

Rimi



On-Shelf Availability (OSA) project

**IF YOU CAN'T MEASURE
YOU CAN'T IMPROVE**

Prepared: in cooperation between RIMI Baltic & Unilever Baltic
November'2010

Rimi



Short History

- The start (pilot measurements) - 2006 August
- Re-launched in Lithuania - 2008 August
- Re-start in Latvia - 2010 October

On-Shelf Availability is of high importance for both: Retailer and Supplier

Based on external consumer surveys and ECR reports – Unilever agrees on a 1/3 rule:

+3% OSA +1% T/O

When a consumer encounters an OOS They Are faced with several choices:

A Study carried out by Research International, sponsored by Unilever, was the first of its kind to gauge the reactions of Consumers who actually encountered OOS (as opposed to simply being asked what they would do if they were to encounter an OOS).

Who Bears The Direct Loss?



Percentage	Consumer Response	Retailer	Manufacturer
31%	Buy at another store	Yes, most problematic of all five options to the Retailer	No
26%	Substitute - Competitor Brand	No, but is partial loss when consumer substitution is smaller or cheaper	Yes, most problematic of all five options to the manufacturer
19%	Substitute - Same Brand	No, but is partial loss when consumer substitution is smaller or cheaper	No, but there is partial loss when consumer substitution is smaller or cheaper
15%	Delay purchase	No, but negatively affects cash flow and inventory turns	No, but negatively affects cash flow and exaggerates demand fluctuation
9%	Do not purchase the item	Yes	Yes
Total LOSSES		40%	35%

Pie chart showing results of Research International survey

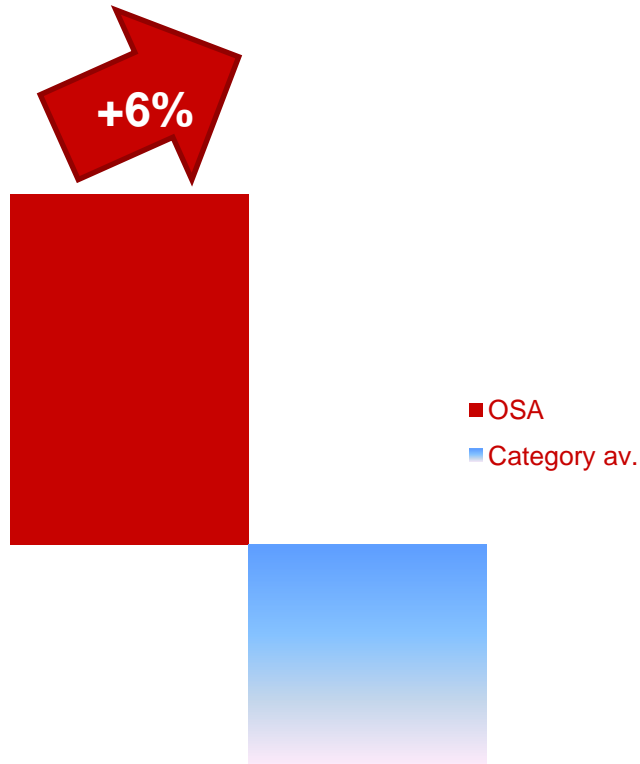
Each variant/step of OSA project requires different level of engagement of both parties:

Variant/Step	Unilever <i>Time and people engagement</i>	Store personnel <i>Time and people engagement</i>	Retailer Management <i>Time and people engagement</i>
Pilot Measurement	Medium Store surveys, data analysis and report preparation	Low Access to shelf, support in identifying OOS reasons	Low Agree on definitions & panel; Communication to stores
Regular measurement	Medium Store surveys, data analysis and report preparation. Trend analysis, loss tree. Actions on Supplier losses.	Low/Medium Access to shelf, support in identifying OOS reasons. Actions on store losses.	Medium Review of results. Communication to stores. Actions on system- and logistic losses.
OSA Programme	High Store surveys, data analysis and report preparation. Trend analysis, loss tree. Actions on Supplier losses. Dedication of SC specialists to perform audits and develop long-term solutions	Medium/High Access to shelf, support in identifying OOS reasons. Actions on store losses. Ad-hoc support in workshops and audits of store operations	High Review of results. Communication to stores. Actions on system- and logistic losses. Dedication of SC specialists to perform audits and develop long-term solutions

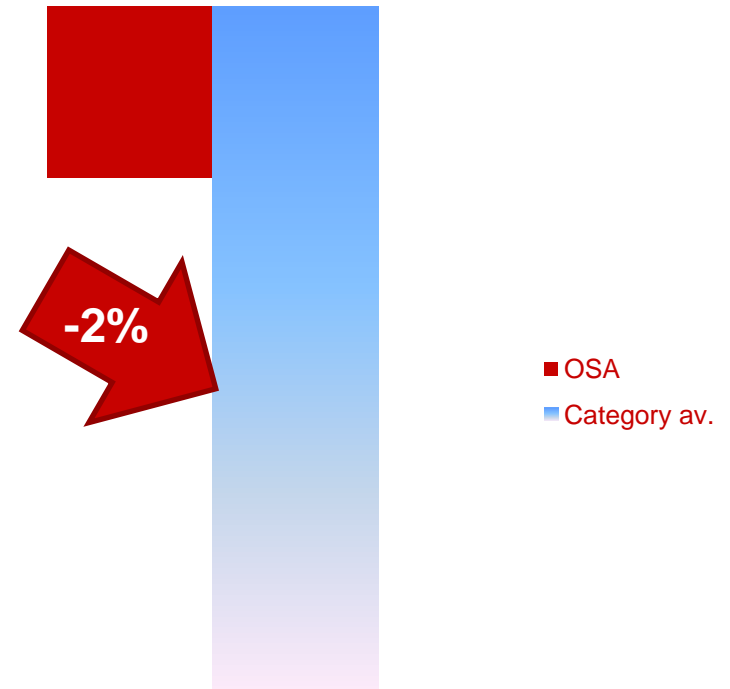
OSA 5 Step Process



2008 - 2009



2009 - 2010



Value of the project

UL values

- Both-sided collaboration improvement between Rimi & Unilever (Retailer functions, processes better understanding for the aligned strategy creation)
- Availability of product on-shelf has improved by 6 % points (w36.2008 - w44.2010)

Rimi Values

- Back of Store Inventory has seen reduction
- Decreased returns due to better forecasting
- Increased in store replenishment team competence due to continuous learning, upskilling & empowerment (clearer roadmap)
- Increased overall OSA
- Increased customer satisfaction

Future of the project



Roll-out to Latvia



OSA Programme in Lithuania (developing to sustain) 2011



Assessing project for RIMI Estonia

Rimi



Questions?

Thank you from Unilever and RIMI