

# RBO DSD ROI

How StoreNext's DSD can pay for your whole PoS system by itself

*DSD is a powerful tool – when used properly  
it will contribute significantly to the  
profitability of retail grocery operations*

Grocers face some real costing headaches in day- to-day operations:

- Need to compare the actual receiving costs and retails to true selling costs and revenue
- Overstocking by DSD vendors before a deal begins at regular costs
- Insufficient stocking during the deal
- Restocking after the deal expires at a higher cost

Without tools to handle these issues, the grocer will unknowingly buy products at higher costs – and sell them lower than they should. This difference has a huge impact on store profitability.

RBO's power to add DSD profits comes from True Cost Management. RBO gives you the ability to evaluate the *true* cost of good based on either LIFO or FIFO accounting methods with real-time inventory.

But RBO is decisively unique in being able to provide reporting and analysis on "Going-in gross" and "Going-out gross."

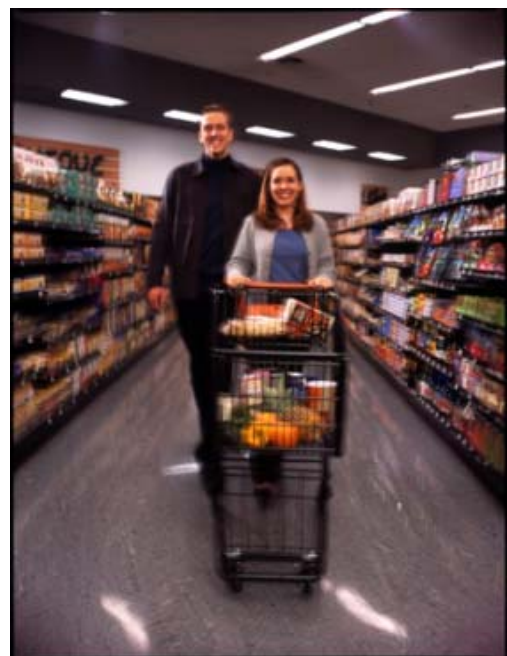
"Going-in gross" refers to a product's gross margin when received and is calculated as:

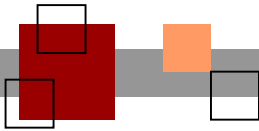
$$\frac{\text{Unit POS Price} - \text{Adjusted Unit Cost}}{\text{Unit POS Price}}$$

"Going-out gross" is the gross margin of an item when it is sold and is calculated as:

$$\frac{\text{Unit Sales Amount} - \text{Unit Item Cost Amount}}{\text{Unit Item Sales Amount}}$$

StoreNext's RBO DSD features two unique tools to control margins. First, *Deal Days Alert* notifies receiving personnel of upcoming deals, right at the back door. Obviously, this prevents the typical pre-deal overstocking, and saves grocers major excess costs.





Then, the **Buy In Report** lists products going off deal soon. This enables the store to restock (or buy extra) at a better cost *before* the deal expires.

FMI studies have demonstrated that a 6-lane store with \$100,000 in weekly sales and 33% of the store sales in DSD can expect to see \$330 in weekly dollar savings. This is based on FMI's exhaustive research, consistently finding 1-1½% savings by automating DSD – and this benefit comes from implementing *any* competent DSD package.

**But RBO is much more powerful than the typical DSD package** – relentlessly driving out cost while simultaneously enabling greater profits. A quick look at the calculations below will demonstrate that grocers can *conservatively see a 2% increase in going out gross dollars* by using RBO's DSD with its unique features that manage true cost, deal days, and buy in. And this – in conjunction with additional saving by using DSD – correlates into a total weekly savings of over \$990 or over \$51,000 per year.

**Example Store**

Weekly Sales Volume	<b>\$ 100,000</b>	Item File Size	<b>35,000</b>
% Sales Volume DSD	<b>33%</b>	% of items DSD	<b>33%</b>
Weekly DSD Sales	<b>\$ 33,000</b>	Number of DSD Items	<b>11,550</b>
% Savings Achieved by Automating DSD	<b>1.00%</b>	<b>Per FMI:</b> Implementing a DSD system saves 1 - 1.5% through: 1. Accurate Piece Count 2. Accurate Cost at Delivery	
Weekly Dollar Savings	<b>\$ 330</b>		

**RBO-DSD - Additional Savings Analysis**

**Unique Going In Gross (GIG) - Going Out Gross (GOG) Report**

- Compares actual receiving costs and retails to true selling costs and revenue.

**Typical GIG margin is 21% and GOG margin is 17%.** The difference is due to:

- Overstocking by the DSD vendors before a deal begins at regular costs
- Insufficient stocking during the deal
- Restocking after the deal expires at a higher cost

**Net result:** The retailer sells more product at higher cost and lower sell price. This GIG/GOG difference has a huge impact on store profitability.

**RBO DSD features two unique tools to control this margin problem.**

- **Deal Days Alert** - Notifies receiving personnel of upcoming deals **at the back door**. This limits pre-deal overstocking.
- **Buy In Report** - Lists products going off deal soon. This enables the store to choose to restock (or buy extra) at a better cost **before** the deal expires.

**Implementation of these tools in RBO DSD will substantially improve the GOG margin.**

<u>Weekly Margins</u>	<u>Current</u>	<u>With RBO DSD</u>
Average Going In Gross	<b>21%</b>	<b>21.0%</b>
Average GIG Dollars	<b>\$ 6,930</b>	<b>\$ 6,930</b>
Average Going Out Gross	<b>17%</b>	<b>19.0%</b>
Average GOG Dollars	<b>\$ 5,610</b>	<b>\$ 6,270</b>
% Improvement in GOG		<b>2.0%</b>
Additional Savings Using RBO DSD		<b>\$ 660</b>
Total Weekly Savings		<b>\$ 990</b>
Total Annual Savings		<b>\$ 51,480</b>

StoreNext Retail Technologies LLC  
 1821 Walden Office Square  
 Suite 220  
 Schaumburg, IL 60173  
 800.340.4425  
 www.StoreNext.com

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