

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

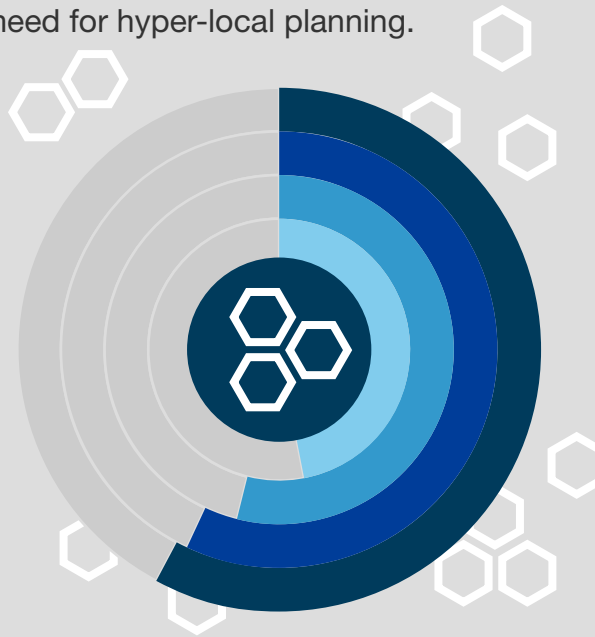
Performance metrics highlight the need for hyper-local planning.

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



TOP SOURCES OF DATA FOR DEMAND AND ASSORTMENT PLANNING



Point of Sale (POS)



Demographics (e.g. household surveys, census data)



Social Media



Public (e.g. traffic, weather)

CHALLENGES AROUND DEMAND AND ASSORTMENT PLANNING

Between a quarter and a third of retailers and CPG firms struggle with various data challenges:

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.

Read the full study