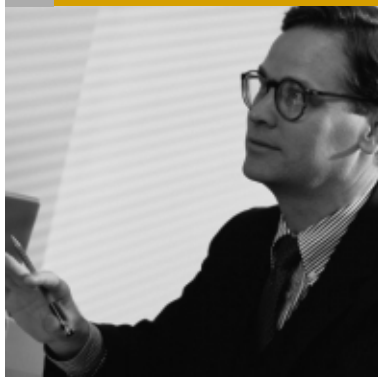


SAP Customer Success Story



In the highly competitive food retailing sector, success depends primarily on a flexible product range and price policy. New methods in trade marketing have helped **tegut...** get much closer to achieving this goal. **SAP Business Information Warehouse (SAP BW) supports important marketing decisions by analyzing shopping baskets item by item and carrying out linkage analyses. SAP BW also serves to build up a customer loyalty system, representing a first step on the road to efficient customer relationship management.**

tegut...
gute Lebensmittel



FLEXIBLE PRODUCT RANGE AND PRICE POLICY THROUGH ITEM-BY-ITEM ANALYSIS OF CASH REGISTER SLIPS IN FOOD RETAILING

REGIONAL FOOD RETAILING GROUP INVESTS IN POWERFUL IT

Based in Fulda (Germany), tegut... group owns numerous supermarkets as well as production plants for bread and bakery goods, meat and sausage products and two logistics centers. It has 8500 employees across 390 branches in Hesse, Thuringia and Franconia and achieved sales amounting to € one billion in 1999. With its consistent policy of offering consumers high-quality food products, tegut... has secured itself a very good position on the market. The company's goal is to consolidate this position with the help of new, customer-oriented concepts and powerful IT solutions.

INTELLIGENT CONCEPTS FOR SECURING CUSTOMER LOYALTY

“There is a greater need than ever before in food retailing today for intelligent concepts that satisfy the individual needs of consumers and keep them loyal to the supermarket they trust,” says Wolfgang Müller, Head of Data Processing at tegut.... He adds that this requires flexible product ranges and prices as well as targeted advertising campaigns and attractive product presentation. However, in order to allow conclusions to be drawn about the needs and expectations of customers, their buying patterns have to be analyzed and evaluated systematically using the data available from cash register slips. Because of the huge volume of data involved (millions of data records), it has so far only been possible to implement this approach at product group level, rather than at product (i.e. article) level.

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INFORMATION AT PRODUCT LEVEL – A BASIS FOR SHAPING PRODUCT RANGES

tegut... has long recognized that linkage effects are easiest to identify at product level, and that this requires a data warehouse facility and a data-mining tool. Some of the main questions to be asked are as follows:

- What are the relationships between individual products, groups of products and groups of commodities (linkage analysis)?
- Which dealer’s brands are purchased with which branded products?
- What customer groups can be identified on the basis of the shopping basket information (customer segmentation)?
- What is the relationship between the sales and gross yield of a product and the sales and gross yield of the shopping basket in which it is contained?

“Our own tools and SQL applications, developed in-house, were not able to meet such high standards in terms of useful and precise linkage information for individual products,” says tegut... project manager Alexandra Tschesnok-Dubowy. The company therefore decided to introduce a data warehouse facility.

SAP BW AS A STAND-ALONE SOLUTION

After investigating several alternatives, the company chose the SAP BW solution and the Intelligent Miner, an IBM data-mining tool compatible with SAP BW. This powerful combination is currently being used independently of the existing system environment and functions as a stand-alone solution. This means that non-SAP sources rather than SAP® R/3® data are evaluated. SAP BW receives point-of-sale data straight from the retail branch checkout systems. SAP BW also offers the necessary flexibility to integrate the front-end evaluation tool required by the company for analysis of data from cash register slips.

FROM PILOT PROJECT TO LIVE APPLICATION

Because tegut... is the first customer in food retailing to evaluate large volumes of scanner data using the Intelligent Miner, implementation of SAP BW was given pilot project status and the considerable amount of attention that goes with it. SAP implemented the innovative shopping basket analysis in cooperation with the customer, and in November 1999 the fully-operational pilot application was handed over to tegut...

In March 2000 tegut... launched its internal project to put the pilot application into practice. The goal of this project is the continuous analysis of daily product-specific information on cash register slips from 36 branches. To this end, shopping-basket files incorporating precise data from cash register slips are transferred automatically from the scanner check-out systems to SAP BW. In order to ensure that users are happy with the new technology, staff from the marketing, sales and purchasing departments have been integrated consistently into the project from the beginning. Implementation is planned for the second half of 2000.

TRANSPARENCY AND OVERVIEW

“The SAP solution on the basis of SAP BW and IBM Intelligent Miner delivers the additional information that our previous tools have failed to supply,” says Wolfgang Müller. Via the Business Explorer in SAP BW, all relevant information is made available immediately almost at the touch of a button. On the basis of reliable facts and up-to-date figures on buying patterns – who buys how much of what, where and when – the company can

- react more quickly to changes in buying patterns
- sound out existing customer segments more accurately
- optimize product range and price policy
- plan and monitor special offers and advertising campaigns better (advertising effectiveness control)
- delist less popular products and introduce new ones more quickly.

EQUIPPED FOR ONE-TO-ONE MARKETING

It is already possible to predict that the rapid growth of the Internet will make lasting changes to traditional food retailing.

There will therefore be a need for innovative customer service facilities in the near future. By implementing SAP BW, tegut... has taken a step in the right direction. For example, SAP BW evaluations on the basis of cash register slips open up completely new dimensions for the efficient management of customer relations through

the loyalty card system run by tegut.... Using one-to-one marketing, individualized special offers for loyal customers are as much a possibility as quick reactions to reductions in sales per customer. “From a strategic point of view,” says IT head Wolfgang Müller, “SAP BW is an important step for us on the road towards efficient customer relationship management.”

“From a strategic point of view SAP BW is an important step for us on the road towards efficient customer relationship management.”

Wolfgang Müller, Head of Data Processing at tegut

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At A Glance

SAP solution components – SAP Business Information Warehouse, version 2.0B

Hardware platform – Headquarters: Compaq server
– Branches: SNI cash registers and servers

Operating system – Windows NT

Database – Oracle