

## THE CUSTOMER

Ace Hardware Corporation is a worldwide retailing cooperative based in Oakbrook, IL. The company offers a range of products that include electrical appliances, paints and solvents, hand tools, plumbing equipment, and lawn and garden materials. The Ace Hardware Corporation in Israel operates 33 stores around the country.

## THE CHALLENGE

Ace Hardware's executive team had been looking for technology initiatives that could help realize the company's vision of improving execution and boosting sales at their brick and mortar stores. Critically, the executive team did not want to distract the store staff from focusing on customer experience or compromise the success of other initiatives already underway. Given the mixed results of past projects, the team also wanted an effective way to measure ROI.

## SOLUTION HIGHLIGHTS

By analyzing basic POS data, the CB4 solution uncovers hidden consumer behavioral patterns that predict consumer demand on a store and SKU level. These patterns are translated into actionable recommendations that allow customers to fine tune their assortment and improve store execution.

## THE RESULTS

Throughout the pilot and within a year of deploying recommendations on a twice monthly basis Ace Hardware achieved an increase in same store growth of 2.1%.

Enabled individual stores to compete more effectively by localizing assortments to better fulfill local demand.

Introduced products into the assortment at an average of 5 products per store per month which led to a 1% sales increase.\*

Improved in-store customer experience by detecting and correcting flaws such as misplaced products, inventory discrepancies, broken or unattractive displays, and incorrect promotional pricing.

Products that received recommendations often doubled and tripled their sales in comparison to previous periods.

Provided store managers with insight into products that were expected to sell in high volume at their stores to help them drive sales.

Generated buy-in throughout the organization by continuously demonstrating the ROI via straightforward dashboards and reports.

\*Note: The recommendations were issued for target products that were already selling within the chain but not offered at specific individual stores.



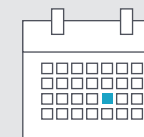
**2.1%**

SALES GROWTH



**3**

MONTHS  
TO ROI



**1**

DAY  
IMPLEMENTATION

## THE EVALUATION PROCESS

CB4 approached Izik Uzana, the CEO of Ace Hardware, Israel, with a unique value proposition – increase same store growth by up to 3% by analyzing consumer behavior patterns using just basic POS data. The ability to quickly evaluate the company's claim through a short, free of charge proof of concept that required very little IT effort convinced Izik to engage in a trial.

The CB4 solution specialists then generated actionable operational and allocational recommendations and delivered the results of the POC the following day. As a next step, the evaluation team at Ace Hardware agreed to deliver the recommendations to the store managers in order to verify their effectiveness.

The pilot was deemed highly successful, not only because of the measurable increase in sales but also because it did not disrupt the store managers' focus on sales and customers. **Each store manager spent an average of 20 minutes investigating and resolving 3-5 recommendations.**



## CUSTOMER TESTIMONIAL

*"What got us engaged is the fact that we were able to execute a POC with very little disturbance to the day to day activities of the operations team. What keeps us an enthusiastic customer is the fact that the CB4 solution provides visibility into the exact impact it has on our store sales. And the impact has been tremendous."*

— Itzik Uzana, CEO ACE Hardware Israel



**A comprehensive AB testing dashboard isolated the effect of other variables that could have impacted sales (such as markdowns and seasonality) and verified that the increase in sales was indeed the result of the recommendations.**