To: David Yu, Shoppers Drug Mart Manager

From: Jasmin Senghera, Shoppers Drug Mart Employee

Date: January 27th, 2019

Subject: Proposal for Determining the Feasibility of New Methods for Food Expiry Management in Shoppers Drug Mart

**Introduction**

With over 1300 stores in Canada, Shoppers Drug Mart is currently known as the leading drug store retailer in Canada. Founded in 1962 by a Toronto pharmacist, Shoppers was created to allow individual pharmacists to practice business ownership while maintaining the personal aspect of a local pharmacy. There was never any intention for Shoppers to become a grocery store. But as the company evolved there became a need to open up the discussion of food in relation to pharmacy. Thus, in 2002 the first Shoppers Drug Mart food store opened.

While Shoppers has continued to flourish as a company with the introduction of food, it is important to note that maintenance of grocery items is exceptionally difficult. In particular, the management of expiries is a very tedious and seemingly impossible task. Currently in Shoppers, expiries are handled manually every couple of months and items that are expired are thrown away. This system is not economically or environmentally feasible

**Statement of Problem**

The current expiry management method in Shoppers Drug Mart is based on the first expired first out (FEFO) method. This means that when stocking new items, employees are expected to rotate the items. This way the old product on the shelf with the earlier expiry date is moved to the front, while the new product with the later expiry date is placed at the back of the shelf. Subsequently, every few months before a store inspection an employee is tasked with going through every individual item in the store to mark down soon to be expiring food items and to dispose of those already expired. The issue with the FEFO method is that it’s not guaranteed that every employee will follow it diligently. Additionally, the manual process of tracking expiries is prone to errors as items could be missed or expiry dates misread. Sending expired food to the landfill is a concern too as it is economically taxing, and it is contributing to the rising levels of greenhouse gas emissions.

**Proposed Solution**

To manage expiries more efficiently one solution is to make adjustments to each component of the current system. To prevent expired items on shelves, effective inventory management can come into effect. This way products are placed on the shelves based on how fast they sell, how likely they are to expire, and how often they are thrown out due to expiration. In order to keep expiries off shelves, an excel spreadsheet can be implemented. Within this spreadsheet, new items will be entered based on their name, brand, description, SKU (a unique code for each product that helps track them), and expiry date. Thus, every few weeks this spreadsheet will be analyzed and soon to be expired items as well as expired items will be taken off the shelves. Alternatively, a software program from a 3rd party could be implemented to manage expiries thereby reducing the time in maintaining an excel spreadsheet. In terms of reducing the food sent to the landfill, food waste will be sent to waste to energy plants that convert this waste into biogas that can be used as electricity. Additionally, soon to be expired food or perishable expired food that cannot be sent to these plants, can be donated to charities.

**Scope**

To determine the feasibility of these alternate methods for expiry management, I plan to explore these following questions:

1. Which products are frequently thrown out due to expiration?
2. Which products are most susceptible to expiring?
3. What is the economic loss due to expiries in terms of money and consumer response?
4. Is excel an efficient way of managing expiries or will a software program be more cost and time-effective?
5. How does the waste to energy system work and what expired foods would be beneficial for this system?
6. Which charities accept non-perishable expired or to be expired items?

**Methods**

My primary sources of data will consist of interviews with the Store Manager of Shoppers Drug Mart Surrey, Store 2235. I will also analyze the store’s present data on expiries to determine how inventory can be managed more effectively. To gain insight on waste reduction, I will contact the waste to energy plant in Richmond. Lastly, I will contact some charities to determine their views on expiry donations. To complement my primary research, I will conduct some surveys to understand customer behavior in response to expiries.

Secondary sources will include studies on expiry management software versus excel and publications regarding how consumers respond to expiries in grocery stores.

**My Qualifications**

I have been a Shoppers Drug Mart employee for 4 years now. For one of those years, my sole job was to handle expiries. Due to this, I have had a lot of experience with the FEFO method and I have also had experience with disgruntled customers complaining about expiries. Thus, my familiarity with the system and my history as an employee will assist me in conducting this feasibility study.

**Description of Reader**

The reader of this report in this case is the store manager of Shoppers Drug Mart on Scott Road. He has the authority to act on these final recommendations since he is in charge of the expiry program.

**Conclusion**

Shoppers Drug Mart needs to take a stronger initiative in handling their expiries. Their present FEFO method is time-consuming and privy to errors. Not only that, but it is contributing to growing food waste that is sent to landfills. By assessing the six questions of analysis, I can determine the feasibility of these new methods for food expiry management. With your approval, I will begin my research.