Improving availability for Customers

June 2016 – ECR Malaysia

Why is availability important?

- 30% lost opportunities for Retailer
- 17% Returns later
- 21% Buys brand elsewhere
- 16% Buys different size
- 9% Doesn’t buy anything
- 46% lost opportunities for Manufacturer

Source: Roland Berger / ECR Europe
What do customers feel?

Improving availability builds trust and loyalty

We don’t have a problem...
Create value by maximising shelf availability

The Supply Chain main purpose is

Reduce Costs

Establishing the virtuous circle

Drive Volume

What does supply chain do?

From Logistics to Supply Chain

The Supply Chain main purpose is

Create value by maximising shelf availability

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What does supply chain do?
There are 7 streams of work

- Measure performance
- Get management attention
- Consistent delivery & replenishment
- Inventory accuracy
- Promotions management
- Ordering algorithms
- Merchandising plans

All supported by root cause investigation

A single process for each of the changes

1. Strategic Alignment
   - Implement Solution
   - Agree the definition, set and monitor the KPI

2. Objective:
   - Halve the out of stocks by December

3. Establish Loss Tree

Root cause analysis

Tools and Techniques:
- 5W+1H
- 5 Why
- CPFR
- RRP
- Process Mapping
- 4M
- RFID
- Ranging and Merchandising
- Stockless management

Unilever
Promotions are especially important to customers

- Final list identified from W/M to E/M
- EM team to submit update promo list to supply chain team with Trend factor input.
- EM team to submit Forecast QTY to supply chain for conventional stock.
- Supply Chain to upload the ASC & trend factor into system based on store layout given by store
- Conventional stock inbound for EM shipment and loading container from DC Sepang
- TURN ON ordering with ASC input.
- Stock arrival at EM from DC Sepang and distribute to store according to schedule
- Goods arrival at store

System drives the ordering – Pull not Push...

Normal Replenishment
Shelf Capacity
Sales & Order pattern
Goods to SELL
On Promotion
+ Additional Shelf capacity
+ Trend Factor

Less interventions will allow stock to flow to the shelves
Market leading availability...

Centralisation is key for Promotion availability

- Most issues are direct to store
- Promotions are 3 times more likely to be out of stock if direct
- Centralisation to grow next year
- All suppliers who can – will.
Key take aways

- Improving availability Builds customer trust and Loyalty
- Direct to store is 3 times more likely to be out of stocks
- Centralisation will improve availability
  - And productivity
- Systems will deliver improvements
- We all need to work together
  - Suppliers
  - Merchants timelines and ranging
  - Stores Inventory accuracy, gap check and replen

Happy Customers more sales better business