

Evaluating and benchmarking outlets fairly based on their *true* potential

Issue Individual outlets typically show huge variance in productivity (sales per sqm). Paired with the lack of objective measures, the evaluation and benchmarking of existing outlets pose major challenges for all kinds of chains (e.g., traditional retail, food chains, coffee shops, gas stations). Fierce competition, which is common in consumer goods retail and food chains, intensifies the problem. As a consequence, revenue potential related to “home-made” productivity differences is left on the table.

Our client is one of Germany’s largest retailers by number of outlets selling specialty food as well as a fast rotating assortment of non-food products.

Annual sales analyses have shown that sales productivity performance varies remarkably among outlets. Furthermore, the lack of objective measures was identified as the key reason why it is so difficult to spot underperforming outlets reliably. For this reason, previous operational improvement programs involving store managers had mixed results.

Challenge

It was necessary to identify *truly* distinguishing drivers and set the *true* potential of each single outlet as the benchmarking standard.

Analyx implemented its *LocationWorx* solution at the client, combining years of experience in retail strategy consulting with state-of-the-art geo-analytics. The joint team was able to identify the actual potential of each outlet and its influencing factors by:

Solution

- calculating differences in actual vs. target performance (outlet-specific benchmark!),
- using this benchmarks to identifying objectively measurable sources of deviation in order to help regional management and outlet personnel determine appropriate actions to improve sales performance and
- setting outlet-specific sales targets for the future.

**5-10 %
overall increase
in sales per sqm**

Impact Implementing the identified measures yielded a budgeted overall increase in sales per sqm of 5-10% for the upcoming year. Management is now able to track the major causes of deviation between actual and potential performance per individual outlet. In addition, a solid basis was created for managers to discuss evaluations with store managers objectively and fairly.

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