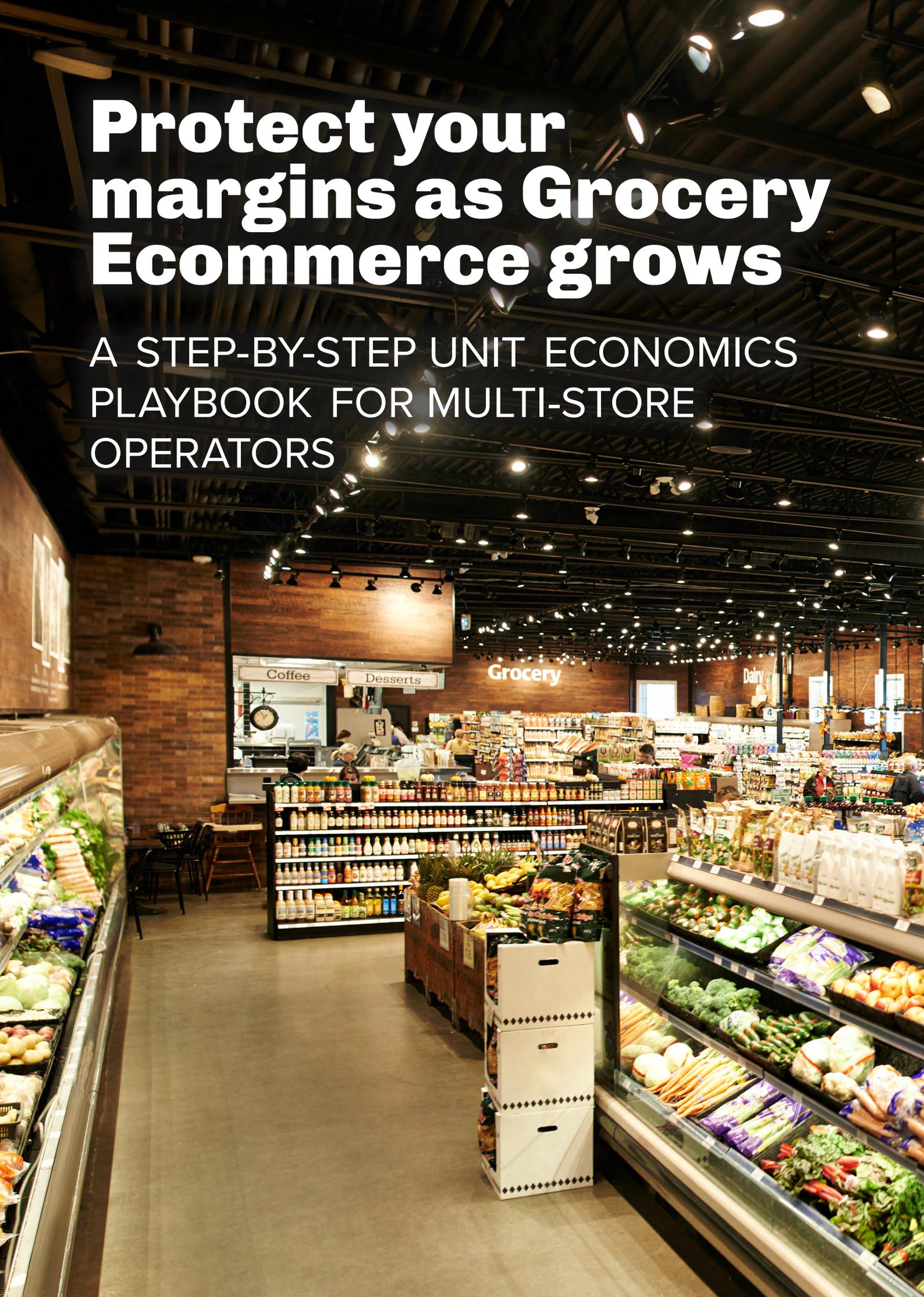


Protect your margins as Grocery Ecommerce grows

A STEP-BY-STEP UNIT ECONOMICS PLAYBOOK FOR MULTI-STORE OPERATORS



WAVE GROCERY



Thank you for growing with us!

99¢

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Protect your margins as Grocery Ecommerce grows

A Step-by-Step Unit Economics Playbook for Multi-Store Operators
Wave Grocery | 2026

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Intro

Working with grocers of all sizes across different countries, from those launching their first ecommerce platform to those upgrading existing mobile apps, we've noticed a consistent pattern: the microeconomics of individual grocery orders are critically important, yet often overlooked.

A lot of grocers focus on top-line metrics like order volume and basket value. But the devil is in the details. Monitoring your order microeconomics closely and breaking it down into components can help you identify leaks that, once fixed, significantly improve profitability.

Our team created this guide to help you measure these metrics the same way we do for all our clients. We hope you find it helpful.

The Wave Grocery team.

Executive summary

What is this playbook?

We built this playbook because we've seen too many grocery retailers grow their online orders while losing money on each one, without knowing it. This guide shares the exact method we use to calculate contribution margin per order (CM/order), identify which stores and delivery promises are unprofitable, and fix the root causes. We're sharing it freely because we believe profitable ecommerce starts with understanding your numbers. Whether you ever work with Wave Grocery or not, this playbook will help you make better decisions.

Who is it for?

Are you a leader in Operations, Finance, and Ecommerce at grocery retailers? Do you run 5+ stores and process 500+ online orders per week? This playbook is for you!

What will you have at the end?

By the time you finish this playbook, you'll have:

- 1 A CM/order measurement for each store and delivery promise
- 2 A clear view of which segments are profitable and which are losing money
- 3 A diagnosis of WHY unprofitable segments lose money
- 4 A prioritized action plan to fix the biggest margin leaks

We've included every formula, worksheet, and template you need. No gatekeeping, no "contact us for the full version."

How to use this playbook

We have put together the data you need to gather, the calculations you need to do and how to assess them. To make it more tangible, we are using a numerical example throughout the playbook.

We'll use a fictional retailer: AllMart Grocery. AllMart has two stores. Store A in an urban area and Store B in a suburban area. Each store serves multiple delivery zones with two promise windows: next-day and same-day.

You can follow along with your own numbers, or use ours to learn the method first and then apply it to your business case.

We recommend starting your calculations with a small test: **2 stores, 2 zones, 2 promise windows**. Once you understand the method, expand to your full network.

Key definitions

In this section you will find the key definitions and metrics you will need throughout the exercise. We use 10 core metrics organized into 4 groups.

- **Basket metrics** that measure the revenue and profit contribution of each order
- **Picking metrics** that measure how efficiently your team fulfills orders in-store
- **Delivery metrics** that measure the cost and reliability of getting orders to customers

We also have a table with other definitions that will be useful throughout the exercise. We recommend reading through these definitions first. It'll make the rest of the playbook much easier to follow.

Basket metrics

Term	Definition	Unit
Net Sales	Basket sales – Discounts + Fees collected	\$ per order
COGS	Cost of Goods Sold. The wholesale cost of items in the basket	\$ per order
CM/order	Contribution Margin per Order = Net Sales – COGS - Pick Labor Cost – Delivery Cost – Exception Cost	\$ per order

Picking metrics

Term	Definition	Unit
Pick minutes per order	Time from pick start to pick complete (Pick End Time – Pick Start Time)	minutes
Items per labor hour	Items picked ÷ Picker labor hours	items/hour
Pick labor cost	Pick minutes /order × (Loaded wage ÷ 60)	\$ per order

Delivery metrics

Term	Definition	Unit
Cost per drop	Route cost ÷ Number of delivered orders on that route	\$ per order
On-time %	On-time deliveries ÷ Total deliveries × 100	%

Exception metrics

Term	Definition	Unit
Exception cost	Refunds + Credits issued	\$ per order
Refunds per 100 orders	(Refund count ÷ Orders) × 100	refunds per 100

Other terms

Term	Definition
Loaded wage	Hourly wage + taxes + benefits. Use this, not base wage, for labor calculations.
Promise window	The delivery commitment you sell (next-day, same-day, 2-hour express)
Segment	A combination of Store × Zone × Promise e.g., “Store A / Zone 1 / Next-day”

The problem: Why online grocery margins leak

The economics gap

Here's something we've seen over and over: a retailer grows online orders by 40%, celebrates the revenue growth, and then wonders why profits didn't follow.

The reason is simple. A \$100 basket sold in-store typically generates ~\$4 net profit. That same \$100 basket fulfilled online can lose \$13 or more. Why?

Cost	In-store (customer does it)	Online (you do it)
Picking items	\$0	\$3-8 per order
Delivery	\$0	\$5-15 per order
Exceptions (refunds, support)	Minimal	\$1-3 per order

Total additional cost for online: \$9-26 per order.

If your delivery fees and operational efficiency don't cover these costs, you lose money on every order. And most retailers don't realize it because they're tracking the wrong metrics.

Why CM/order is the north-star metric

Most retailers track GMV (Gross Merchandise Value) and AOV (Average Order Value). These measure volume, not profitability. You can grow GMV 50% while losing money on every order. CM/order answers the question that actually matters: Does this order contribute to profit, and by how much?

For AllMart we discovered that:

- Store A is profitable. Store B loses money on every same-day order
- Next-day works everywhere. Same-day only works in dense urban zones
- Your delivery fees don't cover your actual delivery costs in 3 of your 5 zones

These insights change how you operate. That's why we're sharing this 6-step method.

The 6-step method

This is the method we use with grocers we work with to help them answer three critical questions:

- 1** Which of my stores and delivery promises are making money, and which are losing money?
- 2** Why are the unprofitable segments losing money? Is it picking, delivery, or exceptions?
- 3** What should I fix first to have the biggest financial impact?

It takes about 30 days to implement fully, but you'll start seeing insights within the first week.

Here's the overview, followed by a worked example with real numbers.

Step	What you do	Output
1 Define	Choose your segments: Store × Zone × Promise	List of segments to analyze
2 Measure	Collect data: net sales, COGS, pick times, delivery costs, refunds	Raw data per segment
3 Calculate	Compute CM/order for each segment	CM/order table
4 Benchmark	Rank segments and identify bottom performers	League table
5 Diagnose	Identify which cost driver causes losses	Root cause per segment
6 Improve	Fix the root cause, measure again	Improved CM/order

Worked example: AllMart grocery

Let's walk through all 6 steps together using a fictional retailer, AllMart Grocery. AllMart has 2 stores: Store A in an urban area and Store B in a suburban area. Store A serves two zones (Zone 1 and Zone 2), while Store B serves three zones (Zone 3, Zone 4, and Zone 5). Each zone offers two delivery promises: next-day and same-day.

The urban vs suburban distinction matters. Urban zones typically have higher order density (lower delivery costs), while suburban zones have lower density (higher delivery costs). You'll see this play out in the numbers.

This gives us 10 segments to analyze:

Store	Location	Zones served	Promises	Segments
Store A	Urban	Zone 1, Zone 2	Next-day, Same-day	4
Store B	Suburban	Zone 3, Zone 4, Zone 5	Next-day, Same-day	6
Total				10

Step 1: Define segments

Before you can measure anything, you need to decide how to slice your data. A segment is a combination of Store × Zone × Promise. Each segment will get its own CM/order calculation, so you can compare them directly.

For AllMart, the 10 segments are:

- Store A / Zone 1 / Next-day
- Store A / Zone 1 / Same-day
- Store A / Zone 2 / Next-day
- Store A / Zone 2 / Same-day
- Store B / Zone 3 / Next-day
- Store B / Zone 3 / Same-day
- Store B / Zone 4 / Next-day
- Store B / Zone 4 / Same-day
- Store B / Zone 5 / Next-day
- Store B / Zone 5 / Same-day

Step 2: Measure

In this step you gather the data you need for each segment. Take an indicative time frame, for example, the last quarter's numbers or whatever fits your business.

What you'll need:

- average basket value
- fees collected
- discounts applied
- COGS
- pick minutes per order
- delivery cost per order
- refunds per order

If you don't have exact numbers, you can use estimates. Approximate numbers are infinitely better than no numbers. You can refine as you go.

Here's what AllMart's data looks like. This table shows the raw inputs for each segment, the building blocks we'll use to calculate CM/order in the next step:

Segment	Orders / week	Avg basket	Fees	Discounts	COGS	Pick mins	Delivery
Store A /Zone 1 / Next-day	500	\$95	\$3	\$5	\$68	16	\$6.50
Store A /Zone 1 / Same-day	200	\$85	\$5	\$4	\$61	18	\$9.00
Store A /Zone 2 / Next-day	450	\$92	\$3	\$5	\$66	17	\$7.00
Store A /Zone 2 / Same-day	180	\$83	\$5	\$4	\$60	19	\$9.50
Store B /Zone 3 / Next-day	400	\$90	\$3	\$6	\$65	22	\$7.00
Store B /Zone 3 / Same-day	150	\$80	\$5	\$5	\$58	26	\$12.00
Store B /Zone 4 / Next-day	350	\$88	\$3	\$6	\$63	23	\$7.50
Store B /Zone 4 / Same-day	120	\$78	\$5	\$5	\$56	27	\$13.00
Store B /Zone 5 / Next-day	300	\$85	\$3	\$7	\$61	24	\$8.50
Store B /Zone 5 / Same-day	80	\$75	\$5	\$6	\$54	29	\$15.00

Loaded wage: \$18/hour for all stores

Notice a few patterns already: Store B's suburban zones have higher pick minutes (22-29 vs 16-19) and higher delivery costs (\$7.00-\$15.00 vs \$6.50-\$9.50). These are early signals that Store B may have margin challenges, but we won't know for sure until we calculate CM/order.

Step 3: Calculate CM/order

Now for the math. With your raw data in hand, calculate CM/order for each segment. This is where you'll see which segments make money and which lose money.

Formula:

CM/order = (Basket + Fees – Discounts) – COGS – Pick Labor – Delivery – Exceptions

Pick labor = Pick minutes × (\$18 ÷ 60) = Pick minutes × \$0.30

Now we run the calculation for each of AllMart's 10 segments. The table below shows every step of the math.

Net Sales - COGS - Pick Labor - Delivery - Exceptions = CM/order

Segment	Net Sales	COGS	Pick Labor	Delivery	Exceptions	CM/order
StoreA/Zone1/ Next-day	\$95 + \$3 - \$5 = \$93	\$68	16 x \$0.30 = \$4.80	\$6.50	\$1.00	\$12.70
StoreA/Zone1/ Same-day	\$85 + \$5 - \$4 = \$86	\$61	18 x \$0.30 = \$5.40	\$9.00	\$1.50	\$9.10
StoreA/Zone2/ Next-day	\$92 + \$3 - \$5 = \$90	\$66	17 x \$0.30 = \$5.10	\$7.00	\$1.20	\$10.70
StoreA/Zone2/ Same-day	\$83 + \$5 - \$4 = \$84	\$60	19 x \$0.30 = \$5.70	\$9.50	\$1.60	\$7.20
StoreB/Zone3/ Next-day	\$90 + \$3 - \$6 = \$87	\$65	22 x \$0.30 = \$6.60	\$7.00	\$2.00	\$6.40
StoreB/Zone3/ Same-day	\$80 + \$5 - \$5 = \$80	\$58	26 x \$0.30 = \$7.80	\$12.00	\$3.00	-\$0.80
StoreB/Zone4/ Next-day	\$88 + \$3 - \$6 = \$85	\$63	23 x \$0.30 = \$6.90	\$7.50	\$2.20	\$5.40
StoreB/Zone4/ Same-day	\$78 + \$5 - \$5 = \$78	\$56	27 x \$0.30 = \$8.10	\$13.00	\$3.20	-\$2.30
StoreB/Zone5/ Next-day	\$85 + \$3 - \$7 = \$81	\$61	24 x \$0.30 = \$7.20	\$8.50	\$2.50	\$1.80
StoreB/Zone5/ Same-day	\$75 + \$5 - \$6 = \$74	\$54	29 x \$0.30 = \$8.70	\$15.00	\$4.00	-\$7.70

The CM/order column is what matters. Positive numbers mean the segment contributes to profit. Negative numbers **in bold** mean you're losing money on every order in that segment.

Step 4: Benchmark

Now let's rank segments from best to worst. We include order volume because a small segment losing money is less urgent than a large one..

Rank	Segment	CM/order	Orders/week	Weekly margin
1	Store A / Zone 1 / Next-day	\$12.70	500	\$6,350
2	Store A / Zone 2 / Next-day	\$10.70	450	\$4,815
3	Store A / Zone 1 / Same-day	\$9.10	200	\$1,820
4	Store A / Zone 2 / Same-day	\$7.20	180	\$1,296
5	Store B / Zone 3 / Next-day	\$6.40	400	\$2,560
6	Store B / Zone 4 / Next-day	\$5.40	350	\$1,890
7	Store B / Zone 5 / Next-day	\$1.80	300	\$540
8	Store B / Zone 3 / Same-day	-\$0.80	150	-\$120
9	Store B / Zone 4 / Same-day	-\$2.30	120	-\$276
10	Store B / Zone 5 / Same-day	-\$7.70	80	-\$616

Three segments lose money. Combined, they're costing AllMart \$1,012 per week. That's over \$52,000 per year walking out the door.

This is the insight most retailers are missing. When you look at AllMart's top line numbers, everything seems fine: orders are growing, revenue is up, customers are happy. But underneath, three segments are quietly bleeding money on every single order.

Here's what makes this dangerous: without CM/order visibility, most operators would try to grow these segments. More marketing, more promotions, more volume. But growing a segment that loses \$7.70 per order doesn't fix the problem, it makes it worse. Every new order in Store B / Zone 5 / Same-day costs AllMart money.

The fix isn't to stop selling online. The fix is to either (a) change the economics of these segments (raise fees, cut costs), or (b) stop offering promises you can't fulfill profitably.

Step 5: Diagnose

Now we dig into why. For each underperforming segment, we compare its cost drivers to the best performer. This tells us exactly where the money is leaking.

Let's compare the worst performer (Store B / Zone 5 / Same-day) to the best (Store A / Zone 1 / Next-day):

Metric	StoreA/Zone1/Next-day	StoreB/Zone5/Same-day	Gap
Pick labor	\$4.80	\$8.70	+ \$3.90
Delivery	\$6.50	\$15.00	+ \$8.50
Exceptions	\$1.00	\$4.00	+ \$3.00
Total cost gap			+ \$15.40

The biggest gap is delivery cost: \$8.50 per order. That's the primary root cause. Pick labor and exceptions add to the problem, but delivery is where we should focus first.

Here's the pattern across all loss-making segments:

Segment	CM/order	Biggest cost driver	Gap vs best
Store B / Zone 3 / Same-day	- \$0.80	Delivery (\$12.00)	+ \$5.50
Store B / Zone 4 / Same-day	- \$2.30	Delivery (\$13.00)	+ \$6.50
Store B / Zone 5 / Same-day	- \$7.70	Delivery (\$15.00)	+ \$8.50

All three losing segments have the same root cause: high delivery cost in suburban same-day zones. The low order density makes same-day delivery uneconomical.

Step 6: Improve

Now we fix it. We focus on the biggest gap first, delivery cost, because it has the largest financial impact. Options for Store B same-day zones:

Option	Action	Impact
A	Remove same-day promise in Zones 3, 4, 5	Eliminates \$1,012/week in losses
B	Increase same-day fee from \$5 to \$10	Adds \$5 to net sales per order
C	Reduce delivery cost by batching more orders	Requires higher order density

Our recommendation: There's no single right answer. It depends on your capacity, customer expectations, and willingness to experiment. Here are options organized by effort level:

Quick wins (try first)

Action	How it helps
Adjust same-day fee by distance and busy times	Farther zones or peak hours cost more; quiet times cost less. Covers real delivery cost.
Raise minimum order for same-day in far zones	Same-day in Zones 3–5 needs a bigger basket to be worth it.
Add a "Saver Same-Day" option	A wider delivery window (e.g., "arrives this evening") lets you batch more orders and cut costs.
Small surcharge for heavy or special-handling orders	Cases of water, extra-cold items cost more to deliver fast—cover it with a small fee.

Medium effort (pilot next)

Action	How it helps
Send deliveries in waves	Offer a few set times each day so orders naturally group together on the same truck.
Loyalty perks on cheaper days	Give members a lower same-day fee on Tue–Thu to shift demand away from expensive weekend peaks.
Mix delivery partners	Use a lower-cost courier for far edges of the map; keep your drivers where you're denser.
Tidy up picking and packing	Better picking routes, simpler packaging—small savings per order that add up.

Bigger moves (plan and test)

Action	How it helps
Community drop points	One truck drops many orders at a school/church/locker two evenings a week. Much cheaper than door-to-door in far areas.
Same-day membership	A monthly plan with limited same-day deliveries in specific windows. Predictable usage helps fund the service.
Steer same-day toward lighter, higher-margin items	Promote items that are profitable to deliver fast; push heavy/bulky stuff to next-day.
Redraw zone boundaries	Update zone lines using real drive times (not just distance) so "hard to reach" pockets aren't treated like normal areas.
Pool routes with a friendly retailer	Share part of a route with a non-competitor nearby to boost order density.

The simplest starting point: remove same-day in Store B's zones until order density improves, or raise the fee to cover costs. But if you want to keep the promise, the options above give you paths to make it profitable.

Customers can still order next-day, which is profitable. Yes, you might lose some orders. But losing a \$7.70-loss order isn't actually losing anything, it's stopping the bleeding.

Result after change:

- Same-day orders shift to next-day (lower delivery cost)
- Weekly losses of \$1,012 eliminated
- Annual impact: +\$52,600

Toolkit: Worksheets and references

In the previous section we walked you through the 6-step method using AllMart as an example. Now you're ready to do it yourself. This section gives you the tools:

1. The CM/order Formula
2. A blank CM/order Worksheet you can fill in for your own segments
3. A Worksheet Dictionary explaining where to find each data point.

Think of it as your reference guide. Come back to it whenever you're running your own calculations.

1. The formula

$$\text{CM/order} = \text{Net Sales} - \text{COGS} - \text{Pick Labor} - \text{Delivery Cost} - \text{Exception Cost}$$

Where:

- **Net Sales** = Basket sales + Fees – Discounts (unit: \$)
- **COGS** = Cost of goods sold (unit: \$)
- **Pick Labor** = Pick minutes × (Loaded wage ÷ 60) (unit: \$)
- **Delivery Cost** = Cost-per-drop for that segment (unit: \$)
- **Exception Cost** = Refunds + Credits (unit: \$)

2. CM/order Worksheet

Here's the worksheet we use. You'll fill one row for each segment you want to analyze (Store × Zone × Promise).

Line	Description	Formula	Example	Your number
A	Segment name	,	Store A / Next-day	
B	Basket sales	From order data	\$95.00	
C	Fees collected	From order data	\$3.00	
D	Discount supplied	From order data	\$5.00	
E	Net Sales	B + C - D	\$93.00	
F	COGS	From ERP / POS	\$68.00	

G	Pick minutes	From picker app or time study	16min	
H	Loaded wage per hour	Wage + taxes + benefits	\$18.00	
I	Pick labor	$G \times (H + 60)$	\$4.80	
J	Delivery cost	Route cost ÷ drops, or 3PL invoice	\$6.50	
K	Exception cost	Refunds + credits	\$1.00	
L	CM/order	E-F-I-J-K	\$12.70	

C. Worksheet dictionary

Not sure where to find each number? Here's where we typically pull them:

Line	What it includes	Where to find it
B - Basket sales	Item revenue before discounts	Ecommerce platform, POS
C - Fees	Delivery fees, service fees (exclude tips)	Checkout data
D - Discounts	Coupons, promos, loyalty discounts	Promo engine, POS
F - COGS	Wholesale item cost × quantity	ERP, POS item cost file
G - Pick minutes	Time from pick start to staging	Picker app timestamps, or manual time study (30orders)
H - Loaded wage	Hourly wage + ~25% for taxes/benefits	HR / Finance
J - Delivery cost	For own fleet: route cost ÷ drops. For 3PL: invoice per delivered order	Fleet system, 3PL invoices
K - Exception cost	Refunds issued + credits given	Finance, Customer Service

Getting the data: Where to find what you need

If you don't have all the data, here's how to get started with what you have and improve over time.

Measurement maturity happens in stages. Start with what you can gather in 1-2 weeks, then improve your data capture over time. Don't wait for perfect data. Approximate numbers are better than no numbers. We've seen teams delay this work for months waiting for "better data." Meanwhile, they keep losing money on orders they could have fixed.

Minimum viable data (Week 1-2)

Data point	How to get it if you don't have it
Net sales, COGS	You likely have this in your ERP/POS already
Pick minutes	Run a manual time study: stopwatch 30 orders per store, record start-to-staging time
Delivery cost	Ask your 3PL for cost per delivered order, or calculate route cost ÷ drops
Refunds	Ask Finance for weekly refunds by store

Standard measurement (Week 3-6)

Data point	How to capture it
Pick minutes	Enable timestamps in your picker app (pick_start, pick_end)
Delivery cost	Get route-level data: miles, drive time, drops per route
Exceptions	Track refunds by reason code, substitution acceptance rate

Data fields to capture

If you're building a data extract or asking your tech team to pull this from your systems (ERP, ecommerce platform, picker app, delivery software), here are the fields you need for each order:

Field	Example	Used for
order_id	ORD-12345	Linking all data
store_id	STORE_A	Store benchmarking
promise_window	NEXT_DAY	Comparing like-for-like
pick_start_ts	2026-01-10 08:12	Calculating pick minutes
pick_end_ts	2026-01-10 08:28	Calculating pick minutes
delivery_cost	\$6.50	CM/order calculation
refund_amount	\$1.00	Exception cost

Benchmarking + Scoring: How to compare segments

Once you have CM/order for each segment, you need a way to identify which ones need attention. Here's how we do it.

Building your league table

Your table should include these columns.

Column	What it shows	Unit
Segment	Store / Zone / Promise	-
Orders/week	Volume	orders
CM/order	Profitability per order	\$
Pick minutes	Picking efficiency	minutes
Delivery cost	Delivery efficiency	\$
Refunds per 100	Exception rate	refunds

Example league table (from our worked example)

This is how your table should look like:

Segment	Orders per week	CM per order	Pick minutes	Delivery	Refunds per 100
StoreA/Zone1/Next-day	500	\$12.70	16	\$6.50	1.1
StoreA/Zone2/Next-day	450	\$10.70	17	\$7.00	1.3
StoreA/Zone1/Same-day	200	\$9.10	18	\$9.00	1.8
StoreA/Zone2/Same-day	180	\$7.20	19	\$9.50	1.9
StoreB/Zone3/Next-day	400	\$6.40	22	\$7.00	2.2
StoreB/Zone4/Next-day	350	\$5.40	23	\$7.50	2.5
StoreB/Zone5/Next-day	300	\$1.80	24	\$8.50	2.9
StoreB/Zone3/Same-day	150	-\$0.80	26	\$12.00	3.8

How to score using percentiles

A percentile tells you where a value stands relative to the rest of your data. For example, if your delivery cost is at the 75th percentile (P75), it means 75% of your segments have a lower delivery cost—you're in the bottom quartile. We use three percentiles:

- P25 = top quartile (best 25% of segments)
- P50 = median (middle of the pack)
- P75 = bottom quartile (worst 25% of segments)

You don't need industry benchmarks. Your own data tells you what's good and bad relative to your network. You'll want to calculate P25, P50, and P75 for each metric across your segments. Then score 1-5: Segments at or worse than P75 are your priority to fix.

Score	Meaning	Rule
5	Excellent	At or better than P25 (top quartile)
3	Average	Around P50 (median)
1	Poor	At or worse than P75 (bottom quartile)

Percentiles from our example:

Metric	P25 (best)	P50 (median)	P75 (worst)
Pick minutes	17	21	26
Delivery cost	\$7.00	\$8.75	\$12.50
Refunds / 100	1.5	2.4	3.9

Scoring the worst segment (Store B / Zone 5 / Same-day):

Metric	Value	vsP75	Score
Pick minutes	29	Worse than 26	1
Delivery cost	\$15.00	Worse than \$12.50	1
Refunds / 100	5.0	Worse than 3.9	1

Store B / Zone 5 / Same-day scores 1 on all metrics. That's your signal: this segment needs immediate attention.

What to do with the results

- 1** Negative CM/order segments: These need attention right away.
Either fix the underlying issue or consider removing the promise
- 2** Low-positive CM/order with high volume: High priority to improve.
Big dollar impact.
- 3** Low-positive CM/order with low volume: Lower priority.
Fix when you have bandwidth

How to improve: Fixing your margin leaks

You've found your problem segments. Now let's fix them.

This section maps directly to the three metric groups from Section 2. Each improvement area targets a specific cost driver, the same ones you've been measuring all along.

Improvement Area 1: Picking. Reduce pick labor cost

When to focus here: Pick minutes/order is above P75 (in our example, that's above 26 minutes)

Target metric: Pick minutes/order

Segments to fix in our example: Store B / Zone 4 / Same-day (27 min), Store B / Zone 5 / Same-day (29 min)

How to improve:

Action	Expected impact
Run a time study to identify where pickers lose time (travel, search, exceptions)	Baseline data
Improve item locations , move high-velocity items to accessible spots	-2 to -4 minutes
Batch orders by delivery wave instead of picking one-by-one	-1 to -3 minutes
Add scan verification to catch errors early (reduces re-picks)	-1 to -2 minutes

Financial impact (Store B / Zone 5 / Same-day):

- Current: 29 min × \$0.30 = \$8.70 pick labor
- Target: 20 min × \$0.30 = \$6.00 pick labor
- Savings: \$2.70 per order × 80 orders/week = \$216/week

Improvement Area 2: Delivery. Reduce delivery cost

When to focus here: Cost-per-drop is above P75 (in our example, that's above \$12.50)

Target metric: Cost-per-drop

Segments to fix in our example: Store B / Zone 4 / Same-day (\$13.00), Store B / Zone 5 / Same-day (\$15.00)

How to improve:

Action	Expected impact
Widen promise windows in low-density zones (same-day → next-day)	-\$3 to -\$6 per drop
Batch orders into route waves (more drops per route)	-\$1 to -\$3 per drop
Adjust zone boundaries to increase drop density	-\$1 to -\$2 per drop
Price premium promises higher (pass cost to customer)	Offsets cost

Financial impact (Store B / Zone 5 / Same-day)

- Option A: Remove same-day, shift to next-day → Delivery drops from \$15.00 to \$8.50 = \$6.50 savings per order
- Option B: Raise same-day fee from \$5 to \$10 → Net sales increases by \$5.00

Improvement Area 3: Exceptions. Reduce exception cost

When to focus here: Refunds per 100 orders is above P75 (in our example, that's above 3.9)

Target metric: Exception cost

Segments to fix in our example: Store B / Zone 4 / Same-day (4.0), Store B / Zone 5 / Same-day (5.0)

How to improve:

Action	Expected impact
Improve inventory accuracy (reduce out-of-stocks)	-\$0.50 to -\$1.00
Define substitution rules by category (customer accepts more subs)	-\$0.30 to -\$0.50
Notify customers of substitutions before dispatch	-\$0.20 to -\$0.40
Train pickers on accuracy (reduce mis-picks)	-\$0.20to-\$0.30

Financial impact (Store B / Zone 5 / Same-day):

- Current: \$4.00 exception cost
- Target: \$1.50 exception cost
- Savings: \$2.50 per order × 80 orders/week = \$200/week

Combining improvements

Here's what happens when you stack improvements for your worst segment. For Store B / Zone 5 / Same-day (CM/order = -\$7.70):

Improvement	Savings per order
Reduce pick time 29 → 20 min	+\$2.70
Switch to next-day delivery	+\$6.50
Reduce exceptions	+\$2.50
Total improvement	+\$11.70
New CM/order	-\$7.70 + \$11.70 = +\$4.00

That's a swing from losing \$7.70 per order to making \$4.00. On 80 orders per week, that's \$936/week in improvement, nearly \$49,000 per year from fixing one segment.

Summary: Recommended actions for Store B

Segment	Current CM/order	Recommended action	Expected new CM/order
Zone 3 / Same-day	- \$0.80	Remove same-day or raise fee to \$10	+ \$4.20
Zone 4 / Same-day	- \$2.30	Remove same-day	+ \$5.40
Zone 5 / Same-day	- \$7.70	Remove same-day	+ \$1.80

Total annual impact: \$52,000+ in recovered margin.

Case Study: How Kritikos expanded online ordering 350% and increased fulfillment 7x

We've shared the method. Now here's what it looks like in practice.

Kritikos is a 400+ branch grocery chain in Greece. When demand surged during the Covid-19 pandemic, they needed to scale quickly, but not at the cost of profitability. They used a version of this method to grow online while keeping margins healthy.

Results

Metric	Before	After	Change
Pick time per order	~25min	~15min	-40%
Operational costs	Baseline	-30%	-30%
Delivery efficiency	Baseline	+35%	+35%
Geographic coverage	Baseline	+350%	+350%
App user rating	-	4.7/5	Maintained
Served prefectures		+350%	Maintained
Scale fulfillment		7x	Maintained

What they changed

Area	Before	After
Order release	Single orders as received	Orders displayed by delivery time. Pickers work in priority sequence
Pick path	Wandering + backtracking	Route guidance using store map
Item confirmation	Manual (higher errors)	Scan at pick + scan at staging
Substitutions	Adhoc decisions	Category rules + customer preferences + pre-dispatch approval
Staging	No standard areas	Designated staging by delivery time
Management	Monthly KPIs	Weekly review: pick minutes, delivery cost, refunds

Operational changes you can replicate

- Store-to-hub conversion: Converted 40+ existing stores into micro-fulfillment centers in ~3 months, as part of a structured rollout.
- Pick process redesign: Reduced pick time from ~25 to ~15 minutes per order by standardizing pick paths and tools.
- Delivery efficiency: Improved delivery efficiency ~35% through batching and time-slot management.
- Maintain CX at scale: Sustained 4.7/5 rating while scaling volume.

The lesson:

Kritikos didn't try to fix everything at once. They measured weekly, piloted fixes in 1-2 stores, then rolled out what worked. The same approach we've outlined in this playbook.

“Our partnership with Wave Grocery revolutionized our online operations and boosted our bottom line. We could not be happier.”

Costas Z., Head of Ecommerce, Kritikos

Implementation: 90-day rollout

Phase 1: Baseline (Weeks 1-2)

- Select 2 test stores, 2 zones, 2 promise windows
- Collect data: net sales, COGS, pick times, delivery cost, refunds
- Calculate CM/order for each segment
- Build your league table

Output: You know which segments make money and which lose money.

Phase 2: Diagnose + Pilot (Weeks 3-6)

- Identify the #1 cost driver for your worst segment
- Choose one improvement action
- Pilot in 1 store for 2 weeks
- Measure: Did pick minutes / delivery cost / exceptions improve?

Output: Proven fix with measured impact.

Phase 3: Scale (Weeks 7-10)

- Document the pilot process (SOP, training)
- Roll out to remaining stores
- Track adoption weekly

Output: Standardized process across network.

Phase 4: Expand (Weeks 11-12)

- Add remaining stores and zones to your CM/order model
- Institute weekly 30-minute review meeting

Output: Full network visibility and operating cadence.

Weekly review meeting (30 minutes)

Attendees: Ops lead, Ecommerce lead, Finance rep

- Agenda:**
- Review CM/order by segment (top 3, bottom 3)
 - Review driver metrics: pick minutes, delivery cost, refunds per 100
 - Identify one constraint to fix this week
 - Assign owner and action

That's it. Thirty minutes a week to stay on top of your unit economics.

Appendix: Templates and References

Template A: CM/order worksheet (blank)

Line	Description	Formula	Your number
A	Segment name	-	
B	Basket sales	-	
C	Fees collected	-	
D	Discounts	-	
E	Net sales	$B + C - D$	
F	COGS	-	
G	Pick minutes	-	
H	Loaded wage/hour	-	
I	Pick labor	$G \times (H + 60)$	
J	Delivery cost	-	
K	Exception cost	-	
L	CM/order	$E - F - I - J - K$	

Template B: League table

Segment	Orders/wk	CM/order	Pick min	Delivery\$	Refunds/100

Template C: Weekly KPI dashboard

Metric	Unit	Segment by	Owner
CM/order	\$	Store × Promise	Finance + Ops
Pick minutes/order	min	Store × Promise	Ops
Cost-per-drop	\$	Zone × Promise	Logistics
Refunds per 100	Count	Store	Ops + CS

Where data usually lives

Data	Typical source
Net sales, COGS	ERP (SAP, Oracle), POS
Pick timestamps	Picker app, WMS
Delivery cost	Fleet system, 3PL invoices
Refunds	Finance, Customer Service

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[6] Grocery Dive (2025)

[8 grocery industry trends to watch in 2025](#)

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[Kritikos case study](#)

Note: Any example calculations in this paper are illustrative. Use your own cost rates and volumes for decisions.

About Wave Grocery

Wave Grocery provides an ecommerce platform purpose-built for grocery and high-frequency delivery businesses. It includes web and mobile storefronts, a picker application, delivery tools, admin panel, phone ordering, and loyalty - modular so teams can start small and scale.

- Designed for medium, large, and enterprise grocery operators
- Modular: choose individual solutions or deploy end-to-end
- Pay-as-you-grow model

Capability checklist (use for any platform evaluation)

Area	Features to evaluate
Picking	Picker app with timestamps, scan verification, substitution handling
Delivery	Time-slot management, route optimization, 3PL integrations
Inventory	Stock sync, out-of-stock alerts, substitution rules
Analytics	CM/order reporting, pick time tracking, delivery cost by zone

Book a discovery call

This playbook gives you the toolkit to calculate CM/order yourself. If you'd like to explore how our ecommerce platform - purpose-built for grocery - can help you grow your online business profitably, book a discovery call with our team.

Contact +302107472700, Athens, Greece

Book a meeting [here](#) or scan the code below



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