IDC CUSTOMER SPOTLIGHT

Driving the Top Line with Analytics and Business Intelligence

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Introduction

The retail grocery business is highly competitive. Product assortments are similar, margins are razor thin, and, because of the relatively high frequency of grocery shopping trips, geographic convenience dominates the consumer's choice. To stand out — or even to survive — grocery companies must astutely fine-tune product selection, price, promotion, and convenience. An increasingly important ingredient in this tricky endeavor is the detailed analysis of the millions of rows of data generated every day by sales and store operations. Through deep analysis of sales data, grocers can uncover patterns, decipher trends, and spot opportunities. In fact, successful companies will be those that effectively use data to adapt and innovate in response to customer demands.

One such successful company is Save Mart Supermarkets. As early as 2010, the California-based supermarket chain decided to see in item-level detail precisely what individual shoppers were buying during each trip to the store. While Save Mart was capturing purchasing behavior in a transactional system, the company couldn't make timely use of that data to hone promotional offers. For example, Save Mart could see how a promotion on soda affected sales of soda but could not quickly assess the impact of the promotion on sales of other items in a customer's shopping cart. Save Mart needed help, so a team of data analysts looked to a cloud-based analytics tool from 1010data. Today, the company has unprecedented insight into the mix of products contained in each customer's shopping basket, allowing Save Mart to create more relevant promotions that drive top-line sales and better meet customer needs.

> **Solution Snapshot**
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> **Organization:** Save Mart Supermarkets
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> **Operational Challenge:** Increase visibility into individual customer market baskets in order to create more relevant promotions
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> **Solution:** Cloud-based Big Data warehouse for business analytics and reporting
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> **Benefit:** Enables Save Mart to conduct market basket analysis and fine-tune its promotion strategy to ultimately facilitate top-line growth

Implementation

Since opening its first store in Modesto, California, in 1952, Save Mart Supermarkets has earned a reputation for innovation. The company was a merchandising pioneer as it was among the first supermarkets to sell prepackaged meats, flowers, and garden supplies. Today, the privately held company has 234 stores in California and Nevada and a dairy operation. In 2010, the company sought to analyze the detailed transactional data generated by customers in order to inform strategy, according to Frank Capps, Save Mart's executive vice president and chief sales officer. Save Mart had aggregate data on sales that had been summarized from its original, detailed transaction log (TLOG) data; what the company could not do was look at TLOG data in an easy and intuitive way in order to provide insight into what customers were buying in a particular shopping cart.

Because Save Mart didn't have a loyalty card program, the company needed a different way to get a holistic view of its customers. The company was using an analytics tool, but it only provided summarized operational performance information with no ability to analyze granular transactional data. "You can look at UPC, labor hours, labor dollars," says Capps, but there was no way to associate that information with a particular customer's shopping cart. "It took almost a week and a half to get any data that you needed from the TLOG," Capps says.

That's where the data analysts and 1010data entered the picture. Led by Carolyn McKinney, Save Mart's director of business analytics, the decision to implement a cloud-based analytics and business intelligence service was spearheaded by the business side rather than IT. "Carolyn was the one who discovered 1010data and championed them," says Capps. Save Mart launched a small pilot project involving McKinney's team. Since 1010data offers a cloud-based service, the pilot was relatively easy to implement, Capps says. After loading half a year of TLOG data onto the 1010data platform — a fairly straightforward process — Save Mart was ready to go. There was no need for the IT department to procure hardware or configure software. In fact, Capps says, Save Mart did not have to make any changes to its data collection processes up front; the tool simply allowed Save Mart to make use of data the company was already collecting.

Challenges

As for technical obstacles, the cloud-based nature of the 1010data platform eliminated the typical implementation issues involved whenever IT needs to test hardware and configure software, and the implementation didn't interfere with other critical systems at Save Mart. "It's an interactive platform that gives a better look at the basket," Capps says, and that better look has led to Save Mart's business analysts having access to vast new data resources. Capps explains, "We want to make sure we manage the process and take advantage of all the opportunities because it does change the way we look at promotions."

Benefits: Better Promotions Drive Sales

As for promotions, Capps says the most significant benefits are the decisions the company can now make thanks to the analytics and data mining capabilities possible with 1010data. "The 1010data platform allows us to look in depth at the affinities within a customer's basket," he says. "In this economy, it's so important to understand how to spend your promotional dollars so that you can get the biggest bang for the buck."

Having insight into customer purchases at a granular level was essential in helping Save Mart make important go-to-market transitions that lead ultimately to the expansion of its top-line sales. "Data is so important, and we're very limited in the amount of data we collect because we don't have a loyalty card program," Capps says. But Save Mart does want the information that a loyalty card program can provide, and to a great extent, the company is now getting that granular level of customer understanding with the 1010data analytics and business intelligence platform.

Methodology

The project and company information contained in this document was obtained from multiple sources, including information supplied by 1010data, questions posed by IDC directly to Save Mart employees, and Save Mart corporate documents.

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