



CUSTOMER STORY

Spar Gran Canaria

Spar Gran Canaria reduced inventory with strategic stock planning

Challenges

Based on the Canary Islands, Spar Gran Canaria was facing new direct to POS distribution restrictions from its suppliers trying to contain costs. As a result, it needed to change its stock planning process.

Industry

- Retail

Solution

- Demand Forecasting & Planning
- Inventory Optimization
- Replenishment

Results

- Reduced inventory by 13% while maintaining service levels
- Increased supply chain visibility and control
- Enabled planners to make data-driven decisions

Project & Objectives

The Spar Gran Canaria Logistics team was faced with a paradigm shift: mainland suppliers were adopting policies to contain distribution costs and were no longer distributing directly to the point-of-sale (POS). As an island-based retailer, this would have a major impact on Spar's supply chain. Consequently, an expanded island-based distribution complex was in the works that could more than double their centralized product catalog.

Faced with this challenge, the Logistics team's main objectives were:

- Absorb the incremental planning load of the new product catalog (+120%) with the same departmental structure
- Avoid unnecessary inventory growth in distribution centers, despite the portfolio growth

The logistics team stated, "In order to cope with the company's strategic plan, we needed to not only redesign our planning processes but also add advanced planning technology to support them".

Looking for a supplier with proven experience in the retail sector, Spar GC chose ToolsGroup and their SO99+ solution.

Day to Day

SO99+ performs a daily forecast at maximum level of detail (by Item-POS) and determines the components that define the demand signal. Then based on a calculated forecast, it adds the effect of promotional activities to the forecast, as well as other external variables.



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Once the demand is planned, it is aggregated at the distribution center level and inventory requirements calculated based on the service level policies planned by Spar. To provide the high levels of product availability required by the business while maintaining minimum inventories, it is critical to have highly robust and reliable stock-to-service models for each of the warehouse items.

Finally, SO99+ monitors and controls a time-phased procurement process for both local and mainland suppliers considering the restrictions imposed by the supplier, such as filling containers.

Results & Benefits

The project has achieved:

- A 13% reduction in inventory in just 6 months, while maintaining service levels
- Efficient absorption of their portfolio growth Increased supply chain visibility and control for the procurement department
- Planners can now make data-driven decisions and defend them internally within the company or use them as bargaining tools with suppliers.

- Planners are able to better analyze information, control sales forecasts, and forecast the effects of promotional campaigns.

According to the Logistics leader, "The key to the success of this project has been the close collaboration of Spar GC's supply team; a young team open to change and willing to learn, and the highly knowledgeable ToolsGroup consulting team who facilitated the system implementation".

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