World's Leading Brewery Uses Innovative Algorithms to Provide Optimized Up-sell & Cross-sell Order Recommendations

SITUATION

Given the glut of SKUs, sales persons were unsure of what SKUs to pitch to stores while stores were hesitant to order anything other than the popular selling and on-promotion SKUs. Hence the client wanted to implement a solution that would suggest the optimum order from its wide portfolio of products.

IMPACT

Not only did per store revenue, Depth & Range of Order increase, but the solution also positively impacted Supply Chain Planning and Sales Force Efficiency.

RESOLUTION

Using an innovative algorithm, suggested orders generated for each store ensured product availability leading to minimized stock outs while reducing total inventory. This also fulfilled the company's growth and business needs by increasing the revenue per store.

The Customer

The client is a one of the largest multinational brewing and beverage company selling more than 200 beer brands in over 80 countries.

The Need

Given the limited shelf space and a glut of new products and promoted SKUs, stores were stocking only those SKUs which they perceived to be popular, or which were on promo. This meant an opportunity loss, as quite a few SKUs which would have otherwise sold out, were not being stocked. Hence, it was imperative to have a Suggested Order Generation solution, which offered SKU order recommendations at a store level, taking into account stores' product purchase patterns and in-focus products SKUs in the neighborhood. Along with increased revenue and depth of stocking, the recommendation aided greater product ranges per store. Targeted product selling including up-sell and cross-sell opportunities also boosted sales force efficiency.

- Increased bill value by up selling and cross-selling
- Fixed re-ordering point approach minimized the risk of stock-outs and inventory holding costs
- Achieved 85% prediction accuracies on base line order generation
- Based on the recommendation algorithm, 90% hit rate was achieved when SKUs were recommended to different customers
- Resulted in superior supply chain planning
- Reduced dependencies on sales representatives or the retailers in streamlining the order generation process
- Operational costs reduced with early triggers to the entire supply chain touch points

The Solution

We built an Automated Suggested Order Solution by developing an algorithm that analyzed customers' ordering patterns and segmented them in groups according to their ordering behavior. To ascertain the customer segments on which the algorithm would need to be applied, the statistical distribution of key variables like order size, order pattern and SKU mix were thoroughly evaluated.

The algorithm comprised two steps – baseline order generation and order enhancement. The baseline order generation was a two-staged forecasting model, with a global and local model while the order enhancement analyzed the sales pattern of the customers. Both the models were blended to generate an optimal forecast at a store level.

Business Benefits

- Generated optimal suggested orders for each store on a weekly basis using robust scientific methods resulting into increased throughput for the store leading to win-win for both the client and the customer

About ITC Infotech Business Consulting Group

The Business Consulting Group (BCG) at ITC Infotech is a converging point for business & IT solutions. We aim to transform business performance, bringing a strategic perspective on process improvement and IT enablement. Our team blends domain experts and consultants, bringing unique capabilities to discover and resolve business concerns of the day.

Our expertise spans Consumer Goods, Retail, Process Industry, Logistics & Transportation, across key business functions such as product development, production, supply chain management, sales and marketing management, field force management, and customer relationship management.

For more information, please write to:
contact.us@itcinfotech.com

www.itcinfotech.com