



Grocery Waste & Markdown

Case study



Over £40m saved to date in direct costs, from markdown pricing and processes optimised for time, store, and stock.



REPEATED INPUT

A leading national retailer needed to update their decade old process for marking down end of life grocery items, as waste was no longer being accurately monitored and costs were rising significantly.

The same discount was applied to all items, regardless of time, day, category or stock level. There was no consistent process across the store estate, with many store managers having developed their own approaches, independent of head office guidance and inefficiently utilising store labour.

REGULAR ITERATIONS

As a trusted partner, RI developed a new markdown solution leveraging historically available markdown data, which wasn't being used due to its unstructured nature. Item level price and sales data was modelled to isolate the impacts of each historic markdown and the specific circumstances, to build an accurate picture of what had previously worked and why.

The analytical solution was supported with simple store guidelines, delivering markdowns to handheld devices as part of the existing process, considering time of day in discount value. Once foundational consistency had been achieved through compliance reporting, the RI product was evolved to utilise increasing data richness and store capability to become truly dynamic.

REAL IMPROVEMENTS

The closed data loop of item level reporting delivers insight to head office to inform ranging and forecasting decisions to avoid store issues, while the living database continually enhances the recommendation engine.

Each year, base waste costs have reduced substantially, yet we are still continuing to deliver incremental year on year benefits, cumulatively in excess of £40m of retail cost substantially reducing the environmental impact. This is being efficiently achieved, even with a reduction in labour through improving processes in store.