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