



## Is Your Store IN-STOCK at 6pm?

How often have you had to tell a customer that the product they want is not available in your store today?

Product availability is a key component to customer satisfaction. In fact, the most powerful customer service factor beyond your front-end is your in-stock position.

When your customers are shopping, you don't want to be worrying about your inventory condition.

The Coca-Cola Retailing Research Council surprised many supermarket operators when a previous month-long study revealed that grocery items are out of stock, on average, 8.2 percent of the time during peak business periods. This number inflates to 11 percent on *Sunday*, the second busiest day of the week for most merchants. The impact amounts to more than \$15,000 weekly in lost sales for a store averaging \$500,000 a week.

One of the more significant report findings is that the store is the primary culprit when it comes to lack of product availability. Only 3 percent of out-of-stocks could be attributed to warehouse operation issues. The remaining 97 percent of out-of-stocks are the result of poor ordering practices, ineffective forecasting, inadequate shelf capacities, insufficient number of deliveries, or a failure to replenish the shelf with available inventory.

## Industry Benchmarks:

Industry Average / Best

- O-O-S% with DC:  
3% / <1.0%

- O-O-S% w/o DC:  
5.2% / <1.0%

Observed Out-of-Stocks in:

- Dry Grocery: 7.5% / 1.0%

- Dairy /Frozen: 9.0% / 1.5%

- HBC/GM: 9.5% / 2.0%

- Neg Order Capability N / Y

- Grocery Del/Wk 4 / 7

- Shelf Facing Some / Wkly

- Facing Technique

False / Full Block

- Off Hrs Replenishment

52% / 90%

## An Approach to Improving Your IN-STOCK Condition Includes:

- Department managers should check for out-of-stocks twice a week
- Hold associate training sessions illustrating the level of importance (from the customer's point-of-view) regarding product availability (for example, product displayed in alternative locations is considered to be out-of-stock by the customers if the shelf is empty and no indication is given as to where to locate additional quantities)
- Regularly review store movement reports and adjust facings accordingly
- Eliminate non-performing or poor-performing SKUs
- Install and utilize negative ordering capabilities on order guns
- Utilize shelf management software to maximize SKU performance
- Develop or utilize computer-assisted / generated ordering software
- Share data with vendors to improve their in-stock performance
- Calculate the in-stock condition of your top products in all departments and post the outcome of each audit
- Utilize a dedicated order writer who has responsibility to order for the entire store every evening
- Train employees to implement a level-block recovery technique to make O-O-S items more readily observable
- Utilize shelf signs to identify secondary locations for key items throughout the store
- Utilize shelf talkers to communicate known out-of-stocks to the customer and to alert store management to problem areas
- Upgrade order equipment to identify available product in the store during the ordering process

**FIND US ON THE WEB AT:  
WWW.ATLANTARETAILCONSULTING.COM**



Atlanta Retail Consulting provides strategic insight, innovative customized business analysis and operational improvement to retail and consumer products clients, permitting them to *increase sales revenue, decrease operating cost, and increase operating margin.*

A key practice differentiator we possess is the breadth and depth of experience that our retail consultant team has accumulated while working in virtually every retail format. Our retail consultant team collectively boasts over two full centuries of successful retail consulting and retail leadership expertise. We assist our clients to properly implement our recommendations to insure they achieve the results they expected and experience a positive ROI from our consulting services.

### **Results Achieved by Improving Your IN-STOCK Condition**

The process of improving a grocery store in-stock condition is not overly difficult. The basic steps to accomplish this goal are logical, but do require management oversight and training to make sure that all of the necessary components are properly developed and sequenced.

Our team has assisted numerous Southeastern grocery operators to achieve substantially better operational results by teaching them how to improve their inventory position. Results that previous clients have achieved (once process improvements are implemented) have included:

- Increased inventory turns
- Reduced stocking and process hours
- Decreased pricing accuracy refunds
- Substantially fewer rain checks
- Observed out-of-stocks decreased from 6.1 percent to 2.5 percent
- Customer service levels increased
- A 3 percent increase in revenue occurred
- Overall productivity improved 8.2 percent without a decline in measured customer service

Call us if you would like to discuss how your organization can achieve similar results.

Patrick Fitzpatrick, President  
Atlanta Retail Consulting  
345 Woods Lane  
Alpharetta, GA 30005  
  
Phone: 770-754-5008  
E-mail:  
PCF@AtlantaRetailConsulting.com

**Your focus is running your business.  
Our focus is to help you to REFINE IT.**

**Contact us to find out how your grocery  
business can generate more profit.**

