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SUPERMARKET NEWS



## System Gives Giant Eagle Store-Specific Endcaps

By MICHAEL GARRY

**PITTSBURGH** — Giant Eagle here has completed a five-month initial implementation of a store-specific promotional display optimization system for several Center Store categories, on its way to a complete rollout to all 160 corporate stores by April.

The system is one of the first to take a common store task — building endcap displays — and make it a much more precise exercise based on factors peculiar to each store across a regional chain.

The initial implementation encompassed edible and inedible grocery categories in 138 stores, said Dan Schnorr, director of retail space planning for Giant Eagle. “We are about to start testing dairy endcaps, and our intent is to include all traditional Center Store, dairy, frozen and HBC in the rollout.”

Displays for lobbies and seasonal sections will be part of the rollout but won't use the optimization system.

The display optimization system, from Galleria Retail Technology Solutions, Chicago, enables Giant Eagle's corporate staff in a few days to generate more than 2,000

store-specific planograms that are used at stores to build weekly endcap displays. The amount of inventory allotted to each display reflects the predicted demand for the products on promotion.

“Each store will have a cereal endcap, but each endcap will look dramatically different based on demand,” said Stephanie White, Giant Eagle's vice president, sales

shelf planograms for clusters of stores based on category section size; it is also used in conjunction with endcap planogram creation.

To produce endcap planograms, the Galleria system leverages information — including store-specific demand forecasts for individual items, POS data, pack-outs of cases, endcap dimensions and other data streams — provided by a

Francisco, Calif., referring to store-specific layouts, better promotion effectiveness and customer satisfaction.

### THE BUSINESS CASE

Giant Eagle began piloting a manual in-house-developed system for creating store-specific endcap planograms in 40 stores about a year ago, using the same data that feeds the Galleria system.

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*DAN SCHNORR director of retail space planning, Giant Eagle*

systems and operations.

Prior to last year, the chain used templates for endcap displays, designed for clusters of stores and loosely based on the success of similar past promotions.

In addition, Giant Eagle will be applying Galleria's assortment optimization system, in concert with the Spaceman planogram system from AC-Nielsen, New York, to create store-specific planograms for regular shelf displays across all categories by June or July, said Schnorr. The Spaceman system currently creates

separate system developed by Giant Eagle, noted White.

“We have also implemented standardized business practices for our merchandising group and store operation that makes this work,” he said. Those practices include when to take down an endcap and when to build a new one, and how long it should take.

“With this project, Giant Eagle is looking to gain benefits from three of the most opportunistic areas in grocery IT today,” said Scott Langdoc, RetailCentric, South San

The sales gains and out-of-stock reductions resulting from that pilot, which took place over several months, “were part of the business case that enabled us to go forward and purchase Galleria,” said White.

The Galleria system was then brought in about five months ago to automate Giant Eagle's manual process. “We could never do a mass rollout unless we automated the process,” said Schnorr.

Since then, the chain has realized sales gains and reductions in end-of-promotion

inventory and out-of-stocks for its endcap displays, said White, though she declined to provide specifics. Those, combined with labor reductions for planogram production, plus contributions from the shelf planograms, are enabling the chain to begin achieving an ROI for the Galleria technology, she added.

Giant Eagle is Galleria's first retail customer to use its technology to assemble optimized endcaps; in fact, Giant Eagle collaborated with the vendor to develop this capability, which is now part of Galleria's standard package. “Endcaps have been a focus of some of the early investments in promotion planning and optimization, but usually no more specific than zone level, rather than store-oriented shelf allocations,” said Langdoc.

The chain checks to ensure that endcap planograms are properly followed by store personnel. “We look at a store the first day of an ad, and if it's not performing as well as other stores, perhaps they were not measuring to the planogram,” said White. “That store is then audited and retrained.”