

## CASE STUDY: REPLENISHMENT PLANNING

# REPLENISHMENT PLANNING FOR A CONVENIENCE STORES

A leading fuel station operator across India, owns prime real estate at fuel stations, yet its attempts to launch convenience stores chain from these locations have seen limited success. The challenges hindering profitability stem primarily from **supply chain failures, high supply chain costs**, and **inefficient assortment management**.

### THE CHALLENGE

The company relies on replenishing 40-50 select stores per state from a centralized warehouse, while the stores are located across **urban, semi-urban**, and **rural** areas. The current model has struggled due to issues in logistics, inventory management, and a lack of product differentiation tailored to customer needs. The result has been low sales performance, stockouts, and high operational costs, all of which contribute to underperformance in the convenience stores business.

### OUR STUDY

The study identified several key issues contributing to the challenges in XXXX's Convenience store network model.

1. Supply Chain Strain in Key States. States like Uttar Pradesh (UP), Madhya Pradesh (MP), and Maharashtra faced stretched supply chains. Delivery delays were common due to long distances between warehouses and stores, leading to inefficiencies.

### THE CHALLENGE

- Stores spread across geography of state
- Target customers vary across the network
- Limited technology in use for SCM
  - Demand Planning manual
  - Expiry management manual
  - Inconsistent product availability
- High cost of logistics

### OUR SOLUTION

- Cluster based expansion
- Warehouse site review
- Sizing of warehouse
- SLA and KPI redefined
- Technology Implementation
  - WMS
  - TMS

### CUSTOMER BENEFIT

- Compact Network
- Picking accuracy improved 78% to over 98%
- Manpower reduction at WH by 20%
- Loss due to expiry drop from current 2-3% to under 0.5%
- System based planning
- Sale offtake improved by 15-20%

**OUR STUDY**

2. Inefficient Assortment Planning. The product assortment failed to cater effectively to the diverse needs of urban, semi-urban, and rural markets. This “one size fits all” approach led to poor inventory turnover in rural areas and unsold stock in urban centres.
3. High Supply Chain Costs. The need to reduce delivery costs led to compromised delivery schedules, further affecting product availability and customer satisfaction.
4. Lack of Expiry Management. Manual expiry management system led to expired products being scrapped/ deep mark down, contributing to financial losses.
5. Absence of Technology Integration. Key technologies such as Warehouse Management Systems (WMS), Transportation Management Systems (TMS), and Delivery Management Systems (DMS) were not in use, preventing real-time inventory visibility, efficient order processing, and optimized delivery routes.
6. High Staff Count at WHs. Manual activity and rework resulted in in very high staff count, low productivity and high cost.

**CUSTOMER BENEFITS**

Finding	Suggested Action to be taken
<b>1. Supply Chain Strain in Key States</b>	Conduct a thorough study network and store performance in <b>UP, MP, Maharashtra</b> to optimize distribution routes and replenishment cycles.  <b>Multi-modal transport fleet</b> to meet <b>delivery and replenishment SLAs</b> , using <b>local buses, long-haul trucks</b> , and <b>riders</b> for urban areas.
<b>2. Inefficient Assortment Planning</b>	<b>"Know Your Customer"(KYC)</b> survey, to gather insights about local customer preferences and demand.  Segment stores into <b>urban, semi-urban</b> , and <b>rural categories</b> and tailor the assortment based on local preferences.
<b>4. High Supply Chain Costs</b>	Optimize <b>delivery schedules</b> and develop a <b>stocking plan</b> at both the store and warehouse levels.  <b>Cluster model</b> adopted to open stores around warehouses to reduce transportation distances and improve delivery efficiency.
<b>6. Absence of Technology Integration</b>	Introduce <b>WMS and TMS</b> systems to track inventory in rea-time and manage product expiry.  Implement a <b>control tower</b> for real. Time visibility, ensuring timely product rotation and reducing write offs.
<b>7. Training</b>	Focused training SCM staff on tech and process

Efficient distribution networks, adoption of technology, and tailored assortment planning will lead to better inventory management, better product availability, higher profitability and improved customer satisfaction. This reinforced with structured training will deliver resounding results