Forecast & Replenishment:
Il caso Rimi Baltic

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Rimi Baltic
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INTRO TO RIMI BALTIC

- **Leading Grocery Retailer** operating in Estonia, Latvia and Lithuania
- Sales (2017) – EUR 13,571 million

- Fresh (Dairy, Bread, Fruits and Vegetables), Non Food, Near food and Dry
- Store concepts: Hypermarket, Supermarket and Hard discounter (Supernetto)
- Over 12,300 people in all three Baltic countries
SAP IN RIMI BALTIC

Rimi runs SAP since 2005

- SAP ERP
- BW on HANA/BO
- F&R incl. Fresh Add on
- HR Portal
- CAR
- MIM

Content Server
PI, Solution Manager
FORECAST AND REPLENISHMENT (F&R)

Business need: avoid lost sales due to out-of-stocks, reduce stock levels, and improve sales per man-hour in stores.

- Sales
- On stock Availability
- Stock days (store, DC) & Shrink
- Sales per men hour

1955 suppliers incl. Direct stores deliveries, JIT and stock

3 distribution centers, i.e., Latvia (central), Estonia and Lithuania

~261 stores in total, 82 in Estonia, 123 in Latvia, 56 in Lithuania

~87500 unique SKU (2018)

Secondary: better demand forecast (S&OP), level up replenishment automation, warehouse utilization balancing
**F&R MILESTONES IN RIMI**

**Prestudy start**
- 2012

**Store Replenishment**
- 2014

**DC Replenishment**
- 2015-2016

**Fresh Add-On (11% SKU, Dairy and FV)**
- 2017

**FV DC replenishment Seasonal Non Food**
- 2018 - ongoing

**Project team set-up**
- Steering Committee
  - Project manager
  - Supply Chain Business lead
  - F&R IT Domain owners
  - Business process development manager
  - F&R Super Users (per country)
  - Cross-Department associates (per country)

**Switch to F&R (level of automation)**
- **Sales:** 89% of Sales are automatically ordered by F&R
- **SKU:** 85% switched to F&R store replenishment (incl. F&V)
- **DC replenishment:** 88% articles *(F&V Rollout is ongoing)*
F&R ORGANIZATIONAL SET-UP

**F&R team in Supply Chain dept.**
Estonia  
Latvia  
Lithuania

**Store replenishers:** monitor KPI (OSA, stock days, shrink), proactively monitor Forecast and apply Demand Influencing factors; apply forecasting and replenishment profiles, share promo forecast to suppliers

**DC replenishers:** monitor KPI (DC stock days and Customer Service Level), monitor DC orders, make corrections (~20%), apply forecasting and replenishment profiles

**F&R domain owners in IT dept.**
Central office

Monitor F&R performance, react in F&R contingency, provide feedback to F&R end-users, create forecasting and replenishment profiles, suggest improvements in functionality

**Store associates,**
Estonia  
Latvia  
Lithuania

Define minimum quantity per product location, communicate about demand influencing factors, request extra orders

261 stores
SUCCESS STORY

2-20% On-stock availability improvements across product categories in 2015 (excl. F&V category, display and instore production)

2-15% On-stock availability improvements in Fruits and Vegetables category (2018)

6% Sales improvements in Fruits and Vegetables category (2018)

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<th>Estonia</th>
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<td>YTD</td>
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<td>vs LY</td>
<td>YTD</td>
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<td>Sales</td>
<td>€</td>
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<td>OSA% DSA lines</td>
<td>94.2%</td>
<td>81.4%</td>
<td>12.8 pp</td>
<td>95.4%</td>
<td>93.3%</td>
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<td>Store Shrink %</td>
<td>6.0%</td>
<td>5.6%</td>
<td>0.4 pp</td>
<td>3.0%</td>
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ORDER BALANCING & LOGISTICS EFFICIENCY

Volume split within week
LESSONS LEARNT

• Strong and clear Business leader voice and support gives people confidence and remove their concerns on changing «business as usual»
• Invent common project KPI linked to Business Target for all project involved departments – speed up of implementation
• Remove localized dominance of process set-up – reduce requests for localized custom development
• Consider standard solution – use opportunities for business process changes
• «2+1» rule is a solution for common decision – strong arguments and sharing experience drive changes!
• Plan Change management activities to avoid «silent resistance». Focus on trainings to end-users and involved associates - essential part of success. IT support and Business mentoring
FURTHER STEPS (2018-2021)

- Cannibalization tests
- FV stock replenishment in DC
- UDF forecast usage
- Intraday solution
- Cost Optimal Ordering
- Simulation capabilities
- Weather forecast
- Enhanced monitoring and control
- Promotion Cannibalization
- Reference article determination
- Listing Cannibalization

Intelligent Store Replenishment
Next Step of the Evolution in Replenishment and Demand Planning, Wiesbaden 2018
Forecast & Replenishment - Rimi Baltic case

We create the shopping experience of tomorrow. We drive healthy and sustainable choices that improve people’s lives and society. Every day.

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SAP eXperience Day

Agenda

11.50  Forecast & Replenishment: Il caso Rimi Baltic
       Oksana Kuznecova – Supply Chain Development Manager

12:30  Un approccio omnichannel per il mondo retail e grocery.
       I casi Costco e Spar
       In collaborazione con Reply

13.00  Lunch & Showroom
Un approccio omnichannel per il mondo retail e grocery.

I casi Costco e Spar

Giorgio Visintin e Elena Previtera

Reply

June 26th, 2018
To excel in helping our customers exploit relevant innovation brought about by economics changes and driven by internet technologies.
REPLY @ COMMERCE

Digital Transformation and continuous investments in Innovation and Know-How.

Strategic Partnership with Leading Market Vendors.

> 1000 employees of Reply Group working on eCommerce related services

Creativity, technical excellence and multi-channel thinking

Specialized competence on Implementation services + Marketing services

CPG, Travel, Retail, Fashion Grocery Vertical markets knowledge
SPAR Austria Group is a leading supplier in retail since 1954. Currently SPAR group counts over 100 hypermarkets and 3,000 stores in 7 countries in Europe.

- Omnichannel inventory management
- Digital innovations in-store and online
- Multicountry and multistore experience

Costco is an American multinational corporation, second largest retailer in the world, with 741 warehouses. costco.com attracts at least 58 million visitors per year.

- UK site feature reach in < 6 months
- Mexico E-commerce exceeds expected sales by 200% (built using UK “Single Instance Platform” SIP)
- SIP expanded to South Korea, Taiwan, rollout plans for Australia, Japan, and China
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FOODS
TO THE ONLINE SHOP

HOUSEHOLD & LEISURE
TO THE ONLINE SHOP

WINE
TO THE ONLINE SHOP
Project goals

- **Multicountry** strategy
- Content and **Feature localization**
- Specific **storytelling** and brand editorial contents
- Wide range of **promotions** and strong relation with existing **loyalty plans**
- Integrated **workflows** with **physical stores**