

Abstract

“Out of stock in food retailing using the example of SMEs”

Area

Product range

Keywords

Product range optimisation, out of stock, out of shelf, product availability, out-of-stock items

Study/project

Project, part of the “Retail Management Projects” module

Starting point/project assignment/objective

Customer satisfaction and sales growth are very closely linked with each other. Sales growth can be achieved through a wide number of measures, measures that often require expenditure. Customer satisfaction can only be achieved if the retailer meets the customer’s minimum requirements. This includes the availability of products always carried by the retailer, the more so as out-of-stock items may represent untapped sales potential in some cases. Although the need for product availability has been recognised for years and many retailers have significantly improved upon this, SME retailers in particular still have a good deal to learn in this regard.

The following assignment was formulated from this: the availability of a defined product group had to be documented daily over a period of several weeks. Likewise, the potential sales and gross profit resulting from the level of out-of-stock items had to be estimated. Finally, the causes which led to this state had to be identified in order to derive from this recommended actions that could be realised quickly and should lead to a sustainable improvement in the overall situation.

Procedure

A survey period of 24/10/2016 to 10/12/2016 was decided upon. Mobile data entry devices were used daily to collect the data at different times of the day over a period of several weeks within a defined product group. The product group included 950 products, spread across several shelves. The product group investigated was adjusted before the data collection in order to create a strong assessment basis. All product labels were recorded on the premises and compared with the product master list, and then the reasons for this situation were determined. Based on these findings, the potential sales were determined using the average sales while the products were available and their potential gross profit was determined based on the product pricing.

Results/findings

The situation was found to be as follows:

Areas for development in respect of ordering and the order flow, product selection, product selection and assigned shelf areas, employee awareness and training and supporting organisational measures were found to be the reason for this. Specific recommendations aimed at improving the overall situation were given.

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