McCaffrey's stocks up on confidence with MatrixMaster

Categorizes 100,000 grocery products for taxability, WIC/SNAP eligibility

McCAFFREY'S FOOD MARKETS

Tax Challenges

- Tens of thousands of items; constantly changing tax exposure
- Regulations and rates change without notice

Business Systems

- ECRS (POS)

Avalara Products

- Avalara MatrixMaster

Results

- Point-of-sale system automatically updated with correct tax rates for all jurisdictions
- Retail government assistance programs also included in POS updates; saves time and effort
- Tax calculation compliance and confidence

Jim McCaffrey III and his son, Jim McCaffrey IV, opened their first food market in Yardley, Pennsylvania in 1986. Today there are six McCaffrey's Food Markets across southeast Pennsylvania and central New Jersey.

McCaffrey's has more than 60,000 different items on its shelves at any given time, and more than 100,000 in its point-of-sale (POS) system. Additionally, the system takes in more than 1,000 new items each month. Keeping up with product taxability and government-assistance eligibility—both of which vary by state and are always changing—was becoming an expensive guessing game.

The High Cost Of Guessing Wrong

"We want to do the right thing," says Ben Norton, who is in charge of retail technology for McCaffrey's. "We want to make sure our customers are taxed—or not taxed—correctly. But it was really a guessing game for our small team."

Managing tens of thousands of items that are constantly changing as well as manage changing taxability rates is difficult enough. But to manage all of that also across two states, the chances of guessing wrong are not insignificant. McCaffrey's got hit with a fine when a state auditor discovered mistakes in their sales tax calculations.

"We decided to finetune the process," says Ben, "and to automate it as much as possible."

Clean-Up On Aisle 7

Avalara MatrixMaster is a niche service designed to solve product taxability problems like McCaffrey's. Retail businesses that need to track and apply thousands of sales tax rates based on individual SKUs can leverage the MatrixMaster database of more than 17 million codes and apply the correct rate for each product in each jurisdiction at the time of sale. In the case of McCaffrey's, this exchange happens monthly.

"We automatically prepare a file of newly added items and submit it to Avalara's FTP site," says Ben. "We take the return file and update our internal database, which automatically updates our POS system. The whole process takes just a couple of days every month, and 98% of that time is the experts' item-by-item review."

In addition to determining product taxability, McCaffrey's customized MatrixMaster is used to determine each product's eligibility for government-assistance programs such as Women Infants & Children (WIC) and Supplemental Nutrition Assistance Program (SNAP), commonly referred to as food stamps.

"Those regulations change all the time, often without notification," says Ben. "Avalara helps us keep up with that as well."

Efficiency + Accuracy = Confidence

"MatrixMaster allows us to be fast and accurate with the staff that we have," says Ben. "We're a small team, and any time we can automate something, we take a task off of somebody's plate so they can focus on more important things. Without MatrixMaster, we'd still be guessing item by item."

Ben also appreciates the relationship he has built with his Avalara account manager. "I can contact her at any time," he says. "For example, New Jersey changed tax codes the past two years, and she helped us identify and implement the necessary changes in advance so that we were compliant on the day the rate changes took effect."

This combination of accuracy and efficiency has made a big difference for McCaffrey's. "We are going through another audit right now," says Ben, "and with Avalara we're able to provide solid answers to every question from the auditor. No more guessing—we are absolutely more confident with Avalara."

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– Ben Norton
Director of Retail Technology

Avalara Tax Compliance Suite

A complete, end-to-end sales and use tax compliance solution—built to grow with your business.

Avalara AvaTax determines and calculates sales & use taxes.

Avalara Returns handles monthly sales & use tax filing, payments, and notice management.

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