



ELEVATING EFFICIENCY AND CUSTOMER EXPERIENCE

**KAIZEN™ Approach
to Grocery Retail**



Operational Excellence in Retail

Transformative Strategies for Efficiency, Quality, and Customer Loyalty

Grocery retailers are under increasing pressure as **consumer behaviors shift** and expectations for greater **efficiency** and **sustainability** continue to rise.

To remain competitive, it is crucial to focus on strategies that **optimize store operations**, **enhance the customer experience**, and **minimize waste throughout the value chain**.

By implementing a **Continuous Improvement Culture**, retailers can streamline processes, improve inventory management, and ensure service quality. This approach enables retailers to **respond quickly** to market shifts, **increase profitability**, and **deliver sustainable value** to both customers and stakeholders.

Challenges in Grocery Retail



Changing Consumer Expectations

Shoppers are increasingly demanding personalized experiences, convenience, and seamless omnichannel journeys that seamlessly integrate online and in-store shopping.



Digital Transformation and Data Utilization

Grocery retailers must invest in digital tools and analytics to improve decision-making, optimize pricing, forecast demand, and enhance the customer experience.



Rising Operational Costs

Energy, logistics, and labor costs continue to grow, pressuring margins and forcing retailers to find efficiencies across their operations.



Competition and Market Saturation

The rise of discount stores, online grocery platforms, and convenience chains intensifies competition and erodes traditional market share.



Workforce Management and Retention

High turnover rates and skill shortages, particularly in frontline and logistics roles, challenge retailers to maintain consistent service and productivity.



Sustainability and Waste Reduction

Consumers and regulators expect retailers to adopt sustainable practices, minimize food waste, and reduce packaging and carbon emissions.

KAIZEN INSTITUTE HAS DEVELOPED
A **NEW APPROACH**, FOCUSED
ON **OPERATIONS PROFITABILITY** AND
EXCELLENCE IN CUSTOMER EXPERIENCE

KAIZEN™ Approach for Retail

Kaizen Institute's approach is built on over **30 years of experience in the retail industry**. It represents an evolution journey from traditional paradigms to a new **operational and management model**, guiding each organization toward its **growth vision**.

All solutions are **custom-designed for each retailer**, supported by a **structured and proven methodology**. **Proofs of concept** are developed and validated in-store before being deployed across all locations.

To meet consumers' rising expectations for excellence, **retailers must accelerate performance across the entire value chain**.



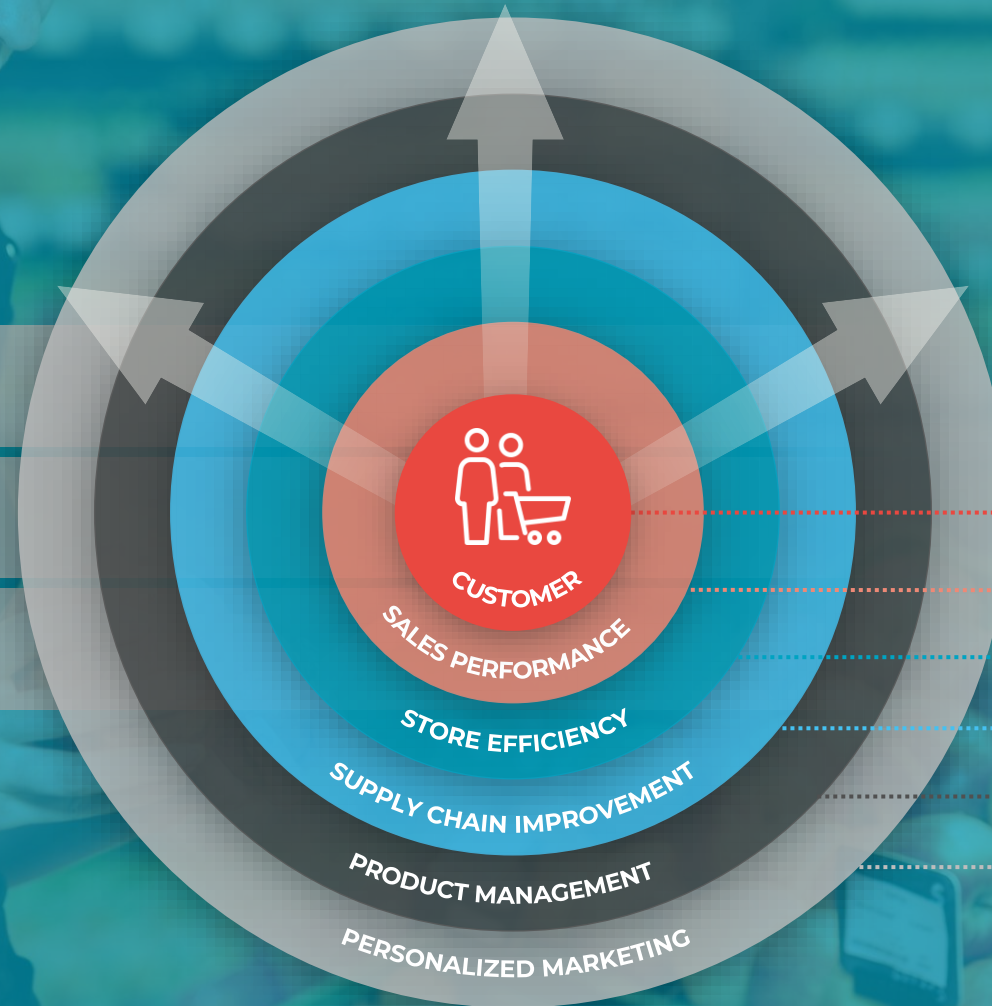
KAIZEN™ Approach for Retail



KAIZEN™ CULTURE

INNOVATION

SUSTAINABILITY



Customer Service
Store Concept
Omnichannel
Loyalty Programs

Value Selling
Sales Force Design
Visual Merchandising
Sales Funnel

Replenishment Compliance
Product Preparation
Team Scheduling
Lean Checkout
Promotional Execution

Network Design
Supplier Improvement
Warehouse Optimization
Transport Optimization
Promotional G2G (gate-to-gate)

Agile Development
Assortment Accuracy
Space Planning
Pricing & Procurement
Stocks Pull Planning
Promotional Strategy

Market Knowledge
Content Development
Strategy & Positioning
E-commerce Design

What do we offer?



Our portfolio is made up of
two complementary approaches

TRAINING

to upgrade team skills

PEOPLE DEVELOPMENT WITH HANDS-ON,
PRACTICAL TRAINING AND COACHING

EXECUTION

to make it happen

PRACTICAL ON-THE-JOB IMPLEMENTATION
AND RESULT-ORIENTED PROCESS ROLL-OUT

Any **successful cultural transformation** relies on an optimal combo
between these KAIZEN™ capabilities

Where to start?

The transformation journey begins at the **closest point to the customer**

The **KAIZEN™** approach starts with an end-to-end analysis **focused on operations**.

This analysis culminates in a personalized Solution Design and Implementation Plan.

Implementation of the solutions is carried out **in close collaboration with the retailers' teams and Kaizen experts**. This will **enhance the internal knowledge and experience** of the teams, as well as develop their improvement skills. Agility is ensured through **intensive work sessions involving all parties**.

GET TO THE ROADMAP

**COMPLETE DIAGNOSIS
FOCUSED ON OPERATIONS**

IMPLEMENT THE ROADMAP

**PRACTICAL IMPLEMENTATION
ON-THE-JOB**

Get the Results

How do we Deploy New Behaviors in a Large Network of Stores?

STANDARDS DEPLOYMENT PROGRAM (SDP)

STEP 1. Design & Prototype

Selection of a group of **model stores** for proof of concept

Development, testing and implementation of **new standards** in **pilot stores**



Consultant / Trainer



Store managers



Other teams/areas involved

STEP 2. Deployment

Documentation of new standards and creation of a **customized training guide**

Implementation of a **Mission Control** system to manage the **deployment progress**



Consultant / Trainer



Project managers

STEP 3. Training

Training of store **management teams** to implement the new standards in the points of sale under their responsibility

Definition of the **implementation plan**



Consultant / Trainer



Store managers

STEP 4. Implementation with Coaching

Implementation of the new standards in all stores by managers

Frequent **training and coaching** sessions are conducted by the consultant/trainer



Consultant / Trainer



Project managers and teams

STEP 5. Audit & Leveling

Formal **audits** to check the **level of maturity** at each implementation point

Workshop to **level implementation** between different stores



Consultant / Trainer



Store managers

Measurable Impact of KAIZEN™ Culture in Retail

Customer Satisfaction:

+7%

Sales:

+25%

Market Share:

+2.2%

Costs:

-15%

Productivity:

+27%

Shrinkage:

-15%

Stockouts:

-21%

Stocks:

-22%

Grocery Retail References

Value Stream Analysis for In-Store Operations in a Grocery Retail Chain

Challenge

- Rising labor costs highlighted the need to improve in-store efficiency
- Frictionless and self-service models remained too costly for large-scale deployment
- Lack of flow and coordination in customer service
- Team sizing not aligned with hourly demand peaks

Solution

- Implementation of self-service in all Meal Solutions areas
- Task simplification and standardization
- Service flow optimization and demand-driven production plans
- Definition of task maps for detailed team planning
- New store organizational structure

Results

- **Savings of ~160 k€/store**
- **~8 FTE reduction per store**
- **34% decrease in bakery-damaged products**
- **20% reduction in average service time for Meal Solutions**
- **55% reduction in average waiting time (multiple vs. single queue)**
- **Improved versatility and customer service aligned with real needs**



Global Project in a Major Grocery Retail Group



Challenge

- Disorganized warehouses and excessive stock levels
- High shrinkage rate and lack of productivity
- Poor workstation organization and absence of standards
- Limited visual management and performance tracking
- Lack of a Continuous Improvement mindset and structured routines

Solution

- Creation of a **Team Development Program** to foster a **Continuous Improvement culture** with the implementation of methodologies such as Daily Management, 5S, Standardization, and Structured Problem Solving.
- Implementation of **key projects** to optimize internal logistics and production planning

Results

- Internal Food Logistics
 - **14% reduction in average stocks**
 - **11% reduction in shrinkage**
 - **17% increase in productivity**
- Non-Food Internal Logistics
 - **31% reduction in coverage days**
 - **20% increase in sales campaigns**
 - **31% increase in productivity**
- Logistics Manufacturing Model
 - **4% reduction in shrinkage**
 - **17% reduction in coverage days**
 - **2% increase in sales**
- Team Development Program:
 - **Productivity increase**
 - **Food safety improvement**
 - **Hygiene and workplace safety enhancement**
 - **Stockouts reduction**
 - **Shrinkage reduction**
 - **Higher employee engagement and satisfaction**
 - **Customer service improvement**

Redesigning a Campaign Management Process



Challenge

- Campaign management not considering the entire supply chain, generating inefficiencies in logistics and store operations
- Ineffective stock management resulting in high remaining stock levels after campaigns
- In-store operational inefficiency during campaign setup and dismantling
- Limited coordination between commercial, logistics, and store teams

Solution

- Concentration of the commercial process with goods purchased in flow, without altering delivery dynamics during campaigns
- Redefinition of the campaign provisioning role to improve coordination and responsiveness
- Enhanced in-store operational efficiency through improved planning and structured assembly/disassembly processes
- Standardization of the new campaign management model for company-wide rollout

Results

- **€2.8M in additional sales and €1.6M cash flow**
- **8.1% increase in total sales (pilot campaign)**
- **9.15% improvement in stock rotation (# of campaigns)**
- **33.3% reduction in total stockouts (service level)**
- **17% reduction in operational stockouts (in-store replenishment)**
- **Greater involvement of the entire supply chain and improved stock management efficiency**



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