CASE STUDY

Automated Allocation Replenishment Module for JIT and OTC merchandise

Summary

Lenskart, the tech-driven company that revolutionized the indian eyewear industry, was looking for a merchandise allocation platform that allows them to:

   - Operate centrally with a large network of retailers in india and other potentials markets.

   - Automate daily tasks, including pre-season and in-season planning and execution for both **just-in-time (JIT)** and **over-the-counter (OTC)** merchandise.

Increff merchandising solution, with its new feature of managing JIT merchandise, was integrated to handle multiple modes of operation for serving customers - from the store, the central warehouse, or the local distribution centers.

Objectives

Demand-based assortment planning and allocation to establish a granular store-wise assortment plan and assign relevant SKUs to meet local demand.

Avoid loss in sales opportunities by filling the gap in demand requirement based on attribute performance.

Generate quantity recommendations at the store level based on True ROS(™) for OTC (Over-the-counter) merchandise to avoid any potential stockouts.

Solution Provided

As it was a critical challenge, the brand started considering multiple global solution providers and big industry leaders. Increff proposed a POC (Proof-of-Concept) of its merchandising tool and the client was able to experience clear improvement in ROS, store performance, and inventory accuracy, within 4 weeks of implementation. This helped Lenskart finalize Increff for solving its critical pain points by:

Attribute Grouping - Identify the right set of attributes for each category, along with a hierarchy as per the customer decision tree, and automated creation of attribute groups to look for replacement styles within the same group in case of stock outs and roll-up.

Smart Assortment Plan - Generate an assortment plan for each store at an attribute level based on historical data by correcting for stockouts and identifying the available gap in each attribute group at a store to allocate new merchandise.

Replenishment/ Allocation based on store-style ranking algorithms - Place the right style at the right store based on its estimated selling potential. Automate replenishment daily to fulfill the available gap by restocking fast-moving merchandise lend allocating fresh merchandise to stores as a replacement for stockouts.
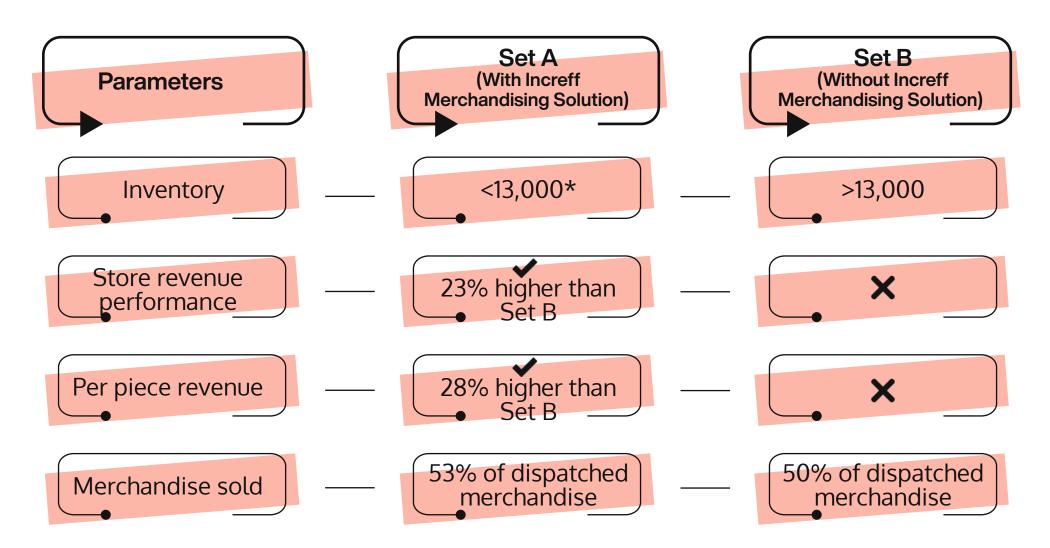
Business benefits

An A/B test was conducted to demonstrate the benefits of implementing the Increff merchandising Allocation/Replenishment module.

─────── A & B sets have 90 identical stores each ───────

Impact observed (in 4 weeks period post-execution):

Parameters	Set A (With Increff Merchandising Solution)	Set B (Without Increff Merchandising Solution)
Inventory	<13,000*	>13,000
Store revenue performance	✔ 23% higher than Set B	✖
Per piece revenue	✔ 28% higher than Set B	✖
Merchandise sold	53% of dispatched merchandise	50% of dispatched merchandise

*Even with less merchandise exposed, our merchandising tool was able to show a higher ROS and margins.