



\$16 Billion Retailer Increases Comp Sales in Key Categories by 6.5%

case study



"We have done a great job in terms of efficiencies, technology, and labor, but to be even more successful and continue to have record profit years, we've got to drive the top line and drive our gross profit dollars. That's really why we embarked on this whole MVT® process," stated

the Senior Vice President of a national retailer with locations on interstates across the U.S. "We had a 6.5% increase in revenue across the key categories. What's really important is that this was in a recessionary environment."

A series of MVT® experiments was the key to improvement. "Our approach began in the key lines of cooler, coffee, candy, Frito, and snacks. Those areas are twenty-five percent of our sales, yet thirty-eight percent of gross profit dollars. So we picked simple test factors that were concentrated in those areas. We had a lot of ideas on how to drive sales and gross profit dollars, but seventy-five percent of them are really not going to work, and some of that seventy-five percent may hurt you. Overall results, across those measured categories that I just mentioned, we had a 6.5% increase in revenue."

A Division Director of the \$16 billion retailer added, "So what were the test ideas? They included promotions, values, signage, things that we have today, or things that we can think of that might drive gross profit dollars. Our first MVT® tested twenty-one factors, after brainstorming sessions initially identified over 100 ideas. Out of that came five factors that we retested in our second experiment. The third and fourth MVT® tests focused in on our coffee offering, and a lot of that was around signage, couponing, and incentive programs. We asked, 'What will end up having a huge impact positively on growing our gross profit dollars?' What we found was it's the small things. For instance, a small giveaway that we tested impacted our overall inside sales by about three percentage points on a like-like basis."

"We're currently in progress on the restaurants, our fifth set of experiments. We're testing some different ideas related to our loyalty program. We're doing some happy hour types of things on drinks. It's still in progress, but initially we've got some winning results. One of my key takeaways is how flexible the testing is. I think the testing is essential to us and really to anyone out there in terms of just deliberately testing your intuitions before you roll things out nationally."

The Senior Vice President summarized, "We implemented ten winning factors. In a really tough recessionary time, we've had a positive impact on sales and gross profit dollars in our biggest retail categories."