GoSpotCheck®

Top 3 KPIs Grocery Stores Need to Track

Despite being perhaps the most brick-and-mortar-driven industry, the grocery and supermarket sector is not immune to the effects of the digital age. The growing availability of e-commerce options and delivery services has chipped away at revenue streams for traditional grocery stores.

With digital giants like Amazon throwing their support behind online grocery shopping, the disruptive force of this burgeoning channel will impact brick-and-mortar stores even more. Amazon's acquisition of upscale supermarket chain Whole Foods caused waves in the industry and provided further evidence that the digital world will inevitably encroach on physical stores.

Deflationary food prices have put additional strain on grocery chains, resulting in widespread price reductions. It's clear that supermarkets need to optimize their store operations, minimize unnecessary expenses, increase sales, and remain competitive.

To capture impactful insights and drive business forward, grocery stores must diligently measure key performance indicators and metrics on a granular level.

These three KPIs, in particular, can shine a light on existing gaps in execution and identify opportunities for improvement.

## KPI #1

The High Cost of Shrinkage

Shrinkage is a major concern for every retail operation, but grocery stores face unique challenges. In addition to inventory theft and loss, supermarkets must account for perishable goods that will spoil if not sold in a timely manner. In fact, experts estimate that approximately one-third of all produce goes to waste. Spoilage represents both lost sales and unnecessary expenses for grocery supply chains.

Another study revealed that among retailer, the grocery industry shrinkage ranks 3rd. Meanwhile, according to a recent National Grocers Association report, profit leaders in this sector make inventory management and shrinkage reduction a top priority.

A high incident rate of distressed assets is a huge red flag that something is wrong, sometimes suggesting a pervasive problem within supply chain and logistics operations, which necessitates quick remediation.

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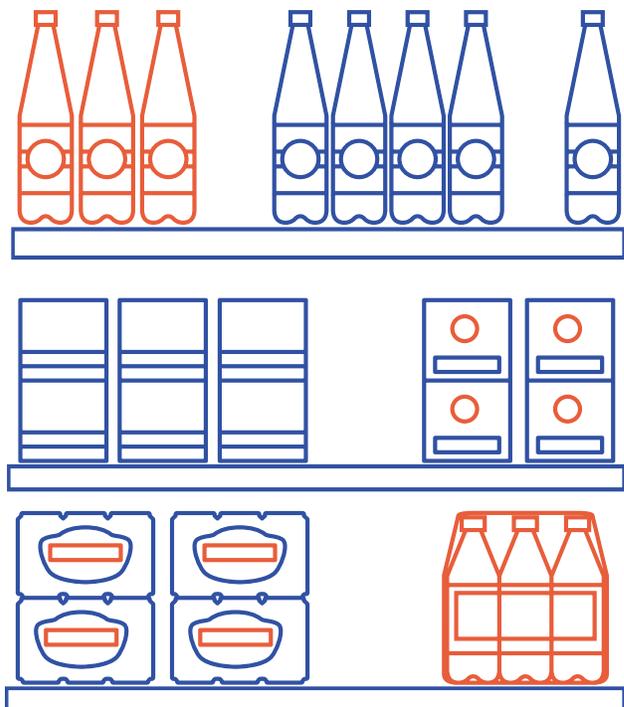
How to Track Shrinkage

A common misstep grocers make when tracking shrinkage and distressed assets is to rely on manual methods of inventory management. Recording instances of spoiled produce, lost inventory, or theft solely by pen and paper is a recipe for disaster. Manual practices are inherently slow and error-prone, preventing quick responses to developing problems and inaccurate data sets. Supermarkets need a reliable and fast way to capture shrinkage-related KPIs and flag any problems before they significantly affect the bottom line.

Real-time KPI monitoring solutions allow field teams to quickly spot and report distressed assets, missing inventory, and other instances of shrinkage. Administrators can use these insights to identify potential gaps in the supply chain and find sources of food waste at the store level, offering more time and increased opportunity to address shrinkage problems.

KPI #2

Display Execution is More Than a Supplier Problem

Grocers often struggle to perfect merchandising, correctly execute displays, and adhere to brand guidelines.
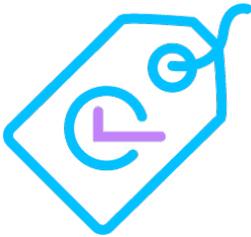
Merchandising

Supermarket chains need to identify any merchandising and display violations and correct them as quickly as possible to stay in good standing with suppliers.

Display Execution

In many cases, display execution often fails to meet expectations. Store employees may not comply with merchandising agreements for a variety of reasons: display terms were not properly communicated, related products were moved to clear space for better-selling SKUs, simple negligence, etc.

Adhere to Brand Guidelines

Grocers need to abide by display and shelving agreements to maintain strong business relationships and receive preferential treatment from key partners. Any deviation from supplier guidelines could cause friction and negatively impact important partnerships.

How to Guarantee Proper Display Execution for Suppliers

There's a lot of room for improvement when it comes to display execution. According to Nielsen, only 22 percent of CPG point-of-purchase and display materials are compliant in grocery stores. Brands can optimize this content, but it will ultimately fall on store staff members to meet display guidelines.

Tracking display execution is much easier with a comprehensive execution management mobile solution. Image-capturing tools, in particular, allow frontline employees to document display conditions in real time and flag any violations with administrators and store managers. Suppliers and grocers can address deviations from display agreements quickly, either in-store or via shareable, real-time reporting.

Moreover, capturing display practices with this level of detail and across a wide swath of stores enables administrators to identify any systemic compliance problems and consider options for remediation.


KPI #3

Time Savings for In-Store Employees Impacts the Bottom Line

Supermarkets face a number of significant ongoing expenses, but staffing trumps them all.

13% of annual sales go to labor costs - representing the largest expense for grocers.

High turnover rates (49 percent for part-time workers and 17 percent for full-time employees) create further issues, as stores spend additional time and resources training new hires and bringing them up to speed.

Grocers can drastically improve their bottom lines by increasing productivity and helping their employees work more efficiently. Time savings enable staff to tackle additional tasks and help supermarkets wring more ROI out of their labor costs.
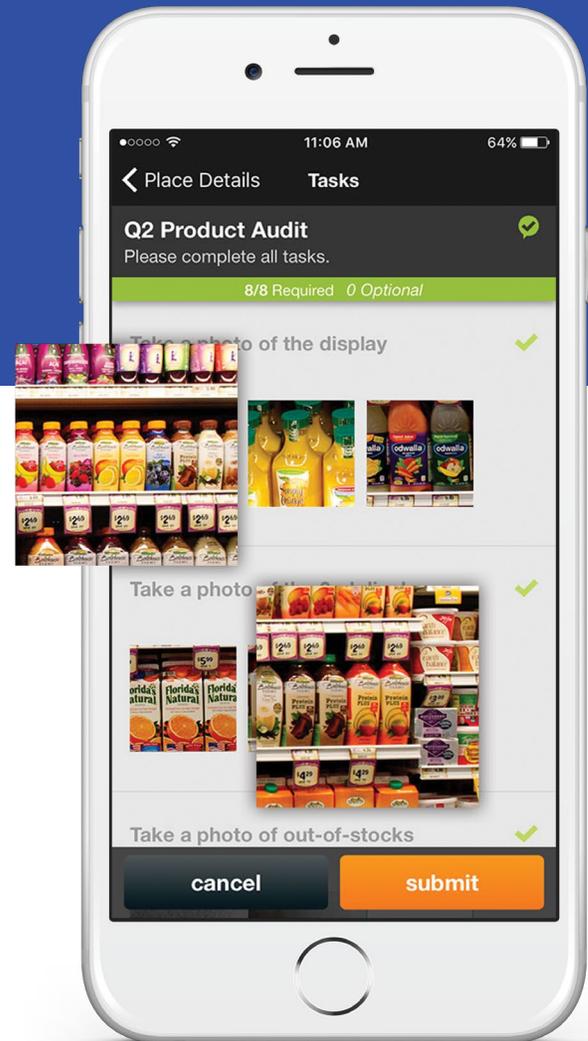
Furthermore, grocers can reduce the potential negative impact that new or improperly trained staff may have on store operations. To do so, they will need critical insights into day-to-day employee activity and metrics that measure worker productivity.

How to Optimize Time Savings for In-Store Employees

Improving employee productivity requires significant changes to training and everyday operational procedures. Frontline employees are in the best position to identify gaps in store processes by observing staff activity and customer interactions, and flagging potential problems with store managers.

Real-time execution management solutions empower field teams to quickly and efficiently document store processes and share them with administrators. With mobile access to a complete record of field data history, frontline workers can readily spot recurring incidents. Alert notifications remind field members to follow up with stores that previously failed audits, helping grocers maintain strict requirements for employee performance.

Field teams can also flag systemic issues that may suggest the need for widespread changes to employee training practices. This drives value not only for individual stores but for the entire corporation.

Gain Real-Time Insights Into Key KPIs

Knowing what metrics and KPIs to track is only half the battle. Grocers need to step away from time-consuming manual processes like recording display conditions by hand or tracking shrinkage in spreadsheets. Real-time, in-store insight is essential to increasing supermarket efficiency and staff productivity, while also eliminating any unnecessary expenses.

GoSpotCheck provides the entire suite of tools needed to fully capture conditions in the moment and spur organizational change:

- Time-stamped, image-capturing capabilities to document display and shelf conditions with incredible accuracy.

- Comprehensive mobile dashboard to assign tasks, schedule Missions, and run field audits.

- Advanced reporting and data visualization tools facilitate cross-departmental communication of salient field metrics to those who need them most.

The grocery industry is rapidly changing, and supermarkets need to gain every advantage possible to stay one step ahead of the competition. **GoSpotCheck can help capture the KPIs that tell grocers exactly what's happening in their stores, show where execution gaps exist, and point the way toward operational improvement.**

GoSpotCheck Can Help Your Business Too

We have a wide array of solutions. Learn more at gospotcheck.com.