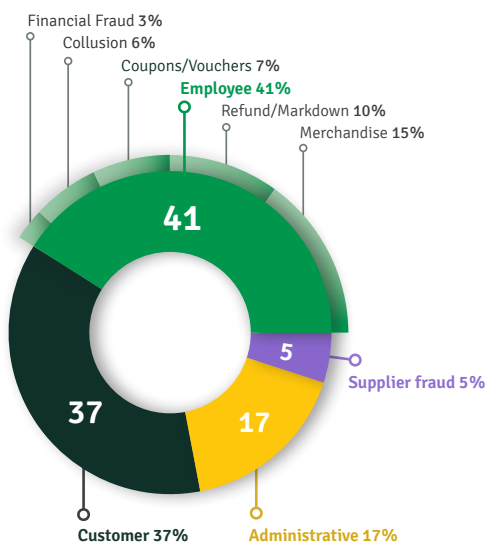


Shrinkage Service Offering



Retail Shrinkage – the loss of products somewhere between supply and the point of sale – is a major issue for Australian retailers, typically accounting for between 1% and 2% of Sales Revenue. The issue has been around for many years with retailers trying many different techniques to reduce shrinkage.

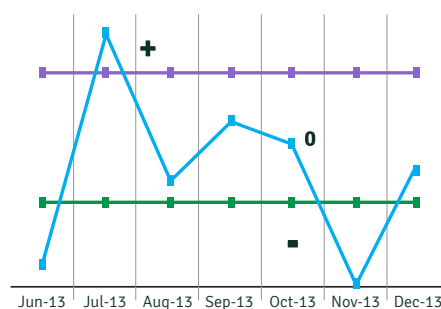
There are significant potential cost savings in analyzing both Known and Unknown Shrinkage. For Known Shrinkage, process failure is a primary contributor. For Unknown Shrinkage there are many factors that need to be analysed and will vary from organisation to organisation.



Sources of Unknown Shrinkage in Australia (2013)

The InfoCentric Approach

We have found that, for some retailers, the initial accuracy of book stock makes it difficult to develop an accurate predictive shrinkage model. For this reason, the first step is to use our Book Stock Warning model to identify SKU's that are most likely to be inaccurate and recommend additional one off or ongoing counts for those SKU's.



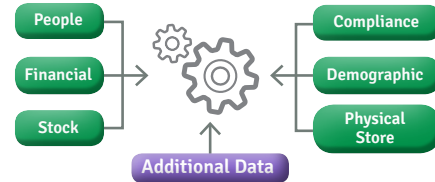
Book Stock Warning Model

The Book Stock Warning model analyses the variability of stock levels and identifies where the levels predict a significantly inaccurate book stock value.

As well as providing a sound basis for model development, the Book Stock model has significant benefit in itself in that it improves the accuracy of the stock valuation and minimises the mass re-valuation at stocktake.

Once the book stock accuracy is sufficient, InfoCentric works with our clients to identify a set of unique causal factors based on the available data.

The Stock Loss Model identifies the most significant individual factors, and importantly, combinations of factors that impact Shrinkage.



Stock Loss Model

This allows us predict Shrinkage factors that can be used to initiate changes to procedures and identify additional measures that can be taken. The advantage of the Stock Loss Model is that it is able to identify combinations of factors that lead to increased shrinkage and to do this at individual SKU/Store level where appropriate (subject to availability of client data).

InfoCentric works with our clients to trial and implement changes and, as a final stage, will put in place a monitoring system to provide early warning of changes to risk factors that indicate an impending increase in shrinkage levels. Again, these warnings can be implemented down to a SKU/Store level where appropriate.

The InfoCentric Solution

The InfoCentric Retail Shrinkage Solution delivers the following benefits:

- Improved accuracy of Book Stock valuation on an ongoing basis
- Reduced stock adjustments at Stocktake time
- Identification of multiple independent and combined factors that contribute to Shrinkage, both Known and Unknown
- Automated, ongoing notification of changes to Shrinkage risk factors

All of the above lead to reduced levels of shrinkage, which directly translates to improved profitability.

Engage with InfoCentric

Find out how InfoCentric can help you get more insight into your organisation's information today.

Ground Floor East, 101 Collins Street
Melbourne VIC 3000

T. +613 9650 1000
E. info@infocentric.com.au
infocentric.com.au

