



CASE STUDY

Costcutter streamlines shelf labelling to improve sales and customer experiences

Costcutter, Culverstone Green has installed Electronic Shelf Labelling (ESL) to automatically update product prices, improve customer confidence and increase sales.

Client: Costcutter Culverstone Green

Location: UK

Product(s) supplied: **Electronic Shelf Labels**

Challenge

To improve the speed and efficiency of pricing updates so that Costcutter can remain competitive with price matches and promotions. To reduce the number of incorrect price tags due to human error and improve customer confidence in the store.

Solution

By using an ESL solution, the Costcutter team can update prices automatically in minutes. Customer confidence in the store has improved and Costcutter can continue to drive sales through promotional activity.

"The ESLs have pushed our promotional activity higher in a day and age where this is even more important for the customers."

Peter Juty, Owner of Costcutter, Culverstone Green

Costcutter Culverstone Green is a family run business that has served its semi-rural community and passers-by for over fifteen years in its current location.

To remain competitive with the nearest stores, the 2,600 ft store consistently offers price matched goods and promotional items, alongside its integrated post office and off licence.

Peter Juty, the store owner, states, "The nearest supermarket to our Costcutter store is located only ten miles away, so it is important to remain competitive. Costcutter price matches their goods so that we can provide our customers with the good quality items they need at competitive prices."

To ensure consistency in their price matching, Costcutter sends a weekly update to its stores with the number of products that require price changes. Typically, this results in between 30-100 price changes, which could take one staff member a full morning to update when using paper labels. In addition, Costcutter releases promotions on a threeweekly basis. This covers between 200-300 items, taking up to three members of staff up to two days to complete.



"It's time-consuming and even when you think you have every label, you always miss a few," says Juty. "Such errors would result in our customers becoming increasingly upset and losing confidence in our store. For example, if we had promoted an item at £1.50 on the shop floor but the till charged £2, the customer would think we were trying to rip them off. However, this was often because the promotions had finished and the product was back to its normal price but the shelf label had not been updated."

"My customers are getting used to a new way of shopping"

To mitigate the loss of customer confidence, the store was committed to reducing the number of discrepancies between the shop floor paper labels and the till price. In some cases, this resulted in products being sold for under the recommended retail price.

Juty comments, "This was especially a problem during COVID 19 when we simply didn't have the time and the manpower to be changing the price labels. At one point, this resulted in 850 items being sold for less than the recommended retail price. In this aspect, we lost a lot of margin during this time period".



An automatic solution

Peter Juty decided that a beneficial solution to the store's paper labelling system was the implementation of an Electronic Shelf Labelling solution (ESL). The ESL solution links into Costcutter's Culverstones core price management system and is centrally controlled via a computer in the store. From the price management system, designated users can update the price of individual products. Then, the system will automatically replicate this update by changing the electronic shelf label for the product on the shop floor.

This results in a 100% reduction of human error when changing the product prices and an 80% time saving on label updates.

"Panasonic completed the installation in one day and showed us how the system ran. I was impressed by how easy the system was to use - Panasonic's service was excellent," said Juty.

"By 7.30 am the next day, we already saw a big change in the shop when 150 labels on the shop floor had automatically changed. This instant update of the price labels has improved the efficiency of the store. Because we have a heavy footfall on a daily basis it makes the system very worthwhile."

"Visual promotions have influenced an increase in product purchases"

An improved shopping experience

By streamlining the process of product labelling, Costcutter Culverstone has noticed the significant improvements to the staff and customer experience.

"The system has really improved my store. My staff are more confident working on the tills because they are less worried about any errors between the shop floor price and the till price," said Juty.

"Now, they can now spend the time they would have been updating the paper labels to concentrate more on the customer's needs. There are fewer disagreements over product prices and this leads to a stronger relationship between staff and customers. The customers also love the look of the labels. The promotions are very easy to identify because the label will turn from white to red. As a result, my customers are getting used to a new way of shopping."

"It's clear that there are long term benefits to the system"

Juty continued, "In the wine section, for example, visual promotions have influenced an increase in product purchases. The ESLs have pushed our promotional activity higher in a day and age where this is even more important for the customers."

Increasing sales

The estimated impact has been an increase in Costcutter's future turnover by up to 10%. Juty states, "Because of this, the payback from the staff time we saved and the increased sales is a lot quicker than I imagined. Panasonic estimated this to be around three years, but with the current turnover, I am expecting this to be nearer 1 ½ years. This makes ESL a winner all around and a long-term permanent solution for stores with higher turnovers".

Responding to COVID 19

In response to the COVID 19 outbreak, Peter Juty has also considered the benefits that the ESL system will offer when adapting to the increased pressure on essential stores.

Juty said, "I wish I had the system before the COVID outbreak. It would have made it a lot easier to keep on top of everything and to update the sales prices. We had an inconsistent range of food coming in because we were trying to order whatever was available. We were also responding to new demands for products such as baking goods. I was impressed by how easy the system was to use. With the ESL system, we would have been able to automatically update these labels and ensure they were correctly sold at a recommended retail price."

Juty continued, "As we respond to the outbreak post-lockdown, however, the ESL system is already benefitting the store's social distancing policy. We have to restrict the number of customers and staff on the shop floor, and now that we don't require up to three people changing the prices, we have more room for our customers to come in. That's a major benefit for our customers' experience and our revenue".



Looking to the future

Although in its initial stages, the future of the ESL's impact on marketing techniques has also been considered. Juty states, "You can add any information you want to the label. On Valentine's day, for example, the label can include a photo of a love heart and a simple message which says how the product is an ideal gift for a valentine. This was tested in another store and the result was an increase in turnover of up to 100% on such products. The ESL's will provide us with a lot of flexibility and potential to market products around the year, and we look forward to seeing how this will impact our sales."

"We will probably question why we didn't invest in the system earlier"

The improvements that the ESL system has made to Costcutter Culverstone store has thereby improved the store's efficiency, enhanced customer satisfaction and increased sales.

Juty concludes, "Although the initial cost of the ESL system is high, it's clear that there are long term benefits. In fact, we will probably question why we didn't invest in the system earlier. I would recommend ESL and Panasonic to other stores and look forward to seeing what we can achieve with it".