

Increasing Profitability with Business Performance



Discount Drug Mart is a privately owned business, which was started in 1969. The company operates more than 70 chain stores in NE Ohio and employs nearly 3,000 workers. Discount Drug has it all. It functions as both a full-service pharmacy and a mini department store – stocking more than 40,000 items including health & beauty aides, groceries, frozen food, paper products, school & office supplies, and more.



Challenges

In order to compete with the larger chain stores like Walmart, the company needed to improve its access to the huge volume of transactional data it collected. Discount Drug Mart had been relying on a locked system, and every manager was relying on the IT department to run reports.

The Company decided they needed to utilize technology to create a real time decision management system that enabled store managers, buyers and category managers to instantly make decisions and effectively negotiate with suppliers.

The Solution

To achieve this feat, Discount Drug Mart deployed Margin Minder[®] from Salient Corporation. Following the smooth and fast installation, the first step was to load two years' worth of transaction data into Margin Minder — over 60 million records.

“We record every SKU going out of every store,” said Michael Filbert, Director of Information Services. “It used to be ‘put the request in writing and we (the IT department) will run the report tomorrow’ but with Margin Minder, usage is a lot faster. It’s able to sort through those 60 million records very quickly.” Filbert said he can now track product movement by category, by store, by day, by month or by week.

That information can then be used to tell a particular vendor what percentage of business they are generating, which can then translate into how much floor space they deserve. This type of information is key to Discount Drug’s development of planograms for stores.

Overview

Discount Drug Mart is a specialty retailer

Industry

Retail

Geography

Midwest

Challenges

To improve access to the huge volume of transactional data the company collects

Solution

Deployed Margin Minder

Results

Margin Minder has enabled the company to:

- Make more informed decisions about strategic planning and how to increase profitability
- Negotiate better with manufacturers on price, advertising dollars and volume
- Effectively compete with larger retailers like Walmart

“There are a lot of things that go into designing where an item goes in a planogram - some of it is space related, some of it is profit related, some is vendor money related,” explained Filbert.

“With Margin Minder, I can pick 1,600 items that I consider the top movers in their class,” continued Filbert. “Then I can take those items, group them and look at the previous week’s worth of their movement by each individual store. If one store suddenly has zero movement for a product, I can investigate what has happened to the product’s placement in the planogram and correct it.”

Tom McConnell, Discount Drug’s CFO, praised Margin Minder’s ability to analyze important information. “We can evaluate some of our out of stocks and evaluate what’s making us money and what’s not. It’s a good way to analytically drill down to comparing different stores with different planograms,” said McConnell.

Even large vendors have been impressed with the ease and speed with which Margin Minder provides information, according to P.J. Ferut, Vice President of Information Services at Discount Drug.

“One of our five largest vendors called and requested a sales report and I was able to e-mail them the information in about two minutes. They asked for their sales for the past year. They thought it was going to take me awhile, but I had all that at my fingertips and sent it to them within a couple of minutes.”

Time saving is the key Margin Minder feature that has impressed accountant Tim Kostich. “There are a lot of reports we deal with and (before) only a handful of people could do them and it would take a day or two. With Margin Minder, we can do them right away. It puts more information in the hands of more people,” Kostich explained.

Results

Discount Drug Mart believes that Margin Minder has been an important tool for strategic planning and increased profitability. It has enabled the company to compete with much larger chains for the following reasons:

- Because they now have immediate access to such a huge volume of information, from SKU level up to the entire chain store level, they are able to make more informed decisions on how to maximize their margins for every product in every store.
- With Margin Minder the company is able to print out detailed information on every product per manufacturer so that at the buying shows they are better able to negotiate price, advertising dollars and volume. The manufacturers are always amazed that they have the same level of detail about how their products are performing in the stores as an organization like Walmart does.
- The speed with which Discount Drug Mart can get information, and therefore react, is also competitive with a national chain. The information is updated daily and is precise down to transaction-level detail.

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About Salient (www.salient.com)

Salient Management company provides advanced visual data mining and enterprise analytics systems for a broad range of data intensive programs and organizations in CPG, Retail, manufacturing, Healthcare, Public Sector, and Education Industries. Founded in 1986, Salient today serves more than 115,000 users in 61 countries.

