CASE STUDY

How a regional grocer grew profit margins while optimizing labor and reducing waste

Shelf Engine's AI powered a 31% gross margin expansion in the retailer's deli category along with boosting sales, freeing up employee time, and minimizing waste.

SHELF ENGINE

The challenge

The grocer needed to stay competitive with a regional supercenter chain and sought the help of technology to improve its deli operations and move beyond pen-and-paper ordering. Its goals were to optimize item assortment to meet shopper demand, seasonality, and supply chain constraints. The grocer's decentralized structure resulted in each deli manager creating different item mixes at each store. The company wanted recommendations on what to stock based on the experience of other stores. Through that, it hoped to maintain or grow sales.

The lack of technology to increase efficiency caused other problems. The company sought to decrease labor needed for ordering and redeploy associates to tasks that improve the customer experience. It also hoped to reduce deli waste from its historic rate of 13.5%.

Dedicated Shelf Engine inventory specialists visit stores frequently, training its artificial intelligence to be even more accurate and providing invaluable assistance with inventory, delivery receiving, and merchandising. This has allowed deli associates to better serve customers, let management focus on hiring and training, and contributed to reducing employee burnout.

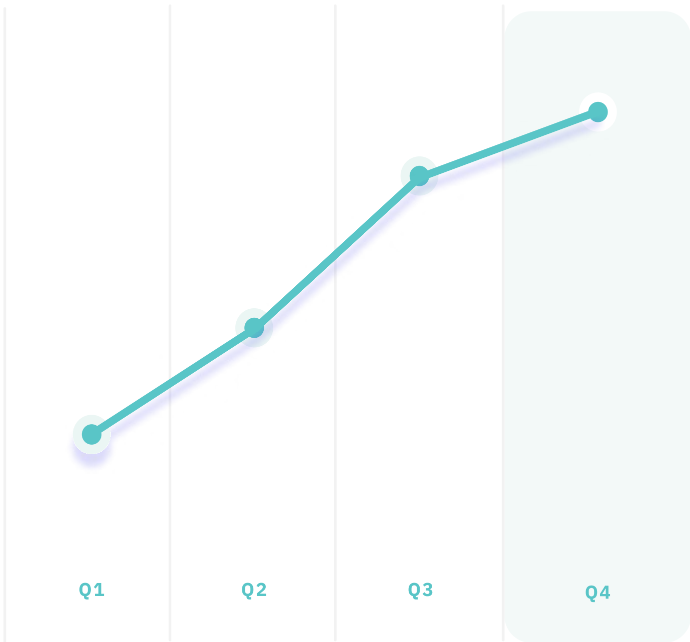
The Shelf Engine solution

Shelf Engine's intelligent forecasting and automated ordering solution helped the grocer realize the benefits it had sought from cutting-edge technology. The heightened accuracy of consumer demand forecasts for the deli SKUs in the program coupled with Shelf Engine's ordering system resulted in immediate, noticeable improvements. The three stores in the pilot witnessed growth in their gross margins of 3.3% over just eight weeks.

After the success of the pilot, the retailer expanded the Shelf Engine system to eight stores. A year after launching, those stores achieved a 5.6% boost in sales accompanied by 31% growth in gross margins. Shelf Engine also helped the grocer realize its goal of optimizing item assortment while reducing waste. Today it manages 34% more items across soups, deli salads, specialty cheese, and packaged meals.

The results

$23,000
annualized labor cost savings



5.6%

Increase in sales in the deli category

31%

Gross margin growth in the deli category

SHELF ENGINE

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