

Heartbeat®

Continually Monitor the Pulse of Store Activity

A Better Read on Product Availability

Of the thousands of items that line the shelves in your stores, can you be certain that each product is associated with the correct price, and that each is in the best condition for your customers?

Is there a can of beans dented on aisle two? Cracked eggs in the refrigerated section? Damaged peaches in the produce department?

KSS Retail Heartbeat detects what the customer sees—or doesn't see—in real-time so store personnel can rapidly solve any problems and re-capture lost sales.

With KSS Retail Heartbeat, retailers can now instantly identify and improve selling conditions by constantly measuring and monitoring what's being purchased by consumers.

The solution quickly, accurately and intelligently determines when issues arise with store selling conditions, and it automatically alerts store personnel to spot-check and correct problems that otherwise take hours or days to determine—if they're discovered at all.

Why You Need It

The supermarket industry currently suffers from an average of 8.3 percent in lost sales due to items not available for sale. Levels are twice that on promoted items (Gruen & Corsten, *GMA Out-of-Stocks Report 2007*).

But this information is commonly misunderstood. Simple out-of-stocks or shelf-voids represent only a small proportion of the item availability issues that block sales.

Too often, items are present in the store, but not on the shelf. Additionally, items may be on the shelf, but damaged, short-dated, soiled, out of place, un-priced, incorrectly priced or priced differently than the ad price. Any or all of these issues may make an item unacceptable for purchase.

The problem—and the opportunity—is to identify the root causes of out-of-stocks and learn to systematically detect and quickly correct them.



Store personnel can't easily detect these problems through store audits or walk-throughs, because the store assortment is too vast, and *Ready-for-Purchase* issues often appear nominal to the unaided eye. But to the 20,000+ shoppers that visit your stores every week, and scour the shelves, these *Ready-for-Purchase* problems are very real. Their responses to these issues are reflected in your checkout data—as item substitutions, expected purchases that don't happen, even abandoned baskets.

The clues are out there—you just need a method to *monitor the pulse of the store*.

What Retail Heartbeat Does

KSS Retail Heartbeat intelligently monitors the POS data stream to track the rates of sale for key items. The system *continuously forecasts* expected movement for these items in every store, all day, every day. Historical, seasonal, day-of-week, promotional, even day-part differences are factored in the calculations.

The Retail Heartbeat software engine compares real-time sales against forecast data and detects *statistically meaningful* differences every 15 minutes, using statistical purchase pattern recognition. As suspect issues are

RETAIL HEARTBEAT KEY BENEFITS

Automated detection and alerts support quick response to *Ready-for-Purchase* issues.

Improved store level service and item availability for shoppers.

Fewer substitutions or disappointments at the shelf mean you close more sales and build store loyalty.

Higher *Ready-for-Purchase* rates support more reliable demand data.

Better data means pricing, space and promotion plans are better crafted.

ABOUT KSS RETAIL

KSS Retail, a dunhumby company, is a leading provider of price optimization and customer insight solutions for the grocery, convenience, chain drug, general and on-line retail industries. Retailers use KSS Retail software and solutions to better understand their customer's needs to improve store selling conditions and to deliver more effective pricing, promotions and merchandising decisions. KSS Retail clients consistently achieve improved market share, sales and profit growth, and enhanced competitive positioning.

Current customers include Kroger, 7-Eleven, O'Reilly Auto Parts, Fred's, Brookshire Brothers, McKesson, Sonae, Raley's, United Supermarkets, Continente, dabs.com, ABC Fine Wine and Spirits, and many others. For more information, visit www.KSSRetail.com or email info@KSSRetail.com.

identified, it delivers automated electronic alerts to the store or department manager, via a hand-held device. Constant, automatic vigilance enables rapid detection and remediation of most item availability issues, ensuring products are *Ready-for-Purchase*.

The immediate result is improved store-level service and *Ready-for-Purchase* item availability for shoppers, resulting in fewer item substitutions at the shelf, and fewer lost sales. Shoppers enjoy a better, more successful experience, fill larger baskets, and return more regularly.

Maintaining a higher *Ready-for-Purchase* rate also means your pricing, space and promotion planning activities play off of a more reliable demand signal—one that is not corrupted by bad data due to poor shelf compliance.

How It Works—Retail Heartbeat Solution Summary

- Applies advanced statistical models, coupled with real time feeds of store level transaction data ("trickle" feed capture from POS every 15 minutes).
- Leverages extremely sophisticated mathematical algorithms.
- Generates an expected sales-rate forecast based on store/item-specific information, including current store traffic, price, ad, competing item price, time of day, day of week, season and more.
- Statistically significant anomalies are detected and sent to in store hand held devices (iPod Touch, iPhone, Motorola/Symbol, etc) within minutes.
- Low entry cost hurdle with rapid implementation.
- Onsite training at participating stores.

Tech Specs: The Retail Heartbeat Technology Platform

- Powered by SXDB high-speed POS data access system.
- Real-time price lookup (direct access to controllers or intraday price table availability).
- Implementation timeframe 2-3 weeks after receiving required historical data. Onsite auditing and testing over an additional two weeks. Store-specific tuning occurs during the initial rollout stage.
- Hosted (SaaS) solution at a highly secure colocation data center (SAS70 Type II Compliant).

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