

USE CASE

DISCOVERING THE IMPACT OF DISCOUNT ABUSE ON MARGINS

Summary-based reports are great for monitoring high-level performance metrics, but not very helpful for uncovering or identifying issues. For that, business leaders need a robust data analytics solution that allows them to quickly drill-down into their data, putting the necessary tools in their teams hands to answer questions and react quickly. Instead of relying on Excel reports which required manual manipulation to reveal even the most basic insights, one retail pharmacy brand operating over 400 locations in North America turned to Agilence.

Challenges

This brand offers a generous employee discount in the range of 35-45% off of retail prices. Curious about the usage of this discount, analysts ran a report using Agilence to show how this was being applied in their stores. The report flagged a number of stores that showed out-of-policy employee discount transactions in the 80-90% off range, prompting a more thorough investigation.

Upon investing further, Agilence users were able to drill-down to each individual transaction and quickly realized that each of these high percentage discount transactions included a particular discount code. The discount code allowed employees to mark down products as part of a store promotion that, previous to this, hadn't been reported on by corporate analysts. While there is a valid use for this markdown, stores are expected to sell no lower than cost without District Manager approval. Without proper visibility to this point, District Managers weren't able to validate that the discount was being used appropriately.

Solution

Using Agilence, users were able to easily create a query to isolate all transactions using this promotional code, including cost in the report to highlight how this had been impacting margin across the enterprise. The report also identified locations that were selling at up to 90% below cost on certain items, resulting in stores with promotions at -350% margin. With this reporting in hand, analysts were able to gain buy-in from Senior Leadership and develop a plan to review discount policies and processes.

Benefits

Ensuring that all promotions adhere to corporate policies should return about \$250,000 to the bottom line annually.

With the visibility of Agilence's robust data analytics solution, this retail pharmacy brand operating over 400 locations in North America was able to identify and act on opportunities to optimize discount processes and improve margins throughout the enterprise.