

# Success Stories: Tesco

Business benefits of a queue management and analytics



# Tesco

## Industry Sector: Retail, grocery Geography: United Kingdom Service Solution: Queue Intelligence™ System Project Size: 1000 Stores

Tesco's requirement was customer service driven and to provide Tesco with a service differential in the marketplace, aiming to improve customer loyalty and attract new customers.

### Organisation

Located in the UK, Tesco is a multinational grocery and general merchandise retailer. It is the UK's largest grocery chain and the world's second largest retailer measured by profits.

### Business issue

Tesco UK have a 'One In Front' (OIF) service commitment to their customers which they advertise widely in-store and within the national media, stating if there is more than one customer in front in the checkout line, they will open another checkout until all checkouts are open. Tesco monitored the service by asking cashiers every 15 minutes through the POS system, how many customers were in their checkout line. This proved to be unreliable on a number of levels, with the result that while the system reported they were meeting their 90% OIF target, customers told them otherwise.

### Solution

Tesco implemented the Automatic One In Front (AOIF)

system, using the Irisys Queue Management solution to replace the cashier input to provide an accurate and reliable measurement of their OIF performance in store. The system was implemented in 2005 and 2006. Tesco's requirement was customer service driven and to provide Tesco with a service differential in the marketplace, aiming to improve customer loyalty and attract new customers. Through their loyalty card data, Tesco was able to monitor and measure an increase in shopper frequency of visit, basket size and overall customer spend from both loyal customers and customers who had not previously carried out their main weekly shop in Tesco. Tesco also released some cashier hours overall, but chose to reuse those in store on other activities, rather than realize a labor saving.



## Business benefits

Sir Terry Leahy, Tesco Chief Executive, when asked by a UK financial analyst during Tesco's second half 2006 results announcement, which IT project had the biggest impact on earnings, stated:

"The cameras were a key factor in the Company's half year pre-tax profits rocketing 10% to £1.092 billion. We monitor and manage the service customers get more precisely - by customer, by store and by minute. Thanks to this, a quarter of a million customers every week don't have to queue."

Attila Winstanley, Productivity Director, has commented:

"Ensuring we offer the best service at the checkouts is one of our core disciplines, and it is also one of our biggest challenges. Historically we have manually captured data on queue lengths at the checkout, but accuracy levels were varied. The system accurately captures our OIF performance in real time, allowing Front End Checkout Managers to deliver better levels

of service, while at the same time optimizing the deployment of checkout staff."

Colin Cobain, IT Director, reflected:

"The project that has had the most impact on our customers is the implementation of detectors to monitor checkout queues."

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