



Sport Zone Case Study

**SPORT
ZONE**

Industry: Sports Retail | **Headquarters:** Portugal

Fast Facts

- Availability has **increased by 25%** reaching a level of 97.5%
- Average stock in stores has been **reduced by 40%** without affecting availability or sales
- Store requests have **reduced by 90%**

"Before the implementation, I had a team of 20 skilled workers engaged in executing daily replenishment of 15 million Location-SKUs, spending 90% of their time on handling store requests. Today, a team of ten people is easily and effectively managing all replenishment operations".

**Marco Cunha –
Head of Downstream Operation**

Company Overview

Sport Zone is the largest sports retail company in Portugal. It started its activity in 1997 and since then has been dedicated to promoting sports by offering the best sports goods and sportswear at highly competitive prices.

Sport Zone is owned by the largest private non-financial Portuguese group – Sonae Group – with more than 40,000 employees in 29 countries. Sport Zone began expanding into the Spanish market in 2008, by opening its first store in Madrid. Today, Sport Zone is operating over 30 stores in Spain.

Key Challenges

Following a steady annual growth of about 20% in the first 10 years of operation, Sport Zone was caught in the classical conflict of having an overstock of slow-moving products, while at the same time also suffering from stock outs of fast-moving products. Sport Zone relied most of their operations on a forecasted merchandize plan created at the beginning of the season. This plan was executed in a push-based mode.



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Store managers had been constantly requesting additional replenishment, which was no longer available in the DC, when in fact many of the items were still widely available in other stores. At that time, Sport Zone was trying to handle a universe of 15M SKU@Locations.

In response to this issue, Sport Zone formed a dedicated team of 20 people, trying to get the right inventory, to the right place, at the right time. This team spent 90% of their time on the phone with the different store managers.

The Solution

The implementation of Onebeat started as a Proof of Concept for a duration of six months. Three stores were chosen to assess the value of the software. During the POC time, initial buffer targets were calculated by Onebeat, and challenged on a daily basis, to capture market behavior in real time. **Results exceeded expectations with an average stock reduction of 15%, while availability increased by 20%.**

After that, Onebeat's Depth Management solution was deployed throughout all Sport Zone stores in Portugal and Spain. Stock buffers were introduced to the entire universe in all stores (20,000 SKUs per store) and the company **moved from "Push" mode to "Pull"**. The initial drop to the stores was reduced by up to 70%, freeing a lot of stock to be available for replenishment later on in the season for the stores that actually needed it.

Results

Onebeat helped Sport Zone to reduce the stock levels from an average of three units per item, to as little as 1.3, **without jeopardizing the merchandize plan and the store's layout**. Stock outs continued to decrease over time. In 2016, availability was at 97.5% throughout the entirety of the chain; in mainland stores, availability was **higher than 98%**.

In addition to the financial and operational improvement, Onebeat gave the Sport Zone headquarters team full control and visibility over the supply chain. The team of 20 people which was established to balance the inventory was reduced to just five members. There is now transparency throughout the supply chain. **Stores' "special requests" were reduced by 90%.**