

Case Study

FRESH CUSTOMER SERVICE

Driving growth strategies for one of the world's leading retailers by focusing intensely on what stores need.

Retail

Challenge

Low fill rates resulted in lost sales
Operational and customer service issues a barrier to growth
Product flow patterns created inefficiencies

Solution

Improved order-to-deliver item availability
New distribution platform
Metered flow of products featuring increased frequency

Results

↑ Fill rates

↑ Store sales

↓ Store costs

↑ Customer satisfaction



Strong merchandising, fresh products and exceptional customer service are compelling reasons to shop at one of the world's largest convenience store chains. And, thousands of highly visible locations around the world provide a solid base for continued growth. A key contributor to success is ensuring stores have the right mix of products available for purchase by customers. So when the company experienced operational challenges in keeping its stores fully stocked with approximately 1,000 distinct products, including fresh items such as milk, sandwiches and bakery items, it knew a better solution was needed.

→ The Challenge

In the Southern California market in particular, the company's convenience stores were experiencing issues with inconsistent and unpredictable deliveries, especially for daily deliveries of the fresh items. Because some products would arrive and others would not, individual stores fell into a habit of stocking fresh foods based on availability, not salability. This resulted in gaps in service for items their customers really wanted, as well as a substantial amount of lost sales.

Solving the problem was critical. In a business with very narrow margins, operational challenges raised questions about the company's ability to deliver on its growth agenda. Eventually, segment profitability issues and supply challenges led to strained relationships with stores in this area. To address the issue, the company tapped Exel to improve delivery performance of fresh items in the region.

→ The Solution

Exel knew that focusing attention on store success and customer satisfaction was integral to the delivering on the customer's vision.

"Our direction was based on the concept of providing complete support to stores with a total commitment to serving their needs," said Kraig Foreman, Exel's vice president of operations for the retail industry. "Ensuring reliable, daily deliveries of fresh foods was a critical issue for them."

As part of this approach, Exel developed more collaborative relationships with key vendors to ensure store success at the point of sale. The team consolidated preferred providers, established operational controls and designed a platform that featured consistent item availability and reliable delivery windows. These positive changes brought significant improvements in product quality, availability and labor scheduling.

Success would also depend on relentless customer service aimed at making store management and associates satisfied with the quality and cost of service, day in and day out. To put this insight into action, Exel established a customer service standards and training program for the company's delivery drivers. The training specifically helped the drivers understand the importance of fill rates for the customer's business. Given that drivers delivered to stores in a range of neighborhoods and locations, the training also helped them prepare for various issues ranging from parking difficulties to area curfews to safety.

The new approach also engaged the store community directly by establishing a joint task force comprised of corporate, store-level and Exel representatives. The team listened to store challenges and created action plans to address concerns raised through a toll-free number. Exel provided dedicated customer service representatives to answer questions regarding the fresh food program. For example, stores could call with concerns about the quality or freshness of bakery items. Exel would address all concerns and work with the appropriate vendor to take corrective action.



Retail

Fresh Customer Service

“Store associates rely on us to help them make a living with the service and cost we provide. We deliver to thousands of stores across the country every night, and we need to meet each one’s specific needs, from the goods we supply to where we park the truck. It’s rewarding to know that we are partners with each store and that we play a key role in their successes.”

- Kraig Foreman,
Exel’s vice president
of operations for
the retail industry

→ The Results

The collaborative approach improved the customer’s fill rate by nearly 4 percentage points, capturing even more sales. The improved efficiency made a significant impact, enabling stores to manage their inventory more effectively. Stores now had a reliable supply of the fresh products their customers wanted most. In addition, store associates were able to spend more time with their customers, rather than with their vendors addressing late or incomplete deliveries.

The joint task force and customer service program helped Exel build the confidence of store management by ensuring their concerns would be addressed promptly. In addition, it created a repository of information about challenges and corrective actions that Exel and the customer could draw upon in the future.

Based on the success of the program, Exel now manages 10 similar operations for this leading convenience store chain. These operations serve 65 percent of the company’s U.S. stores, and the processes applied in Southern California have been implemented in other markets with success. Furthermore, the company’s confidence in Exel has led to further discussions about its national growth strategy and the supply chain infrastructure and solution needed to support its expanding network of stores.



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Raising expectations.

The right business partner recognizes that customer service is about more than meeting key performance indicators on a spreadsheet — it’s about connecting and building relationships with individual customers to help them succeed.