

## PPA Sales Based Replenishment (SBR) Overview

The initial call for Sales Based Replenishment (SBR) from magazines came from major retailers who were accustomed to this supply chain approach and the associated benefits on many of the other products they sell.

There are many industry stakeholders involved in delivering an SBR offer; the PPA has worked with wholesalers and retailers to introduce minimum standards associated with processes, standardised reporting and communication.

A national SBR offer is now in place, and sales and efficiency benefits are being enjoyed in all areas. Work continues to further increase the 'reach' of SBR through the expansion of retailers, titles and product types.

### What is SBR?

SBR is an enhancement to supply management delivering a process that is more responsive to consumer demand, satisfying sales opportunities, reducing unsolds and supply chain costs by more efficient use of supplies.

Through SBR, magazine supplies are drip-fed into retailers stores throughout the on sale period in response to consumer demand. Retailer EPoS data is monitored and an end-sale forecast is calculated using sales decay curves. Replenishments are triggered accordingly.

Residual stock is held back at wholesalers and after a period (ring fencing), this is made available to all retailers where there is a demonstrable demand for sales.

A key responsibility of retailers is to provide timely and accurate EPoS data so that wholesalers can track sales by store, and forecast sales and therefore supply requirements. Wholesalers operate a minimum 95% EPoS accuracy threshold .

### Scale of coverage

- Retailers who benefit from as SBR process account for 58.5% of total copy sales. In 2008 retailers that benefited from SBR accounted for 50.6% (38.8% allocation reduction & 11.8% 100% allocation)

SBR Coverage	Number of retailers	Share of sales
2000	0	0
2008	7,100	50.6%
2011	10,750	58.5%

### What has SBR delivered in terms of performance?

- Increases in net sale of anywhere between 0.75% and 2% in SBR-supplied outlets
- Crude availability improved by up to 4% on SBR titles
- Reduction of store returns of up to 46% on SBR titles
- Better use of retained stock enabling fulfilment to other outlets generating significant increased sales

## **PPA Involvement**

PPA has sought to coordinate development across the wholesalers with the aim of delivering a standard offer as a minimum expectation for any retailer who provided robust EPOS data feeds, irrespective of their location across the UK.

A PPA Steering Group and Operations team was formed and set out to create a 'strawman' model detailing those minimum standards a retailer should expect. This included minimum parameters relating to the qualifying initial allocation threshold, forecast periods, replenishment caps, and minimum display quantities at off-sale, amongst others.

This group also worked on the development of standard reporting packs showing industry level performance as well as highlight where factors such as extra sales, retailer efficiencies and availability improvements have been delivered, whilst monitoring the overall reach of SBR and identifying further areas for action.

A more recent development saw the creation of a PPA / ANMW 'Round Table' forum that enabled the PPA to meet with representatives from all, now both, of the wholesalers where non-competitive experiences could be shared, ideas generated, results evaluated and information and process best practice discussed and agreed.

These sessions have further expanded to involve retailers. Engagement with retailers has helped ensure that the development of the SBR offer is focussed on their objectives and therefore ultimately with the consumer in mind.

Areas that have been successfully developed from these sessions include the expansion of the SBR title list, the use of lower qualifying thresholds to increase the 'reach' of SBR to more store/title combinations, improvement in efficiency levels through reduced stock and of sales through the wider expansion of 100% allocation fulfilment. Another area of focus at these sessions has been on the development of EPOS alignment (accuracy), a prerequisite of a successful SBR offer.

## **Current Development Areas**

There are various areas of development that continue to be explored, namely;

**The parameter approach** – This effectively removes an SBR title list meaning that all store/title combinations that qualify based on parameter based thresholds would be subject to SBR.

**Up-channel storage** – In an effort to ease the pressure of stock storage at wholesalers an option may be for some product to be held higher up the supply chain.

**EPOS** – SBR relies on accurate and robust EPOS data feeds. Work continues with those retailers already supplying data to ensure it is aligned with scanned unsolds data whilst work also continues to encourage other retailers to invest in EPOS systems and provide data, particularly independent retailers.

**SBR offers to non-traditional categories** – Until now SBR has focussed on monthly magazines and on core weekly titles (note: tailored parameters are used due to the tight deadlines involved with weeklies). Developments towards a systemised approach for products such as collectables, partworks and one-shots are underway.

***Retailer engagement with the PPA Supply Chain Operations Group***

*If you would like to meet with members of the PPA Supply Chain Operations Group, either as part of your induction to the magazine category and familiarisation with the principles and jargon, or to support you in your discussions with wholesalers regarding their provision of SBR to your stores, please get in contact with Kate McElroy at PPA on 020 7400 7529 or at [retail@ppa.co.uk](mailto:retail@ppa.co.uk)*