



## How the Co-op Forecast

Updated: **19<sup>th</sup> March 2019**

Please note: This document aims to offer a high level overview on Forecasting. If you have any questions or require more detail please visit the Q&A section of the Supplier Hub which you can access by clicking [here](#).

# How the Co-op Forecast

## What is Forecasting?

We plan demand in different ways which may mean you get different reports and will deal with different Analysts along the way. The term forecast to the Co-op means the result of a calculation based on assumptions of what we expect to happen, this is done in collaboration with our suppliers.

This document provides an overview on how the Co-op forecast. If you need any further information please refer to the Supplier Hub where you will find lots of Frequently Asked Questions. Alternatively if you don't have access to this please contact [Supplierengagement@coop.co.uk](mailto:Supplierengagement@coop.co.uk)

## Contents

Page 2	Pathway from Forecast to Purchase Order
Page 3	What components make up the Forecast?
Page 4	Forecasting Role Structure Chart
Page 5	Off Shelf Promotion Forecasting Process
Page 6	What forecasting data do we provide?
Page 7-8	Independent Societies (FRTS)
Page 9	Additional Information
Page 10	Query Acknowledgement Process and Forecasting Issue Resolution
Page 11	Glossary & Close



## Pathway from Forecast to Purchase Order

### On Shelf Sales Forecast

This is an indicative forecast of what we expect to be sold by all stores on Core Range and On-Shelf Promotions

The Sales Forecast(s) feed into the Demand Forecast →

### Off Shelf Sales Forecast

This is an indicative forecast of what we expect to be sold by all stores on products promoted on an Off-Shelf feature

### Demand Forecast

This is an indicative forecast

### Purchase Order

This is what we are committing to ordering

We do not compensate in full for errors in forecasting unless we have not collaborated with the Supplier. Please refer to our Supply Agreement and Commercial Terms for more details. If you need to raise queries or issues on forecasting please [click here](#) for more details, alternatively please go to Page 10 of this document.

# How the Co-op Forecast

## What components make up the Forecast?

	On Shelf Sales Forecast	Off Shelf Sales Forecast	Demand Forecast	Purchase Order
What does it mean to me?	This is an indicative forecast of what we expect to be sold by all stores on Core Range and On-Shelf Promotions	This is an indicative forecast of what we expect to be sold by all stores on products promoted on an Off-Shelf feature	This is an indicative forecast based on the Sales forecasts but enriched with data closer to the purchase order	This is what we are committing to ordering
Order Calculation (Depot to Store)	Sales Forecast + Presentation Level - Store Stock - Outstanding Orders + Stock Build + Predicted Waste (Fresh Only) > Case Size	<ul style="list-style-type: none"> <li>Sales Forecast</li> <li>Promotion Presentation Level</li> <li>Order Timetable</li> <li>Store Allocation Factor</li> <li>Sales Profile</li> <li>Store Stock</li> <li>Outstanding Store Orders</li> <li>Sales Uplifts</li> <li>Lost Sales</li> <li>Date Life (Fresh Only)</li> <li>Case Rounding</li> </ul>	Supplier Lead Time + Order Cycle + Depot Safety Stock = Order Up To Level x Demand Forecast (Core or Promotion) - Stock In Depot - On Order From Supplier > Buying Multiple > Truck Bracket	
What detail goes into the Forecast?	<u>Sales Forecast</u> <ul style="list-style-type: none"> <li>Number of Stores</li> <li>Historic Sales for the last 13 weeks*</li> <li>Lost Sales</li> <li>Seasonal Profile</li> <li>Weather Builds</li> <li>Stock Builds</li> <li>Days Cover</li> <li>Pre Defined Allocation</li> <li>Demand Profiles</li> </ul> <p><i>*Unless marked as exceptional sales (e.g. Christmas)</i></p>	<u>Sales Forecast</u> <ul style="list-style-type: none"> <li>Number of Stores in Total</li> <li>Promotional Feature</li> <li>Number of Stores with Promotional Feature</li> <li>Number of units to fill the feature (set up)</li> <li>Promotion Mechanic</li> <li>Mix of Products</li> <li>Duration of Promotion</li> <li>Historic Sales</li> <li>Time of Year</li> <li>Effect of similar or competitor products</li> </ul>	<u>Demand Forecast</u> <p><b>Core</b></p> <ul style="list-style-type: none"> <li>Historic tCG Depot Issues*</li> <li>Historic tCG Depot Lost Sales*</li> <li>Historic FRTS Depot Issues</li> <li>Historic FRTS Depot Lost Sales</li> <li>Trend (is it tracking up or down)</li> <li>Sales Profile (mainly for Seasonality)</li> </ul> <p><b>Promotion (overrides core)</b> Order Calculation + Uplift for FRTS</p> <p><i>*Analysts are able to ignore periods of history if demand is irregular i.e. following out of stocks</i></p>	

# How the Co-op Forecast

## Ambient & Frozen Forecasting Role Structure Chart

### Ambient & Frozen Category Replenishment Manager (CRM)

**Not sure who's the Analyst for your category?**  
You can easily check by using the **Co-op Contract Matrix**, please [click here](#) to access.

#### Inventory Planning and Replenishment Analyst (IPR)

*Responsible for creating forecasts and placing Purchase Orders*

- Collaborates with suppliers on demand profile
- Maintains the base forecasts and inputs agreed promotion forecasts
- Maintains supplier parameters such as Lead Time and Buying Multiples
- Derogation Requests
- Uses Internal Co-op System - AWR

#### Promotion Forecasting and Replenishment Analyst (PFR)

*Responsible for the store forecast for all promotion lines*

- Collaborates with suppliers on these forecasts.
- Shares forecasts with the IPR Analyst
- Sometimes Analysts in this role purely focus on seasonal products
- Uses Internal Co-op System - ESM

#### On Shelf Availability Analyst

*Responsible for the overall on-shelf availability and forecasting of on shelf product*

- Collaborates with suppliers as required
- Investigates any poor availability and applies corrections
- Uses category knowledge to apply stock builds on product areas in the right store at the right time
- Uses Internal Co-op System - SAM

#### Promotion Forecasting and Replenishment Admin Assistant

*Provides admin support mainly to the PFR Analyst, but also to the rest of the team*

- Collaborates with suppliers with data sharing
- Sometimes used as a development role for future Analysts
- Uses Internal Co-op System - ESM

## Fresh Forecasting Role Structure Chart

### Fresh Category Replenishment Manager (CRM)

**Not sure who's the Analyst for your category?**  
You can easily check by using the **Co-op Contract Matrix**, please [click here](#) to access.

#### Fresh Category Analyst

*Responsible for creating the forecast*

- Key KPIs; store availability, waste and promotional forecast accuracy
- Creates collaborative forecast with suppliers
- Manipulates the replenishment systems to ensure right product, right store, right time
- Owns Supply Chain supplier relationship
- Derogation Requests
- Uses Internal Co-op System – ESM & SAM

#### Fresh Category Admin Assistant

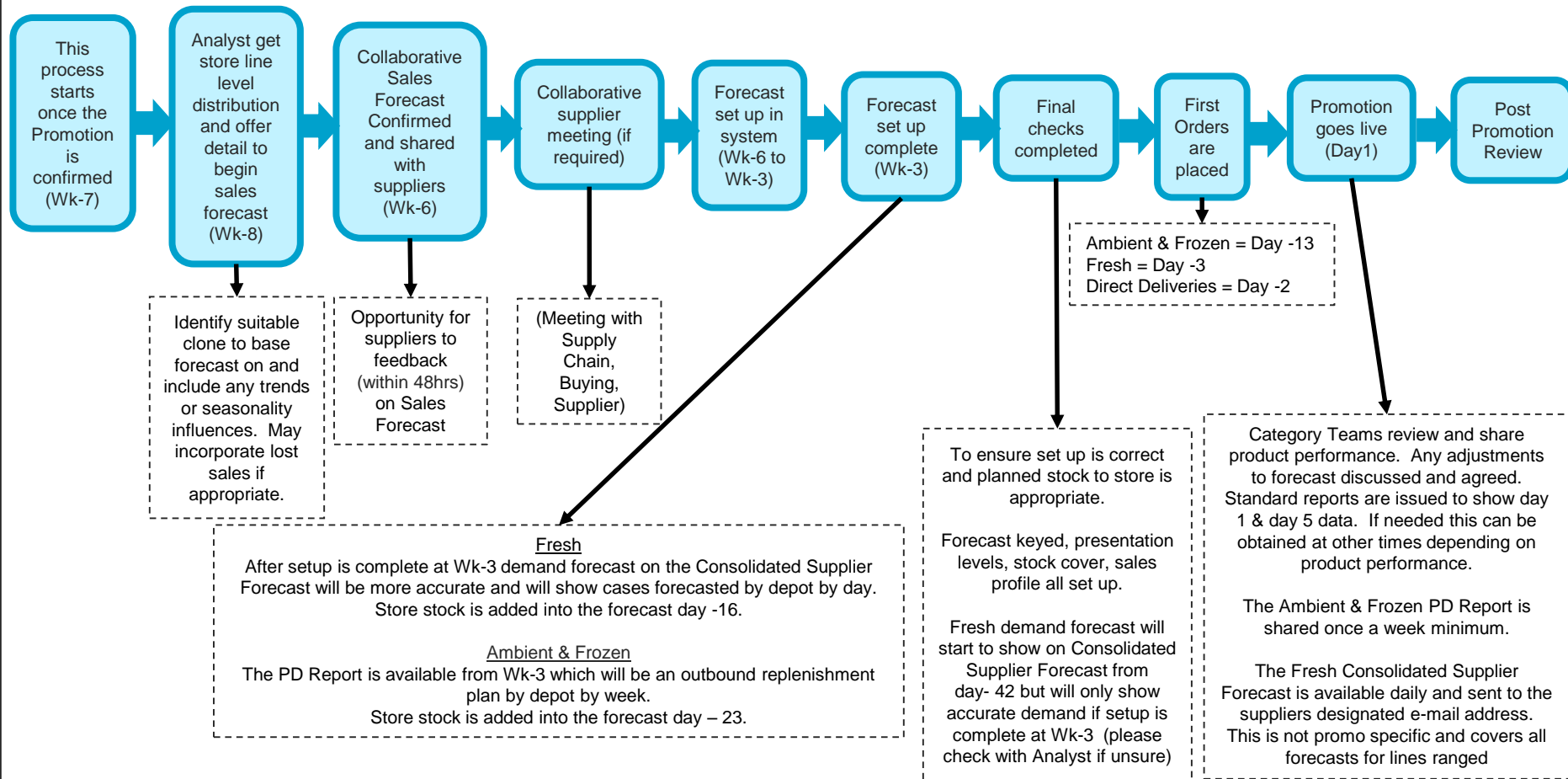
*Supports the category team*

- Sets up promotions on the replenishment systems
- Creates collaborative forecast with suppliers
- Contacts suppliers in relation to shortages
- Supports with category related store issues
- Uses Internal Co-op System – ESM & SAM

# How the Co-op Forecast

## Off Shelf Promotion Forecasting Process

← Collaborative Meetings (Supply Chain and Buying) Anytime throughout the process →



We have concentrated on the Promotional forecasts process as this process causes the most sales fluctuations versus normal sales. Further details of the non promotional forecasting process can be found on the Supplier Hub, please [click here](#) to access.

# How the Co-op Forecast

## What forecasting data do we provide?

Please see below a summary of the reports that your Supply Chain team can expect to receive from our Supply Chain team. These reports are for your reference only.

Report	Description	Who Sends It?	When	Ambient	Fresh	Frozen
Promotion Forecast Summary Report	<b>Sales Forecast</b> - This is the first visibility that we provide our suppliers of the Forecast for each promotion period. This forecast is agreed in collaboration with our suppliers (but this is not final confirmation of the forecast.)	Promotion Forecasting and Replenishment Analyst for Ambient and the Category Analyst on Fresh	Week -6 of each promotion period	Y	Y	Y
Consolidated Supplier Forecast	<b>Demand Forecast</b> - This report consolidates all aspects of demand on each product (ESM, SAM and FRTS) to provide an aggregated forecast by day. This should be used as a guide for outbound demand which on fresh should match the inbound demand. The accuracy does diminish the further away we are from the forecasted day.	Automated Report	Daily	N	Y	N
PD Report	<b>Demand Forecast</b> - This PD Report (Promotional Demand Report) is key information for the supplier as it provides a weekly summary of what we expect to ship from depot to store. Taking into account depot stocks, this should help suppliers then calculate what we are likely to order and when. Please note this report only picks up products that are in ESM.	Inventory Planning and Replenishment Analyst	Weekly	Y	N	Y
CPFR Report	<b>Demand Forecast</b> - This CPFR Report (Collaborative Planning, Forecasting and Replenishment Report) has 3 Tabs. It is designed to give suppliers information on Inbound Orders, Outbound Orders and Depot Stockholding. Key Fields within this report are what is currently in stock in depot and what the Base Forecast is.	Automated from Operational Reporting Team	Weekly (usually on a Monday)	Y	N	Y
Day 1 / 5 / 12 / 19 Report	<b>Review</b> - Used internally by our Analysts and provides Analysts with information for how well the promotion is performing (EPOS Sales, Performance against Forecasts etc.) This is also shared with our suppliers to give them access to the same information.	Promotion Forecasting and Replenishment Analyst for Ambient and the Category Analyst on Fresh	On Days 2, 6, 13, and 20 of a promotion	Y	Y	Y

If either you are not receiving any of these reports or you require any additional information, please contact the Analyst for your area and utilise the Escalation Route if you don't get a satisfactory response. Please refer to the [Supplier Hub](#) for more details on each of the reports.

# How the Co-op Forecast – Independent Societies (FRTS)

We forecast FRTS differently because we have reduced information. Below is some detail on how this is calculated:

## Consolidated Supplier Forecast (Fresh)

- The calculation for the Independent Societies is the Consolidated Forecast which is a system based calculation.
- It is calculated at line / depot level
- It starts by taking the day of the week and comparing it to the previous 4 equivalent days where the product is not on promotion (so for a Monday it will look at the previous 4 Monday's – if it was on promotion then it will look further back to pick up the last 4 non-promotion Mondays)
- It then compares tCG store orders against Independent Society's store orders and calculates an average uplift
- The uplift is then applied to the combined tCG Forecast (ESM and SAM) to give an estimate for the Independent Societies visible in the 'CRTG' column
- This forecast is then added to the tCG Forecast to give a total group Forecast.
- The above are aggregated with the ESM and SAM Forecasts to give a total Group Forecast, this will vary from the actual Purchase Orders made.



## Allocations (Ambient & Fresh)

- On both Ambient and Fresh, the Independent Societies have the option of securing stock by requesting allocations via the Allocations Team in Supply Chain
- On Fresh, these will be visible on the Consolidated Supplier Forecast in the 'Allocations' column
- On Ambient and Frozen they will be communicated to you via the PD Report.



# How the Co-op Forecast – Independent Societies (FRTS)

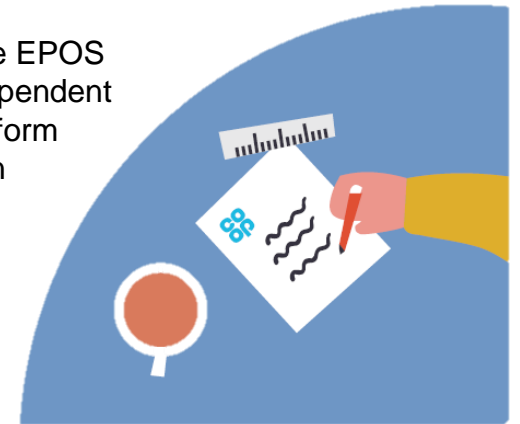
## Core Forecasts (Ambient)



- Base Forecasts are created based on Outbound History but with the flexibility for Analysts to amend. (For more details please see the AWR section of the more detailed Supply Chain Booklet.)
- This Historic Sales aggregate tCG Outbound volumes with the Outbound volumes of the Independent Societies, they are not separated (but it is possible to use other reports to interrogate and split out volumes if ever needed.)
- These Base Forecasts are shared with suppliers via the CPFR Reports.
- tCG do not have any visibility of volumes going through Ipswich or Leicester so Forecasts for these depots should always be added to the tCG Base Forecasts if trying to achieve a full Co-op Forecast.
- We do not receive EPOS Data for Independent Societies.

## Promotions Forecasts (Ambient)

- Once our Analysts have completed their Line Level Forecasting, a percentage is added to the forecast based on historic promotional demand to cover the Independent Societies.
- Once the PD Report is shared with our suppliers, it will contain the tCG Forecast on its own but then with a product / depot specific uplift applied for the Independent Societies (please see the Consolidated Supplier Forecast section for detail on how the calculation is made).
- The PD Report will also detail any Allocations for the Independent Societies as applicable (please see the Allocations section on the previous page for more details.)
- We do not receive EPOS Data for the Independent Societies or any form of post promotion review.



# How the Co-op Forecast – Additional Information

## Seasonal Events

- In some of our Category Teams we have Analysts who are solely responsible for seasonal products and are specialists in that area.
- The Critical Path to manage these products is longer than a standard promotion forecast allowing our Analysts to work more closely and collaboratively with our supply base.
- Critical Paths do differ by Category and Event but these will be shared with our suppliers at the appropriate time, for more information please speak to your Supply Chain or Buyer..

## One-Off Products

- Any one-off products that are classed as Seasonal follow the process above.
- Any one-off products that are promoted but not classed as Seasonal fall under our regular promotional process however our teams recognise the importance of these lines and will take extra care with these forecasts.
- Our teams across both Supply Chain and Commercial are aware that we have a responsibility to work with our suppliers to ensure all stocks on these products are taken. If this is not being followed then please utilise the Escalation Route at the back of this booklet.

## Route to Market

- We have a Route To Market Team in Supply Chain who own the final decision on how products get out to our Stores. Within Fresh, the Route To Market is limited to either through the set Depot route or Direct to Store. In Ambient there is a bit more flexibility as products going through the depot either go via our National Distribution Centre (NDC) or our Regional Distribution Centres (RDC's.)
- For both new and one-off products the Route To Market is agreed taking into account the Forecast of the product, the existing product mix from that supplier and also the Route To Market the supplier already uses.
- There is also a scenario where a product could go through our NDC ordinarily but it may be temporarily routed through our RDC's due to the increase in demand whilst on promotion. The product is then reverted back to the original Route To Market once the promotion has finished. This is known as the Dynamic Route To Market Process.



# How the Co-op Forecast

## Query Acknowledgement Process

All queries should be acknowledged within 48 Hours and should be escalated if no acknowledgement is received.

QUERY	KEY CONTACT	1 <sup>st</sup> ESCALATION	2 <sup>nd</sup> ESCALATION	3 <sup>rd</sup> ESCALATION
General forecasting query	Either your Fresh Category Analyst or you IPR Analyst	Category Replenishment Manager	Category Supply Manager	Supplier Engagement Team <a href="mailto:supplierengagement@coop.co.uk">supplierengagement@coop.co.uk</a>
General commercial query	Buyer	Senior Buyer	Category Trading Manager	

If you wish to raise a query with the Code Compliance Officer, please contact: [Co-op.Code.Compliance.Officer@coop.co.uk](mailto:Co-op.Code.Compliance.Officer@coop.co.uk)

## Forecasting Issue Resolution

All forecasting issues should be acknowledged within 48 Hours and should be escalated if no acknowledgement is received.

We have created a policy in relation to dealing with collaborative forecasting issues that arise (most frequently following a promotion.) This policy aims to clarify the decision-making process and key contacts for Suppliers. A copy of this policy can be found on the Supplier Hub, please [click here](#) to access.

QUERY	KEY CONTACT	1 <sup>st</sup> ESCALATION	2 <sup>nd</sup> ESCALATION	3 <sup>rd</sup> ESCALATION
Forecasting issue	Either your Fresh Category Analyst or you IPR Analyst	Category Replenishment Manager	Category Supply Manager	Supplier Engagement Team <a href="mailto:supplierengagement@coop.co.uk">supplierengagement@coop.co.uk</a>

If you wish to raise a query with the Code Compliance Officer, please contact: [Co-op.Code.Compliance.Officer@coop.co.uk](mailto:Co-op.Code.Compliance.Officer@coop.co.uk)

# How the Co-op Forecast

## Glossary

Abbreviation	Description
AWR	Advanced Warehouse Replenishment (Ordering system for supplier Purchase orders)
CPFR	Collaborative Promotional Forecast Report
CRM	Category Replenishment Manager
EPOS	Electronic Point of Sale
ESM	Event Stock Manager (System used to manage promotional demand)
FRTS	Independent Societies, Federal Retail Trading Services (previously referred to as CRTG)
IPR	Inventory Planning and Replenishment (Analyst)
NDC	National Distribution Centre (Coventry)
PD	Promotional Demand (Report)
PFR	Promotion Forecasting and Replenishment (Analyst)
RDC	Regional Distribution Centre(s)
SAM	Stock Availability Manager (System used to apply influences to store orders)
tCG	the Co-operative Group (excludes FRTS)

## Do you have any feedback or further queries?

Thank you for taking the time to read this booklet, hopefully you have found it useful. If you have any feedback on this booklet or you have any queries please contact [Supplierengagement@coop.co.uk](mailto:Supplierengagement@coop.co.uk)  
Alternatively our Contact Matrix is available on the Supplier Portal, please [click here](#) to access.

