

Reducing Risk in the Game

After 25 years on the high street with stores in the UK and Spain, GAME has built its leading market share and specialist reputation by offering expert product curation, exclusive releases, trade-in deals and passionate staff, dedicated to helping customers.

Situation

GAME, a gaming and entertainment retailer with 24 million consumers and more than 300 stores on the high street in the UK, was ready to upgrade its legacy exception reporting analytics system to address revenue, margin, and stock loss in its stores. It wanted a solution that would create actionable insights and show demonstrable ROI within six months.

Solution

GAME deployed Appriss® Secure exception analytics.

Financial Results

- Achieved payback in 3 months, one-half of the expected time frame
- Contributed to more than £1M reduction in revenue erosion caused by refunds and returns
- Delivered almost £1M reduction in margin erosion by monitoring for improper discounting
- Projected stock loss reduction of close to £500K

Additional Benefits

- Better case management and tracking
- Improved management reporting and more accurate metrics
- Ability to prioritize areas for cost reduction focus
- A "no risk" investment

Case Details

GAME, a gaming and entertainment retailer with more than 300 stores on the high street in the UK, had a legacy exception reporting analytics system that was no longer fit for the business challenges that it faced. With a desire to address a variety of operational factors, like revenue erosion from refunds and returns, margin erosion caused by discounting, stock loss derived from returns and product packaging, and rebate issues from improperly applied promotions, GAME was ready for an upgrade. Making matters more complicated, GAME's leadership needed a "no risk" investment that would drive a significant ROI.

The Risk team at GAME put together a plan. They worked with Appriss Retail to compare the results from their legacy system to ROI metrics from other retailers using Secure exception analytics. Then, with Appriss Retail, GAME reviewed their own data looking for sales reducing activities that could be deemed outliers. These potential cost reduction areas were prioritized, estimated, and annualized. In the end, a business case was approved to deploy Secure in a SaaS hosted environment.

The overall results to date have been nothing short of amazing. Payback was in three months, when a six-month ROI was planned. A cost reduction of more than £2M was created, of which Secure helped play a significant part. Functional cost reductions include more than £1M reduction in revenue erosion, almost £1M reduction in margin erosion, and a projected stock loss reduction of close to £500K.

In addition, specific cases were found early in the deployment phase:

- Several stores applying improper discount values leading to margin loss
- Decreases in supplier funding from selling specific gaming parts without their qualifying products
- Stores incorrectly recording product deposits, leading to excess stock
- Anomalous store behavior in applying discount codes and reward card usage
- Process inaccuracies that led to manual discounts in the stores

The annualizations of these and similar cases are sure to exceed the business case. As described by the Risk team at GAME, "we under promised to over deliver."

Identified Sales Reducing Activities



Mis-applied loyalty and discount codes



Process errors leading to manual discounts at store level



Missed opportunities for supplier funding



Paperwork errors leading to overstocks



Erroneously high discount amounts

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