

CASE STUDY: CARDS & GAMES INCORPORATED

HOW PARK CITY GROUP MADE CHILD'S PLAY OUT OF SHRINK



Our featured company distributes a wide variety of cards and gaming products to retail stores. Due to the competitive nature of its business, our featured company has asked to remain anonymous. For the sake of this case study, let's call the company Cards & Games Incorporated (C&G).

C&G is always on the lookout for the next big thing, and has an uncanny ability to predict (and capitalize on) the success of new items when they hit the market. The company's mission is to be the best in the industry by providing efficient and innovative customized distribution through partnerships with customers, suppliers, and employees.

This is a story about C&G tackled shrink ... one of the retail industry's most challenging issues.

CLIENT:

"Park City Group's SBT applications give us visibility into which products are moving at each store on a daily basis. This is critical in determining what to ship to retailers. Getting the orders right makes us a more valuable partner, and helps us keep costs down by minimizing returns."

-Really High Level Guy
Cards & Games Incorporated

To find out more about Park City Group solutions, call us at 435-645-2000 or visit us on the web at www.parkcitygroup.com.

CHALLENGE:

I SHRINK, THEREFORE I AM

Shrink is a daunting problem for retailers and suppliers alike. According to a recent National Retail Security Survey, shrink costs the retail industry about \$31 billion annually. In an industry where profitability hinges on a few cents per dollar, C&G couldn't afford shrink. Neither could the company's major retail partner. It had to face the problem head on.

But getting its arms around shrink proved to be difficult and time-consuming, due to the sheer volume of business C&G was conducting with this key retailer. The company managed over 2800 items (many of them at low price points with high shrink potential) at more than 1500 stores. With so many considerations – sales territories, stores, product, packaging, and price point to name a few – it took a lot of resources to compile the data, identify problems, and take corrective action. Building an in-house solution would take too long and cost too much money.

So where was the company going to find an existing solution that could access POS data and slice it and dice it, so C&G could start to get a handle on shrink ... sooner rather than later?

SOLUTION:

YOU CAN SEE CLEARLY NOW

The answer was simple: Park City Group's Visibility & Analytics (V&A) solution. C&G and its retailer were already conducting scan based trading (SBT) using the Park City Group application. The data that was being captured as part of the SBT process – physical inventories; deliveries and sales; item, cost, and date of record – was the very same information that C&G needed to manage its shrink problem.

C&G and Park City Group embarked on a program that included 550 stores. Using the V&A module, they combined the data from Park City Group's SBT engine with some of C&G's own data on geography, displays, and packaging. The V&A application provided visibility into daily inventory counts; shrink by store; and shrink by product and department (toys and candy).

And getting the analysis on all this data couldn't have been easier. Park City Group's V&A shrink module is incredibly user friendly; and the system's flexibility enables C&G to create reports to its particular specifications, rather than having to conform to the specifications of the application. There are several options for receiving the reports – they are available through a scheduled e-mail push, or can be retrieved on an ad-hoc basis from the system.

Now, C&G could get to the root cause of shrink ... and armed with that knowledge, figure out how to fix it.

RESULTS:

NO MORE TOYING WITH SHRINK

In the first 90 days alone, C&G reduced shrink by 25%. They are now able to look at shrink in a number of different ways – by retail price point, by product category, by item. This allows the company to evaluate packaging (are some configurations more prone to shrink than others?) as well as security tags (are they effective?).

The solution also saves C&G time – more than 70% over the prior manual process. Pre V&A, the system's primary user spent an average of 49 hours a month pulling data into spreadsheets. Post V&A, the time spent is around 13 hours with the new application.

Looking ahead, C&G will continue using Park City Group's V&A shrink module to analyze shrink, and to identify areas of concern by store location or region and product type.



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