Global Supplier Optimizes Seasonal Gift Packs Forecasting at Large US Retailer

ABOUT RSi

Retail Solutions, Inc (RSi) transforms data into value -- in the store, on the shelf and with shoppers worldwide. To achieve operational excellence and measure performance daily, the world's leading companies turn to RSi to transform their data into actionable insights. As the leader in data management and innovation with the most retailer collaboration programs, our goal is to bring operational clarity to our customers so they can operate their business more successfully. From solving out-of-stocks to driving inventory down, from optimizing sales strategies to determining marketing ROI, RSi helps cut costs and improve sales. For thirteen years we have been a trusted, massive data and analytics partner to more than 175 retailers and over 500 CPG companies, including such household names as Colgate-Palmolive, Nestlé, the Procter & Gamble Company and Unilever.

Summary

This multinational consumer goods company has products available in over 190 countries. They work with their retail partners to help support business objectives such as product availability on the shelf.

Participants

This manufacturer is one of the world's largest consumer goods companies with over 400 brands. These brands are distributed in multiple retail channels including grocery, mass and drug chains.

This retailer is one of the largest retail channel 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

Gift packs are a seasonal box containing multiple items from the brand that go into stores during the November/December time-frame and represent over $8MM in business during the holidays.

Seasonal gift pack events provide suppliers and retailers with a variety of gifting product options to attract a wide variety of consumers. These events are very important for manufacturers and retailers. Gift packs are not replenished during the season, and therefore it is critical to have the optimal forecast in order to make the one-time inventory replenishment cover potential demand.

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Solution

The manufacturer and the retailer collaborated with Retail Solutions, Inc. (RSi), the designated POS and Inventory data provider for the retailer. The manufacturer worked closely with RSi and creatively leveraged store/item POS data along with out-of-stock data to understand what was actually sold during previous holiday seasons. Additionally, the group was able to look at what could potentially be sold in the absence of out-of-stocks at the store level. This forecasting analytics revealed the previous year had a $3.8 MM calculated potential lost sales opportunity from out-of-stocks. Utilizing the pre-holiday data and analytics from RSi, the manufacturer then collaborated with the Demand Planner from the retailer in order to provide new forecasts based on these analytics and previous results. The retailer accepted recommendations of the revised gift pack forecasting number.

Results

In working with RSi, the manufacturer gained the following results at this retailer:

Increased retailer orders for seasonal gifts in top gifting stores

Uncovered significant out-of-stock lost sales opportunity in select, top gifting stores

Sophisticated analytics and store level focused forecasting methodology

Strengthened collaborative process and Joint Business Planning

Premium store level data analysis with quantitative data analysis and visual representation for all collaboration meetings

Feedback

"Seasonal forecasting is tricky—you only have one shot to get it right and sell your product because there is no replenishment. This is a one-time order and you have to order it way ahead of time. Thankfully with our RSi analysis, we were able to optimize the forecasting process and uncover significant lost sales potential."

–Senior Manager, Supplier Collaboration, Large US Retailer

"Working with these retailer and manufacturer teams has been so rewarding, these teams really understand the power of the data and get to benefit from the strength created by our analysis."

–Shirley Dong- Terry, RSi, Director of Retail Channel Data Analytics