

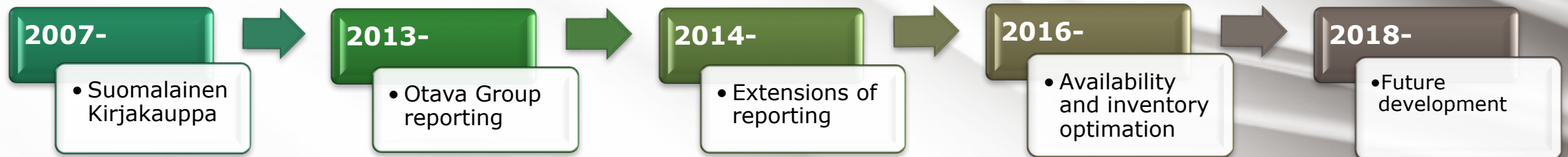
Utilizing data in planning across Otava Group's value chain

RELEX Unified Retail Planning Forum 2018

P. Kuurne

Agenda

- Company presentation
- Relex in Suomalainen Kirjakauppa
- Using Relex and data Otava group's planning and collaboration
- Case: Planning Christmas season
- Future development





Group structure

Otava Ltd



Turnover 300 M€
Employees 1 100

Otava Group's Supply Chain

We have whole Supply Chain



2007-

••Suomalainen
Kirjakauppa

Replenishment process in Suomalainen Kirjakauppa

- Founded in 1912
- Market leader in books' retail business in Finland
- Part of Otava Group from 1.10.2011
- 61 store

**Starting
point**

**"Automatic"
replenishment
using ERP
functionality**

Challenges

**Wide
assortment**

**61 stores of
different
sizes, local
demand
patterns**

**Shelf
presentation**

**High
seasonality**

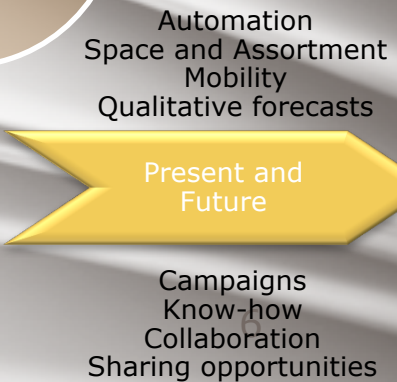
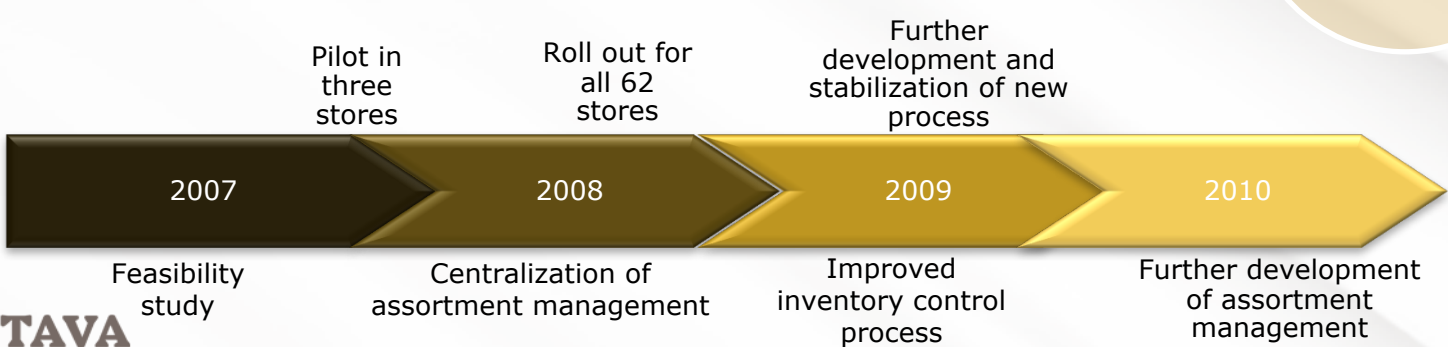
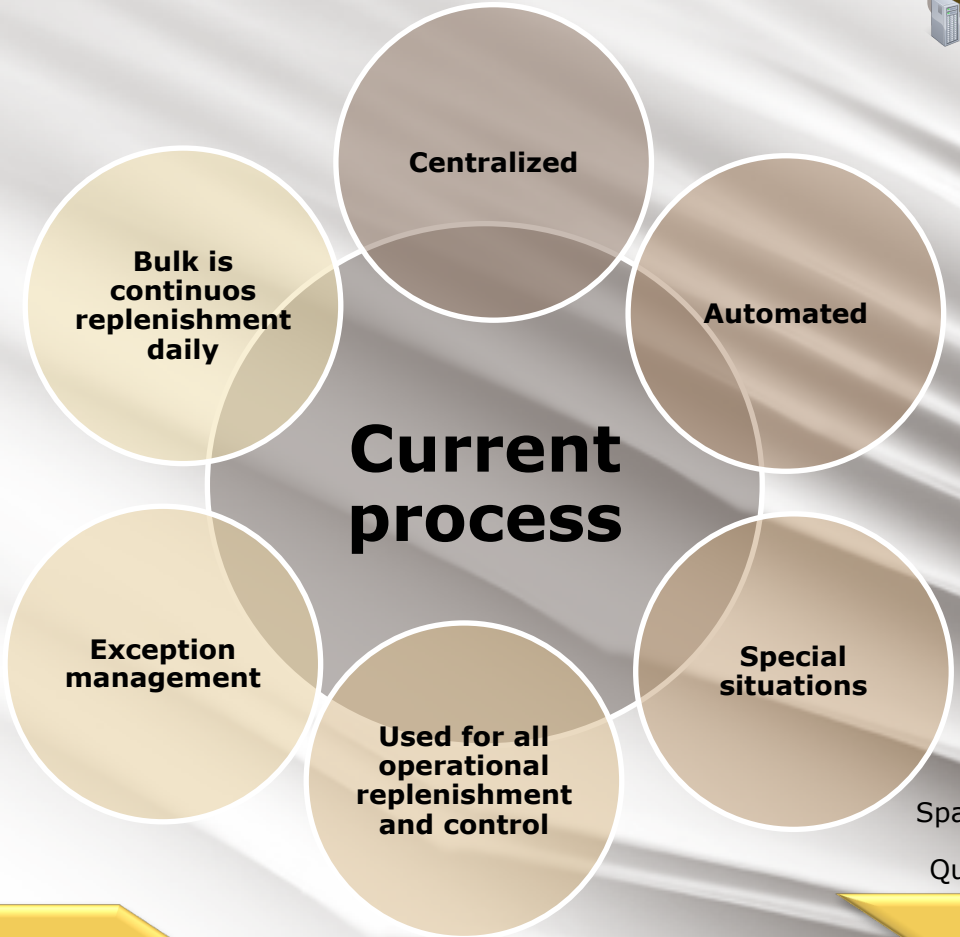
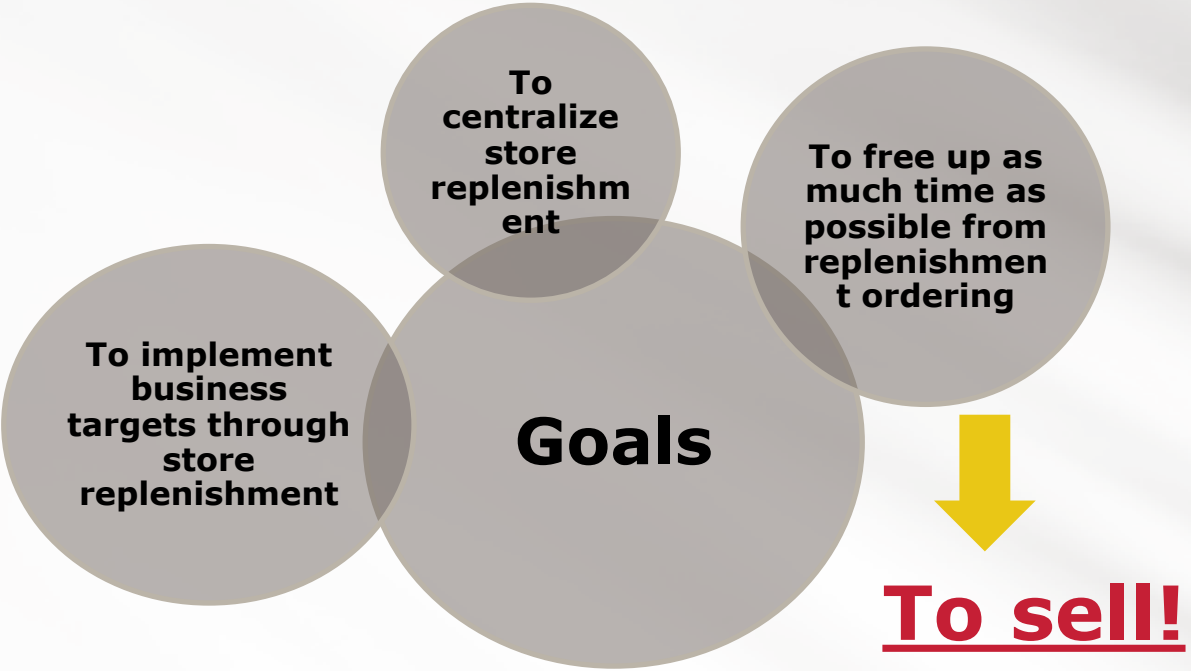
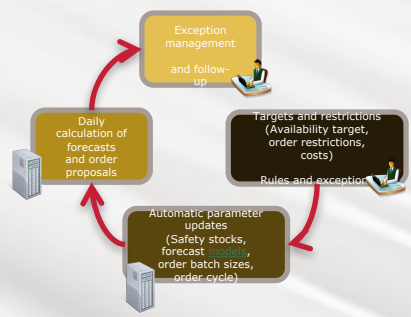
**Short
lifecycles**

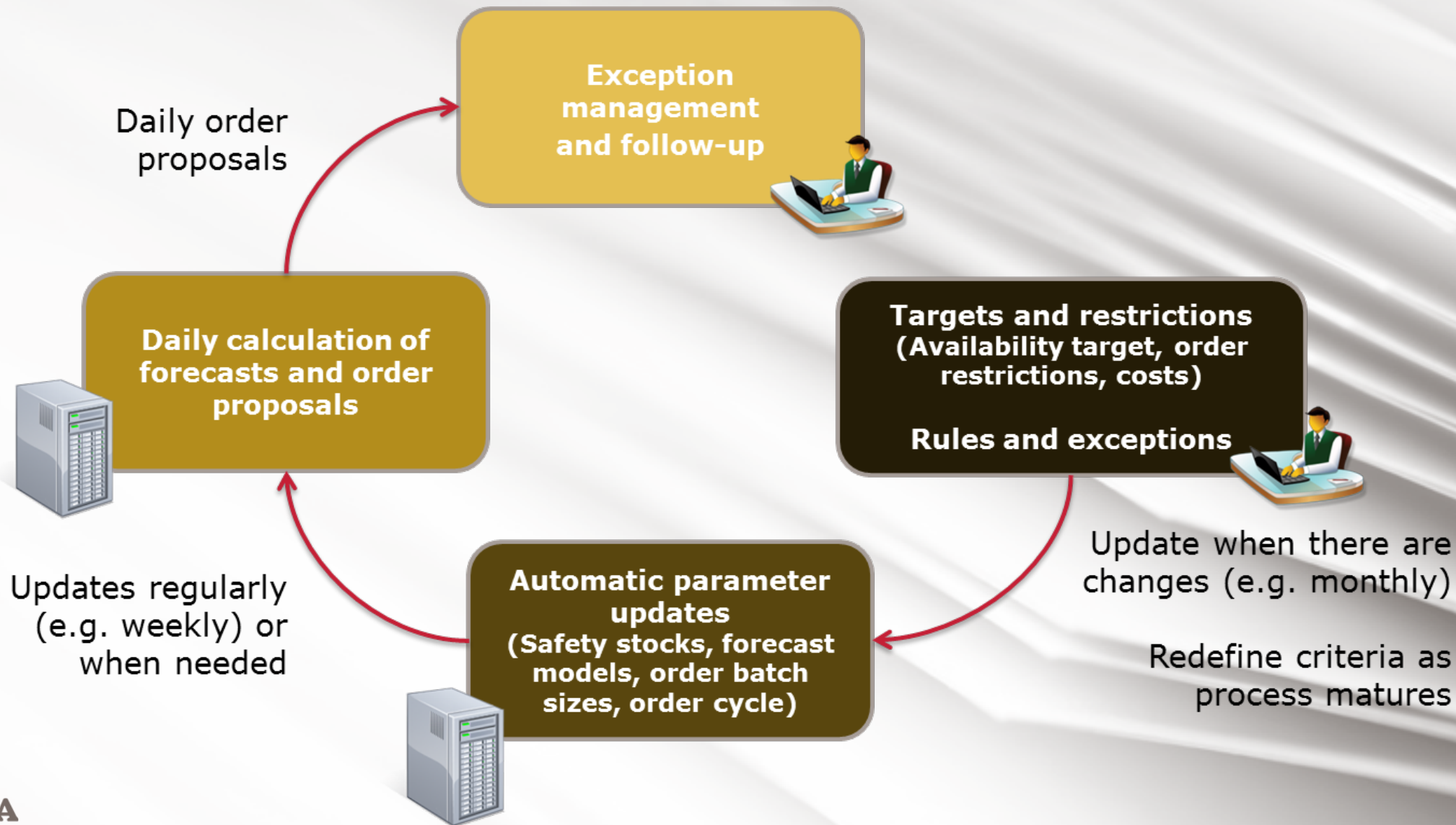
Forecasting is
challenging due
to highly variable
demand and
assortment

Replenishment
control is
challenging due
to different goals
and needs

2007- →
 ••Suomalainen Kirjakauppa

Replenishment process in Suomalainen Kirjakauppa





Lessons learned

Focus on processes

Utilize positive experiences

The quality of the main user makes the difference

Roll out quickly

Focus on challenging demand situations

Results

Shelf availability

Replenishment ordering work

Inventory turnover

Seasons and promotions

Customer service

2013-

- Otava Group reporting

Group's reporting structure and levels

Group-level

Otava-Group

Group companies

SKK
(Bookstore)

Kustannusosakeyhtiö Otava
(Book publishing)

Printin
g
Factor
y

Like Kustannus Oy
(Book publishing)

Otavamedia
(Magazine
publishing and Book
Club Ltd)

Stock-
locations

Book
stores
61

Central
ware-
house

Hyvinkää
ware-
house

Keuruu
ware-
house

Sample
ware-
hosue

Book-
outlet

Keuruu
ware-
house

Hyvinkää
ware-
house

Keuruu
ware-
house

Sample
ware-
house

Kirja-
kerho
ware-
house at
Hyvinkää

Ware-
house
for
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Hyvinkää

Ware-
house
for
subs-
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pres-
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at
Hyvinkää

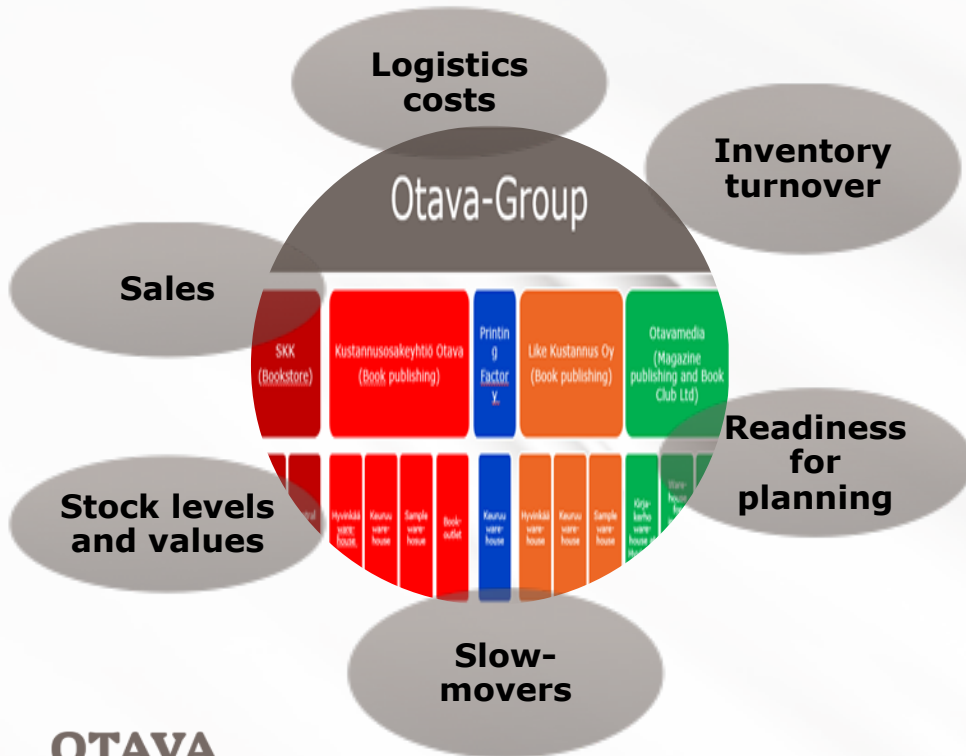
2013-

- Otava Group reporting



Group-level transparency

"What are the turnover and costs of the new book of Sofi Oksanen at different levels of the group's supply chain?"



2014-

- Extensions of reporting



Other use cases

More accurate group level profit margin calculation

Support for the publisher's assortment and campaign management

Campaign process and forecasting for subscription gifts

2016-

- Group availability, inventory optimisation

Goal of Group level planning

"It would be wonderful if almost every printed book is already sold"

Digitalized Demand Based Supply Chain

- Integrated supply chain
- Cost efficient production
- Minimizing starting costs
- Lean process

Technical opportunities

Advantages of supply chain

- Short lead times and quick reacting
- Savings in traditional logistics
- More profit with better category management
- Better availability

Incorporating POS-data from bookstores

Extension of cost information to include batch costs of printing

Statistical and qualitative forecasting

Sales planning and decisions about the printed quantities / editions

Example of Integrated Planning process Managing the Christmas season

Planning and colaboration

- Kick-off
- Goals
- Assortment
- Marketing
- Prices
- Forecasts
- Ordering schedules
- Checkpoints

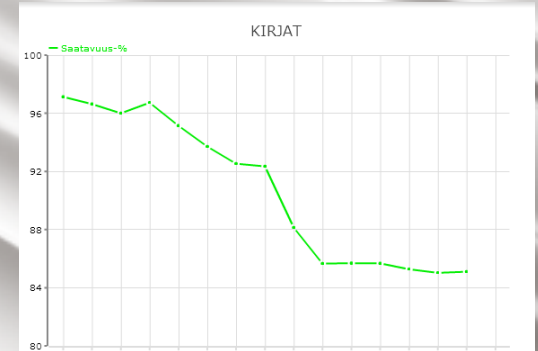
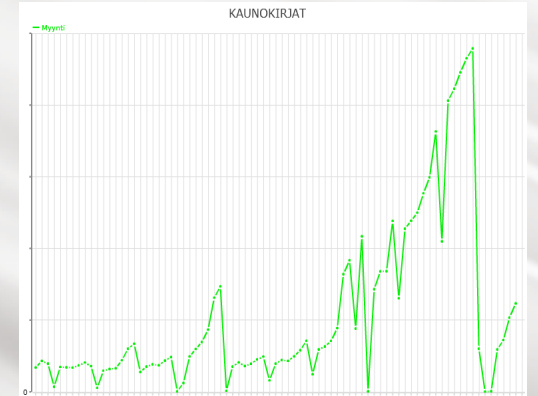
Using data

- Robust forecasting
- No SKU level historical data on previous seasonal sales is needed
- Forecasts are automatically adjusted based on development of sales
- Exceptions are automatically detected and presented

**Difficult but
extremily
important**

**Most of
assortment
has been
changed**

**High sales
peak vs. end-
of-season
stock**



Normal products



Normal
replenishment

Christmas season
products



Special forecast
method for
Christmas. Normal
replenishment
process.

Christmas best-
sellers



Special forecast
method and
different
replenishment
process.

Campaign products



No
replenishment
during the
campaign

2018-

••Future
development

Future development

Category management

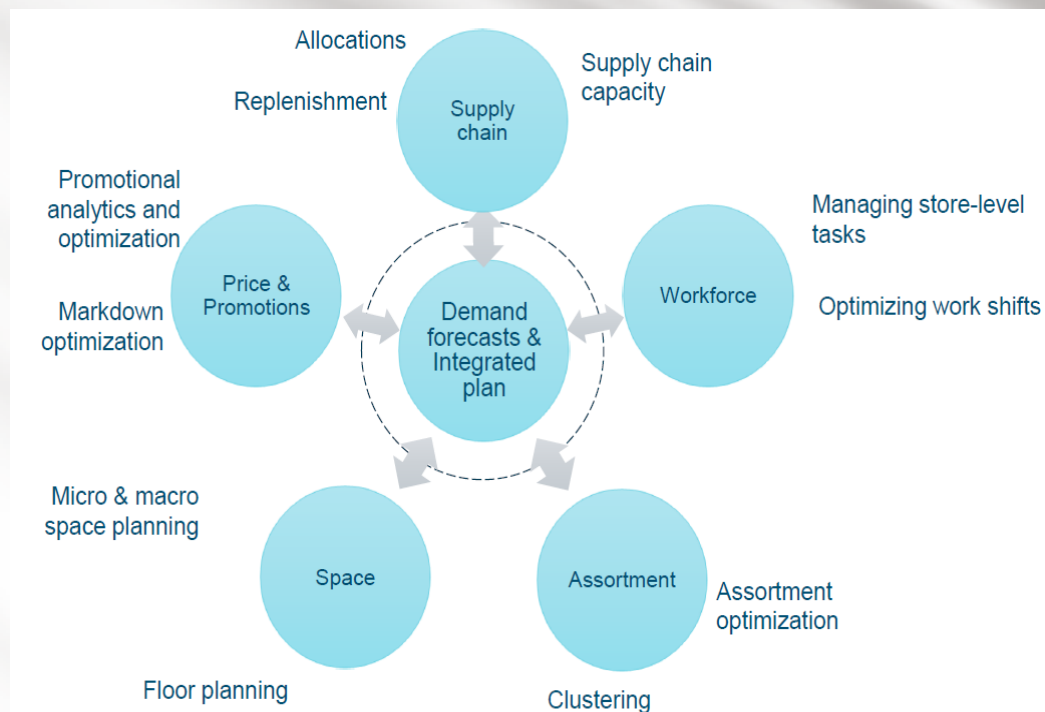
Space management

**Price
Markdown, Dynamic
pricing**

Supply Chain development

**Workforce
Store efficiency**

Mobility



Thank You!

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