



INCREFF
Incredible Efficiency



REVOLUTIONIZING TILE BUSINESS:

OVERCOME PLANNING CHALLENGES WITH INCREFF MERCHANDISING SOFTWARE

The global ceramic tiles market was valued at USD 227.9 billion in 2022 and is projected to reach USD 320.5 billion by 2027, growing at a CAGR of 7.1%. The Indian ceramic tile business is expected to reach USD \$7.3 billion (~Rs.60 thousand crores) by 2027.

The tile industry is a dynamic and competitive sector, crucial for the construction and home improvement markets. The industry is heavily influenced by changing consumer preferences, seasonal variations, and design trends.

Even the supply chain in the tile industry is very different. Instead of moving traditionally from the brand to stockist to distributor to retailer to customer, the goods only pass from brand to dealer to customer. This is primarily due to the high cost of logistics and damage in transportation, as the tiles are very heavy and fragile.



Primary Challenges

This dynamic nature of tile manufacturing with MTO (made-to-order) and MTS (made-to-stock) orders is why merchandisers need to be on their feet to meet customer demand efficiently.

- **Overstock and understock issues:** Maintaining an optimal inventory level is challenging. Overstock can lead to storage problems and financial losses, while understock can result in lost sales and dissatisfied customers. At the same time, made-to-order tiles, though sustainable, could incur high costs and delays due to the intricate firing process.
- **Managing seasonal demand:** Tile sales may vary seasonally, with increased demand during home improvement seasons or construction peaks. Merchandisers must plan for these fluctuations to avoid excess inventory during slow periods.
- **Dead-style identification:** Like other industries, the tiles industry also has a huge number of active SKUs, and it's essential for businesses to identify the ones that are not performing well to stop their production and save storage space and costs.

Turning data into a competitive advantage

When we ran customer data on Increff's Merchandising Software, the below issues were identified for the analysis period of 5 months.

1) 3 crore worth of unsold inventory

- 18% of all SKUs remained unsold for 45 days
- 9% of SKUs did not see any sales in 90 days
- These SKUs are marked as dead styles and are liquidated at heavy discounts

2) Top 4% SKUs contributed to only 34% of revenue

- There is a long tail of SKUs not contributing significantly to revenue that can be eliminated

3) Detected excess stock worth Rs. 30 crore against forecasted/planned stock

4) Replenishment/reordering delays causing potential sales loss of Rs. 1.5 crore





How can Increff Merchandising Software help the Tiles industry?

- **Accurate Forecasting:** Analyze sales trends and correct the assortment.
- **Timely replenishment:** Avoid untimely stock-outs leading to potential sales loss by timely replenishment and reordering of fast-moving SKUs.
- **Regional Demand:** Place inventory in the right locations and reduce delivery time to customers by analyzing regional demand.
- **Markdown Optimization:** This module helps you utilize real-time SKU performance and stock data for precise discount suggestions, boosting sales and maximizing margins.
- **Business Intelligence (BI):** With BI, you can quickly grasp business performance insights such as dead styles and top sellers to drive better decisions across suppliers.
- **Unified data repository:** It helps in making better decisions on planning, buying, promotions, and inventory

Conclusion

Implementation of the Increff Merchandising Software offers a holistic solution, streamlining planning, allocation, and replenishment processes.

Its ability to harness advanced algorithms ensures optimal inventory levels, minimizing the risks of overstock and understock. The software addresses seasonal variations, enhances supply chain efficiency, and facilitates markdown optimization, providing a comprehensive toolkit for merchandisers and other business leaders.

Ceramic brands that can adapt to changing consumer preferences, invest in innovation, and adopt sustainable practices are well-positioned to capitalize on the growth of the ceramic tiles industry.



INCREFF
Incredible Efficiency