



Successful Retailer Still Improving

case study



"We've been doing business for many years, we've been very profitable, but we needed some re-energy, we needed some new ideas to test. This was a great process for testing, and we found that through a structured approach to experimentation, we improved our results," says the executive responsible for per-

formance improvement for a large regional retailer. "We've really moved our approach to growing sales and growing margin now, which is why we needed to develop and test a lot of ideas."

He explains, "We didn't have a common process for selection of ideas before using this process. The execution of tests was poor; we had inconsistent and inadequate test periods." The company needed to achieve increases in sales and margin.

The retailer chose a testing process that has now been successfully used for multiple projects. Describing the process, the executive notes, "Ideas are required to be practical, fast, and cost free. The first round of testing was for six weeks. If an idea proved to increase sales and/or margin at the overall store level, we then tested it again for six weeks. So a total of twelve weeks – every idea, before it's implemented, goes through twelve weeks of testing. The ideas were generated through brainstorming. In the first test, we tested thirty or more ideas, and guess what? We had six factors that made it through the testing and proved to be effective."

Ideas implemented have included a program to control scent in the stores, newspaper ad handouts in specific store locations, and private label brand displays in certain store areas. Surprisingly, two favored ideas -- improved signage and available carts throughout the store -- did not help.

David Cochran, Senior Vice President of QualPro, the firm that led the retailer's testing efforts, added, "In 15,000 MVT® experiments over the past twenty-seven years, we have seen that only twenty-five percent of improvement ideas actually pan out and are helpful. The other seventy-five percent either make no difference or hurt the results they are intended to help. By testing twenty to thirty ideas and then focusing the company's implementation efforts on ideas that are certain to help, results will improve."

The retail executive concludes, "We are hitting plan, we are exceeding plan. After roll out, we had same store sales increases every period, which was somewhat unprecedented in our industry at the time." In addition, testing is now standardized. "This is what it was all about to begin with; we need to be better at how we test. We need to have rigorous test design. We need fact-based decisions. And fact-based decisions have lead to increased sales and margin at our company."