Granularity Is Key To Demand Planning Today

Currently, only 37% of firms report the ability to forecast demand at the store SKU level.

The need for granular planning is clear

Performance metrics highlight the need for hyper-local planning.

- **58%** of retailers report an out-of-stock rate of 6-10%
- **57%** of CPG firms state fill rate is extremely varied from one location to the next
- **54%** of retailers reported a markdown rate of 11-15%
- **47%** of CPG firms said planogram compliance is extremely varied between locations

Challenges around demand and assortment planning

- **29%** Inability to tie together internal and external data
- **26%** Lack of in house skills to derive recommendations and actionable insight
- **26%** Inability to harmonize data and recommendations across channels, banners, brands, and locations
- **25%** Inability to derive timely recommendations from analysis of “same store” comparative data

Modernizing demand planning with predictive analytics

- **77%** of retail and CPG firms are beginning to use predictive analytics. Through enhanced demand and assortment planning, firms expect improved out of stock rates, markdown rates and inventory turn.

Methodology
Source: A study conducted by Forrester Consulting on behalf of IBM, July 2018
Base: N286 Retail and CPG decision makers in UK, USA, Japan, Australia and France with responsibility for or knowledge of demand and assortment planning.

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