



# Retail Insight

## **Availability**Insight Overview

Microsoft



# Software Process

We do this by taking large volumes of data and processing it through proprietary algorithms, producing insight and direction for users to action

## RETAILER DATA WAREHOUSE

Ingests high volumes of complex data from multiple sources in near real-time

Works as a "skeleton key" that can access and integrate with a broad range of data warehouses, sources and platforms

## RETAIL INSIGHT SOFTWARE PLATFORM





Data continuously imported to Retail Insight's software platform:






- Range of system configuration options (public cloud, private cloud, on-premise)




Apply highly sophisticated, proprietary statistical models to data in near real-time

## ACTIONABLE INSIGHTS FOR ALL

Outputs real-time insights and recommendations to users throughout organisations – integrating with existing management processes and technology systems

	
<b>Supplier Data</b> (forecast, inventory, promotion)	<b>Operations Data</b> (store profiles, store KPIs, labour)
	
<b>Customer Data</b> (basket, mission, most important)	<b>Demand Data</b> (unit sales, value sales, transactions)


	<b>+\$100m</b> Profit improvement from optimised markdowns
	<b>c. 0.5%</b> LFL sales increase from improved availability
	<b>+\$54m</b> Saving in trade spend



# Product Overview: **Availability**Insight

Our **Availability**Insight tool allows grocers to quantify the financial impact of low availability, providing direct actions to fix and address root causes



## PROBLEM

### Context

- If items are not on the shelves, hidden, damaged or otherwise unsellable, customers cannot buy them
- This results in "lost sales", which are typically as much as 8% of a grocer's total revenue

### Current Actions Grocers Take

- Retailers attempt to manage stock levels in store as closely as possible, but have no quick way to know if a product is on a shelf and sellable
- Store colleagues walk around the store to manually identify issues and address them
- Grocers measure availability through a range of basic approaches – such as manual audits, SKUs not sold on a given day, and SKUs not available when doing online picking from a store

### Challenges of Current Approach

- Walking around the store only reveals "gaps" rather than other issues, and is labour intensive
- Theft, waste and damage make it hard to maintain accurate stock data at a store level
- Store audits (checking a sample of SKUs) are only ever indicative, costly and can be "gamed"; other alternatives are also inaccurate (e.g. some SKUs often cannot be found for online picking, even if they are present)



## SOLUTION

	Ingest SKU-level retailer data from multiple sources, combined with external demand drivers
	Apply complex demand modelling algorithm to forecast demand by SKU, by store, by day, and time of day
	Monitor sales every hour
	If sales drop to zero when the item would have been expected to sell, the system identifies that there is likely an issue
	Alert store colleague PDA to investigate
	Store colleague inspects shelving, fixes issue, and logs root cause
	Shows store manager categories with most issues, and \$ value of lost sales – enabling prioritisation
	Shows regional manager and HQ stores with most \$ of lost sales and performance pattern – enabling intervention and incentivisation against this measure



## TYPICAL ROI

**30x ROI**  
**And 0.5% Sales Increase**

*"The Availability score is one of the top three indicators we use"*  
 Customer Interview



# Choosing the Right Availability Partner

**Availability** Insight takes EPOS data, wherever it lives, and processes it to create clear and actionable insight for all areas of the organisation

## SCALABLE

C.18,000 STORES CURRENTLY LIVE WITH OUR OSA SOLUTION



## COVERAGE

WORKS ACROSS ANY CATEGORY AND DEPARTMENT; FROM CENTRE STORE TO GM



## COST EFFECTIVENESS

UNIT ECONOMICS THAT SCALE ACROSS YOUR ESTATE



## NOT JUST OUT-OF-STOCKS

CHECK FOR MISSING PROMOTIONS, CAPACITY ISSUES, AND MORE ISSUES IMPACTING 'SALEABILITY'



## CONNECTING ASSOCIATES

DIRECTIVE ALERTING REDUCES TIME GAP SCANNING AND ONLINE PICKING LABOUR



## RETAILER & SUPPLIER COLLABORATION

A COMMON INCLUSIVE TRUTH TO OPTIMISE PERFORMANCE



## ACCURACY

DELIVERED 91% ACCURACY IN MOST RECENT IMPLEMENTATION IN FIRST 3 MONTHS



## SPEED TO VALUE

GET UP AND RUNNING IN JUST 8 WEEKS





# Availability Insight: Product Features Driving Performance

Transforming store operations and delivering value across the entire organisation

## > DIRECTIVE AVAILABILITY ALERTING

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- Hourly, intra-day alerting delivered on the move
- Integrated to existing processes and output devices
- Consistent **accuracy of 92%**



## > AUTOMATED PHANTOM INVENTORY CORRECTION

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- Machine learning model to automate inventory record correction
- Live customers achieving **accuracy exceeding 85%**; and auto-correction generating **25% sales lift**



## > OMNICHANNEL INTEGRATION

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- Boosting online performance: sales, fulfilment, satisfaction and cost-to-serve
- Increasing choice through predictive availability and advanced substitution



## > ROOT CAUSE ANALYSIS

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- Generation of causal OOS insight - processing incremental data feeds to assign OSA alert reason
- Value creation through issue intervention – acceleration to fix and preventative action

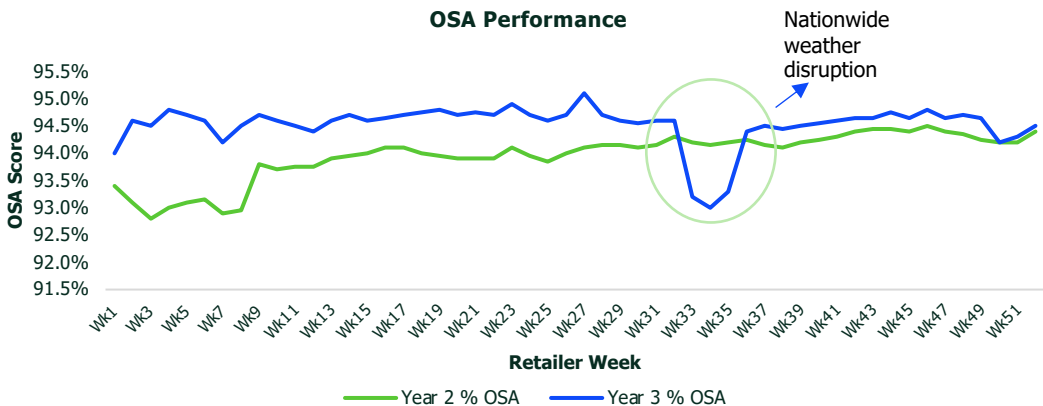




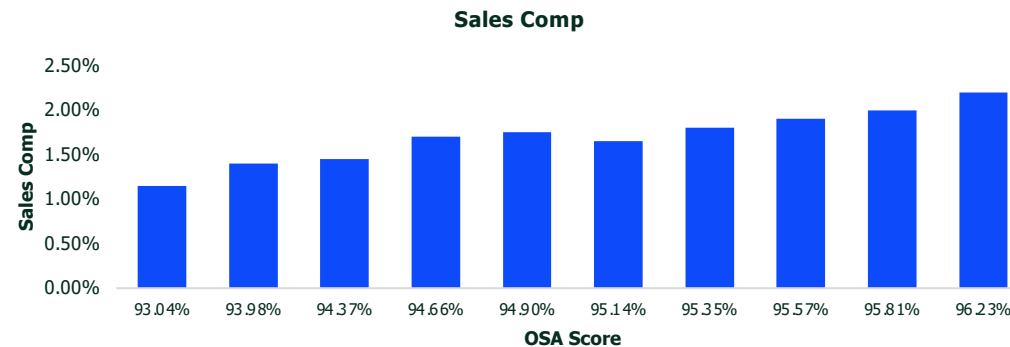
# Availability Insight: Driving Tangible Operational and Financial Value

It is not just about gaps on shelf, it is a foundational measure – **'all boats will rise on this tide'**

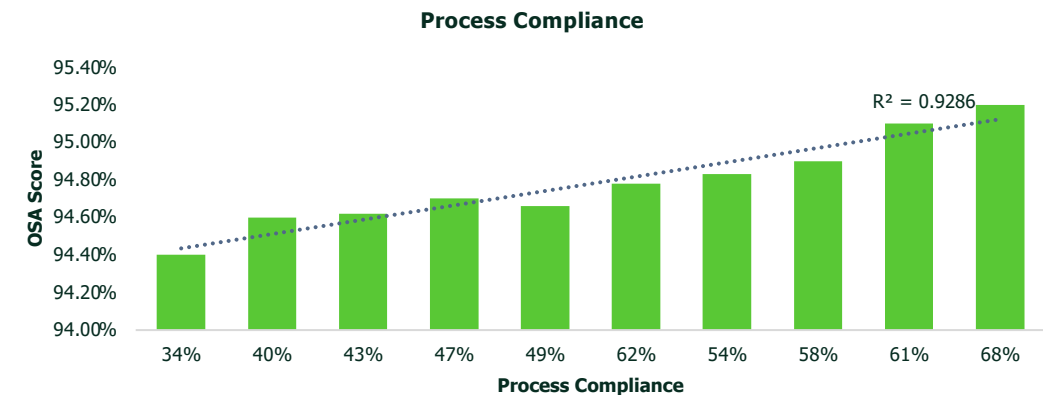
## 1 Get products on shelf, available for customers to buy



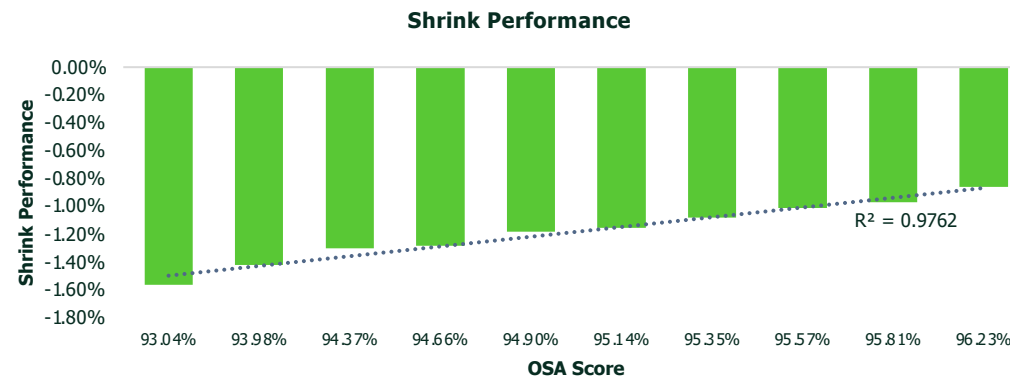
## 2 Recapturing lost sales through targeted intervention



## 3 Empowering the front line through actionable insight



## 4 Supports more than just gaps, driving other key KPIs





# Availability Insight: A Shared Problem Requires A Shared Approach

Demonstrated our ability to tackle availability challenges for retailers and suppliers alike

## CHALLENGE



- OSA identified as key customer and supplier issue as no single source of truth metric existed
- Currently suppliers field force teams **visit stores ~19,000 times per week** (at an estimated **collective cost of c.\$435m** p.a.)
- Key objective to provide store operations and suppliers with one governing OSA metric

## ACTION



- Launched across **1,100 superstores and +38,000 items**
- Implemented a solution with high accuracy and actionability
- Provided a mobile solution for all supplier field teams to act on the biggest OSA issues

## RESULTS



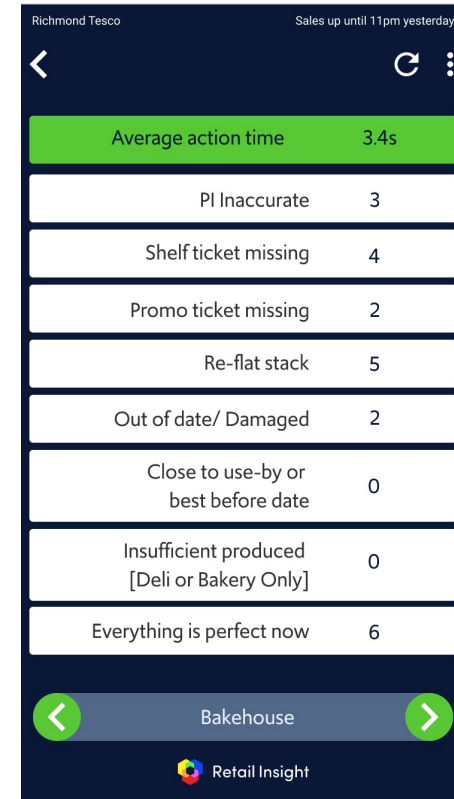
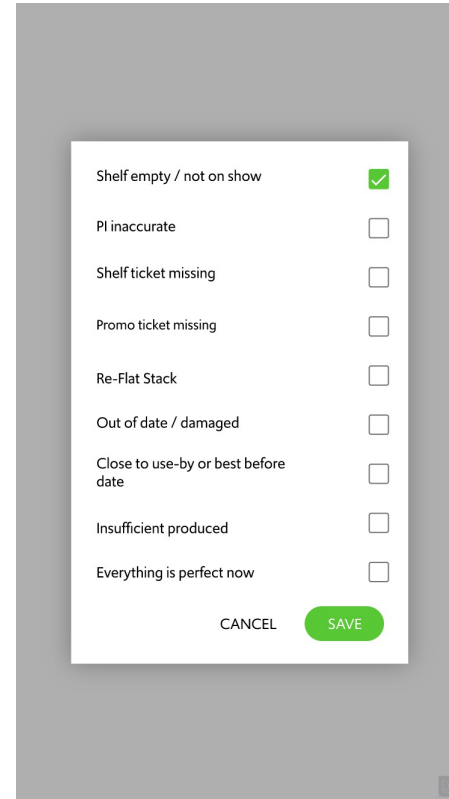
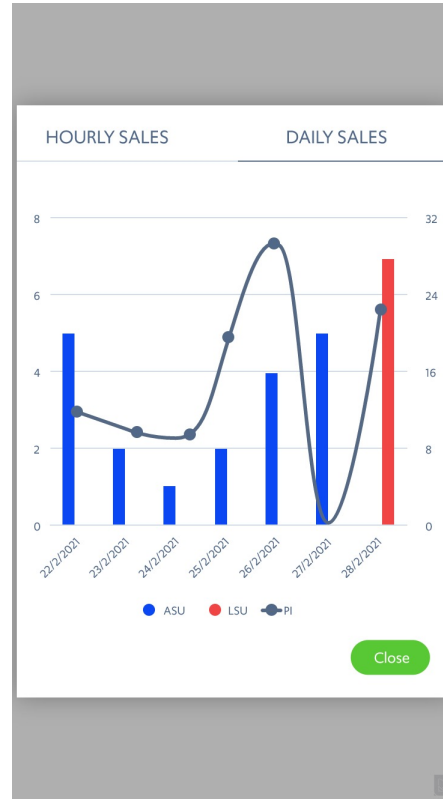
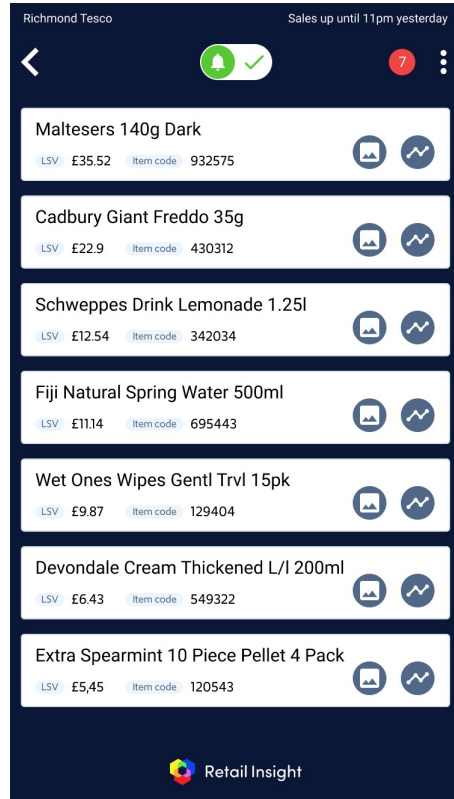
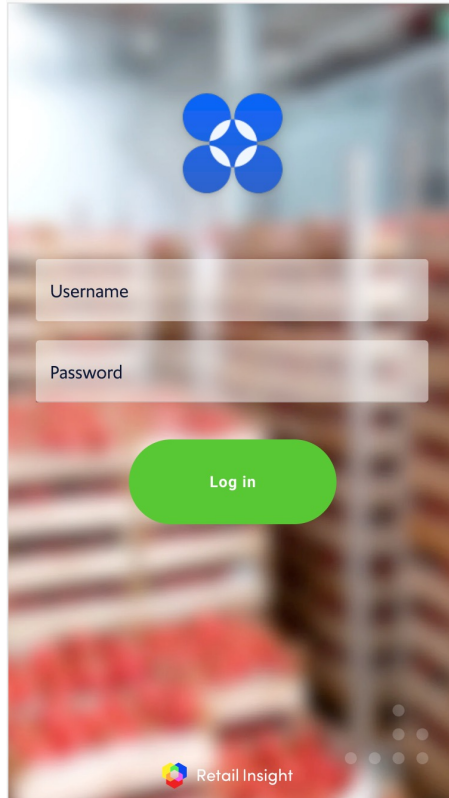
- Rolled out to all stores and suppliers **within 8-weeks**
- **Alert accuracy of 92%**, delivered within the first 12-weeks
- **0.5% increase in availability** resulted in c.\$500m incremental sales
- Increased Supplier NPS **(+2.2%)** and Availability NPS **(+6.2%)**
- Consistent OSA language and metrics drives stronger collaboration





# AvailabilityInsight: An Intuitive and Frictionless Colleague Experience

Retail Insight's store alerting application can integrate to existing store handheld devices or can be deployed to authorised mobile devices







# What Could You Save?

Typical benefits potential mapped from from existing **AvailabilityInsight** implementations

**Annual Retailer Sales**

**\$1bn - \$5bn**

**\$5bn - \$10bn**

**\$10bn - \$20bn**

**\$20bn - \$30bn**

**\$30bn+**

Potential Uplift  
With  
AvailabilityInsight

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**Incremental Sales Growth Potential**

**\$100m**

**\$125m**

**\$150m**

**\$175m**

**\$200m+**