Success story

SMU and Frogmi against food waste

Technology at the service of retail and the planet

SMU **frogmi**

IMPLEMENTATION TIME

5 weeks

SHRINKAGE DECREASE

17%

ADOPTION

>90%

frogmi.com

About SMU

SMU was founded in December 2007 and is today the Chilean company with the most extensive geographic coverage in the country and the only supermarket chain present in all 16 regions of Chile.

Its multi-format strategy allows them to satisfy different shopping habits, with presence in the retail supermarket sector, wholesalers, convenience stores, and online sales with its business units **Unimarc, Mayorista 10, Alvi, OK Market, and Super10.**

Today, **SMU has 505 stores and nine distribution centers in the country's main cities**. This remarkable achievement is thanks to its 28 thousand employees' work and dedication, who every day serve with enthusiasm and closeness to simplify the lives of its customers.

The challenge: fighting food waste

Globally, food waste is one of the main challenges facing the supermarket industry in recent times. Studies by The Guardian point out that the food supply chain wastes 45% of all products, amounting to US$218 billion a year in food waste in the United States alone.

Perishable product spoilage is a complex problem: it affects the store's bottom line and the customer experience. It also has a significant environmental and social impact component through unused resources.

In 2019, SMU decided to address this situation to improve its internal processes, increase its quality standards, and support efforts to reduce food waste globally.

They implemented an analytic process to identify product expiration risk and alert stores to reduce shrinkage. However, this implementation involved high time and manual work demand, difficulties with store communication, and a lack of visibility of the actions taken.

In 2020, SMU decided to work with Frogmi to change spoilage alerts management and improve results.

Action and Implementation Plan

Reducing shrinkage in the stores involves improving and coordinating a series of processes. Within these, Carolina Solis, Assistant Manager of Gap Control at SMU, and her team joined forces with Frogmi, emphasizing 4 crucial pillars to achieve the objective.

First, we identified the need for a high quality database and a robust analytical system that would automatically cross-reference information on soon-to-expire products, thus limiting the time, manual work, and use of company resources in general.

Communication between stores and central offices is key to a fast and transparent process. Store personnel must know precisely where the most significant opportunities lie.
As the shrinkage analysis and evaluation process is done at the SKU level, the objective is to transfer the same level of detail to the stores.

The information provided must be easy to access, understand, and process, to add value to store staff and support them in actively managing shrinkage reduction. An e-mail or spreadsheet is not enough.

Finally, it is vital to have visibility of each store's execution and have a control and follow-up system. Feedback is fundamental to SMU's continuous improvement process.

For this project, SMU used ShelfManager, Frogmi's module that supports in-store solutions at the item level. This task management mobile App allows managing tasks at the SKU level centralized and efficiently. Integration through Frogmi's API ecosystem enables automatic task loading at the store and SKU level, eliminating manual work.

Project Pillars

✔ Database and analytics

✔ Fast and straightforward communication with stores

✔ Task loading and management at SKU level

✔ Tracking, control, and feedback.

The implementation of this project started with 22 Unimarc stores. The SMU team created an excellent database and definition of parameters and logic that feed the algorithms to identify products at risk of spoilage. This information is transferred to Frogmi, which automatically generates tasks at the store/SKU level for each product at risk.

Through the application, store personnel receives a daily task concerning each SKU they must check. **The task consists of a single question: What action will the store take to avoid product spoilage?** The store can opt for different alternatives, from activating a markdown, ensuring a correct display, rectifying possible discrepancies in inventory, among others—something simple but effective since it is decided in-situ how this critical product will be addressed.

Using a task manager simplifies communication and information flow since each store visualizes the products to be reviewed in a structured and clear way. In addition, the questionnaire associated with each product task forces the store to make decisions to prevent shrinkage.

The information obtained on the sales floor is consolidated on the platform. Both stores and headquarters can visualize KPIs and monitor results through advanced analytics and customized BI dashboards. Hence, the actions carried out are tracked with photographic evidence of each store and product.

01
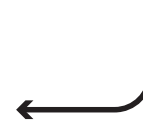AI algorithms identify products with spoilage risk

02
Automatic creation of store-specific tasks

03
Store personnel define actions to be taken to prevent shrinkage

05
BI dashboards for KPIs and results' visualization

04
Reports for each SKU with photographic evidence

Results and value addition

The solution implementation was transparent, showing fast adoption, and achieving 90% of task completion in the first 5 weeks.

The API integration between Frogmi and SMU's internal systems reduced the SMU's teams workload and the analysis and task loading manual work. In addition, the store evidenced a decrease in the time required to review SKUs with spoilage alert thanks to Frogmi's mobile App. Concerning the main objective, reducing product waste, **there was a 17% decrease in the shrinkage percentage KPI.**

5
WEEKS

17%
SHRINKAGE DECREASE

"The work with the SMU team went very smoothly with a focus on process optimization and store operation. The implementation was a success, and the results were seen quickly".

Diego Mercado Figueroa
Customer Success at Frogmi

"We reviewed the products. Some were in the warehouse, and others had no movement at the sales floor. We managed to act on them, thus reducing the possible loss".

Store Manager - Ovalle at SMU

Thanks to the implementation of BI panels, communication between HeadQuarters and Operation Managers has been significantly improved. **There is now complete visibility of what is happening in the stores, and KPIs can be monitored with real-time information.**

"The consultative work we did with SMU allowed us to add value in all the processes related to the store's operation, integrating us in a fast, efficient and scalable way".

Javier Saavedra Araya
Commercial Operations Manager at Frogmi

"Although we had a model that allowed us to predict shrinkage with an 80% accuracy level, we had the problem of how to communicate it to the stores effectively.

Through Frogmi, we delivered these alerts at the right time and followed up in-store execution. In addition, the integration with API provides us information efficiently through the Power BI dashboard".

Carolina Solis Rowe
Assistant Manager of Gap Control at SMU

The excellent results obtained and the high scalability of the solution have driven its expansion. This project has been extended to all Unimarc, Alvi, and Mayorista10 stores, adding more than 7,000 tasks per week through Frogmi.

7.000
WEEKLY TASKS

One of the main benefits of the implementation is the fluid communication between Loss Prevention and Store Operation, enabling a much more efficient process that supports decision making and immediate action.

The joint work of SMU and Frogmi provides us with evidence of how effectively SKU-level tasks management can help retailers reduce food waste, deliver higher customer value, and care for our planet.

frogmi

Contact us

contact@frogmi.com

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