IBM Global Services
Demand Driven Replenishment (DDR)

IBM

Solution Description

When a retailer runs out of a hot-selling item, the missed sales opportunities can result in short-term revenue loss and long-term erosion of brand loyalty and potential market share. Research has shown that despite efforts over the past years to improve processes and technology, out-of-stocks occur at a rate of approximately 10 to 15 percent for promotional items and 8 to 10 percent for regular merchandise.

The Demand Driven Replenishment (DDR) solution helps consumer products companies drive value from retail POS and other store level data from a supply-driven operating model to a demand-driven model. This solution allows consumer products firms to gain visibility into both retail store inventory and retail Distribution Center (DC) inventory that is stored in a single Demand-Signal Repository (DSR). It further delivers actionable insights related to that data to address inventory issues in retail stores down to the individual product (SKU) level.

Features & Benefits

*   Identifies actual and predictive out-of-stock and overstock issues at the individual SKU/store location level

*   Enables automated out-of-stock and overstock root-cause analysis and provides actionable tasks and transactions prioritized by their impact on profitability

*   Helps increase sales by improving store operations and replenishment; order and shipment forecasts; promotion execution and effectiveness; and new product introductions

*   Leverages IBM's consumer products industry experience, supply chain management expertise, technical solutions and skills

Value Proposition

The DDR solution utilizes downstream demand data (e.g., retail point-of-sale quantities) to help identify and correct supply chain and execution problems at the store and SKU levels. Potential issues with supply chain problems are flagged, not only when problems are imminent, but proactively in time to avert them.

The solution improves supply chain efficiency by identifying current and predicted out-of-stock and overstock situations across all points of the supply chain. It provides automated, actionable recommendations to the entity best able to mitigate the supply chain execution issues—be it the product manufacturer, a third-party merchandiser or the retailer. In addition, the DDR solution can help improve the effectiveness of sales promotions and new product introductions and rollouts. Working together with IBM, retail clients have used the DDR solution to help drive sales improvements of up to 5 to 10 percent.

IBM Segment
*   Cognos
*   InfoSphere

Business Function
*   Inventory Management

Target Industry
*   Consumer Products

Let's build a smarter planet.