ALGONOMY

Optimizing Just In Time

Powering Convenience With Replenishment Automation

With 165 million daily transactions in the US alone, the global convenience retail industry is a trillion-dollar industry. Yet, unpredictable sharp spikes and declines in demand, as well as revenue loss from ready-to-eat inventory, pose significant challenges.

From replenishment roadblocks to revenue boosts - here's how AI-led replenishment can flip the script to drive growth.

Three Core Trends Shaping the Industry

Rising Demand in the Fresh Food Category

- **12.6%** increase in average sales per store
- Prepared food led both in ***growth*** and actual ***dollar*** sales

Packaged Beverages Remain a Hit

- Hot beverages **12.2%**
- Enhanced water **3.7%**

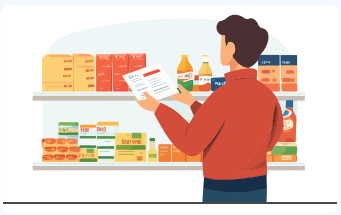
The Wellness Push

- **20%** of executives plan to expand in-store areas for health, beauty, and wellness items

Challenges Driving The Need For A Replenishment Strategy Reset

Space Restrictions Limit Revenue

Tight shelf and storage space limit the type and amount of inventory.



Spoilage in the RTE Category

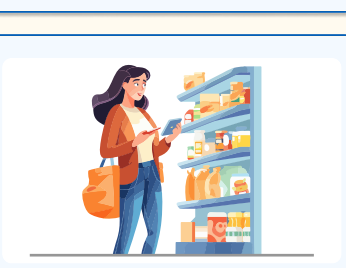
Volatile and location-specific demand for ready-to-eat items causes overstocking and spoilage.

Planogram Adherence

Aligning replenishment with planograms requires manual adjustments.

Heavy Reliance on Warehouse-Level Inventory

Inability to optimize inventory for all stock locations, bloats warehouse inventory, and costs.



High-Demand Key Value Items

Poor allocation of such items causes frequent stockouts, eroding revenue, and customer loyalty

How To Win The Share Of A Wallet

How Does AI-Led Replenishment Reset The Rules

Space-Aware Auto-Replenishment

Integrating hyperlocal forecasting and replenishment planning enables proactive auto-replenishment with SKU-store location level accuracy.

Built-in Planogram Adherence

Factoring in planogram rules during replenishment planning minimizes human intervention and reduces errors.

Modeling Configurations to Reduce RTE Spoilage

Advanced built-in configurations, such as over-forecasting penalties, effectively curb RTE spoilage due to overstocks.

Holistic Replenishment Planning

Data was obtained for the period starting from Feb'21 to Jan'23. System was configured with relevant forecasting and replenishment parameters in consultation with the planning team

Automatic Stock Allocation Mode

Built-in modes for auto-allocating limited high-demand items based on configurable allocation methods, such as equitable or store rank-based allocation.