

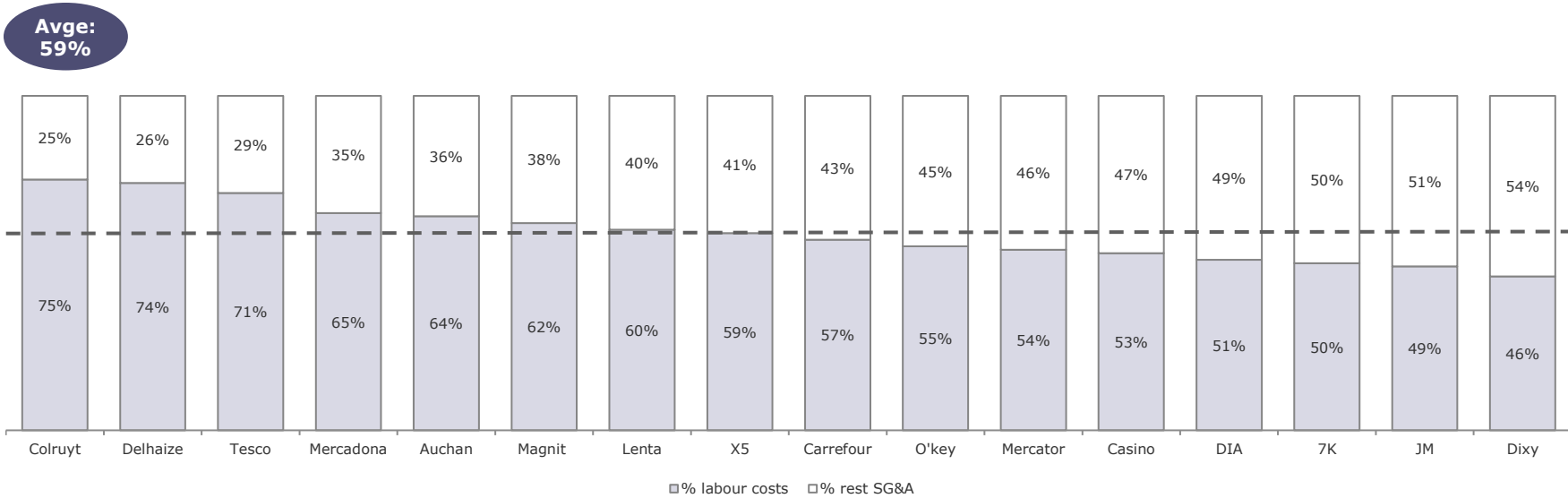


## **In-store labour productivity**

# % of labour costs on total SG&A – International benchmark

Labour cost represents on average c.60% of total operational costs of food retailers, thus they are an important source for cost-cutting measures and efficiency gains

SG&A breakdown – international benchmark - % of total cost

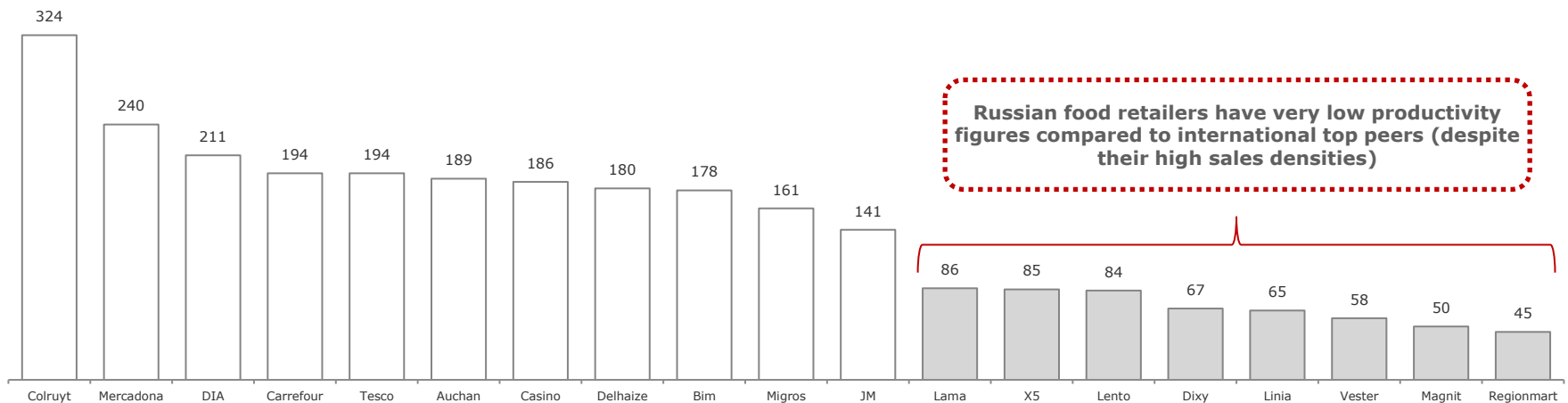


# In-store labour cost – The main source for cost reductions

**In-store labour cost is the main source for cost streamlining in food retail, above logistics and overheads**

- **The in-store personnel cost accounts for the majority of the total Company labour expenses** (typically c.60%-70%) representing a major source for cost reduction.
- In **Emerging Markets the low productivity level in food retailers is offset by low overall salaries**, which results in a lower weight of labour on total costs than in Developed Countries.
- However, as the economy grows, **real salaries rise and the labour regulations toughen the pressure on retailers to improve their efficiency and labour productivity will increase.**

Labour cost sales/FTE international benchmark – EUR th



# In-store labour cost – How to improve it? (i)

Improvements on labour productivity can be achieved through a combination of measures: operational, organizational, technological and especially through a proper assortment definition

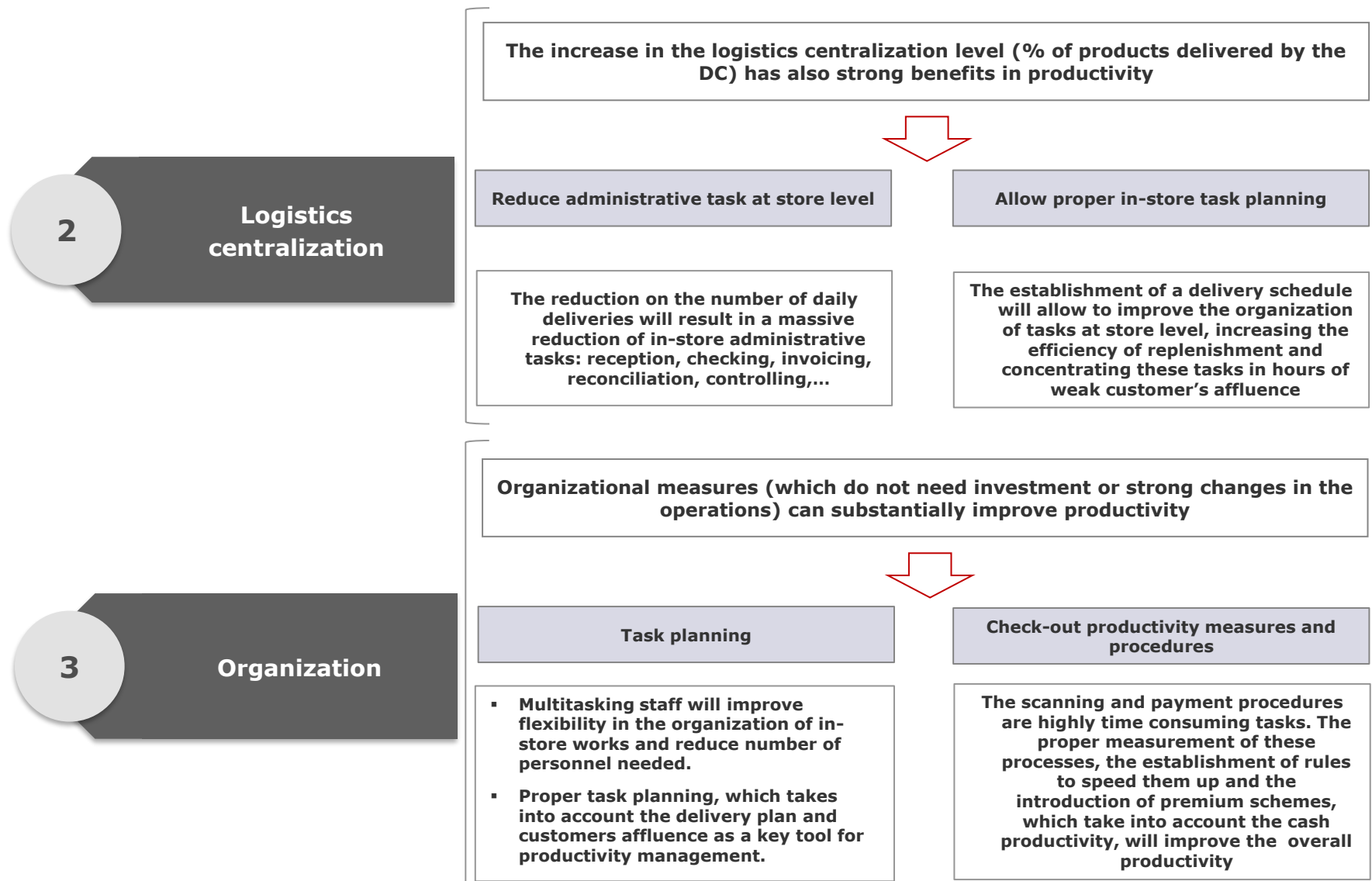
## 1 Assortment reduction

This is one of the measures with the highest impact for increasing labour productivity, since affects several high-labour intensive tasks

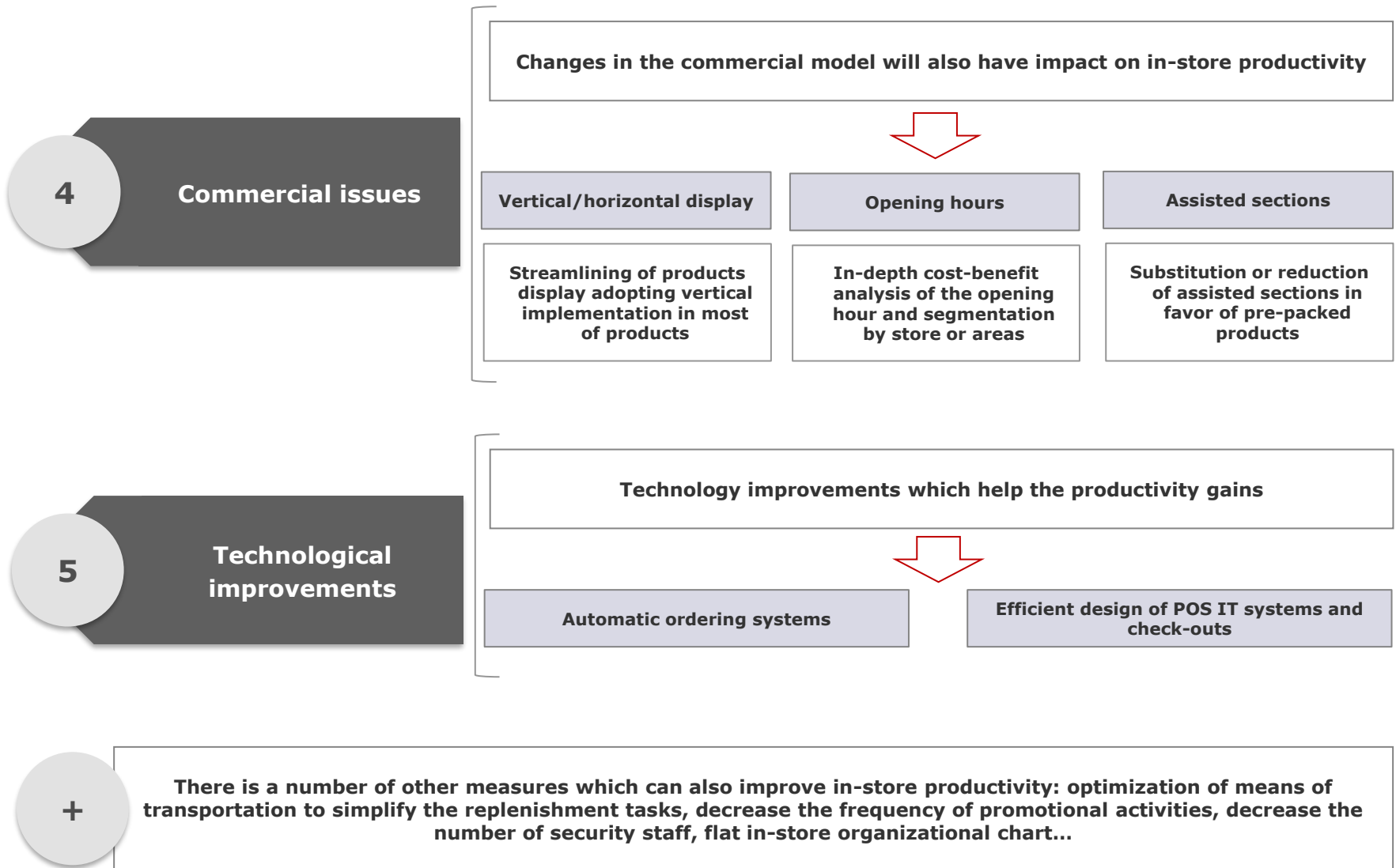
Replenishment	Price tags renewal	In-store administration	Ordering
▼ Number of SKUs ▲ Use of MMMs	▼ Number of SKUs ▲ Facing	▼ Number of SKUs ▼ # of suppliers	▼ Number of SKUs

While it also has strong impacts on logistic labour cost (lower staff for manipulation) and HQs (less administrative tasks due to lower number of suppliers and SKUs)

## In-store labour cost – How to improve it? (ii)



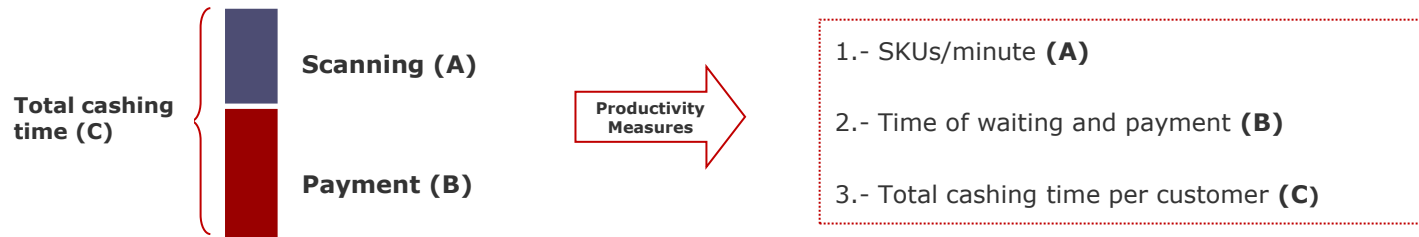
## In-store labour cost – How to improve it? (iii)



# Appendix - How to measure the productivity at the check-outs

The total **check-out process** can be divided in **two main tasks**:

- **Scanning time and payment**, each of these tasks have to be measured separately.



**1. The scanning speed** is measured in **number of scanned articles per minute**.

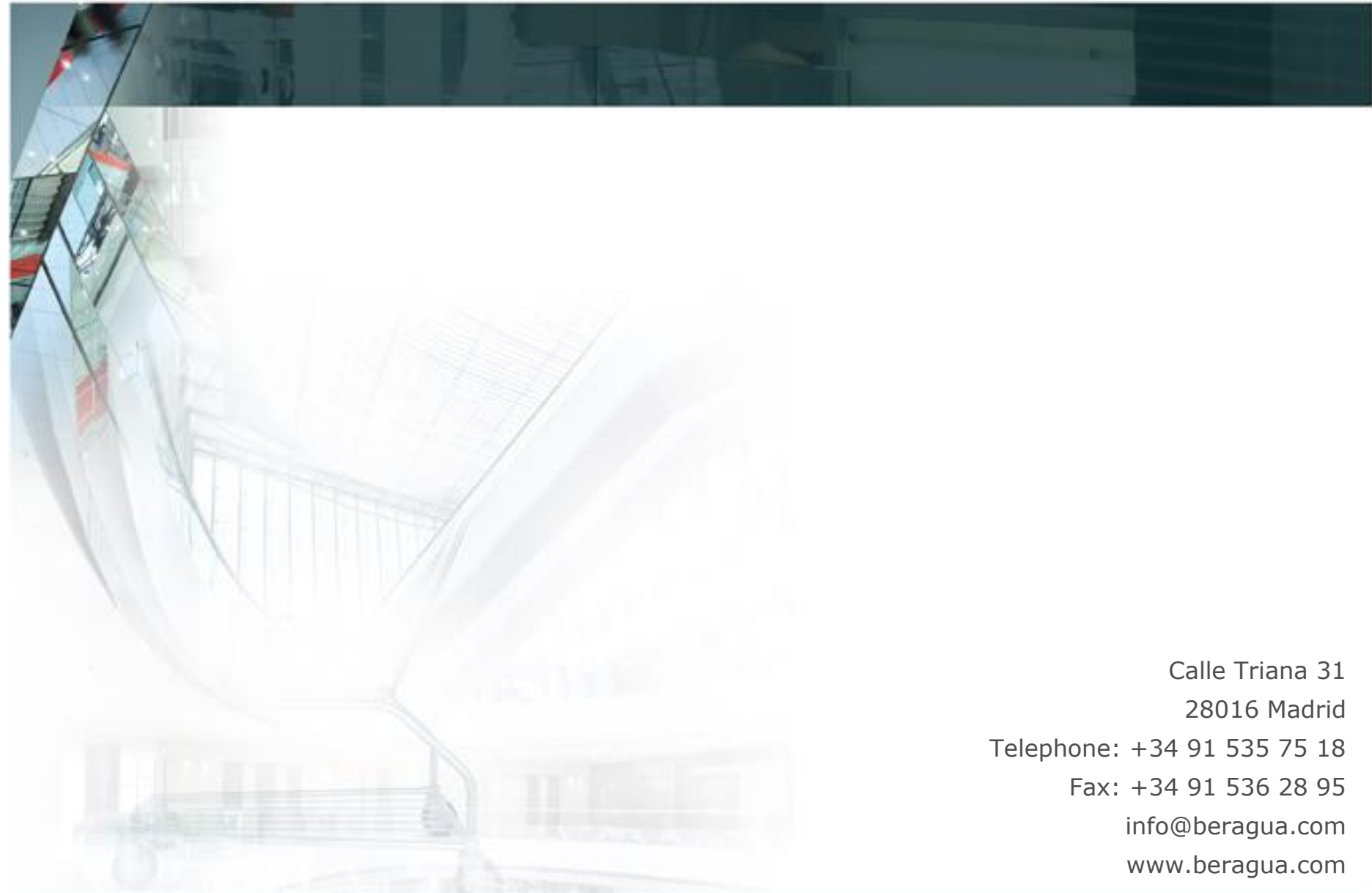
**2. The waiting and payment time** is measured as the number of seconds from the moment when the cashier press the button of 'Total amount' for one customer till the moment when the cashier starts to scan the products for the next customer.

**3. Total cashing time per customer** must be normalized by the average number of articles per customer, which is related to the format of each store (hypermarket, supermarket, small supermarket, convenience, ...) thus **the total cashing time per customer is calculated as:**

$$C = \left[ \frac{\text{average articles per format} \times 60}{A} \right] + B$$

Check-out productivity measures of a leading European food retailer - seconds

Proximity stores	Y	Z	X	Average
Articles per minute	30.1	29.5	27.3	29
Paying and waiting time per customer	36.5	44	39.5	40
<b>Total time per client (basket of 10 articles)</b>	<b>56.5</b>	<b>64.3</b>	<b>61.4</b>	<b>60.7</b>



Calle Triana 31  
28016 Madrid  
Telephone: +34 91 535 75 18  
Fax: +34 91 536 28 95  
[info@beragua.com](mailto:info@beragua.com)  
[www.beragua.com](http://www.beragua.com)