

On Shelf Availability (OSA)

Winning Together

Colin Peacock

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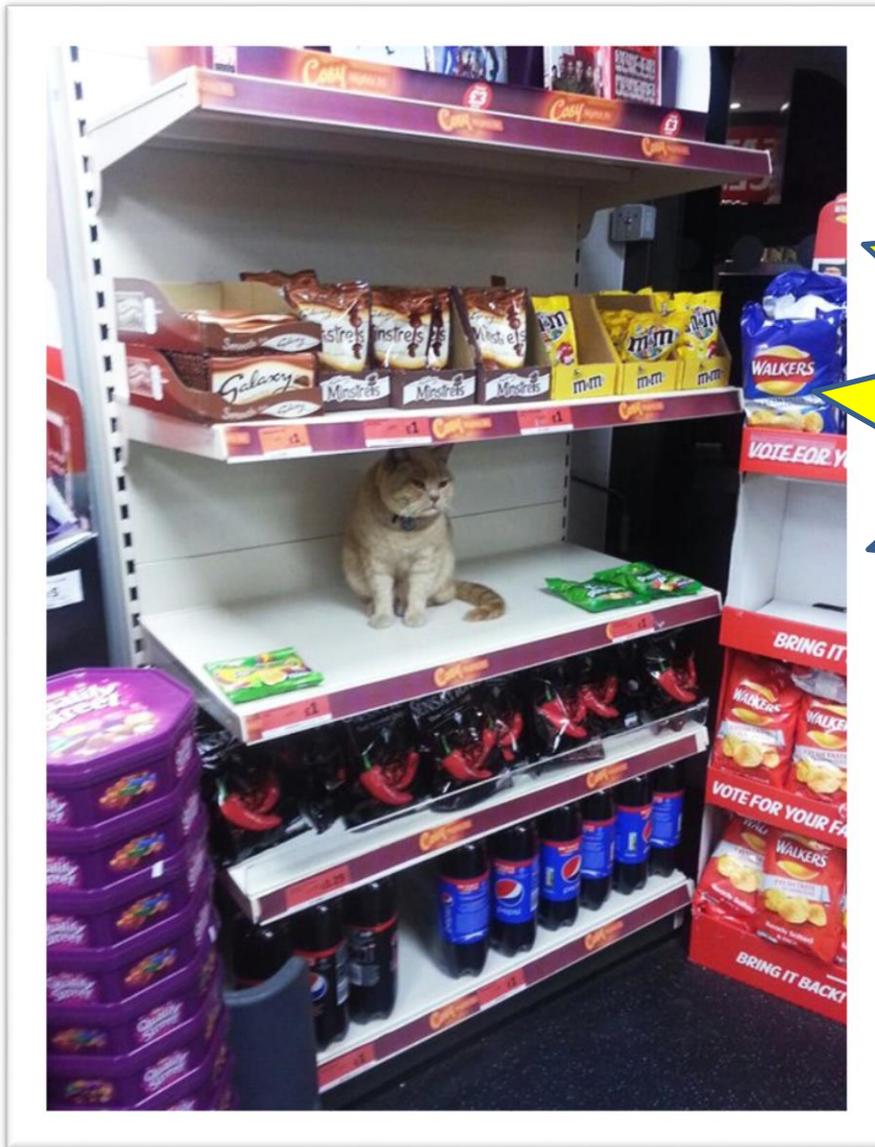
UNIVERSITY OF
LEICESTER



Three Simple Messages

1. Good OSA Matters Now More Than Ever
2. Manage OSA as a Quality Problem
3. Five “Do’s” for OSA

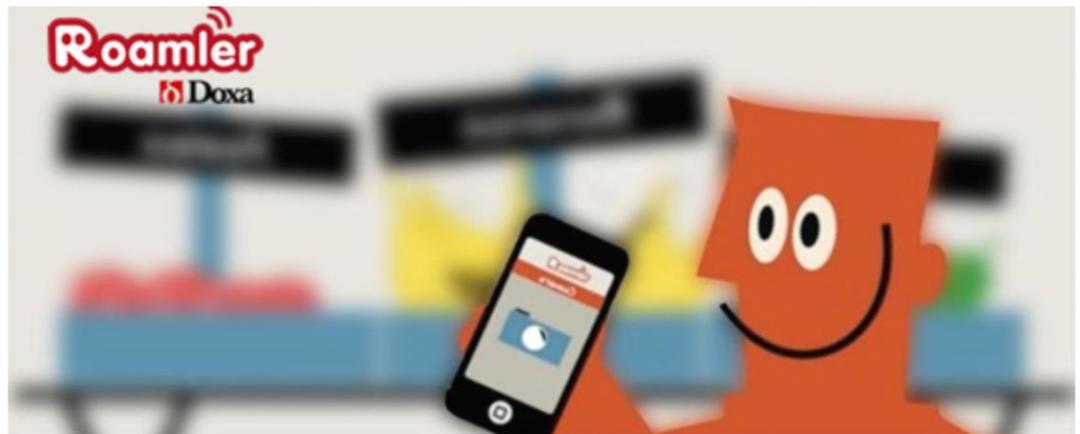
What is OSA? Empty Shelf



8.3%

Corsten & Gruen 2003

OSA Through Shoppers Eye



OSA Through Shoppers Eye

	RETAILER 1 (Grocer)		RETAILER 2 (Mass/Hyper)		RETAILER 3 (Drug)	
	Traditional Measure	Crow d Sourcing	Traditional Measure	Crow d Sourcing	Traditional Measure	Crow d Sourcing
Total In-Stock	96.6%	92.7%	97.2%	87.2%	97.9%	86.6%
Laundry Brand A	97.0%	93.4%	97.2%	83.0%	97.9%	86.7%
Laundry Brand B	96.5%	92.1%	97.2%	85.0%	96.8%	86.1%
Laundry Brand C	97.3%	81.2%	98.1%	82.2%	93.7%	76.6%
Diapers Brand A	94.8%	93.5%	95.9%	83.4%	94.2%	79.9%
Hair Care Brand A	97.4%	93.7%	97.9%	93.2%	96.3%	89.0%

Promotions Out Of Stock 2-3X Average



OSA = Did You Get Everything You Wanted?



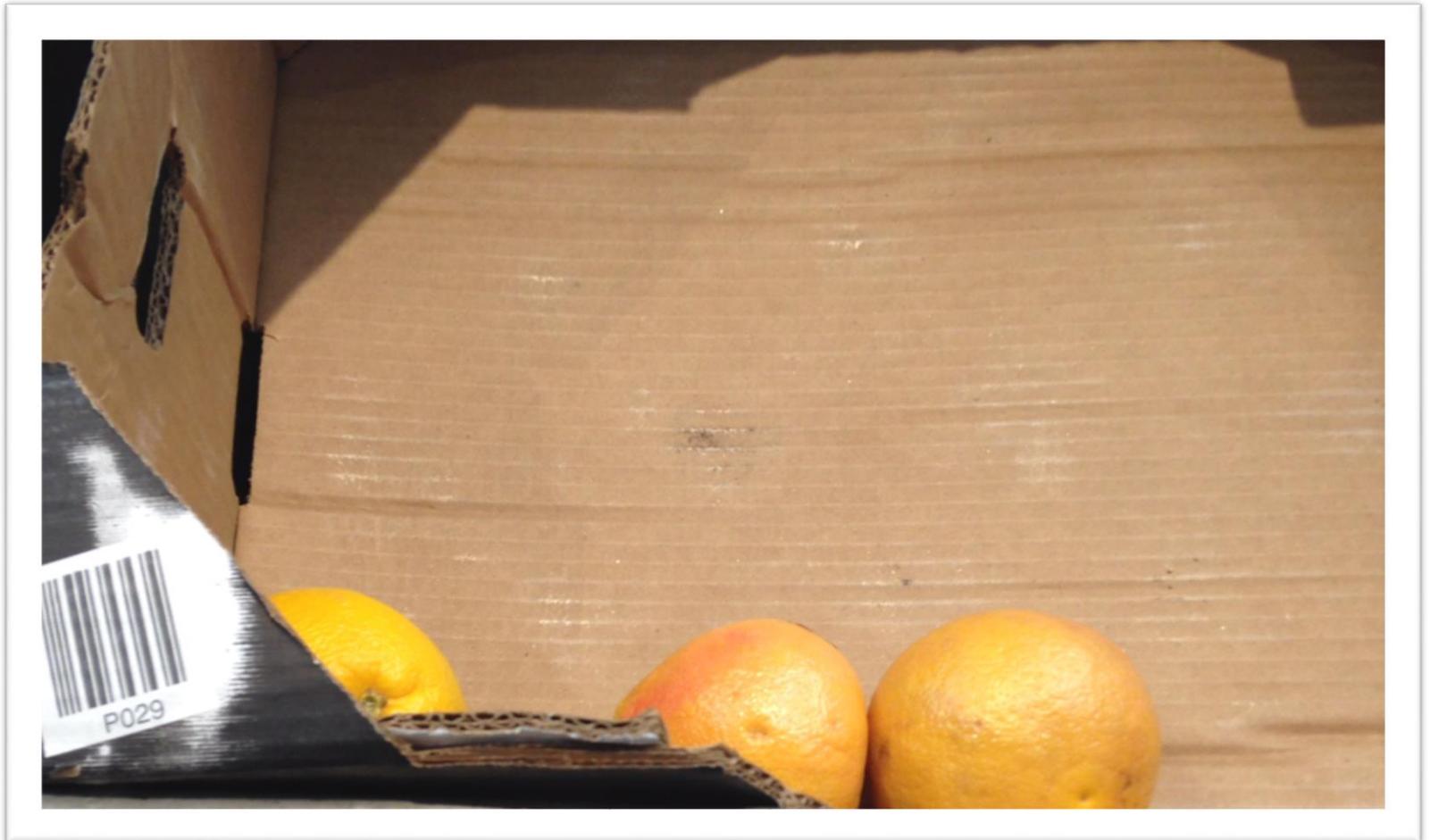
One third of shoppers did not get everything they came in for...

Professor Marshall Fisher, New Science of Retailing - 2007

OSA = Could Not Reach!



OSA = Damaged and Lonely



OSA = Close to Sell By Date



OSA = Locked Up!



But watered 😊

Omni-Channel Revolution



SCOPRI TUTTI I VANTAGGI DELLA SPESA ONLINE



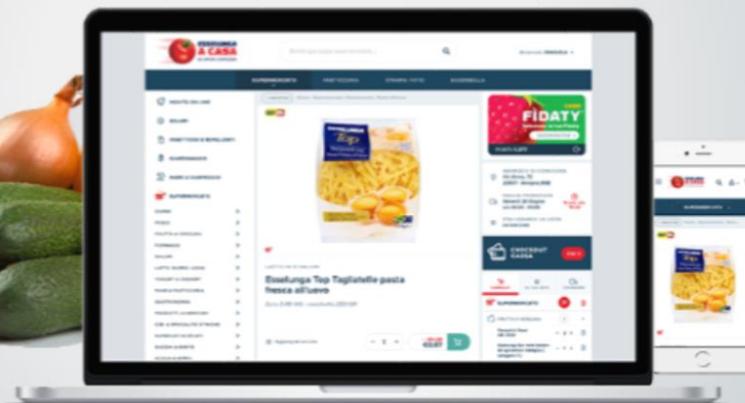
La spesa sempre freschissima



Un grande assortimento



Pagamenti sicuri



ENTRA

REGISTRATI

Oppure

Se vuoi provare il servizio entra come ospite.

VISITA IL SUPERMERCATO

Dilemma: Is The Item Really There?

On-hand (1 - usrt) - Closed: Noltem number: 81137/Item number: 81137, New Record

File Transactions Net requirements Intercompany on-hand Quantity adjustment Counting history Dimensions display

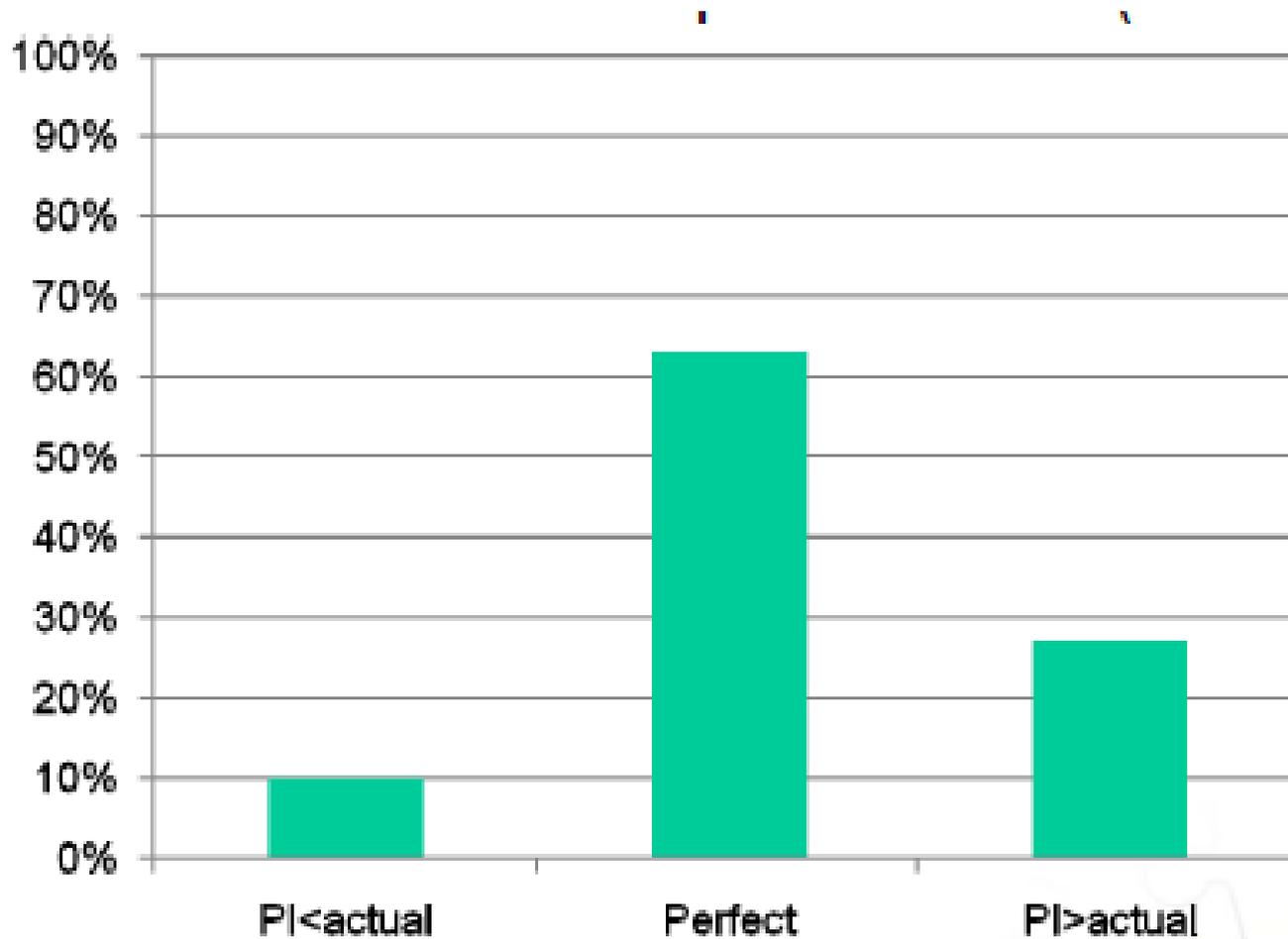
Overview Catch weight overview On-hand

Item number	Product name	Contract	Color	Style	Site	Physical inventory	Physical reserved	Available physical
81137	Straight Leg Jeans	32	Blue	Big	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	32	Blue	Regular	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	32	Blue	Tall	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	34	Blue	Big	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	34	Blue	Regular	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	34	Blue	Tall	CENTRAL	100.00		100.00
81137	Straight Leg Jeans	36	Blue	Big	CENTRAL	2.00		2.00
81137	Straight Leg Jeans	36	Blue	Regular	CENTRAL	2.00		2.00
81137	Straight Leg Jeans	36	Blue	Tall	CENTRAL	2.00		2.00

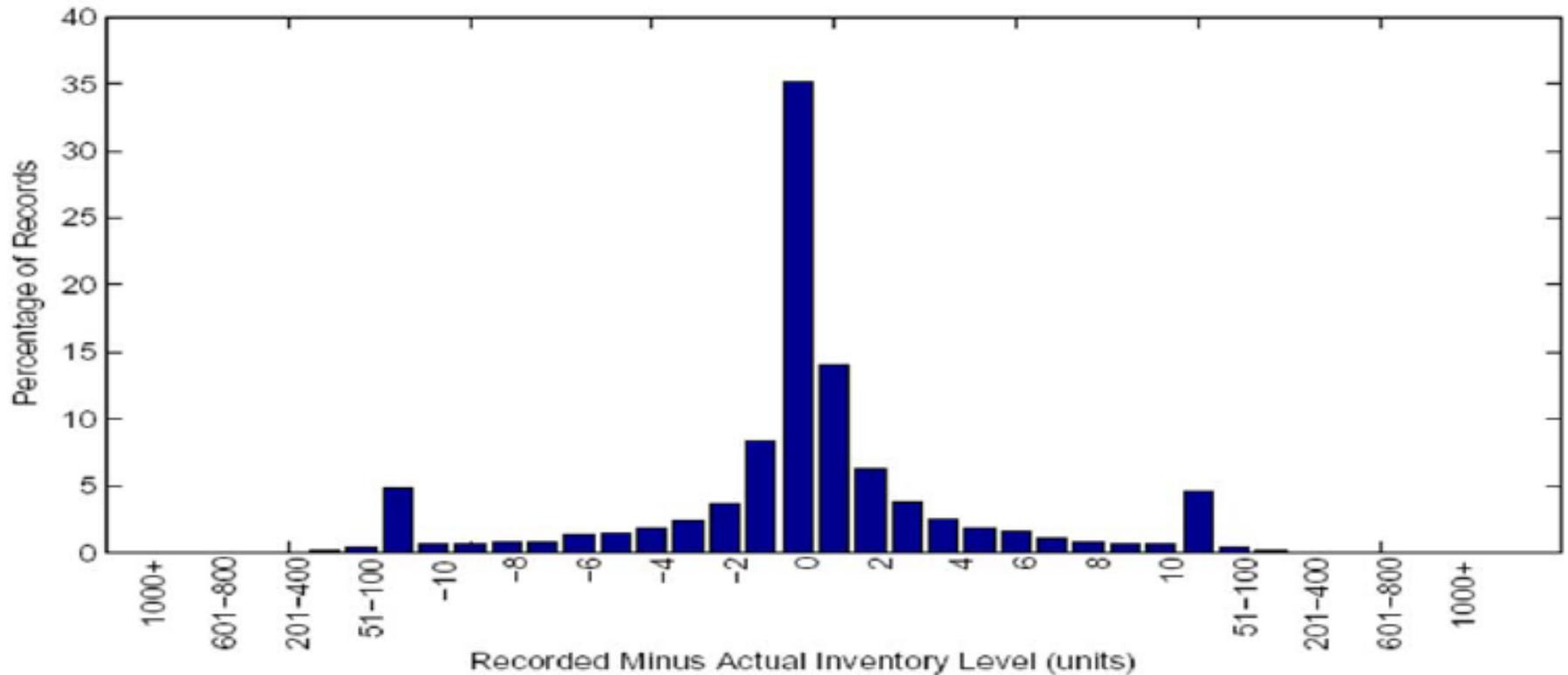
< III >

Describe the item and any configuration. | VAR Model | var | usrt | initial | Admin | 12/6/2013 | 03:11 pm | Close

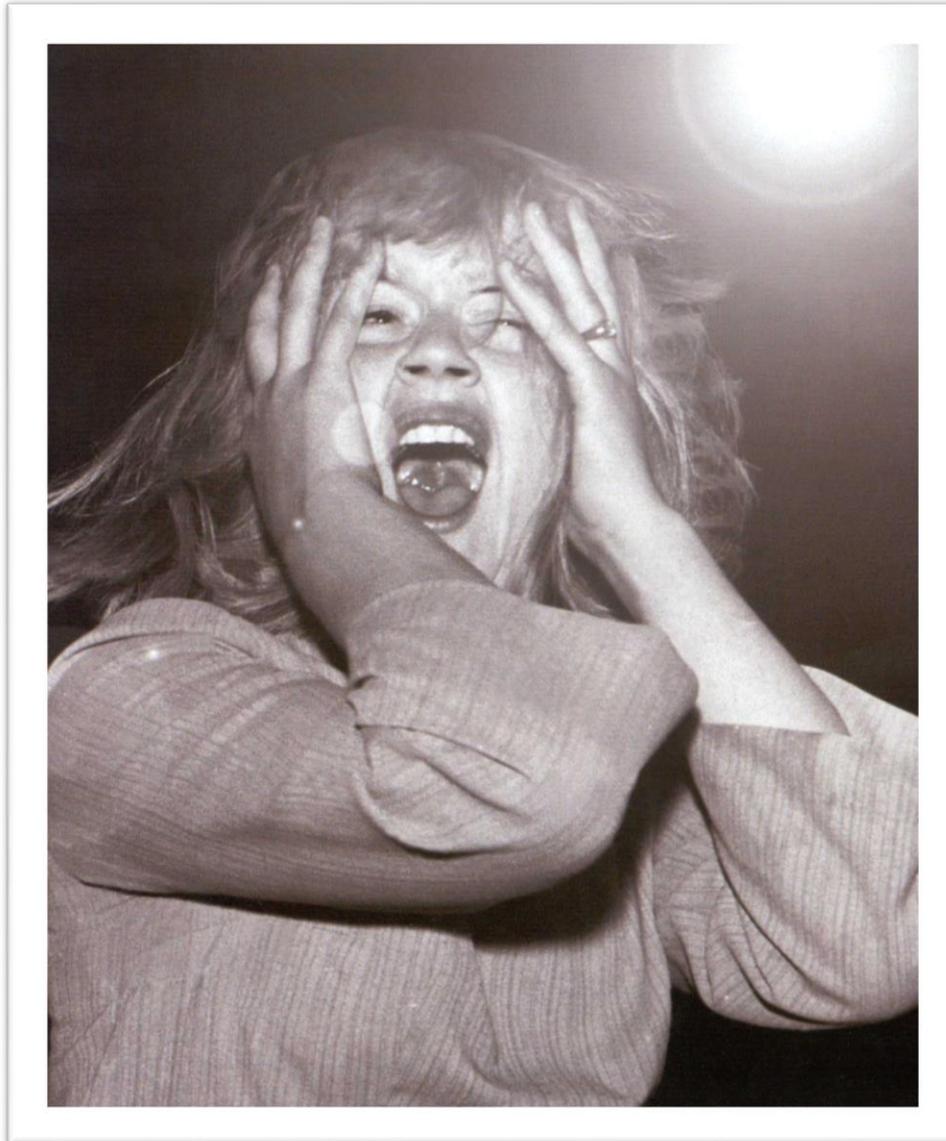
Inventory Accuracy: Only 62% of Records Perfect



Inventory Accuracy: Only 35% of Records Perfect!



Feels like this...



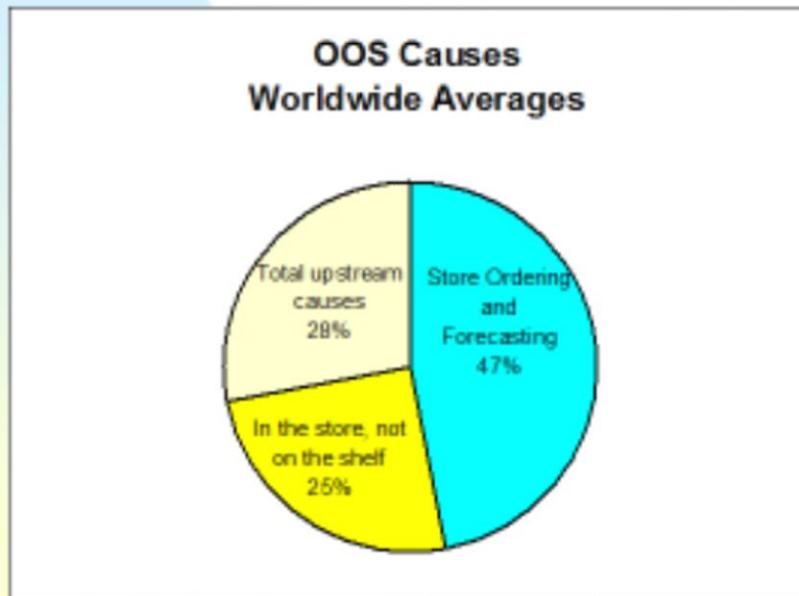
Blamestorming



Blame The Store! – 70-75% of Reasons



Findings: Causes



- Retail store ordering and forecasting causes (about $\frac{1}{2}$ of OOS)
- Retail store shelving and replenishment practices where the product is at the store but not on the shelf (about $\frac{1}{4}$ of OOS)
- Combined upstream causes (about $\frac{1}{4}$ of OOS).

70-75 percent of out-of-stocks are a direct result of retail store practices

OSA = Symptom of Bigger Problem



True Causes of OSA

Corporate
Strategy

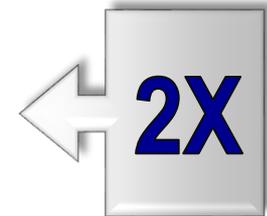
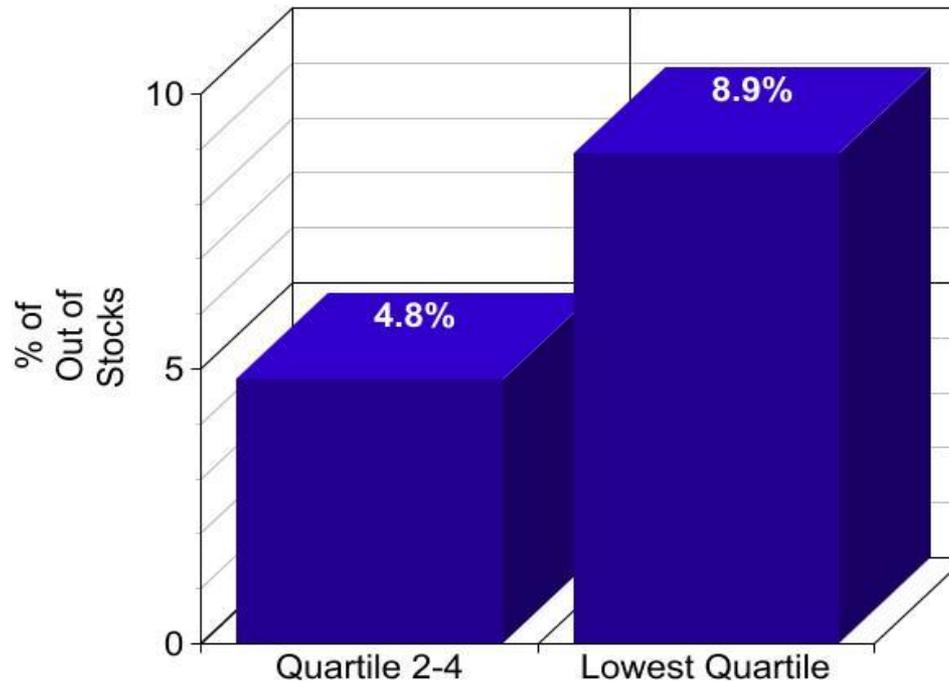
Category
Management

Store
Execution

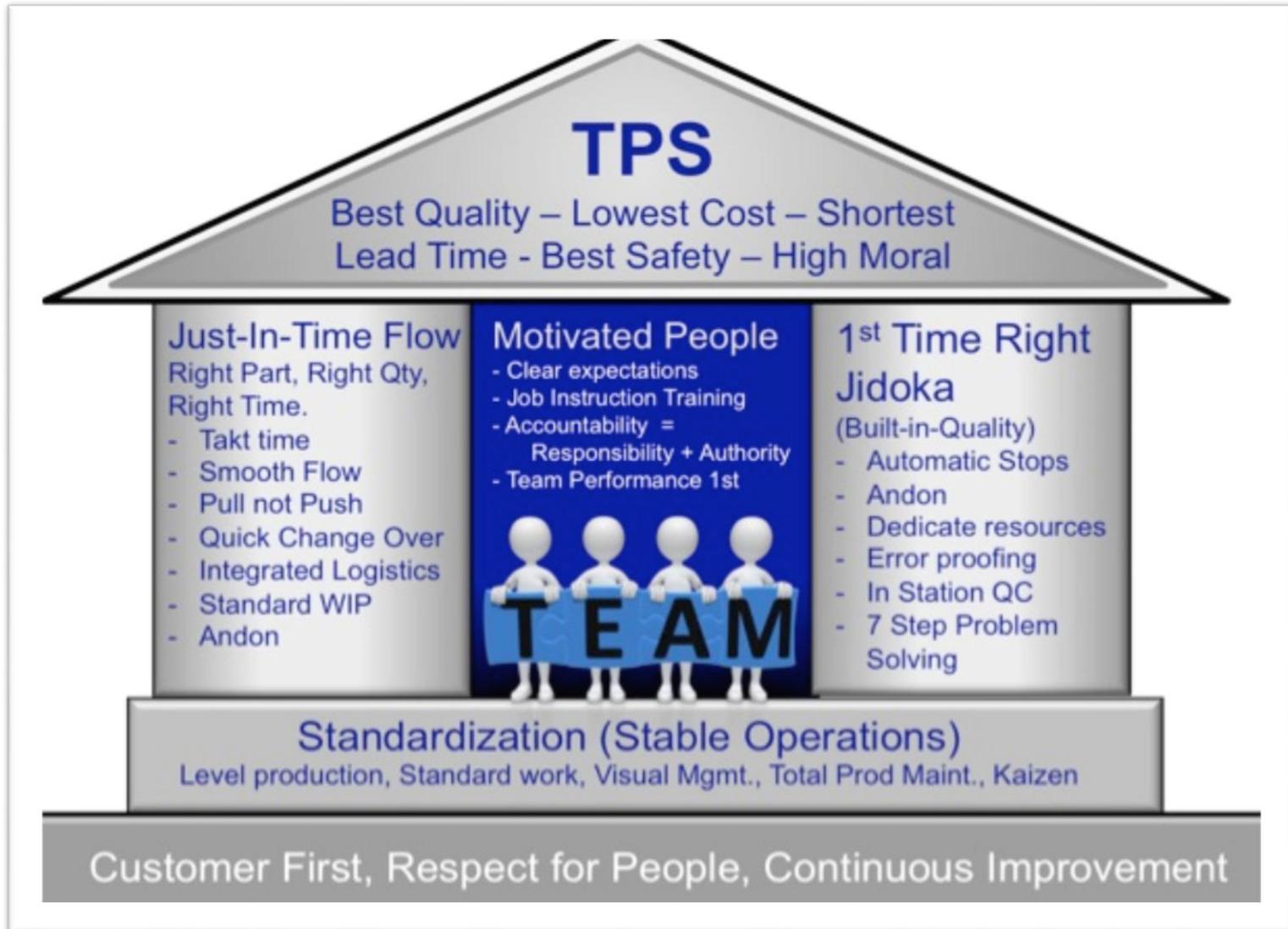
Supply Chain
Design

Importance of Store Associate Engagement

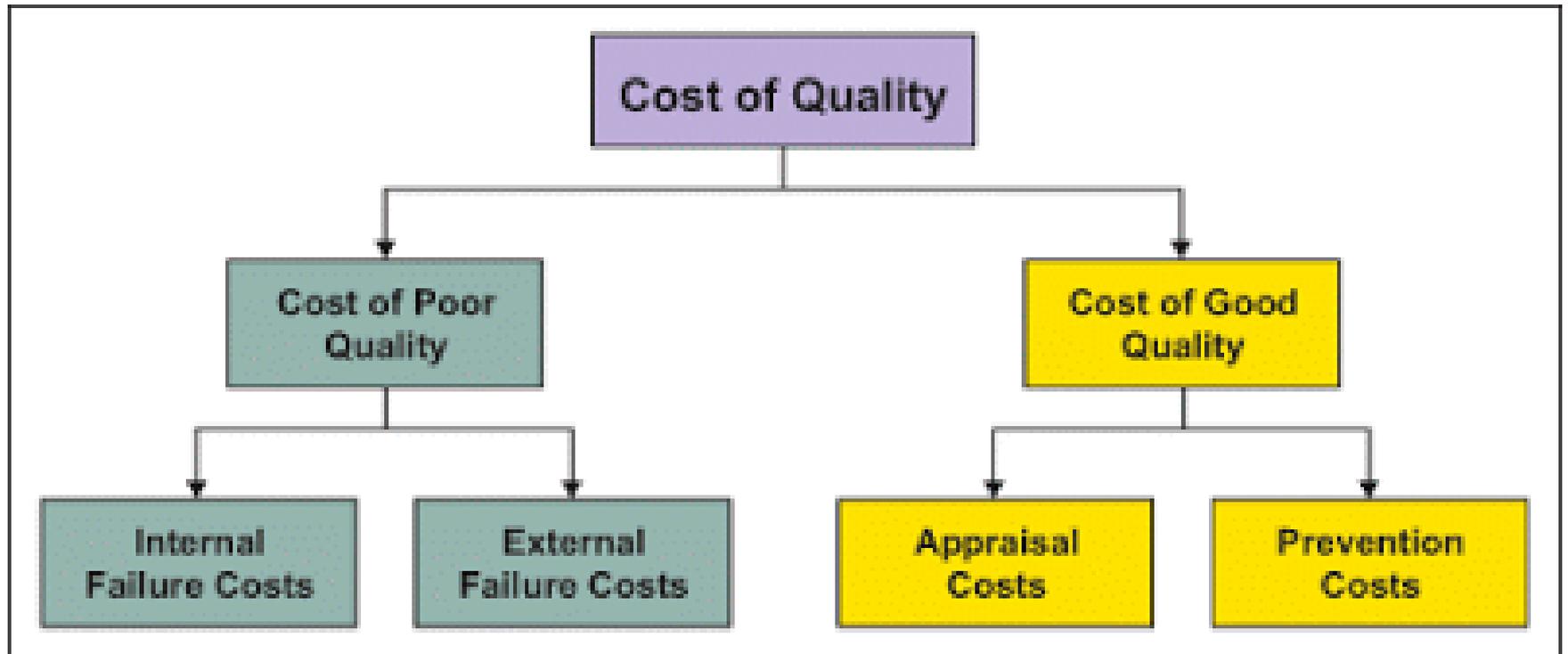
Out of Stocks are *twice as high* in the quartile of stores with the lowest employee engagement.



Steal From Toyota



Cost of Quality



Cost of Quality

Fiat Chrysler recalls 1.1M SUVs, cars worldwide for safety issue

Anita Balakrishnan

Friday, 22 Apr 2016 | 3:16 PM ET



Stan Honda | AFP | Getty Images

The 2014 Jeep Grand Cherokee.

Fiat Chrysler is recalling 1.1 million vehicles worldwide because they might roll away after drivers exit, the company said Friday.

Cost of Quality

**More Waste =
Better OSA**



Total Cost of Quality

Locked



Open Sales



SALES	1000	1870
SHRINK	2	38
PROFIT		INDEX 183

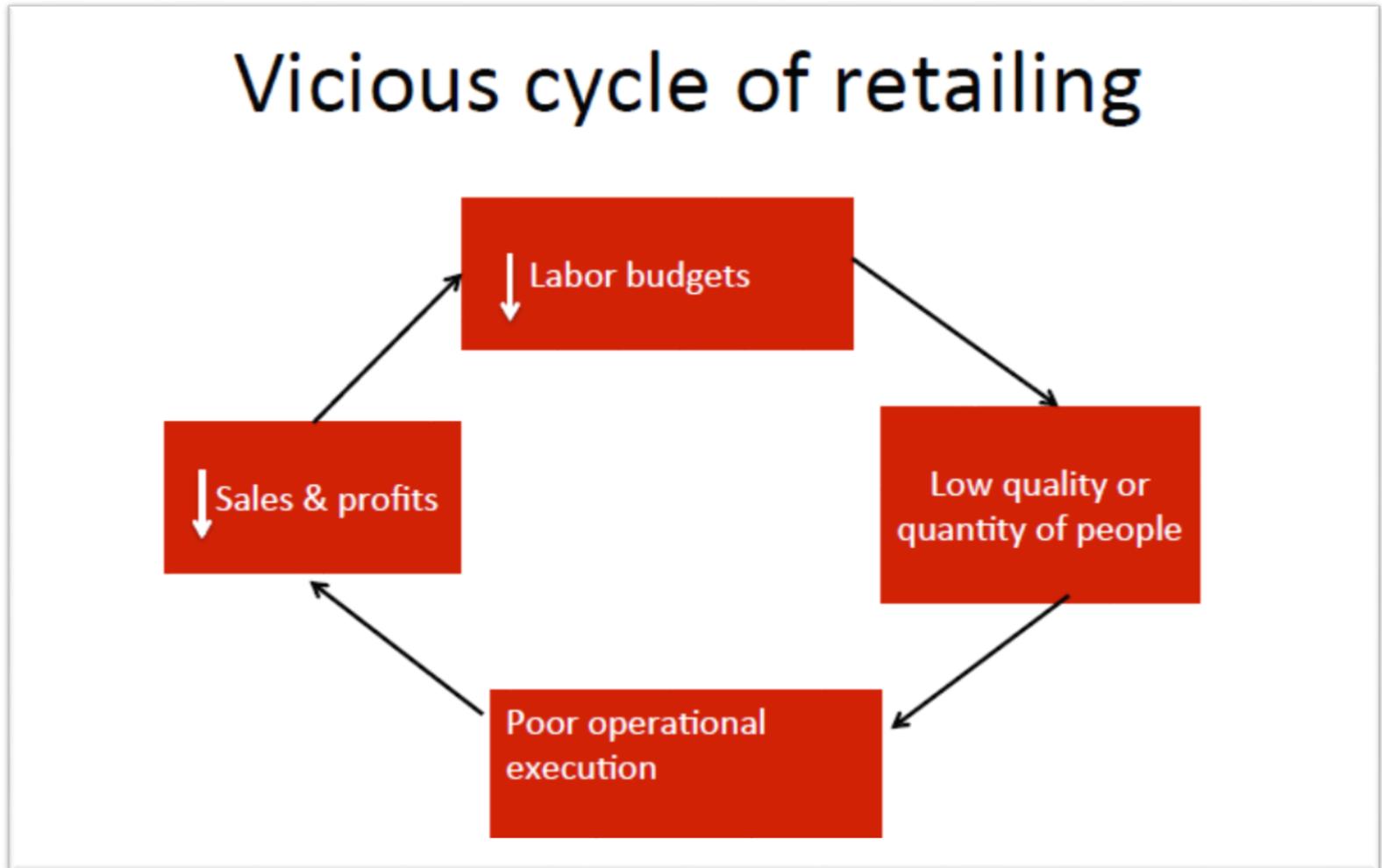
Total Cost of Quality



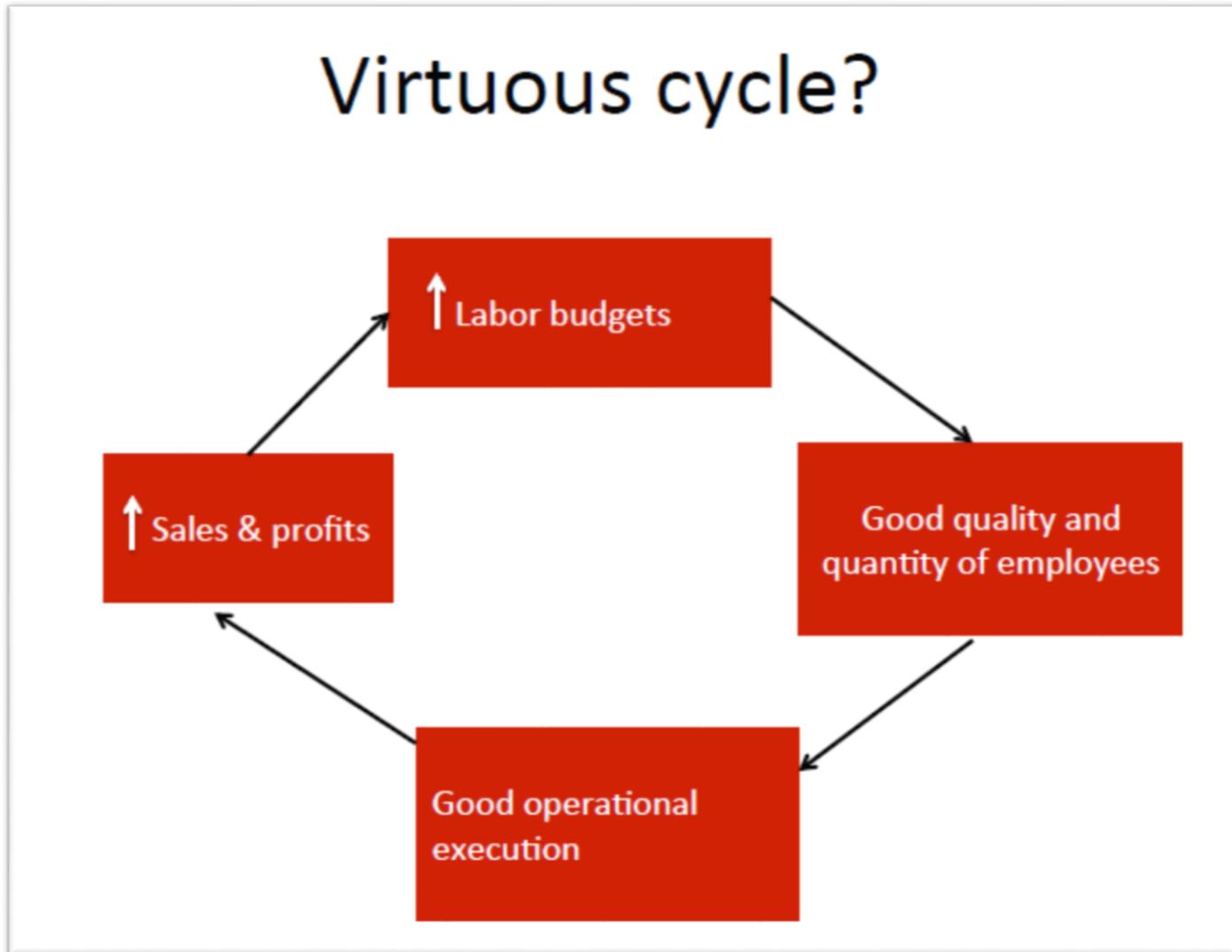
Good Retail Jobs



Circle of Doom



Circle of Virtuous Growth



Chief Quality Officer



Yes, Fine But What Can I Do Now!



1: Do Share Data with Vendors



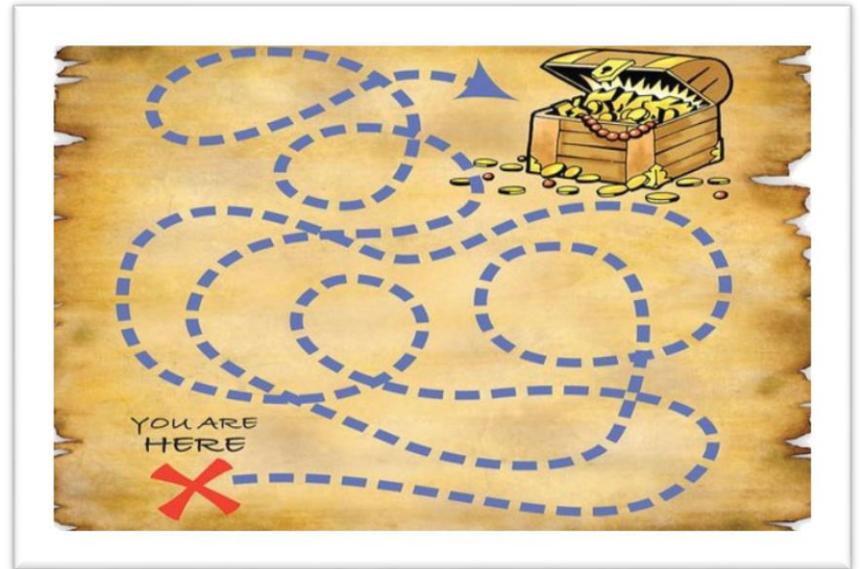
“The Industry must more readily and freely share information, embracing the concept that the best way to manage increasing complexity is through transparency”

Jose Luis Duran, Chairman of the Management Board, Carrefour Group and A.G Lafley, CEO, The Procter & Gamble Company

Data Sharing Use Cases



2: Do Let the OSA Data Drive Action

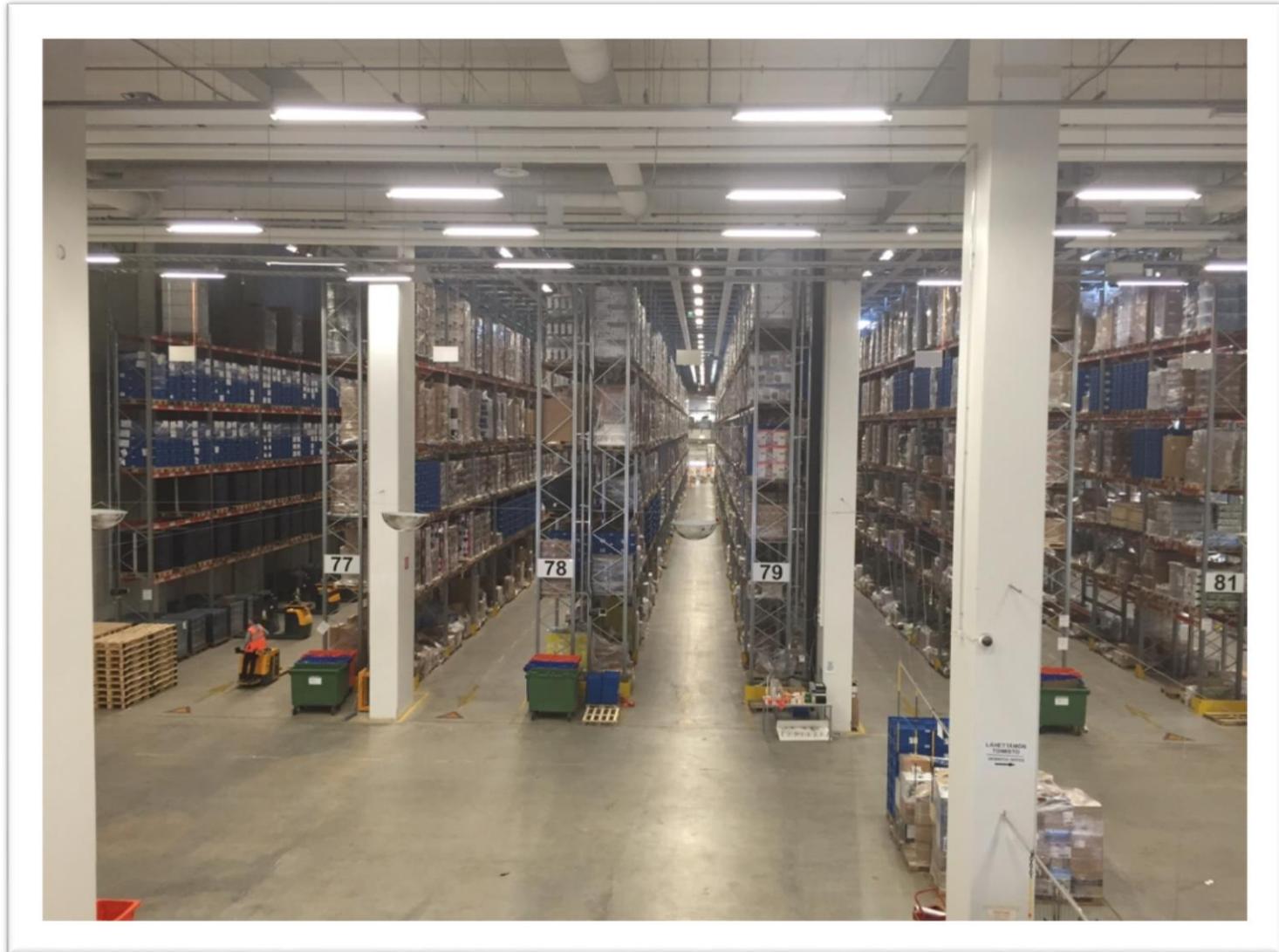


2: Do Let the OSA Data Drive Action

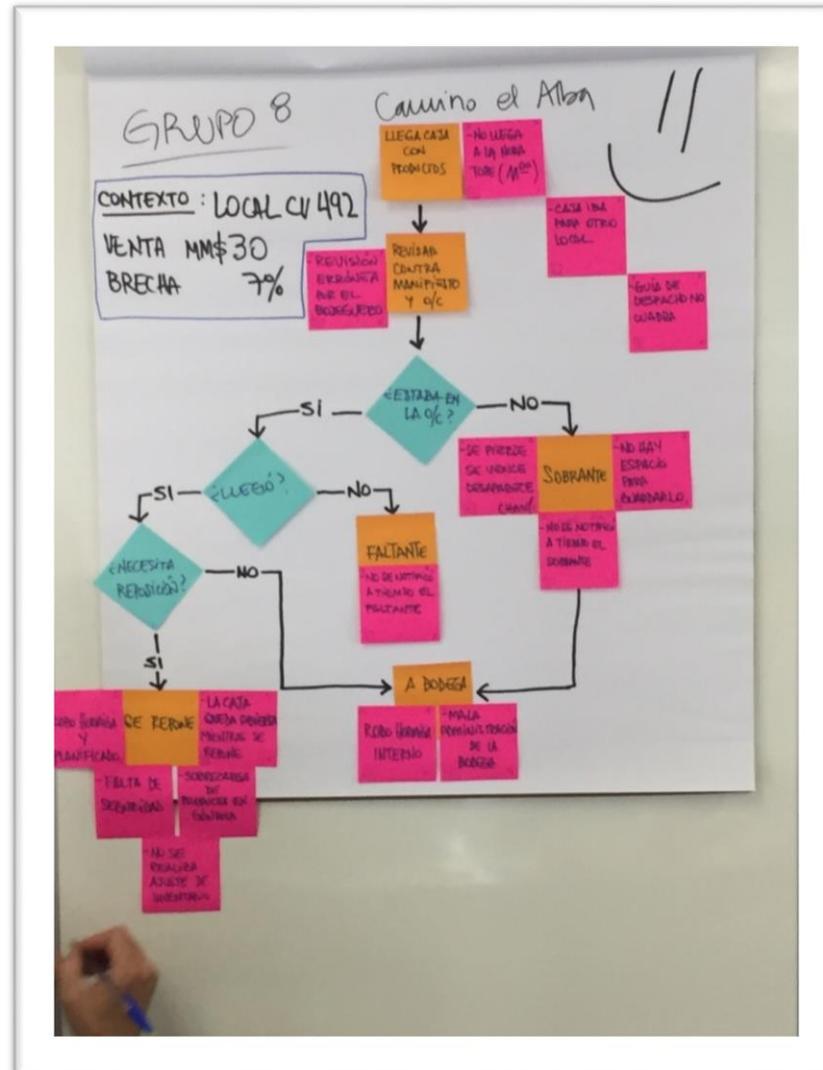


Department		Product Description	Stock Record in Singles	Last Day Off Sale	# Days Off Sale
Produce	77748034	Strawberries 300g	18	Mon	1
Produce	64509576	Carrot Batons 300g	2	Sat	3
Grocery	72619829	Roasted & Salted Cashews 30g	26	Tue	2
Grocery	63918466	Monster Energy 500ml Can	38	Sat	1
Grocery	58504600	Fizzy Cola Lances 75g	48	Sat	1
Grocery	78699885	Haribo Bear Buddies 200g	16	Tue	1
Grocery	76730097	Cadbury Twirl Chocolate 3 Pack 102g	25	Wed	3
Wines & Spirits	61026021	Maschio Prosecco Brut Doc 75cl	63	Tue	1

3: Do Go Out, Listen and Take Action



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4: Get Stock Out of the Back Room



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5: Speak “Inventory Accuracy”



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Three Simple Messages

- ✓ Good OSA Matters Now More Than Ever
- ✓ Manage OSA as a Quality Problem
- ✓ Five “Do’s” for OSA

Grazie

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