



Retail Logistics - Shrinkage Management -

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Fresh products and shrinkage

The problem of shrinkage is strongly related to fresh products since one of their characteristics is a limited shelf-life.

The business issue

How to achieve a sustained reduction of shrinkage in perishables (against an agreed service level)

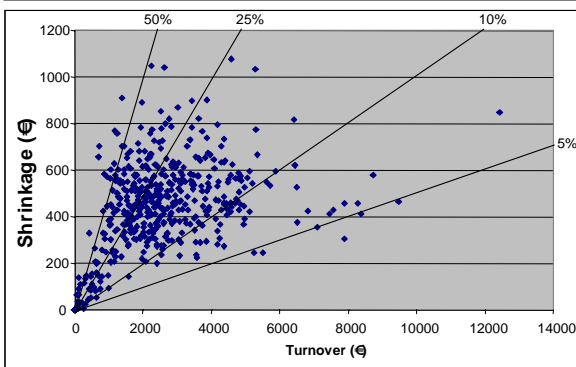
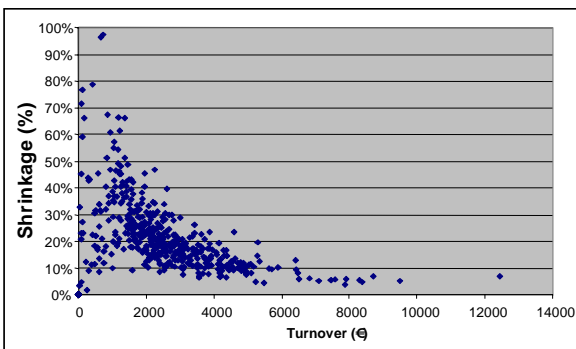
The scope in the Dutch retail sector

- Total turnover: € 22,000 million
- Turnover in fresh products (45 %): € 10,000 million
- Product shrinkage: (5 %): € 500 million

Ambition level

Sustained shrinkage reduction of 20 %:
€100 million / year (against an agreed service level)

Shrinkage monitor



Basic steps in tackling shrinkage in perishables



Define shrinkage



Take responsibility for shrinkage



Register shrinkage



Analyse shrinkage



Reduce shrinkage

Simulation tools

Order manager

Can be employed to improve ordering (manually) and to facilitate automatic replenishment by the development of an algorithm

Supply chain optimiser

Instrument used to optimise the chain configuration

Store simulator

Instrument which can simulate logistic processes at store level, including the shopping consumer

Shelf life calculator

Instrument which gives insight into the shelf-life of fresh products