

# Grocers: Handle Cash Better to Reduce Costs







# Growing pressures are disrupting the grocery industry

New and nontraditional competitors, razor-thin profit margins and disruptive events are remaking the grocery marketplace. To satisfy customers and grow revenue streams, grocers are seeking new ways to compete effectively in this changing environment. Most grocers are taking a long, hard look at their operational costs to find new cost-cutting opportunities to increase efficiencies and reduce costs.

One area often overlooked is the handling of cash. In fact, many grocery stores continue to use the same cash management practices that have been in place for decades. Yet, by streamlining cash handling processes and making modest investments in new cash counting technology, grocery retailers can reap significant time and labor cost savings.

“You have an industry that’s been kind of stuck in time. Grocers have to invest. Their business models have been under so much pressure, they’re fighting for their lives.”

– Scott Mushkin, grocery retail analyst, Wolfe Research<sup>1</sup>

<sup>1</sup> Grocery Stores Adding Tech Features to Stay Competitive,” LA Times, September 8, 2013, <http://articles.latimes.com/2013/sep/08/business/la-fi-grocery-tech-20130908>

# Think shoppers don't use cash for their grocery transactions? Think again.



A RECENT STUDY FOUND THAT 43% OF CONSUMERS USED CASH AT GROCERY STORES.

Source: "Cash payments still strong in grocery: Cardtronics," Progressive Grocer.

Even with the prevalence of credit and debit cards and the emergence of new digital options, cash continues to play a crucial role in consumer spending. More than 90% of shoppers carry cash—and use it most often for small purchases—so it's not surprising that cash still accounts for 40% of all transactions in the United States.<sup>2</sup>

In grocery stores, cash remains an important form of payment in number of transactions and accounts for the highest share in terms of dollar sales.<sup>3</sup> In addition, Cardtronics reports cash is “stubbornly strong at the point-of-sale”, with 43% of shoppers opting for cash at the grocery store.

It's clear: cash isn't going away any time soon. That's good news because cash transactions support your cash flow, present less risk of fraud and are the least costly form of transactions. Yet, cash can also have disadvantages. The bills can stick together and lead to inaccurate counts, it can get lost or stolen, and cashiers can mistakenly give the wrong change to customers.

That's why it's more important than ever to streamline the processes used for cash handling. Today's quality cash-counting technology can help improve efficiency and security by ensuring that cash counts are accurate and reported in real time.



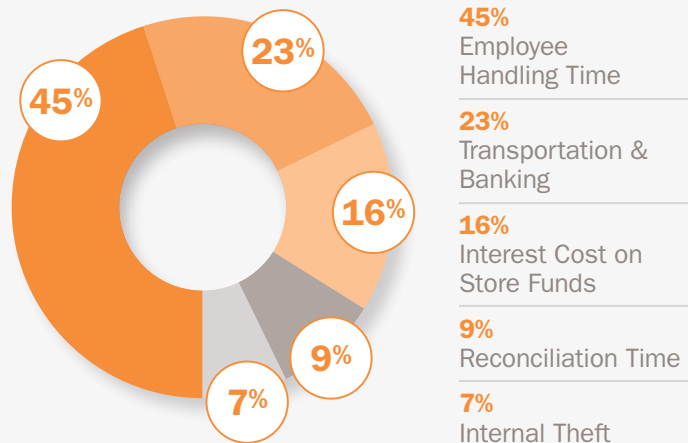
<sup>2</sup> [http://www.slate.com/articles/technology/future\\_tense/2015/07/digital\\_money\\_why\\_85\\_percent\\_of\\_transactions\\_still\\_involve\\_cash.html](http://www.slate.com/articles/technology/future_tense/2015/07/digital_money_why_85_percent_of_transactions_still_involve_cash.html)

<sup>3</sup> 2015 Grocery Retailing Payment Study

# Inefficient cash handling is costing you money



## THE COST OF CASH HANDLING



Labor costs represent approximately 14% of average revenues for grocers.<sup>4</sup> That is why, when you take into account that the major cost involved in managing cash is employee handling time, it makes sense to find ways to streamline cash-handling processes.

### Counting and balancing a drawer

It takes **14 minutes**, on average, for a cashier to count a cash drawer by hand (7 minutes each, before and after a shift). In fact, it can take up to 24 minutes (12 each, before and after a shift) according to a recent report in *Progressive Grocer*.<sup>5</sup> With an average of 11 drawers counted every day in a grocery store, that's an average of more than **2.5 hours** spent counting drawers every day.<sup>6</sup> For companies that generate more than 12,000 weekly transactions per store, the average rises to **3.5 hours** per day.

### Total time handling cash

Consider the many tasks throughout a day in which cash is handled.

- Cashiers count drawers before and after their shift and handle cash at 43% of customer transactions.
- Store cash audits take an average of **3 hours per audit**.<sup>7</sup>
- Change orders, cash deposits, safe management, reconciliation and more.

Total time spent in handling cash at a grocery retailer can total up to **15 hours per week** (or nearly two full working days)!

Source: FMI Connect 2016. Managing the Cash Transaction at the POS. Presentation at FMIConnect 2016, [http://www.mapyourshow.com/MYS\\_Shared/fmi16/handouts/AM800\\_S104\\_Managing\\_the\\_Cash\\_Transaction.pdf](http://www.mapyourshow.com/MYS_Shared/fmi16/handouts/AM800_S104_Managing_the_Cash_Transaction.pdf)

<sup>4</sup> <http://www.progressivegrocer.com/research-data/market-trends/rising-labor-costs-inspire-savvy-retailers-innovate>

<sup>5</sup> "Balancing Out," *Progressive Grocer*, December 2014, <http://magazine.progressivegrocer.com/i/431432-dec-2014/23>

<sup>6</sup> Grocery Retailing Payments Study 2015, Balance Innovations/NGA

<sup>7</sup> <http://www.nationalgrocers.org/docs/default-source/fmc-program/grocery-retailing-payments-study-2013--anne-marie-roerink.pdf?sfvrsn=0>

# It's time to automate



A 2017 McKinsey report estimated that more than half the tasks involved in retail jobs could be automated and suggested that these solutions were less expensive than employing workers.<sup>8</sup>

Today's automated cash counting solutions can help grocery stores replace the time-consuming, labor-intensive and high-risk processes of manually counting, sorting and balancing cash drawers and enables workers to move through these processes in the same way.

## CHECKPOINTS WHERE AUTOMATED CASH COUNTING TOOLS CAN HELP:

### Do you conduct spot audits?

Automated technology speeds up these processes with minimal disruption to transactions with shoppers.

### Is counting drawers at shift changes taking too long?

Automating cash counts at shift changes can speed up the process and keep things moving.

<sup>8</sup> <https://qz.com/1008997/amazons-plan-to-buy-whole-foods-may-threaten-cashier-jobs-but-that-misses-the-bigger-picture-for-workers/>



# Scales are okay for weighing vegetables, not cash



## AREAS WHERE SCALES ARE LACKING

**SPEED:** At 10 to 25 bills at a time, the speed with which scales count cash makes them impractical for the many cash management tasks cashiers and the cash office manager are responsible for—from counting a till at the end of a shift to auditing the safe or cash room or the daily deposit.

**COUNTERFEIT DETECTION:** is also not possible or practical.

**STRAPPING:** Scales also do not offer the speed and flexibility needed for strapping, the process by which bills are organized and banded by denomination for easy access later.

Historically, scales in grocery stores have existed in the produce section so customers could weigh their fruits and vegetables to get an estimated cost based on weight. At one point, the concept of scales moved to the cash office, and weight-based measurement used for counting cash began. The features of each scale vary, but how they work is the same: they calculate the amount of money based on the weight of bills and coins and multiply by the denomination.

Counting money by weight depends on accuracy based on known weights for every currency and denomination that the device supports. Busy grocery operations often put the maintenance of these devices at the bottom of their priority lists, increasing the inaccuracy of counts resulting from scales that are not correctly calibrated. This can lead to substantial variations.

In addition to a lack of calibration, there are a number of other factors that can affect the accuracy of a cash-counting scale:

- Each denomination of U.S. currency weighs approximately 1 gram.
- Factors like paper clips, debris in the device—even a drafty environment—could affect the accuracy of the total. That's why the accuracy claims of scale manufacturers vary.
- It only takes 1 gram to create a deviance of \$20 or more.

With today's grocery stores doing more with fewer people, it's important to have tools that enhance productivity and efficiency. Scales simply do not appear to fill the bill.

# Quality cash counters bring new levels of efficiency



“Now one person can handle in minutes what used to take hours, so we have a lot more time to spend up front. The added benefit is the accuracy of the count for each cash drawer.”

– Chris Stephanoff, head cashier, Acme Fresh Market

Grocery retailers who take advantage of efficiency-boosting tools, such as currency counters, are able to protect their businesses from unnecessary costs. Because labor is the highest single expense for the grocery store industry, managers can benefit from an automated machine that performs multiple functions, so more time can be spent out on the floor with shoppers.

## CUMMINS ALLISON CURRENCY COUNTING TECHNOLOGY CAN:



**Process mixed bills:** count and denominate 33% faster than comparable currency-counting models, significantly speeding up till and safe processing



**Strap high-volume denominations** significantly faster than hand counting



**Detect counterfeits:** proprietary sensors and analytic software analyze each bill



**Scan checks:** process checks at 400 documents per minute

End shifts on time, cut overtime costs, extend deadlines and improve employee morale. Detect counterfeit currency that others miss and avoid the embarrassment of mistakenly passing these bills on to customers.

# Take the next step to improve your cash handling



Cummins Allison understands the margin pressures and daunting challenges that grocers face. Working together, we can help grocers identify key opportunities for improving profitability and the experience of shoppers—by streamlining all the processes involved in handling cash in stores.

Conquer your cash handling challenges with solutions that automate counting, eliminate errors, streamline processes and generate incremental profits.

**Contact us today and have a Cummins Allison professional assess your needs and provide you a free, no-obligation quote. Visit us at [cumminsallison.com/grocery](http://cumminsallison.com/grocery)**



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