



IBM Customer Reference

Lake Region IGA

Synopsis:

IBM helps an independent grocery store respond to customer needs on demand by implementing leading-edge IBM SurePOS 700 point-of-sale systems and an interactive IBM Kiosk solution, resulting in enhanced customer satisfaction and reduced operational costs

Location:

Hawley, Pennsylvania USA

Industry:

Retail

Focus Area:

e-business infrastructure, On Demand Business

Customer Background:

Located in Hawley, Pennsylvania, Lake Region IGA is a small, independent supermarket on the banks of the popular summer tourist destination, Lake Wallenpaupack. The store covers approximately 30 thousand square feet of floor space and has 75 employees. With approximately 35 years of local business experience, its owners have developed a business strategy that focuses on providing high-quality grocery products, friendly customer service and a quick, convenient shopping experience.

Business Need:

Lake Region IGA has experienced a dramatic influx of new competitors - including several well-known chainstore behemoths. The grocer found that its trademark product quality and friendly service was no longer enough to satisfy its customers and maintain their loyalty. To increase its competitiveness, the company sought to transform its business strategy to increase its responsiveness to customers and find innovative ways to differentiate shopping at Lake Region IGA from shopping at a competitor's store.

However, Lake Region IGA's outdated checkout system impeded its ability to meet its business goals. The grocery's point-of-sale (POS) systems were not performing at the level required to keep pace with increasing sales volumes and customer demands. Error-prone scanning and highly manual processes were sources of inefficiency and customer frustration. Customers were subject to long waits to complete their transactions. And the complex system drove up maintenance and support costs, which sometimes reached as high as US\$3 thousand per month.

Lake Region IGA's POS system lacked the functionality the store needed to thrive in an increasingly competitive market. The store had to find a way to streamline its POS checkout processes. Furthermore, it needed an information technology infrastructure that would enable the company to track and update pricing, inventory and delivery data in realtime and that could serve as an integration platform for innovative shopping solutions that would differentiate Lake Region IGA from its competitors.

Solution:

The grocer turned to IBM Premier Business Partner STCR Business Systems, Inc. (STCR; www.stcr.com) to help it design and implement an affordable IBM SurePOS 700 system that would enable the store to deliver the highquality customer experience required to successfully

compete with larger chains. This integrated POS solution automates a range of formerly manual processes and saves valuable employee time, which can be reallocated to other, more pressing business tasks. Scanning errors have been reduced, which translates into faster customer sales transactions and shorter checkout lines. The solution also provides storewide access to operational data, helping buyers better understand customer purchasing behaviors and enabling them to work in concert with suppliers to stock items that more effectively meet customer demand.

To further improve and differentiate its customers' shopping experiences, the grocery has implemented a selfservice deli ordering system based on an IBM Kiosk solution. Instead of waiting in line for a clerk, Lake Region IGA customers can place their deli orders via an interactive kiosk, which prompts them through a series of steps - from choosing slice thickness for deli meats and cheeses to comparing daily specials. The new system currently accounts for approximately US\$1 thousand per week in sales for the store, or about 25 percent of the grocery's total deli orders. The grocery is even leveraging its new IBM solution to implement a customer-loyalty card program designed to expand sales volumes and improve customer retention.

The IBM SurePOS 700 system is connected to an IBM eServer xSeries controller unit that runs the grocery's enterprise management applications using the IBM 4690 operating system. The new POS and self-service systems have improved Lake Region IGA's back-office operations. Managers can now track, analyze and access valuable business data, including sales volumes and trends, transaction speed and accuracy, and product inventory and pricing. The ability to review hourly, daily, monthly and yearly sales trends - as well as demand peaks for high- and low-selling items - enables the company to optimize inventory and adapt readily to customer needs by making high-demand items available ahead of the competition. The grocery store has also leveraged the new system to automate numerous manual processes, including tracking cash, check and individual credit card purchases. As a result, employees are more productive.

Eliminating lengthy after-hours transaction verification processes has helped reduce transaction errors and has enabled employees to focus more on meeting the store's quality-of-service objectives. The new POS and self-service solutions also enable the grocery to maximize efficiency by monitoring store staffing levels and labor costs. For example, managers can review trends in daily sales reports to determine optimum staffing levels for each store department during short- and long-term fluctuations in demand.

Benefits of the Solution:

Equipped with IBM POS technology, Lake Region IGA is improving its market staying power by aligning operations in response to customer needs. Specifically, the store has experienced the following benefits:

- 40 percent faster transaction processing resulting from an average scanning accuracy rate of 99.4 percent
- Increased customer satisfaction resulting from improved shopping convenience, more customer-centric store operations and shorter service lines
- Improved customer service as a result of faster access to business-critical information storewide
- Lower total cost of operations due to improved technology performance and reliability
- Reduced labor costs as a result of leveraging business information to optimize staffing levels
- Enhanced ability to compete with large chain stores by implementing advanced customer-loyalty and retention programs
- Gained strategic positioning to react dynamically to changes in customer preferences and leverage pricing optimization strategies to avoid overstocking.

Looking ahead, Lake Region IGA's management team expects to take advantage of additional automation and integration capabilities to further enhance the grocery's business, including direct-store-delivery inventory management.

Customer Quote:

"To compete with larger store chains, we needed capabilities such as customer-loyalty programs, fast product and transaction data access and advanced sales reporting. Our retail-hardened IBM POS solution provides all of these and more."

"The IBM POS system has made our operations sharper - faster, more professional and more consistent – which leads to an improved customer shopping experience. That's helping us improve the satisfaction of our customers, as well as increase our sales."

--Jim Shook, co-owner, Lake Region IGA