Retail Operations Management - 2

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Store Format, Size, and Space Allocation (1 of 2)

- With **prototype stores**, multiple outlets conform to relatively uniform construction, layout, and operations.
- **Rationalized retailing programs** combine centralized management control with strict operating procedures.

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Store Format, Size, and Space Allocation (2 of 2)

- With a **top-down space management approach**, a retailer starts with its total available store space, divides space into categories, and then works on product layouts.
- A **bottom-up space management approach** begins planning at the individual product level and proceeds to the category, total store, and overall company levels.

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ABC Analysis Applied to Inventory

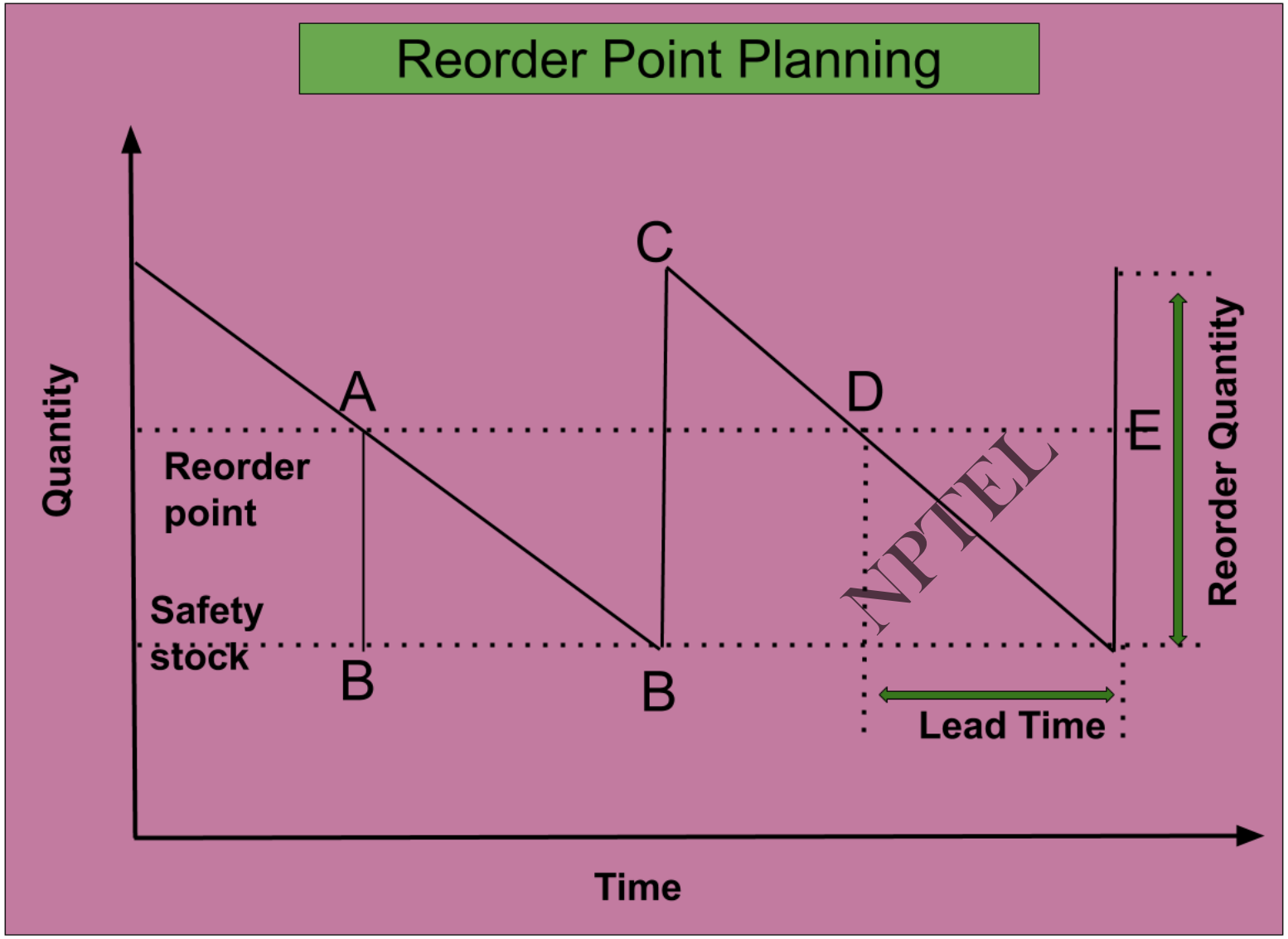
- “A” goods– never out of stock, ample stock to supply 99 percent of demand
- ‘B” goods– niche goods, ample stock for 80-90 percent of demand
- “C” goods– filler goods, can order goods without customer resentment, ample stock for 70-80 percent of demand

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Product Proliferation

Retail Chain	Average SKUs per unit
Aldi	1,400
Costco	3,800
Stew Leonard's	2,000
Kroger	30,000-52,000
Safeway	30,000-52,000
Supervalu	30,000-52000
Winn Dixie	30,000-52,000

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Reorder Point Planning
Quantity
Reorder point
Safety stock
A
B
C
B
D
E
Reorder Quantity
Lead Time
Time
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