stockouts and shrink with record fresh sales

Shelf Engine's intelligent forecasting and automated ordering increased category sales by over 100% while simplifying store operations.



# The challenge

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Each store manager was placing their own order for perishable inventory, yet bearing no P&L accountability for sales or waste. Sometimes the task of ordering got missed in the barrage of other responsibilities, and unaudited vendor shorts regularly impacted what made it onto the floor. Managers responded to empty shelves with even more sporadic ordering behavior, doing their best to guesstimate adjustments.

The retailer reduced its assortment to combat the 34% shrink rate of fresh inventory, favoring lower-cost items that were also less healthy. The lost sales from customers seeking more nutritious alternatives exacerbated the downward profit spiral that the SKU optimization intended to reverse.

**Although wanting to offer fresher selections in choice locations—like those near the beach—fear of losing money to waste prevented the retailer from optimizing its product mix. With Shelf Engine’s help, the retailer gained new confidence that yielded sustained growth.**

# The Shelf Engine solution

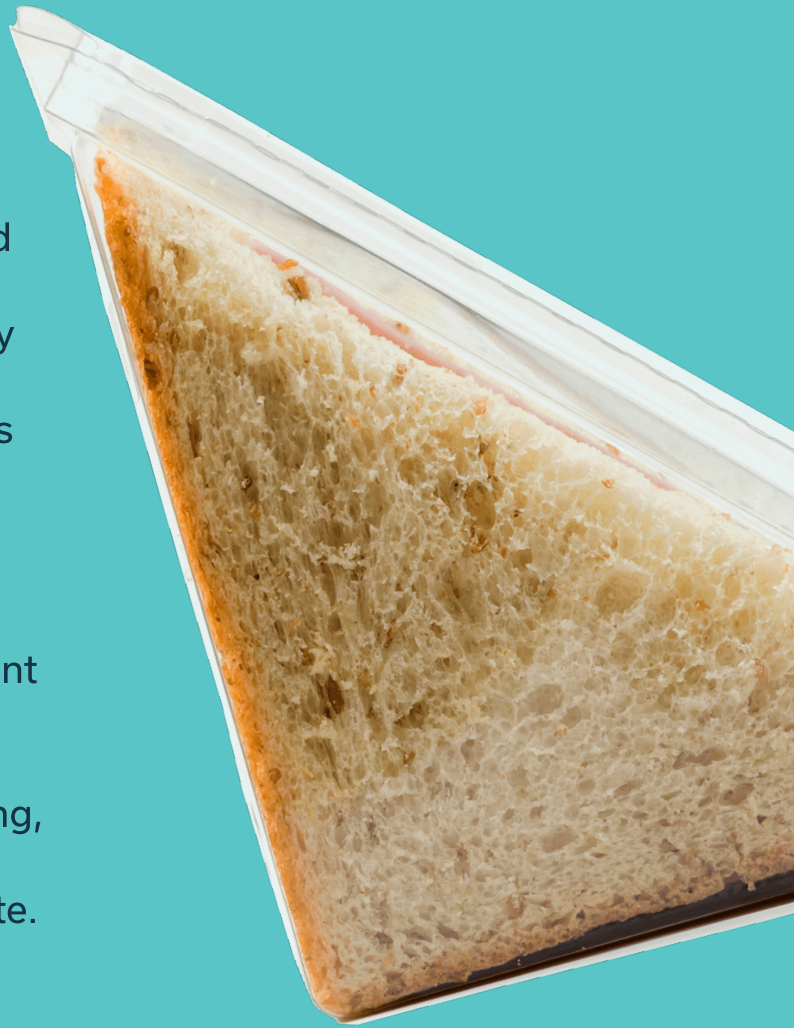
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A relationship with Shelf Engine uncovered several key opportunities for the retailer. Challenges with FIFO merchandising, timely stocking of fresh inventory, and delivery discrepancies were perpetuating stockouts and missed sales.

Shelf Engine generated new probabilistic models for each fresh SKU for every store, every day using machine learning to account for hundreds of external factors, trends, and patterns. This insight-rich intelligent forecasting, paired with automated ordering, took both the inventory management and the guesswork off the store manager's plate.

**“ Shelf Engine has been a great partner to us. Their ability to automate and place smarter orders has driven sales and profits, and given our store associates the peace of mind that they will have fresh products available for our customers. ”**

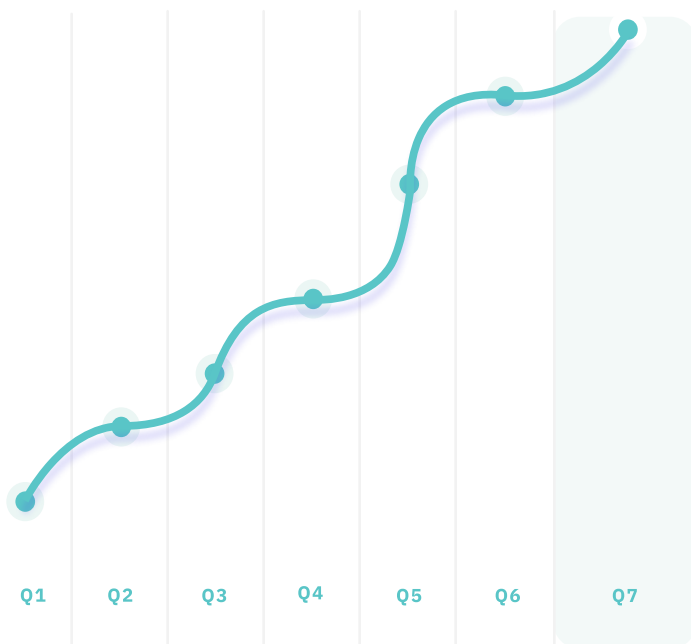
Merchandising manager



# The results

## Gross margin increase

Seven consecutive quarters of sales lift



**89%**

YoY increase in  
units sold across  
fresh items

**50%**

Average profit  
increase across  
125 locations



Shelf Engine helps grocers improve financial performance by using artificial intelligence to predict demand and inventory with precision and automate the ideal order every day, in every store.

[www.shelfengine.com](http://www.shelfengine.com)

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