## kyndryl

## Enhancing customer service and reducing waste with dynamic in-store pricing

Large global convenience store chain | Retail



### **Business opportunity**

Selling fresh groceries is a race against time for convenience stores. As expiration dates approach, the risk of having to throw away food rises, putting revenue at risk. Staff members manually review items and apply discount labels to help sell products nearing expiration, but this takes them away from customer service, potentially causing delays at the checkout.

A global convenience store chain, with more than 10,000 stores in the United States alone, decided to test dynamic pricing through electronic shelf labeling (ESL) technology. Its goals were to enhance customer experience, protect profit margins, improve inventory controls, reduce waste, minimize their carbon footprint and enable staff to focus on serving customers.

## **Technical challenge**

The stores have complex shelving arrangements and sell a huge variety of products with more than 2500 SKUs. As the lead implementation partner and "smart hands in the field," Kyndryl had to take this complexity into account when designing the appropriate layout for ESLs.

Kyndryl would also need to:

- → Manage the logistics of importing the ESLs to the U.S. and shipping them to stores
- → Identify, engage and train installation contractors
- → Select and deploy the appropriate shelf rails to hold the ESLs
- → Deploy wireless access points and connect them to in-store networks for pricing updates
- → Integrate with back-end inventory systems and resolve disparities between in-store and in-system SKUs

## **Our solution**

Together, the retailer and Kyndryl developed a dynamic pricing solution that enables proactive price adjustments as expiration dates approach, either manually or using rulesbased automation, controlled by an ESL user-interface from a wireless access point and integrated with the inventory management system. This approach included warehousing the ESLs, networking the IoT devices within the store, and programming each label to accurately correspond with the correct products.

To assess potential ROI and create a model for nationwide deployment, the team executed the pilot project in two Innovation Stores located near its headquarters. Kyndryl orchestrated multiple partners to achieve on-time, on-budget deployment through a standardized approach that will scale to 12,000 stores over the next three to four years.

### What progress looks like

The pilot deployments enable real-time pricing at a regional level, minimizing food waste while maximizing margin on products approaching their expiration date. Additional benefits include:

- → Projected savings of \$23 million annually in labor and food costs post-phase 2 rollout
- Eliminated the need for staff to manually adjust pricing on fresh food
- → Enhanced the sustainability of the business by reducing waste and deliveries
- → Improved the customer and employee experience by boosting staff availability

Beyond the initial pilot, Kyndryl is now advising the retailer to optimize date use and explore IOT opportunities for food safety. Opportunities include smart devices prompting cashiers to refill coffee machines and re-stock refrigerators.

# What's your next digital business challenge?

## Let's tackle it together. →



### Meet the team

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