Global Cosmetics Company Optimizes Product Availability with Large US Retailer

Summary

This global cosmetics company's brands are distributed in multiple retail channels such as mass market, department stores, pharmacies and drugstores. This manufacturer works with one of their retail partners to help address business objectives and priorities.

Participants

This manufacturer is part of one of the world's largest global cosmetics companies with international portfolio of several brands. These brands offer a wide range of hair coloring, hair care, makeup and skin care products.

The retailer is one of the largest drugstore chains in the U.S., with stores in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Situation

This manufacturer wanted to increase their on-shelf-availability rate at this retailer's stores. The manufacturer was looking to optimize inventory levels as well as in-stock rates in order to maximize sales for over 2000 SKUs in a highly fluid and heavily promoted category environment at this retailer in over 8,000 stores across the United States.

Adding to the complexities in cosmetics category, this manufacturer runs a large number of promotional events annually and they launch/discontinue hundreds of items throughout the year. There are challenges associated not only with keeping new items in stock, but running down discounted items and ensuring the retailer and the manufacturer are not inundated with returns in the processing and thus taking time from store associates.
Solution

The manufacturer partnered with Retail Solutions, Inc. (RSi), the designated POS & Inventory data provider for this retailer. Through utilization of RSi’s analytics and collaboration with the retailer, this manufacturer collaborated with RSi and developed customized actionable use case analytics to address and improve business priority areas such as new product launch, promo forecasting, display recommendation process, etc.

The manufacturer collaborated with RSi and the retailer to develop the following customized actionable use case analytics:

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<thead>
<tr>
<th>DESCRIPTION</th>
<th>CORRECTIVE ACTION</th>
<th>BENEFIT</th>
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<tbody>
<tr>
<td>On Shelf Availability/ Store In-Stock</td>
<td>Detecting and Correcting Distribution Voids and Possible Phantom Inventory on Priority Items</td>
<td>Increased Sales and Brand Loyalty</td>
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<td>DC/Store Level Promotion Forecasting</td>
<td>Store Replenishment Parameters Optimization, as well as exception based Store Replenishment interventions when is necessary</td>
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<tr>
<td>New Item Launch Tracking</td>
<td>Improve DC/Store Level Promotion Forecasting, Optimize Promo Forecasting, Improve Store Allocation, Increase Promoted Sales,</td>
<td>Reduce Excess Inventory</td>
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<td>DC &amp; Store Inventory Exceptions, Stores Scanning</td>
<td>Improvised execution, Faster Speed to Shelf, Improved Forecasting</td>
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<td>Identify exception DC/item inventory exceptions and Improve DC inventory readiness</td>
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Results

Working with Retail Solutions, Inc. (RSi), the manufacturer was able to achieve the following at this retailer:

- Improve priority items top stores in-stock up to 20%
- Recover up to 70% out-of-stock lost sales
- Real time monitor and correct store planogram compliance
- Identify high and low performing items from day 1 and adjust demand plans, etc.
- Identify new products winner/loser within 2 weeks
- Increase forecasting accuracy and in-stock rates during promo events
- Improve priority items top stores in-stock up to 20%
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- Real time monitor and correct store planogram compliance
- Identify high and low performing items from day 1 and adjust demand plans, etc.
- Identify new products winner/loser within 2 weeks
- Increase forecasting accuracy and in-stock rates during promo events
- Improve category share up to 5%
- Improve sales up to 10%
- Improve the in-stock rate up to 20% and help sustain the SSIS (in-stock) at optimal level without the typical whip
- Create an established collaborative process with Retailer

Feedback

“We have over 300 of our suppliers collaborating with us using our data, that we feed to RSi every day, and that has really generated a lot of success for us.”

–Senior Manager, Supplier Collaboration, Large US Retailer

“By running these use cases, especially on these big ads, we’ve seen about a 10% increase in promoted sales, on average, across these events”

–Director Supply Chain, Global Cosmetic Manufacturer

“This manufacturer truly embraces RSi-Retailer data and its capabilities. They continuously charge forward leveraging RSi analytics while driving successful collaboration with this leading retailer.”

–Shirley Dong-Terry, RSi, Director of Retailer Data Analytics