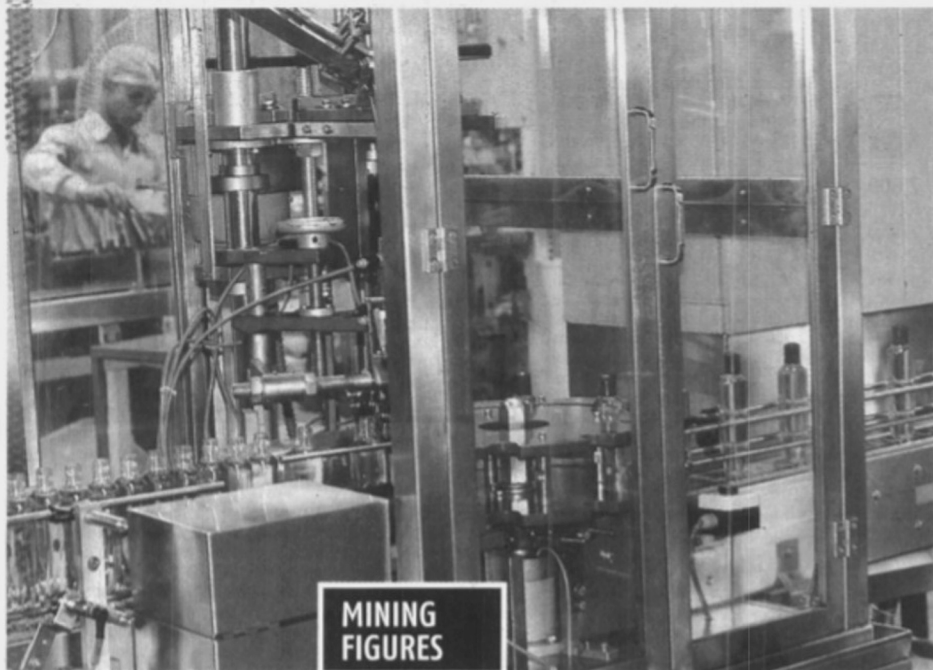


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Here's how the FMCG firm is using analytics and digital tools to improve forecasting and cut inventory costs.  
SANGEETA TANWAR writes

# Marico sharpens focus on data

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**MINING FIGURES**

SANGEETA TANWAR

Transforming businesses by using digital and analytics is a priority for many organisations today. Marico is the latest to up the ante on the digital front. The fast-moving consumer goods (FMCG) company is leveraging data and big analytics to transform its demand forecasting system and ordering platform. Over the last few months, Marico has introduced innovations that have seen its demand forecast accuracy improve by 10 per cent to 78 per cent, the company says. Also, its new ordering platform has resulted in better execution of customer orders leading to improvement in distributor service levels which are now pegged at 95 per cent.

Marico had a lot of data lying at the distributors' end and customer insight data within the firm. "The key question before us was how do you harvest data to deliver better analytics and forecast better," says Mukesh Kripalani, chief of business process

- Marico is using demand sensing analytics that helps in tweaking the allocation of resources quickly
- Using real-time sales data from distributors, Marico is better placed to gauge the impact of promotions on customers
- It is using data analytics to gain higher visibility of what's selling in different areas as it tracks sales geography-wise and at a distributor level

transformation and IT, Marico Limited.

Marico began by collating the data at one place and thereafter it increased the frequency of data usage within the company to drive data-led outcomes. "The centralisation of a huge amount of data has resulted in higher frequency of data usage within the organisation. Now we are accessing data almost on a daily basis rather than periodically. We are using var-

ious algorithms on available data and running different programmes (promotions, cross selling etc.) and are thus able to forecast demand with more accuracy," he adds.

Marico is using demand sensing analytics, which helps tweak the allocations of resources including machinery as well as manufacturing capacity quickly. This in turn helps the supply planning teams to react to changes in market demand more frequently. For example, in-depth analysis of day-to-day data at the distributor level is helping sales team to get a distinct view of product bouquets that are faring well in the market. It gives them a definite view of certain SKUs (stock keeping units) that may not be selling fast. In such scenarios, supply planning teams can make quick arrangements for augmenting bouquets that are overselling and reducing the manufacturing and availability of slow-selling SKUs.

The company's distribution plan now has a far higher frequency. This is reflected

in its product promotions strategy as well. Using real-time sales data from distributors, Marico is better placed to gauge the impact of promotions on customers. If a product bouquet or promotional scheme does well at the distributor's level, the team is in a position to augment and increase product supplies accordingly.

Marico reaches 4.7 million retail outlets, serviced by its distribution network comprising four regional offices, 32 carrying and forwarding agents and about 5,600 distributors and stockists. Of this, over 853,000 outlets are serviced directly.

Further, Marico is using data-led demand forecasting to optimise its inventory level. It is using data analytics to gain higher visibility of what's selling in different areas as it tracks sales geography-wise and at an individual distributor level. Such an approach is helping it to generate sales without increasing the outgo from distributors ensuring that money goes behind pushing the right SKUs.

According to Vineet Trakroo, chief executive officer, Evolution Strategy Advisors LLP, large organisations have got departments sitting on reams of data and are in a position to create multiple scenarios using analytics. "However, most of the times we see misuse of analytics since companies continue to rely more on external data such as that provided by third-party agencies to drive their strategies. This needs to change for companies to identify specific problem areas and then deploy diagnostics using data to improve key performance areas." For example, it's not enough for a company to use analytics to assess the impact of promotions. Rather, such assessments should eventually contribute to the overall growth of the company.

Even Marico has gone about introducing digital initiatives and data-led solutions, it had to ensure supplies to trade channel partners and consumers weren't disrupted. To achieve this, it was crucial for it to bring different members of sales, supply chain, operations and IT on the same page, help them understand and appreciate the benefits of digital transformation.

Most importantly, Kripalani points out, efforts had to be made to make employees understand that forecasting is not just sales-driven; a lot of it is driven by sentiment as well. "There is a tendency to believe that if a forecasting model has suggested something, things would pan out exactly like that. However, that is not always true. There is and always going to be room for a human touch to enhance sales prospects as well as sales experience."