Efficient Consumer Response Australasia

Winning at the Shelf

Key Insights into Causes of Out of Stocks at the Shelf

October 2012

one voice - adding value

"Winning at the Shelf" is the latest in a series of projects commissioned by the ECRA Board to improve understanding of the key factors impacting On-Shelf Availability (OSA). This study focuses solely on the in-store replenishment process. The aim is to understand the key issues faced by store personnel in ensuring that the product existing within the store building is replenished to fixtures – both shelf and display – in a timely fashion to avoid out of stocks.

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In an increasingly global food and grocery industry and a retail environment subject to rapid change, the future for Australian and New Zealand suppliers, retailers and wholesalers depends on increased efficiencies, reduced costs and added value for consumers. ECRA focuses on delivering against a robust work plan that includes the key platform of on-shelf availability, supply chain optimisation and business systems.

Formally launched in November 1999 and fully supported by the Australian Food and Grocery Council (AFGC), ECRA is an informally constituted joint industry body that brings suppliers, manufacturers and retailers together.

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Acknowledgements

Overview

Winning at the Shelf is the latest in a series of projects commissioned by the ECRA Board to improve understanding of the key factors impacting On-Shelf Availability (OSA). This study focuses solely on the in-store replenishment process. The aim is to understand the key issues faced by store personnel in ensuring that the product existing within the store building is replenished to fixtures - both shelf and display - in a timely fashion to avoid out of stocks.

Project work involved selecting a sample of Coles and Woolworths stores from a cross section of store sizes and shopper traffic density. Stores were visited during the peak trading days of Thursday to Sunday. Interviews were conducted with a variety of staff involved in the replenishment process ranging from night fill team members to store managers. The interviews explored the existing replenishment processes, practices and routines; identified issues and difficulties; and isolated areas of opportunity for improvement. Observations were also collected in regards the number, type and timing of replenishment routines, and the ease of replenishing from the storeroom. Out of stock levels on shelves and displays were tracked across the trading day.

KEY FINDINGS

Storeroom

A well laid out and uncluttered storeroom is fundamental to effective in-store replenishment. Although the retailers are investing heavily in improving storeroom management, a number of stores did not follow the basic principles, making products difficult to find, handle and replenish efficiently. More focus on accountability, as well as reinforcement of standards and increased staff training appears to be warranted.

Also adding pressure to the storeroom space and tidiness are forced allocations of slow moving stock and promotional overbuys. Improved management of the allocations, taking into consideration store size and turnover, is recommended. Tighter promotional forecasts for minor lines, and a revision of the markdown procedures to clear unsold promotion stock, should also be considered.

The Shelf

Optimal store ordering and replenishment relies on a high degree of assortment and planogram compliance. Many of the sample stores monitored were non-compliant in these respects. The biggest issue surrounded handling of deleted lines. Many remain on the shelf, especially in the lower turnover stores, reducing space for new products and making it difficult to order and fill effectively. This appears to be particularly problematic in complex to manage categories such as hair care and vitamins.

In addition, it seems that labour that previously was dedicated to maintaining planogram integrity and compliance has been removed or redirected to other tasks. A strong case for this move to be reconsidered is emerging.

Shelf Ready Packaging (SRP)

The introduction of Shelf Ready Packaging (SRP) has the potential to greatly improve the efficiency of shelf replenishment for a number of categories. The reaction to SRP at store level has been mixed. Many examples of poorly designed SRP were found during the study. As a result it was often felt to be easier and more effective for personnel to fill the shelves in the traditional manner (i.e. disregarding the SRP). For some stores, SRP was not deployed as it didn't physically fit on the shelves. Both these outcomes suggest that SRP design standards may need a review at category level.

Store discipline in deploying SRP was also inconsistent. Design issues aside, many stores did not adhere to their company's deployment standards and there appeared to be little repercussion for not complying. The result was that many products intended to be merchandised on the shelf in SRP were not.

Night Fill

Productivity gains from deploying SRP has already impacted the key night fill replenishment function with budgeted man-hours to complete the task having been reduced. This reduction, along with recent changes in accountability, plus the ongoing difficulty in finding and keeping experienced night fill staff meant that in the majority of stores studied night fill were not found to be doing the job effectively within their allocated hours.

This leads to a number of key impacts on replenishment. Firstly the store is not faced up correctly, making it difficult to locate out of stock gaps at morning opening. Secondly the storerooms are left cluttered with unfilled stock making stock harder to locate. Finally day fill staff are diverted from their tasks in order to complete night fill work. Work is recommended to improve the effectiveness and productivity of night fill.

People

Interviews at store suggested that recent changes to store manning now meant there were 'fewer people doing more tasks' compared with previous. Questions were raised by staff as to whether the cuts had been too deep with personnel concerned that it was not possible to complete all their assigned tasks within the available time whilst meeting the everyday contingencies typical of a store environment.

An example was the practice of deploying day fill staff to the checkouts in periods of peak shopper traffic. This practice might lead to improved customer satisfaction at the checkout, but it can also lead directly to out of stocks on the shelf where staff are required to abandon or downgrade replenishment routines.

Store level replenishment routines

Retailers have specific replenishment routines to guide filling and refacing. Some are linked to automatic store ordering (ASO) systems and are thus 'hard coded' i.e. they must be done each day. Others, such as the routine to replenish high turnover categories in the afternoon, are ad-hoc and are left up to store management to implement.

The in store observations showed that once a store became busy, many of the ad-hoc routines did not get executed. Both management and staff were diverted to other activities and the result was substantial out of stocks in a number of key categories including soft drinks and toilet paper. Effective management of these routines is a key to improving on-shelf availability.

Carton Identification

Clear and consistent labelling of cartons (shippers) aids personnel in quickly identifying products in the storeroom and again when filling the product onto the shelf. Observation of packaging across many suppliers suggested opportunities to enhance the information printed on the carton from the shelf filling perspective, and also to assist staff to locate the product by printing key information on multiple sides of the carton.

The Weekend

The in-store replenishment process comes under the greatest pressure on the weekend, especially in the high traffic stores. To avoid out of stocks on the weekend stores should:

- Ensure that replenishment routines are run *throughout* the day, especially for high velocity and/or bulky product categories (soft drinks, toilet paper, etc),
- Review the number of fill staff deployed and their allocated tasks,
- Review merchandising staff deployment with suppliers, and
- Roster more senior store management to direct routines, enforce discipline and handle contingencies.

Supplier involvement

Suppliers have traditionally played an important role in the in-store replenishment process. The role has changed in recent years with the retailers reviewing the type and extent of support they require/desire and suppliers also reconsidering their investment in personnel at store level.

Interviews with suppliers revealed that many tasks undertaken at store involved compliance checking of activity agreed at head office. Apart from assisting in building relays, most suppliers don't (officially) build displays, fill or face up during their calls.

Store managers though are still looking for 'hands on' support from suppliers, especially during the peak trading times on the weekend. The results of the out of stock analysis suggests that providing this type of assistance, especially in the high traffic stores and for certain types of categories, could lead to benefits for some suppliers.

TURNING THE FINDINGS INTO ACTIONABLE INITIATIVES

Follow up resulting from the study findings noted above and in the balance of this report, involved turning insights gained from the research into actionable initiatives. An industry working group (refer to page 5) reviewed the study findings and developed a short list of initiatives which were then submitted to the ECRA Board for consideration. The ECRA Board reviewed the submission and agreed to support two key industry level initiatives - as follows:

1. **Improving Carton Identification**

   Delivery of guidelines and best practice to support the easy and accurate identification of product through the supply chain with particular focus on carton (i.e. case, shipper) identification at back of store through to positioning on the shelf. Having flow-on benefits to sales and shopper satisfaction achieved through improved on-shelf availability.

2. **Shelf Ready Packaging Operational Execution**

   Provision of operational and guidance tools to support the ECRA Retail Ready Packaging Toolkit to promote effective utilisation of SRP at the store. Ensuring that product, process and people requirements for optimised execution are made clear and that support mechanisms are available to stakeholders.

The industry actions are based on ECRA's strategic framework (Figure 1), which focuses on delivering a work program and associated priorities to enhance value for the industry.
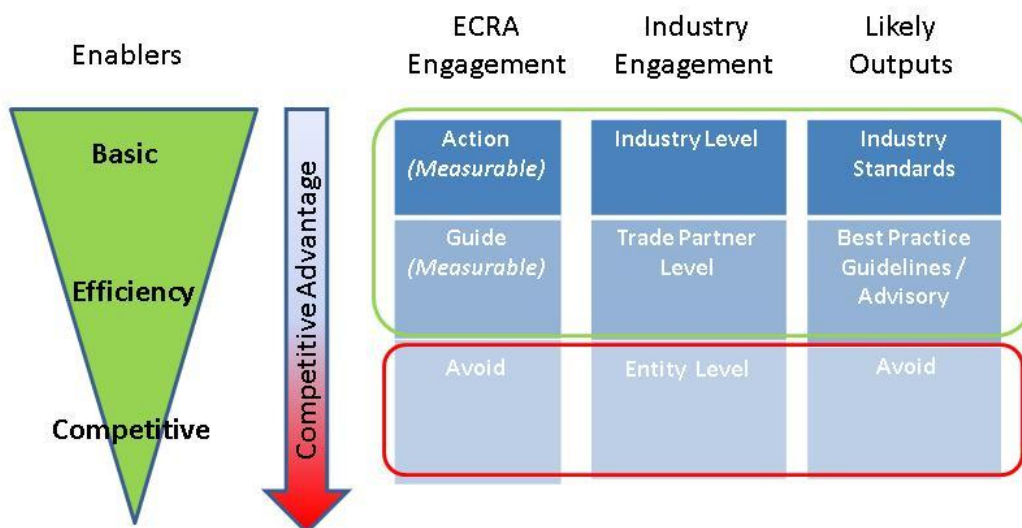

Figure 1 - ECRA Strategic Framework

STUDY OBJECTIVES, PROCESS AND METHODOLOGY

Study Objectives

To generate insights into the root causes of the key issues inhibiting store personnel in ensuring replenishment of shelves and displays in a timely fashion so as to avoid out of stocks.

Specifically:

- To provide detailed understanding of the major issues faced across each of several key product classifications and the replenishment process for each,
- To provide both good and poor examples of product and process in regards replenishment,
- To identify the important issues to be addressed to improve availability, and
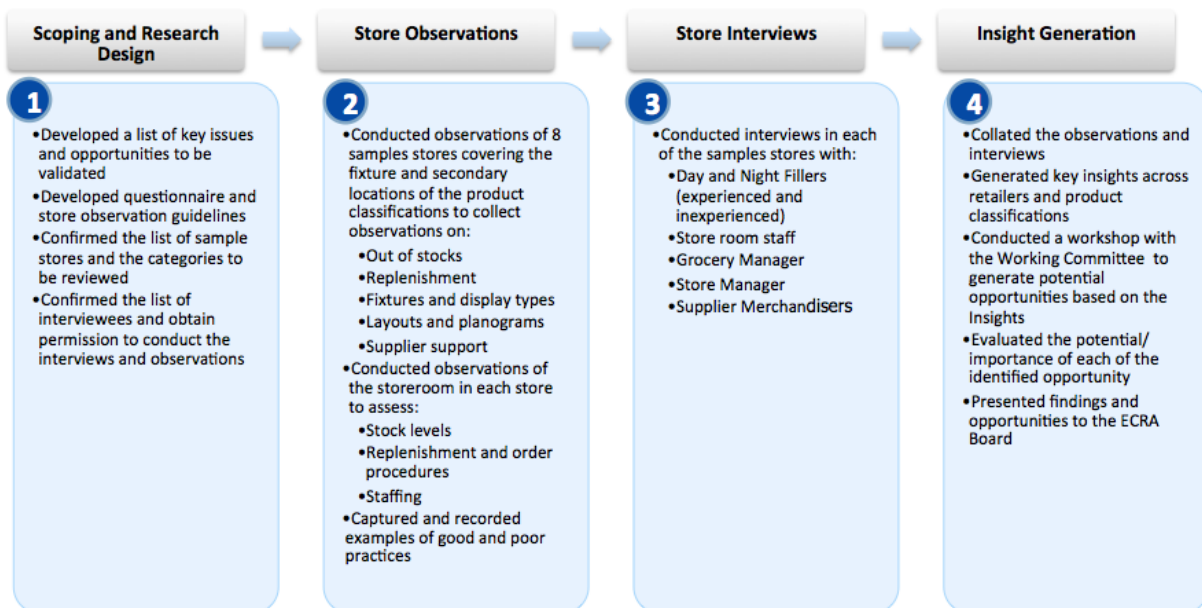- To provide recommendations on the opportunities to address the issues unearthed.

Scoping and Research Design

1
- Developed a list of key issues and opportunities to be validated
- Developed questionnaire and store observation guidelines
- Confirmed the list of sample stores and the categories to be reviewed
- Confirmed the list of interviewees and obtain permission to conduct the interviews and observations

Store Observations

2
- Conducted observations of 8 samples stores covering the fixture and secondary locations of the product classifications to collect observations on:
  - Out of stocks
  - Replenishment
  - Fixtures and display types
  - Layouts and planograms
  - Supplier support
- Conducted observations of the storeroom in each store to assess:
  - Stock levels
  - Replenishment and order procedures
  - Staffing
- Captured and recorded examples of good and poor practices

Store Interviews

3
- Conducted interviews in each of the samples stores with:
  - Day and Night Fillers (experienced and inexperienced)
  - Store room staff
  - Grocery Manager
  - Store Manager
  - Supplier Merchandisers

Insight Generation

4
- Collated the observations and interviews
- Generated key insights across retailers and product classifications
- Conducted a workshop with the Working Committee to generate potential opportunities based on the Insights
- Evaluated the potential/ importance of each of the identified opportunity
- Presented findings and opportunities to the ECRA Board

Figure 2 - Process and Methodology

Classification	Characteristics	Categories Observed
High Velocity	• High turnover • Known to be under out of stock pressure during peak trading periods	Carbonated Soft Drinks
Bulky	• Large pack sizes with limited amount of shelf space • Above average turnover	Toilet Paper Breakfast Cereals
Intricate/Complex	• Products are more difficult or time consuming to place on the shelf • A large assortment of products to manage • Relatively low rate of sales	Hair Care Hang Sell Confectionery

Table 1 - The Product Classifications

The Sample Stores

Eight stores were chosen - four each from Woolworths and Coles. To gain a representative view of the issues being faced across different store sizes, turnover and store traffic, each retailer selected stores that met the following criteria:

- 1 x large store with high traffic
- 1 x large store with medium/low traffic
- 1 x medium/small store with high traffic
- 1 x medium/small store with medium/low traffic

Timing of Data Collection

Store visits were scheduled for the key trading days of Thursday through to Sunday. High traffic stores were visited on the weekend. Data collection commenced in late February and was completed in early March 2012.

A DAY IN THE LIFE OF IN-STORE REPLENISHMENT

To begin the task of identifying the root causes of key issues impacting the in-store replenishment process, a 'day in the life of replenishment' was created. This involved mapping the entire process from the time the ASO system orders the product to the time the products are filled and faced up on the shelf. (Refer Figure 3). This exercise was done for both Coles and Woolworths, and not surprisingly the steps along the way were quite similar. That said, each step was closely reviewed looking at the process, the routines applied, the people involved, what they did, how information and technology was applied and the role suppliers played.

Mon 7PM
ASO triggers the order

Tue 12-5AM
Order consolidated and picked at DC

Tue 11AM
Orders delivered and received at store

Tue 3PM
Load split at store

Tue 5-12PM
Load filled and store faced up

Wed 6-9AM
Investigate counts done

Wed 11AM
Out of Stocks (OOS) gaps cleared

Wed 12-3PM
Run overstocks(short and long term)

Wed 3PM
Afternoon refresh

Wed 5- 12PM
Load filled and store faced up
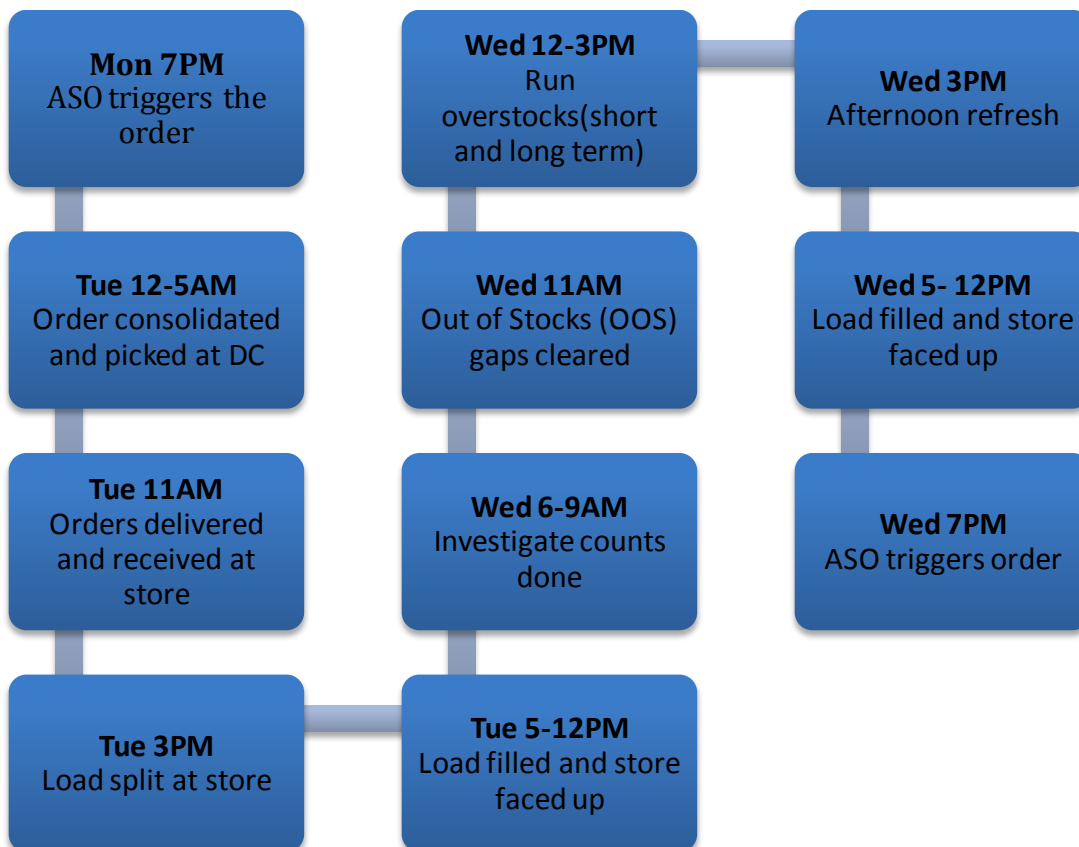
Wed 7PM
ASO triggers order

Figure 3 – A day in the life of in-store replenishment

Each step is detailed below with an explanation of what typically occurs, including factors impacting performance. Also provided are some key opportunities to drive improvement. These address issues that appear to be having a significant impact on the process and adding cost and/or complexity. For these opportunities a series of recommendations have been proposed.

Key Steps

Mon 7PM   Automatic Store Ordering (ASO) triggers the order

- The ASO system triggers an order based on each stock keeping unit's (SKU's) minimum inventory holding level.
- The size of the order takes into consideration the current and forecast sales, the amount of stock in transit and the distance (in travelling days) of the store from the warehouse.
- For the majority of the SKU's, the order is typically for only one order multiple (OM), usually a carton. This allows all inventory to be filled directly to the shelf.
- Optimal ASO requires very accurate measurement of store inventory. As a result, retailers invest a considerable amount of store labour time towards identifying and correcting inventory errors.

Tue 12AM – 5AM   Order consolidated and picked at the distribution centre (DC)

- The individual SKU orders are consolidated into one store order and sent to the distribution centre (DC)
- The order is picked at the DC
- The store is advised of the number of cartons in the pending delivery. The number of cartons assists the store in determining the amount of night fill labour required to fill the shelves.

Tue 11AM   Orders delivered and received at the store

- Depending on the store location, the timing of the delivery can vary from mid morning to late evening.
- The larger trading stores have a dedicated receipt manager, whereas other stores may use day fill staff.
- Most stores have a relatively small receiving area and this quickly fills when major loads are delivered. The receiving area generally remains cluttered until late afternoon when loads are split and night fill begins.
- NOTE: During the study many loads had at least one issue with goods damaged in transit or unloading.

Tue 3:30PM   Load split at store

- Loads received from the DC are split to allow for efficient movement of product from the receipt area to the aisle.
- Woolworths splits loads from pallets to trolleys, whereas Coles splits from DC roll cages to aisle cages.
- Splitting the load is usually assigned to one member of the night fill team, who will commence the task approximately one hour before the start of the night fill.

Opportunity

Issue	Impact	Recommendations
• Splitting loads at store is a time consuming and costly activity. • The more a DC can deliver the loads picked/loaded by aisle, the less store level splitting is required. • More segmented splitting also allows for SKU's being located easier for emergency refills.	• Leads to double handling of product • Additional store labour cost • Increase out of stocks on shelf	• Review of practices and opportunities between Store Operations and Logistics management with a view to minimising the degree of load splitting required at store.

Table 2 - Closer liaison between store and DC to minimise load splitting

Tue 5 - 12PM   Load filled and store faced up

- The number of fillers utilised on any given night will be a function of the number of the cartons being delivered to the store and the agreed carton to shelf filling rate (typically 60 -70 cartons per hour).
- The shelves are filled aisle by aisle by the night fill team, led by the night fill captain.
- Products are typically identified by matching the description on the shelf tag to the description on the carton. The carton is then opened and products placed on shelf if not in SRP.
- Filling using SRP is becoming more popular, but during the period of this study there was a high level of non-compliance and non-usage of SRP.
- Products for which tickets cannot be located on the shelf are marked 'NOS' and left adjacent to shelf. The captain verifies the product does not belong on the shelf or in another aisle and thus must be a new line.
- The practice of cutting in new lines varies by store within both retailers. Some stores cut new lines in wherever they will fit. Others return them to a new products area in the store.
- Product that does not fit on the shelf due to insufficient space is returned to the storeroom and placed in the overstocks zone. Ideally these cartons should be able to be deployed on the shelf within the next twenty-four hours.
- The last job for the night fill to complete is to 'face up' stock throughout the store ready for stock checks the following morning.

Opportunity

Issues	Impact	Recommendations
• Correct deployment of SRP improves the productivity of night fill. However the number of hours allowed for night fill has already been reduced with only partial deployment of SRP in store. • Concerns regarding reduced	• Loads are not being filled before midnight. • Products are incorrectly placed on the shelf. • New products are not cut in correctly, or on time. • Many overstocks being returned to the storeroom	• Recognise the importance of night fill in the replenishment and ASO process. • Review the deployment of SRP and determine whether the productivity gains are realistic. • Develop and implement a comprehensive training

accountability and lack of adherence to procedures.	• Stores are not being faced up, making morning stock checks difficult and leaving the potential for lost sales.	programme for the night fill team where warranted.
• In the majority of stores surveyed, night fill were not completing all their assigned tasks within the designated hours.	• The burden of completing the filling task moves to the day fill team who are diverted from their activities.	• Work to recruit and retain experienced night fill captains. • Review responsibilities, accountabilities and reporting lines of night fill captains.

Table 3 - Improving the effectiveness of night fill

Wed 6 - 9AM   Investigative counts done

- Retailers undertake investigative checks first thing in the morning to identify out of stock gaps on the shelf and to check for inventory anomalies.

- These checks are partly done to isolate which out of stocks can be filled by inventory that is currently in the store.

Wed 11AM   Out of Stock gaps are cleared and additional products placed on the shelf

- For the SKU's that were out of stock on the shelf, but identified by the system as having inventory in store, the day fill team attempt to find the product and place it on the shelf. Typically the stock will be in the storeroom, but if the product is on promotion then the additional stock may be on a display.
- Having a tidy storeroom, with cartons easily located and identified, is critical in completing this task efficiently.
- If a product cannot be found, then it is regularly assumed that the inventory system is incorrect. The inventory for that SKU is then manually set to zero. This will trigger a new order.
- For stores with poorly managed storerooms where products are difficult to find there is a temptation for time-poor day fill team members to zero the inventory for these products. This fixes one problem but perpetuates another - inventory inaccuracy.

Opportunity

Issues	Impact	Recommendations
• Not all items are easy to identify. • The information printed on many cartons is inconsistent, ambiguous and often supplier focussed. • Not having the key information such as product description on short and long sides of the carton makes single items difficult to locate in the storeroom.	• Errors and wasted time when splitting loads. • Additional time to place the product on the shelf as product descriptions is difficult to match to the shelf edge label. • Additional time in locating the product in the storeroom. • Unnecessary double handling of product.	• Develop industry guidelines for carton identification (ID) • Print ID on multiple sides of the carton. • Consider adding colour coding to cartons to help quickly identify similarly named variants. • Consider enhancing in-store systems (handheld devices) to be able to cross reference carton barcodes with the

		retailer SKU code.
• Store systems don't easily allow for cross-referencing of the carton ID (barcode) to the retailer's SKU code.		

Table 4 - Improving carton identification

Wed 12 – 3PM   Run overstocks (short and long term)

- When the store has been trading for a number of hours the day fill team will run the previous night's overstocks from the storeroom to the shelf, typically aisle by aisle.
- Any leftover stock is then returned to the storeroom and placed into the long-term overstock area.
- Long-term overs are typically reviewed and filled if space available every second day

Wed 3PM   Afternoon refresh

- Most stores schedule a routine to clear the SRP cardboard from the shelves and to quickly face up the shelves. This routine also assists in setting the store up for night filling.
- Even if out of stocks are located it is uncommon for them to be filled during this routine, unless the SKU is fast moving and can be easily identified in the storeroom. Most stores will wait for night fill to complete the replenishment.

Opportunity

Issues	Impact
• SRP is not always optimally designed. It can be difficult to deploy on shelf. • Due to issues with planogram design and compliance, a lot of the SRP does not fit on the shelf or 'forces' incorrect facings. • Discussions with store personnel revealed there appeared insufficient training on deploying SRP. • Little in-store action exists to police deployment of SRP. • The refresh routine to clear cardboard is not always performed.	• SRP being inconsistently or correctly deployed on shelf. • Improvements in fill productivity are not being realised. • Lost sales in some categories, as they are more difficult to shop – especially during peak trading times. • The supplier investment in improved packaging is not being optimised.

Table 5 - Improving SRP design and deployment

Recommendations
Improve SRP design - Refine the category level approach   - Identify and revisit the key categories for SRP deployment   - Identify current SRP best practice for typical products in the category   - Seek store level input into SRP design specifications   - Agree on a category level best practices and indicative standards - utilise across all retailers   - Work with suppliers to deliver the effective SRP – especially for new products   *Improve SRP design - Review the retailer minimum acceptance standards for SRP*   - Add a specific step that 'proves' the SRP can be deployed under night fill conditions i.e. placed on the shelf in the time allocated (after adjusting for existing product)   *Improve deployment at store*   - Introduce and update SRP training for both night and day fill staff using 'live' examples   - Complete the roll out of the SRP identification on the price tag   - Ensure the SRP actually fits on the shelf during the planogram design phase   - Add a store level compliance performance indicator (both night and day fill) and sample check key categories on a weekly basis   - Ensure the afternoon cardboard refresh is a hardcoded routine – especially on the weekends.

THE PROCESS ON THE WEEKEND

The in-store replenishment process comes under the greatest pressure on the weekend. Store traffic is typically at its peak for the week, with surges of shopper activity at varying times of the day. There is constant pressure on the store team to not only keep stock on the shelves and aisle ends, but also to keep the queues short at the checkout.

Specific replenishment routines are required to ensure that fast moving lines such as soft drinks and toilet paper are kept in stock on shelves. Extra labour is deployed for this purpose. Decision-making processes can also differ on the weekend with some of the store management team rostered off. On the weekends there is a greater likelihood the store will be run by more junior members of the management team.

Given the importance of the weekend trade to shoppers, retailers and suppliers, a lot of effort during the study was focussed on understanding what happens in this time period. The key aim was to understand how the in-store replenishment process stood up to the rigours of the weekend with a focus on the routines, deployment of labour and how key replenishment decisions are made and by whom. Most importantly we wanted to measure performance by tracking out of stock levels across the day.

Key Observations

- *Much greater reliance on night fill to set up the store at the beginning of the trading day.*
  Observations found that if night fill did not complete their job then many categories were left with out of stocks that were not filled at all during the day. Some stores did divert day fill team members to finish the night fill job but this was at best only a partial solution.

- *Less management to direct and enforce discipline.*
  As regular management team members were often rostered off for the weekend there was less management, and management tended to be more junior whilst the decision-making environment on the weekend was more hectic. The impact of this could be seen in some stores where normal replenishment routines (e.g. afternoon refresh) were not run and casual staff were not deployed to refill the fast moving categories.

- *Untrained casuals are employed but are deployed in different ways.*
  All stores employ more casuals on the weekend to assist with in-store replenishment. Managers deployed these staff with differing levels of effectiveness.

- *Increased pressure on day fill staff to cover the checkouts.*
  Often day fill staff were requested to cover the checkouts, especially during the peak trading surges in late morning and mid afternoon. Although important to ensure shopper satisfaction, this practice put pressure on replenishment routines with many either not being undertaken or else short cut.

Merchandising on the Weekend

- The high volume, high visibility front ends and promotion areas tend to be well stocked and well maintained throughout the day. In contrast, the lower visibility back ends suffered out of stocks and were maintained on an ad-hoc basis at best.

- Given the traffic and deployment of labour, some standard replenishment routines were shortcut or did not happen at all. There was more reliance on 'emergency' routines being directed by managers.

- Replenishment tended to focus on running the night fill overstocks as opposed to specific gap filling.

- There was little supplier merchandiser support to assist in replenishing or facing up on the weekend.

- With some exceptions, the ASO forecast for product demand was pretty close to requirement. The stock was thus getting to the store but then the routines for getting it onto the shelf were not always happening effectively.

- There is a need for a twice daily reface for a number of slow and fast moving categories eg. vitamins and breakfast cereals as shoppers 'reorganise' the display whilst making their selection.

Out of Stocks Tracking

Out of stocks were tracked for a selection of categories in each of the following product classifications:

- High Velocity, for example Carbonated Soft Drinks
- Bulky, for example Cereals and Toilet Paper
- Intricate/Complex, for example Hang Sell Confectionery and Hair Care.

Results are reported here are shown only for a selection of the critically important high traffic stores, but findings were generally consistent across all store classifications.

Weekend Out of Stocks - High Traffic Store 1

Figure 4 shows that (with the exception of hair care) at a snapshot taken at 6:30pm there were relatively few out of stocks for each of the categories being tracked. Some of the out of stocks were for the faster selling promotional SKUs but the majority were not. Of most interest is the fact that almost all out of stock SKUs actually had stock in the storeroom. If replenishment routines had been activated then all of these out of stocks could have been avoided.
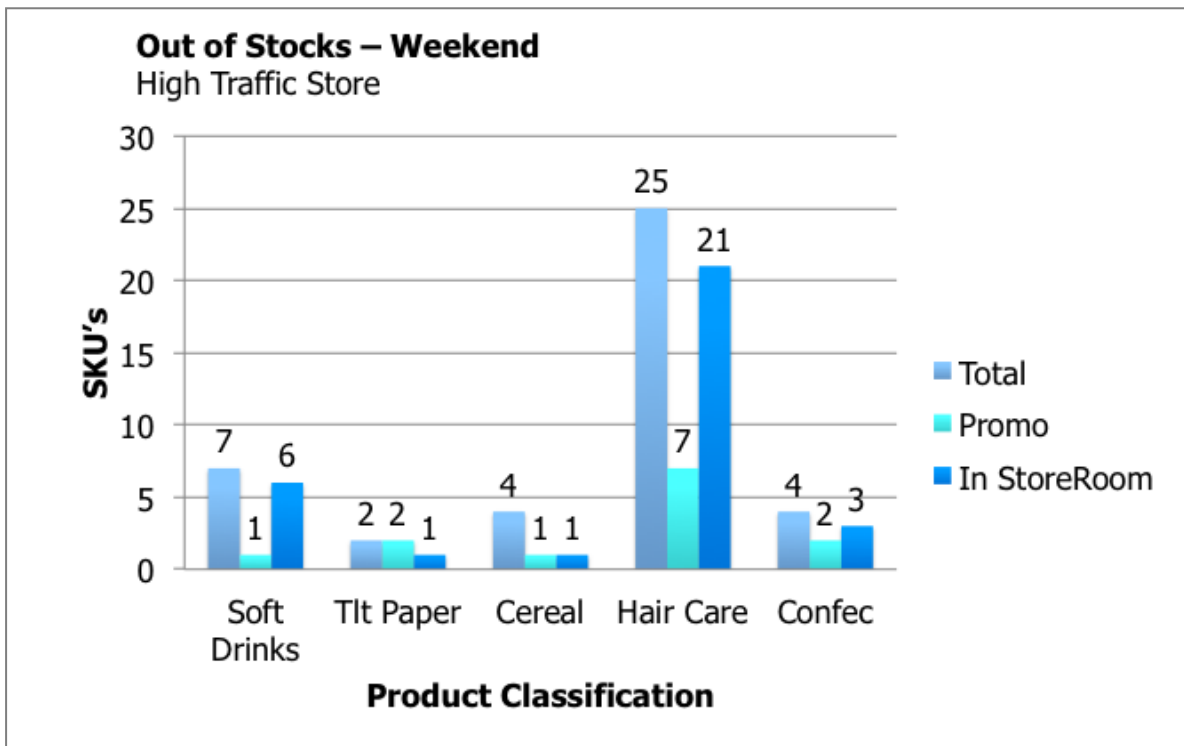
Figure 4 - Out of stocks and in-store inventory position – 6:30PM - High Traffic store 1

In Figure 5 the out of stocks per category were tracked across the day. Also monitored were the number and types of replenishments completed.

Soft Drinks were replenished once at 1.00 pm, after a morning sales surge saw a rapid increase in out of stocks and very visible holes appearing on the shelf.

Toilet paper was frequently replenished during the morning, but as trade built up in the afternoon and staff were diverted to other tasks, the frequency of replenishment fell. By the end of the day, two key promotion lines were out of stock and there was significant availability pressure on a number of other major lines in the category.

Cereals were not replenished at all during the day. Generally this category had enough stock weight on the shelf to last a typical trading day, but it should be noted that the one SKU that did go out of stock at 1.00 pm was a major promotion line. There was stock available in the storeroom to allow for refilling but it was never replenished.

Winning at the Shelf

Hair Care opened the day with the largest number of out of stock SKUs and after 1.00 pm the count gor progressively worse. In all stores monitored, hair care was neither faced up nor replenished during the day on the weekend. As a result it was not uncommon to find key promotional SKUs and a number of leading sellers out of stock.
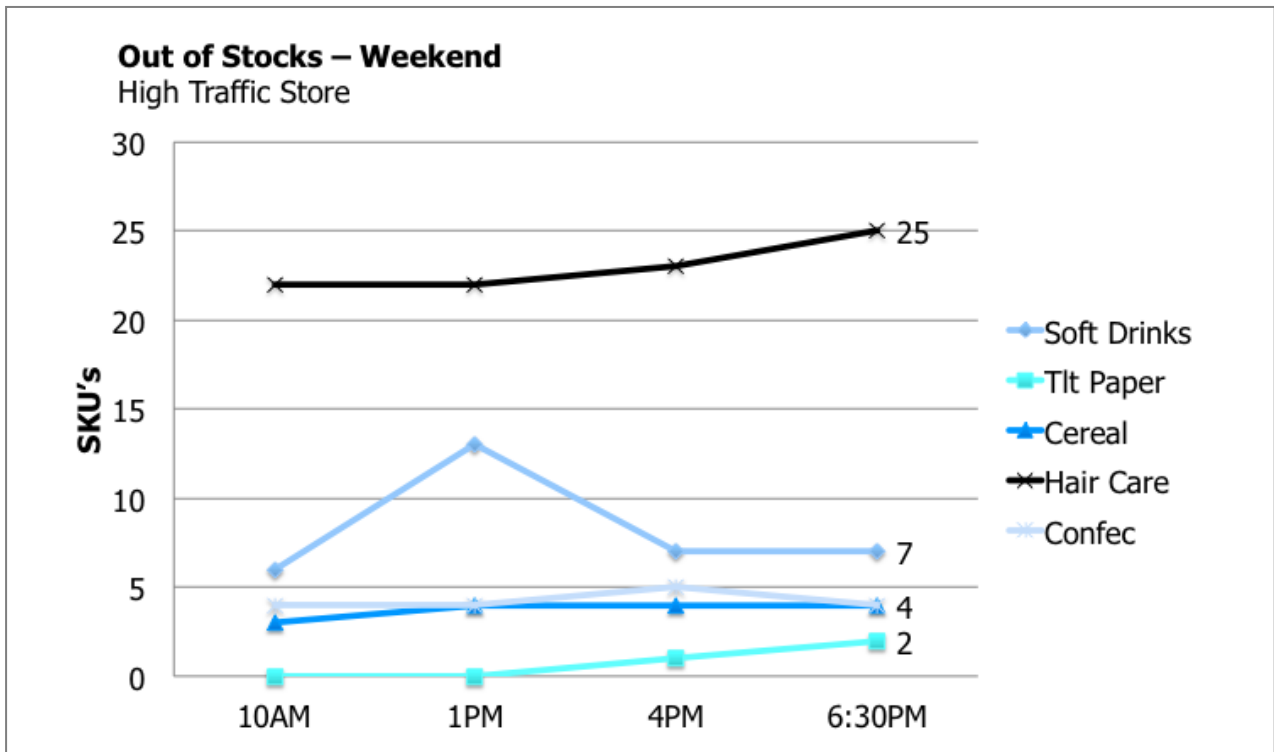

Figure 5 - Out of stocks tracked across the day - High Traffic store 1

Weekend Out of Stocks - High Traffic Store 2

Figure 6 reinforces the need for hard coded replenishment routines to be implemented for selected categories across the day on the weekend. In this high traffic store there were only limited ad-hoc replenishment routines run during the day. Nearly all categories saw significant increases in out of stocks during mid afternoon and early evening. It appears that hair care needs particularly close monitoring.
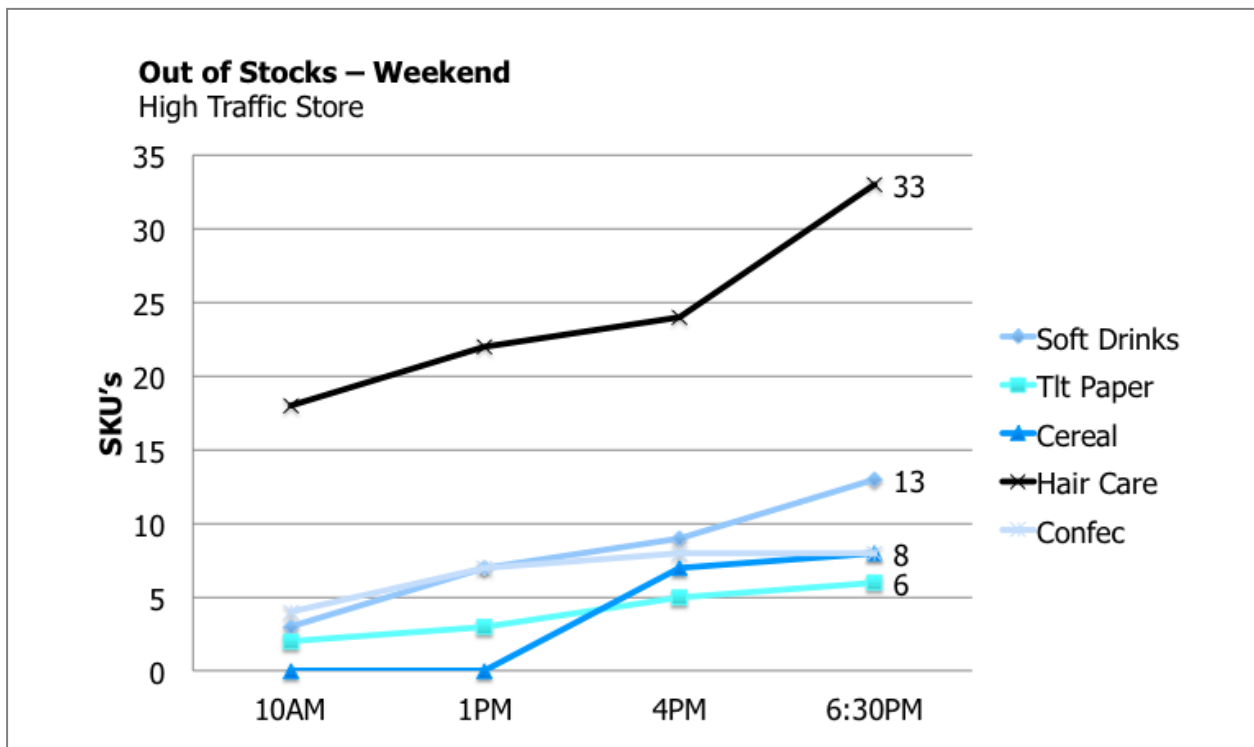

Figure 6 - Out of stocks tracked across the day – High Traffic store 2

Recommendations for optimising performance on the weekends

To meet the specific challenges of weekend trading, the following recommendations are proposed:

- *Update and hardcode weekend replenishment processes and routines*

  o Upgrade weekend replenishment processes and routines to cover replenishment and facing up of fast moving categories and key promotional lines across the store
  o Add a dedicated gap filling routine in high and medium traffic stores.
  o Add a dedicated remerchandising routine for health and beauty and medicinal categories to replenish and reface
  o Develop supporting checklists to allow for efficient and 'automatic' deployment of staff during the day
  o Hardcode the processes and routines, thus replacing the ad-hoc approach used in

many stores. Review roles and responsibilities of key dry grocery team leaders and managers.

- *Review and optimise staffing levels*

  o Review weekend staffing levels at individual stores to ensure the correct mix of manpower is being deployed to meet checkout and replenishment functions.
  o Redeploy and add staff to cover recommended upgrades to processes and routines.

- *Review deployment of senior management on the weekend*

  o Review current scheduling of senior management over the weekend. There appears to be a need, especially in the high and medium traffic stores, for senior management to be on-site to enforce routines and handle contingencies.

- *Review supplier merchandising support*

  o For key categories consider the benefits of redeploying some of the weekday supplier merchandising support to the weekend.

OTHER IN-STORE PRESSURE POINTS

There are a number of critical pressure points in the in-store replenishment process that can impede the effective flow of goods from the storeroom to the shopper. In the search for causes and potential opportunities we focussed closely on three main areas: storeroom management; the shelf; and the people and tools supporting the process. This section outlines the key observations for each area and offers some recommendations for improvement.

Store Room Management

Most stores have limited storeroom space which has to be managed very carefully. A tidy and well-organised storeroom results in stock being more accessible, and easier to locate and count. Filling productivity is improved and more accurate counts improve ordering and help reduce levels of inventory required.

Key Observations

Retailers recognise the importance of good storeroom management principles and have been actively investing in programmes for improvement. Processes have upgraded and documented routines put in place, key zones in the storeroom have been identified and labelled, staff have been trained, and performance is being regularly monitored.

Observations did show that even with this level of attention there were some storerooms that struggled more than others. Some of the reasons identified for this included:

- The principles are not always being executed in the prescribed manner. Shortage of available manpower, fragmented accountability and responsibility, sub optimal ordering practices and discipline appear to be key contributors.

- Forced allocations from central buying are often slow selling lines for the low and medium traffic stores. They take up valuable space and increase the clutter in the storeroom.

- Excess promotion stock also creates similar issues for the low and medium traffic stores. Excess stock is often stored with the long-term overstocks making it difficult for the day fill team to easily find products. The markdown procedure is cumbersome, discouraging the store to clear old stock.

- Night fill often don't complete their task which leaves overstocks cluttering the storeroom.

- Long-term overstocks are not always being 'run' every other day, adding to the clutter.

- Poor storage and handling of the 'fiddly' health and beauty lines makes them particularly time consuming to locate.

- In stores with excessive storeroom clutter, the filling team members appear more likely to 'zero' counts rather than trying to find the missing stock.

- Some stores with recognised storeroom management problems do not appear to have enough budgeted labour hours to fix them. There appears to be some tendency to put up with the problem rather than investing to remedy it.

Recommendations

- *Tailored management of forced allocations to store*

  - Central buying and distribution can assist stores in freeing up valuable store room space by reducing forced allocation of regular and overbuy lines e.g. smaller stores with low traffic could be best served receipting part pallet, rather than full pallet deliveries of leading soft drinks SKUs.
  - The allocation of 'overbuy' lines could be more carefully matched to the store's size and demographic profile.

- *Focus attention on night fill*

  - Adjust manning, roles and responsibilities and accountabilities to ensure that night fill complete their prescribed tasks on time and in full. This will lead directly to less clutter in the storeroom making access to overstocks easier and efficient for the day fill staff.

- *Focus attention on promotion stock forecast accuracy and reducing markdowns*

  - Enhance store level promotion forecasts, especially for products with low frequency of purchase and/or limited expandable consumption.
  - Review and actioning of major negative variances to forecasts by Regional and Store Managers on a weekly basis. Develop a rolling action plan to clear excess promotion stock.
  - Improve markdown processes to make it easier for stores to aggressively clear stock.

- *Expansion of current storeroom management improvement programme*

  - Continue work to customise the storeroom setup to the each individual store (taking into account storeroom size and traffic)
  - Finalise the setting of realistic store level key performance indicators eg. target number of overstock cages for each aisle.
  - Clarify ultimate accountability for storeroom management.
  - Track achievement of storeroom management key performance indicators on a fortnightly basis.
  - Implement ongoing practical (preferably on-site) training for new and existing personnel on best practice storeroom management as applied to their store.

- *Minimise the storeroom inventory of 'fiddly' slow moving lines*

  - Continue work with suppliers to optimise OM sizes to allow 'one touch' replenishment
  - Implement and maintain the correct planogram

- o For loose item overstocks, develop practical storage solutions

- *Set aside an emergency hours budget to fix problem storerooms*

  - o Allocate a fixed amount of external man-hours per Area Manager that can be used to fix problem storerooms quickly, without affecting the day-to-day replenishment practices within the store.

The Shelf

For automatic store ordering to work optimally, and shelves to be replenished efficiently, there is a requirement for the store to comply with an agreed planogram. The observations at store revealed a high level of planogram non-compliance.

Some of the key reason included:

- Inconsistent processes and routines for deleting old lines and cutting in new lines.

- Some products with SRP did not physically fit on the shelf with the allocated facings. The SRP ended up being discarded or the facings altered.

- Centralised planograms are not adequately customised for different store fixture types and store level merchandising constraints.

- Lack of store manpower to 'police' planogram compliance and fix simple problems

- Lack of manpower allocated to reface sections. This is a major issue in the more intricate categories (health and beauty, vitamins, herbs and spices etc).

- Similarity in packaging between different SKUs contributes to incorrect filling. Also shoppers are likely to put the products back in the wrong place when selecting.

Recommendations
• *Produce customised planograms for key categories*   o Produce customised planograms for key categories that take into account individual store fixture types and merchandising constraints. • *Enhance the product deletion process*   o Improve the process, timing and disciplines for marking down deleted lines. o Develop a consistent approach for handling any stock that is still left on the shelf after the markdown period has ended. Consider moving to a separate clearance area. • *Enhance the new product addition process*   o Clearer communication to stores of changes to the range and the placement on the shelf o Identification of new products as they are shipped from distribution centres for the first time o Standardise policies for the process of cutting the new products on to the shelf o Increase dedicated reviews of planogram compliance. Add a key performance indicator for compliance and time taken to cut in new products. o Add a dedicated routine and man-hours to merchandise health and Beauty, vitamins, medicinal, herbs and spices etc. Include re-facing, checking inventory levels, replenishing, fixing out of stocks, ticketing.

The people and the supporting tools

With people playing such a pivotal role in the in-store replenishment process, a considerable amount of time in this study was spent talking with staff. Interviews were held with people in all roles that influence the process, from casual night fillers through to store managers. We sought to understand all aspects of their jobs, including roles and responsibilities, routines, training, information used, and the quality of tools at their disposal. Also of interest was their perspective on how their job had changed over the past few years and any suggestions for further improvements.

Key Observations

- Interviewees believe there are less people employed to undertake in-store replenishment than in previous years.

- Many employees spoke of real difficulty in completing all their routine tasks within budgeted hours. This was especially the case for managers responsible for the dry grocery operations.

- Recent structural changes have resulted in additional responsibilities in some pivotal job roles. For some interviewees, there were concerns raised about lacking the necessary skills and insufficient management time and support to effectively undertake their new role.

- Day fill staff is increasingly being asked to cover the checkouts during periods of high traffic (up one hour per day on weekends). This is making it difficult for day fill to correctly complete all their routines in a timely fashion.

- Recent changes to job roles appear not to have been adequately explained. In addition, some accountabilities and responsibilities are not clear to employees. For example, who is actually accountable for managing the storeroom on a day-to-day basis?

- The number of casual employees and their deployment is not consistent across similar stores. There are recognised difficulties in recruiting and retaining staff but there was considerable conjecture as to whether casual staff were being deployed in the most effective way. Virtually all store managers had different views on optimal deployment of casuals.

- Employees at every level expressed desire for greater consistency in management's enforcement of policies and agreed routines.

- Employees were looking for more structured training on optimal manning, store room management, completing routines, key processes, use of reports, and the workings of ASO.

- Some key tools do not work optimally e.g. when using the handheld device to complete investigative counts, the system is extremely slow in extracting store level product inventory data, resulting in labour productivity decline and a reduced number of investigative counts.

- Some supporting reports should be re-designed to make them more productive in clearing out of stocks. For example, reports summarising products that have been captured on the shelf as out of stocks but where the ASO system shows inventory in the store. Such reports may be better served to report by sales importance or where the product is on promotion, rather than by category to facilitate filling prioritisation

Recommendations
Review current staffing model at individual store level   - Are sufficient staff being deployed for both checkout and fill functions?   - Are the right mix of casual and full time employees being deployed to meet existing and proposed upgrades in routines?   *Conduct additional training to build skills*   - Optimal manning (Store Managers)   - Store room management – principles and implementation   - The in-store replenishment process, routines and policies   - Tools (handheld device functionality) and supporting reports   - How the ASO works and calculates decisions   *Review utilisation of tools and current reports*   - Review the in-store requirements for tools and reports   - Assess whether tools (handhelds) are configured optimally and work efficiently   - Re-structure reports and re-train if required   *Confirm task requirements*   - Confirm tasks can be completed during prescribed working day with differing levels of manning support

DETAILED FINDINGS - SELECTED PRODUCT CLASSIFICATIONS

A primary objective of the study was to track how efficiently the in-store replenishment process worked across products with different pack dimensions, carton configurations and turnover. To achieve this, three distinct product classifications were identified and representative categories selected for detailed observation and analysis. (Refer Table 6)

In this section, the detailed findings along with recommendations for improvement are presented for each product classification and category.

NOTE: Whilst the following sections focus attention on the specific categories observed, the key message to readers is that products in other high velocity, bulky, and complex categories with similar characteristics to those described below would likely suffer the same issues as those focussed on during this study.

Product Classifications	Characteristics	Categories Observed
High Velocity	• Very high turnover • Known to be under out of stock pressure during peak trading periods	Carbonated Soft Drinks
Bulky	• Large pack sizes with limited amount of shelf space • Above average turnover	Toilet Paper Breakfast Cereals
Intricate / Complex	• Products are more difficult or time consuming to identify and place on the shelf • A large assortment of products to manage • Relatively low turnover	Hair Care Hang Sell Confectionery

Table 6 – Product classification and selected categories

High Velocity

Carbonated Soft Drinks

Priority for Replenishment

Given its visibility, high unit turnover and sales contribution, soft drinks are considered a high priority replenishment category. They generally receive above average attention for both filling and facing.

The Shelf

- Most stores had enough shelf space allocated to cover normal trading conditions except for the large multipack cans.
- Planogram compliance was generally very high.

Replenishment

- Reflecting the category's priority status, soft drinks were normally well set up by the night fill team.
- Secondary locations are highly visible and subsequently are regularly filled during the day.
- Shelves appeared to need a dedicated fill routine in the afternoon, especially for the large number of minor promotions that are not supported by end or off location displays. Most stores did not do this, and there were high incidence of out of stocks of these minor promotion lines.
- Given limited space allocation, most leading brand multipack can variants were under severe stock pressure in the afternoons and on the weekends. Some stores refilled from the ends where possible, but not frequently enough to avoid out of stocks.
- Soft drink items are generally easy to locate in the storeroom given the size of the packs and their distinctive packaging. This made it easier for emergency replenishment during the day.

The result of the analysis reported in Figure 7 reveals some issues with out of stocks in soft drinks. All stores recorded out of stocks at 6.00 pm, but there were substantially more issues in the high traffic stores.   This trend reinforces the need for a dedicated replenishment routine to be run late in the afternoon. It should be noted that a substantial number of these out of stocks are not the market leading SKUs, but the secondary brands running on-shelf promotions. As these cannot be normally filled from an end or off location display they are often left unfilled.
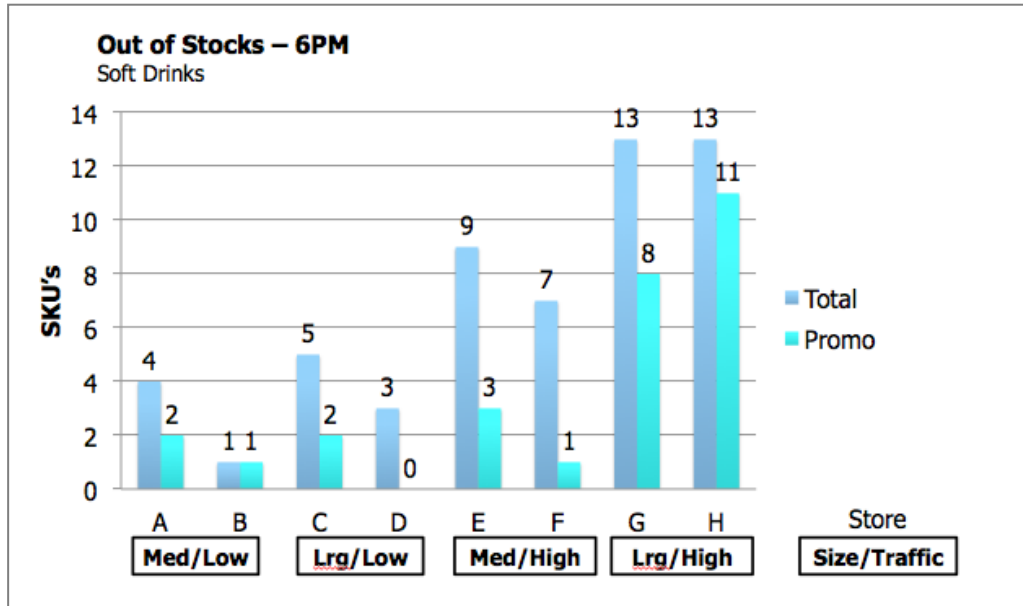
Figure 7 – Out of Stock Analysis – Soft Drinks

Recommendations

• *Set dedicated replenishment and facing up routines during peak trading times*
 	
   o Fill both major and minor SKU's with a focus on the key promotion lines
   o Add floor stacks adjacent to shelves when of multipack cans are on major promotion.

Bulky

Toilet Paper

Priority for Replenishment

- Given its bulky product characteristics and high turnover, toilet paper is one of the highest priority product categories for replenishment. Out of stocks are highly visible whether they occur on the shelf, promotion end or off location display.

The Shelf

- A lot of space is allocated for toilet paper given the relatively few SKUs in the category. Many stores back up shelf space with dedicated promotional display aisle ends and additional off location displays.
- Products are physically easy to fill.

Replenishment

- As a highly visible priority category toilet paper was generally well set up by night fill.
- Even with the additional promotion ends and off location space, the high turnover means that promoted lines need to be filled on multiple occasions during the day. The high traffic stores did see some back ends empty within only two of hours of filling, with similar issues occurring on the shelf.
- Most stores recognised the need for multiple filling runs, but rather than at fixed times it tended to be ad-hoc. This worked well in the mornings but as store trade picked up in the afternoons and staff were diverted to other tasks instances of replenishment slowed or stopped.
- Replenishment is relatively easy, especially for promotion lines as most of the stock comes from the large off location displays. If the fill team needs to locate the product in the storeroom, the large pack sizes make the product relatively easy to find.

Figure 8 shows the out of stocks for toilet paper across the sample stores. The relatively low number of out of stocks reflects the regular replenishment routines being activated. It is interesting to note the importance of these routines as Store H missed one late in the afternoon resulting in significantly higher out of stocks during the peak trading period. Another observation was that the out of stocks recorded for Stores E, F and G were all for minor promotion lines situated on the shelf. The day fill team kept filling up the major promotion lines as these could be done easily from off location displays, but towards the end of the day they would let the minor ones run down, perhaps with the expectation that night fill would do the job.

Out of Stocks – 6PM
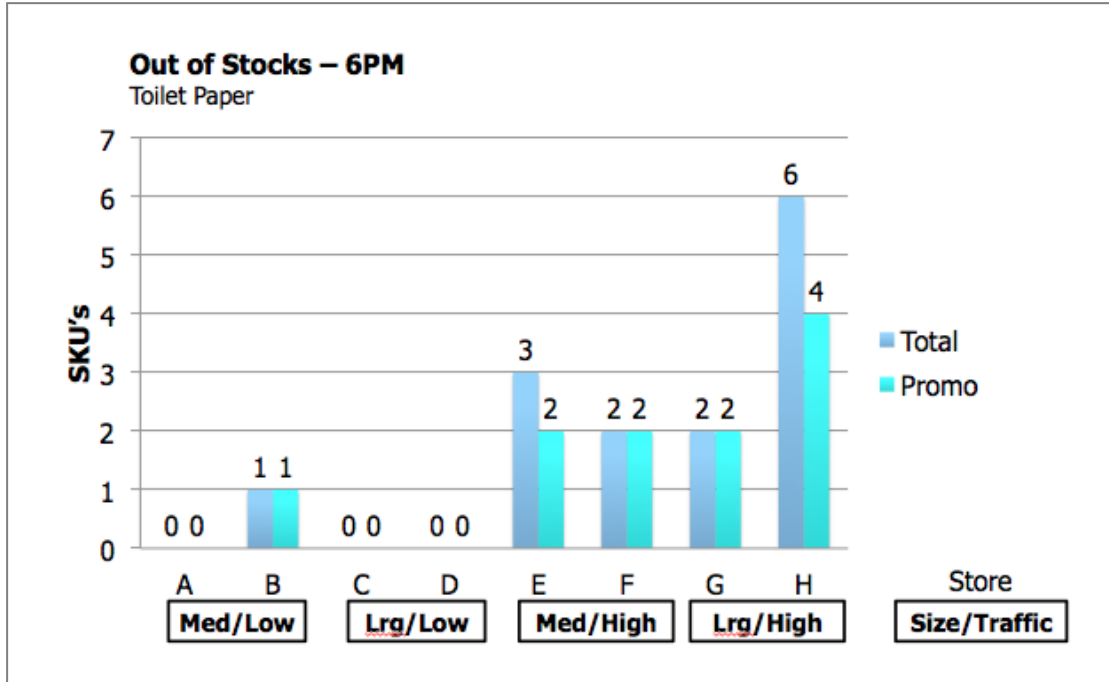Toilet Paper

Figure 8 – Out of Stock Analysis – Toilet Paper

Recommendations

• *Set 'hard coded' replenishment and facing up routines to be run throughout the day*
 	
     ○ Fill both major and minor lines covering all promotion lines
     ○ Replenish ends and off location displays at the same time

Bulky

Breakfast Cereals

Priority for replenishment

- Stores consider breakfast cereals as an important, but not top priority, category for replenishment during the day. It is basically classified as "set and forget".

The Shelf

- Range and breadth varied considerably across stores. Some of the low traffic stores had larger ranges, partly reflecting poor product deletion practices. Keeping these products on shelf created space problems for the faster moving lines, resulting in some out of stocks during the peak trading periods.
- Products were relatively easy to refill when required. Little use of SRP was recorded in this category.

Replenishment

- If filled and faced up correctly by night fill the majority of cereal SKU's remained in stock during the trading day, including the weekends.
- Very few stores replenished cereals during the day. As the day progressed, the number of SKU's with low and out of stocks started to increase with the bulk of them coming from the top selling SKU's.
- The SKU's that were replenished in cereals tended to be the promoted lines. These were filled where other top sellers experiencing out of stocks were not.
- Although the capping shelves is being progressively removed from many stores, often cereal stock was still available from these shelves during the study. In many cases, out of stocks could have been easily replenished from the capping shelves.
- Cereal is one category that would benefit from a major reface during the day due to customers moving products around when making their selection. This was a particular problem in the high traffic stores on the weekend.

Figure 9 shows some of the interesting out of stock dynamics in cereals. Stores A & D were carrying an above average number of SKU's putting space pressure on the faster moving lines. Without a replenishment routine the fast moving lines were either out of stock or close to depletion by 6.00 pm.

The large/high traffic stores (G & H) had many SKUs go out of stock but for different reasons. Store H was not correctly filled by night fill and not replenished during the day. It opened with eight out of stocks, most of them promotion lines. Store G had the highest number of out of stocks, but in this case the number increased during the day. Most of these out of stocks could have been eliminated had a replenishment routine been activated.
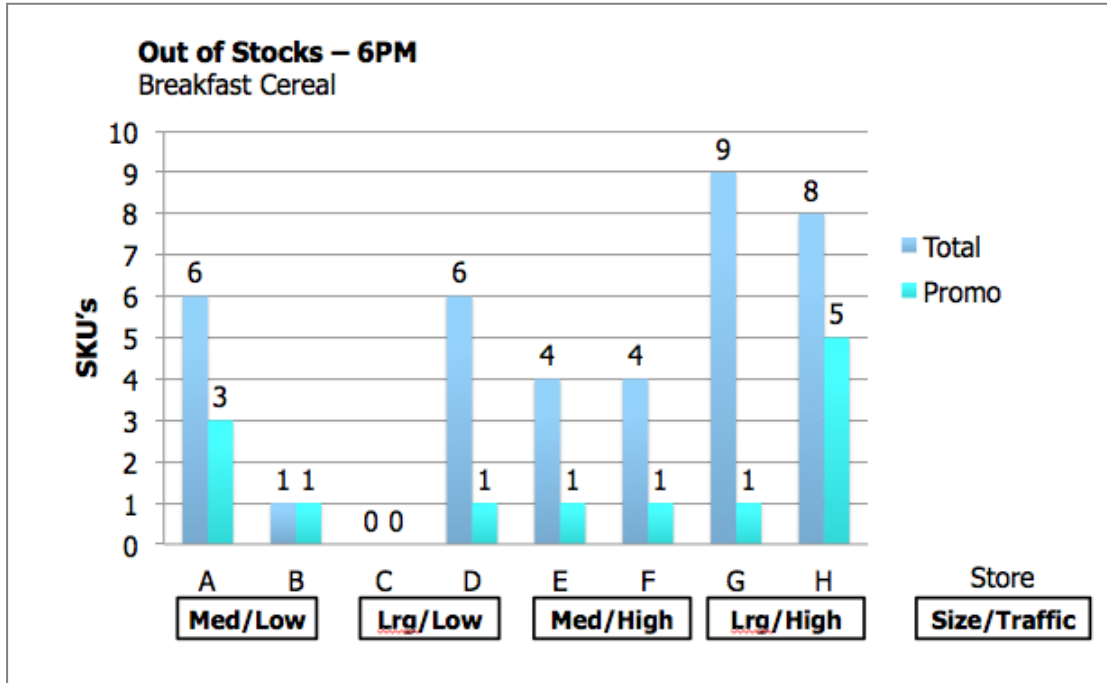
Figure 9 – Out of Stock Analysis – Breakfast Cereals

Recommendations

- *Set 'hard coded' replenishment and facing up routines during peak trading times*

  - Fill both major and minor SKUs with a focus on the key promotion lines
  - Consider running a facing routine late morning and afternoon in high traffic stores

- *Confirm correct planogram in place*

  - Run regular checks to ensure range and planogram compliance
  - Improve product deletion process

Intricate

Hair Care

Priority for replenishment

- Hair care was considered a low replenishment priority for replenishment teams.

The Shelf

- This category has a very large assortment with the majority of SKUs having single facings and a relatively small order multiple.
- The assortment varied a lot across the stores. Many deleted products were still found on the shelf making it difficult to slot new products and reducing space for the market leaders.
- Packaging for many SKUs is very similar. As a result products are often placed by fillers and shoppers in the wrong location impacting ordering and inventory management.
- In many of the stores night fill lacked time to fill the category correctly resulting in many products being misplaced on the shelf.
- The introduction of SRP is helping to overcome some of the fill issues but more rigorous maintenance of the assortment and compliance to the planogram is required.
- Completing investigative counts is particularly difficult in this category as holes on the shelf are not always evident and a lot of holes are filled with misplaced product. The category does require dedicated refilling and facing time during the week.
- Locating specific products in the storeroom was extremely difficult and time consuming. Many items were stored as individual units which did not fit in the limited facings on the shelf. Secondly when in cartons, items proved difficult to find given the size of the carton and sub-optimal carton identification.
- To aid efficient replenishment there may be a strong case for having a specialist merchandiser dedicated to this category.

Figure 10 reveals the impact of planogram non-compliance and the failure to replenish hair care during the day. The high traffic stores F & H were not compliant to their planograms. They carried a large number of deleted lines limiting the space for legitimate products and creating out of stocks. In addition, fast selling and promotion SKUs often went out of stock rapidly during peak trading times. With only one facing, stock was quickly depleted. No replenishment routines were run and these products remained out of stock until the night fill was completed.

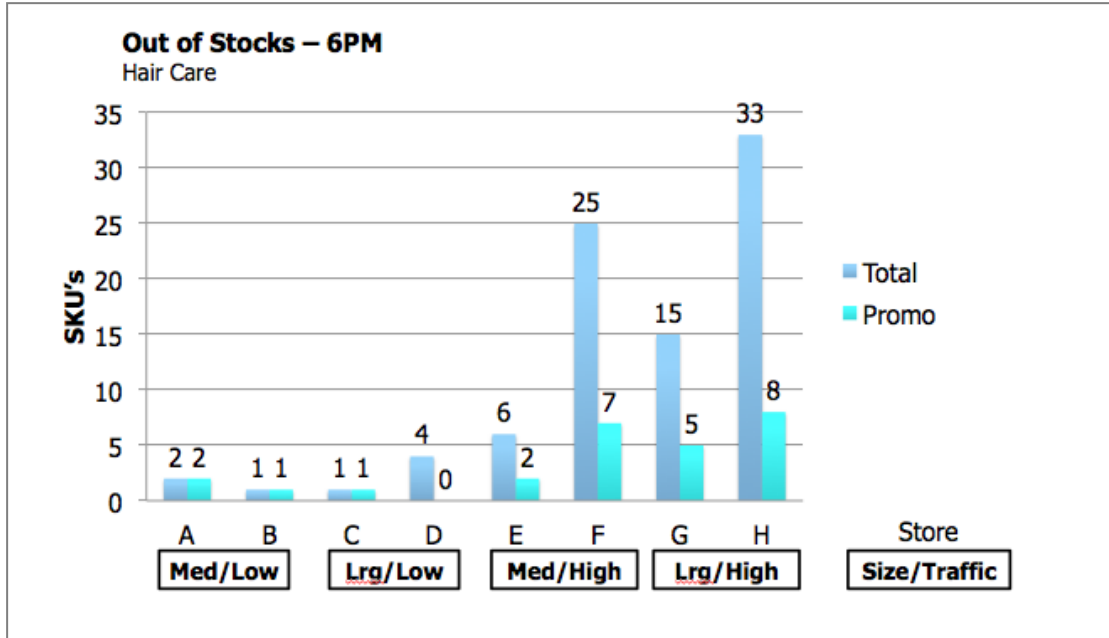Figure 10 – Out of Stock Analysis – Hair Care

Recommendations
Confirm correct assortment and planogram for each store grade   - Check for planogram compliance   - Consider range optimisation to improve shopability   - Upgrade process to remove deleted lines   - Monitor planogram compliance on a weekly basis   *Assign a dedicated day fill staff member to merchandise and 'own' all of Health and Beauty*   *Assign a 'hard coded' replenishment routine on the weekend*   - Focus on major promotion lines and key sellers and do it as part of a total sweep of Health and Beauty   *Work with suppliers to simplify product identification on packaging*

Intricate

Hang Sell Confectionery

Priority

- Hang Sell Confectionery is considered a low replenishment priority for replenishment teams.

The Shelf

- Hang sell confectionery has a large assortment but the allocation of space is well balanced to demand in the majority of sample stores.
- Much time can be wasted hanging the products as holes regularly break, forcing fillers to reinforce the holes and then rehang the product. Night fill don't normally undertake these repairs leaving damaged product at the base of the shelf for the day fill to complete. Day fill also need to action any repairs caused by shoppers when making their selection.
- Given these issues it is not surprising that the majority of fillers interviewed desired an alternate way of merchandising confectionery bags.

Replenishment

- If well set up by night fill then this category normally has enough stock on hand to last the entire day's trade without additional replenishment.
- Some promotion lines run low on stock during the peak trading times so an extra replenishment routine in selected stores would be beneficial.
- Most stock was replenished from the capping shelf, which proved time consuming as fillers needed to search through a large volume of individual packs.

Figure 11 reveals the relatively low incidence of out of stocks in hang sell confectionery. Even with a large assortment there is sufficient space to ensure enough stock weight for the majority of lines. Store H is the exception but these out of stocks appeared to be the result of a very poor set up by night fill.

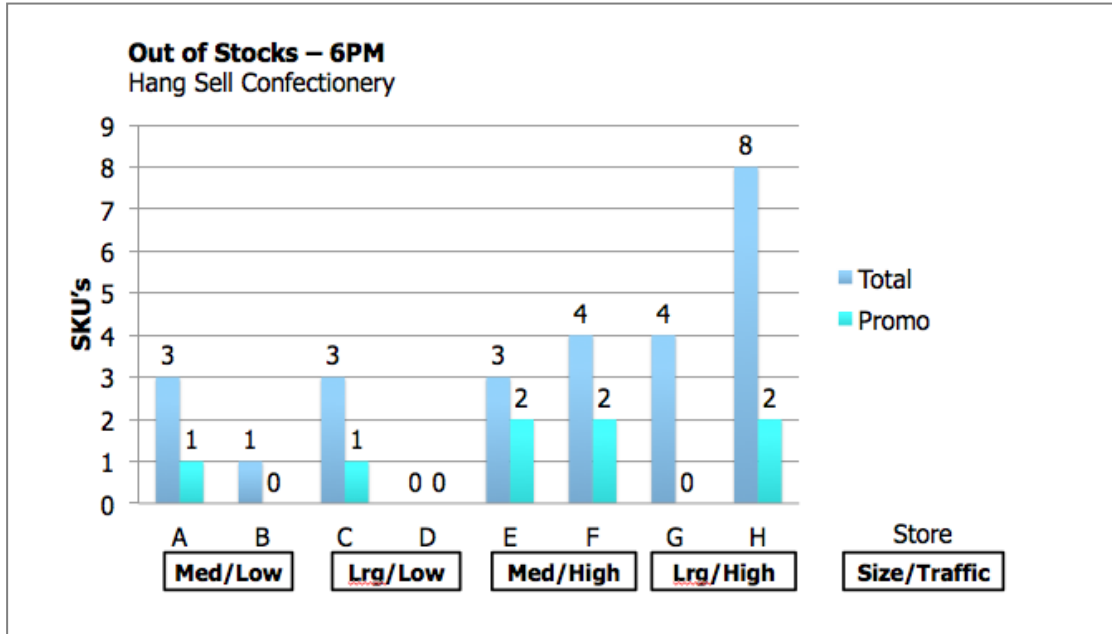Figure 11 – Out of Stock Analysis – Hang Sell Confectionery

Recommendations

• *Find solution to the breaking hang sell 'holes'*
 	
   ○ Work with suppliers to strengthen packaging
   ○ Consider move to a different form of merchandising
 	
• *Add late afternoon replenishment routine for promoted lines in selected stores*

SUPPLIER REPRESENTATIVE/MERCHANDISER SUPPORT AT STORE

Suppliers have traditionally played an important role in the in-store replenishment process. Sales representatives actively supported the stores in ordering and promotion planning and merchandisers assisted in filling, facing, executing planograms and building promotion displays.

The role has changed in recent years with retailers moving to automatic store ordering and reviewing their policies on the type and extent of support they desire from suppliers. Suppliers have also been reviewing their investment in store support and targeting it to provide a greater return on investment.

It may be timely to review whether the recent changes have positively or adversely impacted availability and what additional opportunities should be considered for effective collaboration.

To assess this, a cross section of companies from the different product classifications was selected. Interviews were conducted with Sales Representatives and Merchandisers servicing retailers and across all store types. The interview consisted of a formal questionnaire along with a walk through the store and storeroom. The aim was to capture their tasks, the obstacles they faced in managing out of stocks, and the expectations of store management. In addition, store managers were also asked to assess the quality of servicing support and their expectations of suppliers.

A typical store visit for a Sales Representative or Merchandiser

All companies surveyed had sales personnel in a selection of stores at least once or twice per week. The number of visits is often based on the potential sales opportunity and/or the relationship with the store. All visits were scheduled from Monday to Friday with the person typically in the store before 4.00 pm. No visits were slotted during the peak trading times on the weekends.

Depending on the number of categories covered, a supplier could spend 1 – 2 hours in each store per visit. Tasks completed include:

- Checking store compliance to agreed promotion activity, shelf space and off location displays
- Checking and recording out of stocks of SKUs
- Assisting stores to cut in new lines
- Replacing missing tickets on new and promoted lines
- Pre-selling upcoming promotions
- Maintaining any off location displays that were secured
- Filling and facing up (if time permitted)

Suppliers also assist stores to complete major planogram relays based on a pre-agreed calendar.

For most companies the focus for personnel in-store is to ensure compliance to agreed space and activity and to pre-sell upcoming promotions. The other more hands-on store support is typically considered secondary and to be done only if there is sufficient time left during the call.

All companies tracked the level of out of stocks for their products and some tracked their competitors out of stocks as well. When asked how many out of stocks they found on average during a store visit the response was typically less than five. This number appears very low especially if you consider that some companies cover many categories and, in some instances, hundreds of SKUs. However one factor may be the time when the out of stock is recorded. Most suppliers visit the store before 4.00 pm. The heavier trading period of the day often begins later than this and the sales surge runs into the early evening. A similar count at 7.00 pm could be expected to reveal substantially more out of stocks.

When out of stocks are found the typical obstacles merchandisers face in clearing them in a timely manner include:

- Getting access to store level personnel who make decisions
- Finding people with a (correctly working) handheld unit to check whether there is an upstream issue and/or stock in the storeroom.
- Knowledge of their own company's upstream supply issues that might be impacting out of stocks at store
- Physically finding stock in the storeroom, especially for intricate items such as health and beauty.
- Knowing where to cut products into planograms and how to handle the deletions.

Store Managers are still looking for 'hands on' support from suppliers

None of the store managers surveyed desired less support from suppliers. All recognised the contribution that suppliers' support played in assisting the in-store replenishment process, helping to reduce out of stocks, boost shopper satisfaction and ultimately increase sales. In fact many were looking for more support given the reduction of retailer staffing levels over recent years.

When asked about the quality and professionalism of supplier servicing the stores the feedback from store managers was generally very positive. However one concern was raised repeatedly. Store Managers stated what they were looking for from suppliers was less "ticking and flicking", a reference to companies that only come in to the store and check compliance and more practical support. Some of the most important practical support included:

- Building major promotion ends,
- Setting up and maintaining off location displays
- Assisting with scheduled and ad-hoc relays
- Filling stock and facing shelves
- Assisting in planning for upcoming promotions
- Providing merchandiser support - especially on the weekend

It was interesting that experienced 'long term' supplier representatives appeared more likely to try and provide additional practical support wherever possible compared to those newer to the role. They believed this support helped gain them influence and leverage at store, boosting sales for both supplier and retailer.

Sales Representatives merchandisers want to expand their knowledge of retail operations

Suppliers were also keen to understand more about how in-store replenishment works at the retailer. It was felt that this knowledge would help them to improve the quality of servicing.

Three topics were of most interest:

- Roles, responsibilities and key performance indicators of the key members of the store management team
- An explanation of the day in the life of in-store replenishment
- How the ASO system 'works' and makes decisions.

Key Findings

- Supplier support is still seen as being very important by store managers, especially if it is proactive 'hands on' support as opposed to compliance checking.
- There may be benefits derived from additional supplier support on the weekend, primarily to assist with replenishment and facing up. Diverting weekly servicing to the weekend and focussing that activity on high traffic and/or known 'problem' stores might help generate significant additional sales.
- Most merchandisers will assist in clearing out of stocks if the products can be easily located in the storeroom. Stores that maintain storeroom discipline greatly benefit here.
- Training on the in-store replenishment process including the ASO, could be extended to supplier staff.