

#052 : Promotional Replenishment Planning

Promotions can be of broadly two types:

1. Stock-clearance (Inventory reduction) or single purchase,
2. Regular sales promotion.

While in the first case, replenishment planning is not that important (except where a stock reconciliation is needed), in the latter case retailers must plan for adequate stock to meet customer demand.

Difficulties

1

Difficulties in forecasting the demand

2

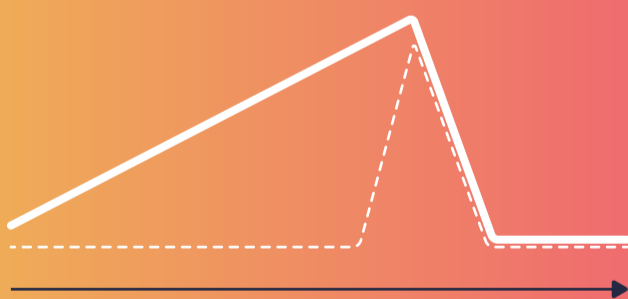
Large fluctuation in demand

Some Practical Aspects

1. Response time at the upstream stages for the changes in downstream demand.
2. Purchasing from multiple sources :
 - Bulk purchase with discounts
 - Multi-supplier products
 - Outside staging
 - Alternate sources inside the supply chain
3. Multiple deliveries

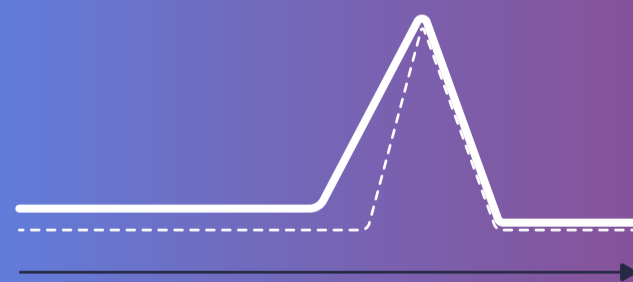
Methodology

Less-Responsive Supply Chains



For less-responsive supply chains a plan with anticipatory view is needed. It may cost more due to inventory build-up.

Responsive Supply Chains



If the constraints permit, a plan with less planning horizon can be explored. It costs less.