Customer, Range & Space

Retail customer and store productivity review

Stuart Reekie | CS² Commercial Services

ILLUSTRATIVE PURPOSES ONLY — ALL FIGURES AND CUSTOMER GROUPS ARE FICTIONAL

Executive Summary

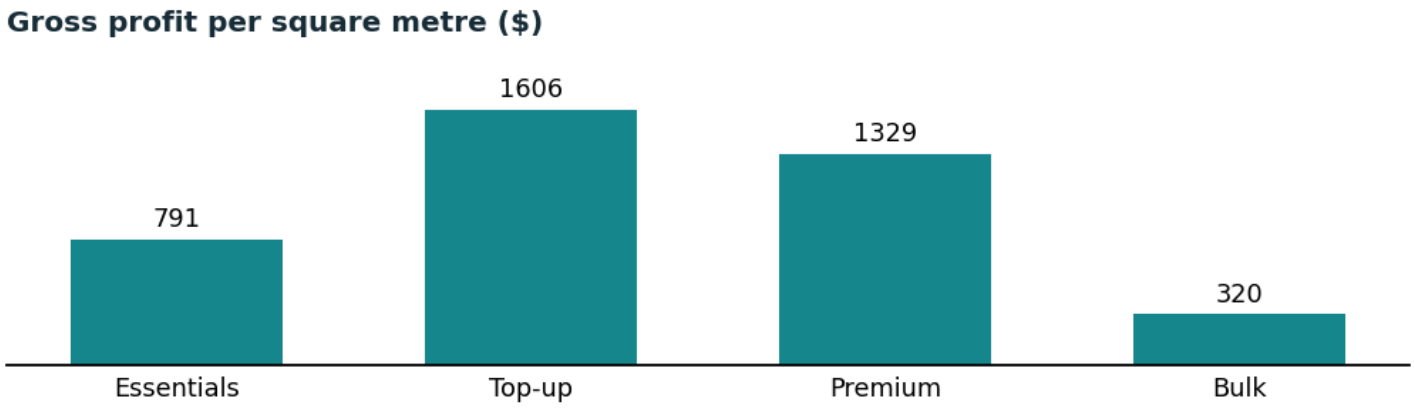
Our starting point is always the customer, not the shelf. The store is doing well with convenient top-up missions, yet bulk products occupy too much space for the profit they return. In this case a tailored range and layout by store type could improve sales and make shopping easier for the customer.

Findings

The table below groups sales and profit by customer type. It is an example of how we start with customer needs, then identify where value is created and where performance can improve. In this example we are able to review at customer grouping across total store to identify profitability by floor space, however understand the need for future drilldowns by department to better understand contribution profit required to offset higher CODB such as freezer or chiller ranges.

Customer mission	Annual sales	Gross profit	Floor space	GP per m^2
Family essentials	$480k	$134k	170 m^2	$791
Top-up shoppers	$290k	$104k	65 m^2	$1,606
Premium discovery	$170k	$73k	55 m^2	$1,329
Bulk / trade	$160k	$35k	110 m^2	$320

- Top-up shoppers deliver roughly twice the gross profit per square metre of family essentials.
- Bulk / trade consumes 28% of space but only 10% of gross profit.
- The correct answer is not to remove bulk lines everywhere: customer mission and store format matter. And in the smaller more convenient stores, we can analyse the actual performance of key bulk lines to leave only a core range and merchandise accordingly.



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Benefits

Space is allocated to the customer missions that need it; range duplication falls; merchandising and store flow become deliberate commercial choices.

Illustrative calculation

A 10 m^2 trial moved from \$320/m^2 bulk to \$1,606/m^2 top-up would indicate about \$12,860 more annual gross profit before change costs and any demand or availability constraints. This is a test hypothesis, not an expected result.

Customer Outcomes

Customers find the products they came for, in the right part of the store, with the right range and enough space. Store-level KPIs test improvements. Customer feedback is assessed at site, territory, format type level to understand the data and form strategic insights.

Recommended actions and measures

Area	What we would do	Measures
Customer range	Protect essential items; reduce duplication and fill genuine gaps. Leverage loyalty and substitutability data where available.	Sales and profit per customer mission; availability; working capital
Macro space	Test shifting 10 m^2 from bulk to top-up in appropriate stores. Profit optimisation.	Gross profit per m^2; customer conversion
Flow & merchandising	Locate top-up ranges along natural traffic paths; use adjacency and sightline tests. Bulk items isolated for specialist customer demand – value hero.	Shopper flow, conversion, units per visit
Store types	Develop a space model for convenience, suburban and premium customer demographics.	KPIs by store cluster, not one national average

Further Analysis Available

Range and space work can go deeper: product hierarchy, store catchments, basket affinity, planograms, flow maps, department adjacencies, fixture capacity and space allocation. Customer groups and the mix of sales and profit will differ across stores, formats and online channels; we would model each relevant cluster separately.

Approach: customer needs → sales and profit by segment → commercial options → tests → focused KPIs. And importantly working within format and space blueprints where required.

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