Supply Chain Weekly Blast #036 : Retail Replenishment Model



Is it possible to move stocks between distribution centers (warehouses) and retail stores effectively, with 100% accuracy, every time? This is needed in current market situation (even more so with COVID-19). This can be achieved with intelligent replenishment management.



Without transshipment

Fexible as it is difficult to rationalize inventory in case of any mismatch. However, it is simple to operate.

With transshipment

Highly flexible. It reduces the chances of stock-out or overstock greatly. It is also cost optimal (giving upto 4% cost saving over the first one).

Replenishment models

Ideal policy

Defining an ideal policy (such as with min/max level) is simple to operate. It is useful with demand is more certain.

Dynamic strategy

It uses latest demand information using AI, then plans the replenishment accordingly taking into physical constraints into account. It is more cost effective and flexible.

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