Revised Retail Replenishment- Problem Statement

Problem Statement

1. The problem of properly allocating several different products in the stores network is one of the crucial processes in the Retail Industry. This means trying to meet market demand and at the same time reducing logistics costs.
2. Second, the products can experience large unexplained drops or spikes in demand for one period. If the calculations do not have a way to filter those periods, they can cause a large swing in the overall average. A large change in the average would lead to a dramatic change in the future order quantity.
3. The lead time variance indicates the amount of deviation buyers experience with order delivery. This number represents the reliability of the lead time forecast.
4. The order cycle refers to the amount of time expected between receipt. Large inventory needs to be maintained to keep track of the order cycle.
5. How much customer demand should be supported by replenishment inventory and safety stock.
6. To determine the inventory policy based on location, item and style.
7. Determine the criterion for the safety stock level.
8. Criterion to determine Customer satisfaction.