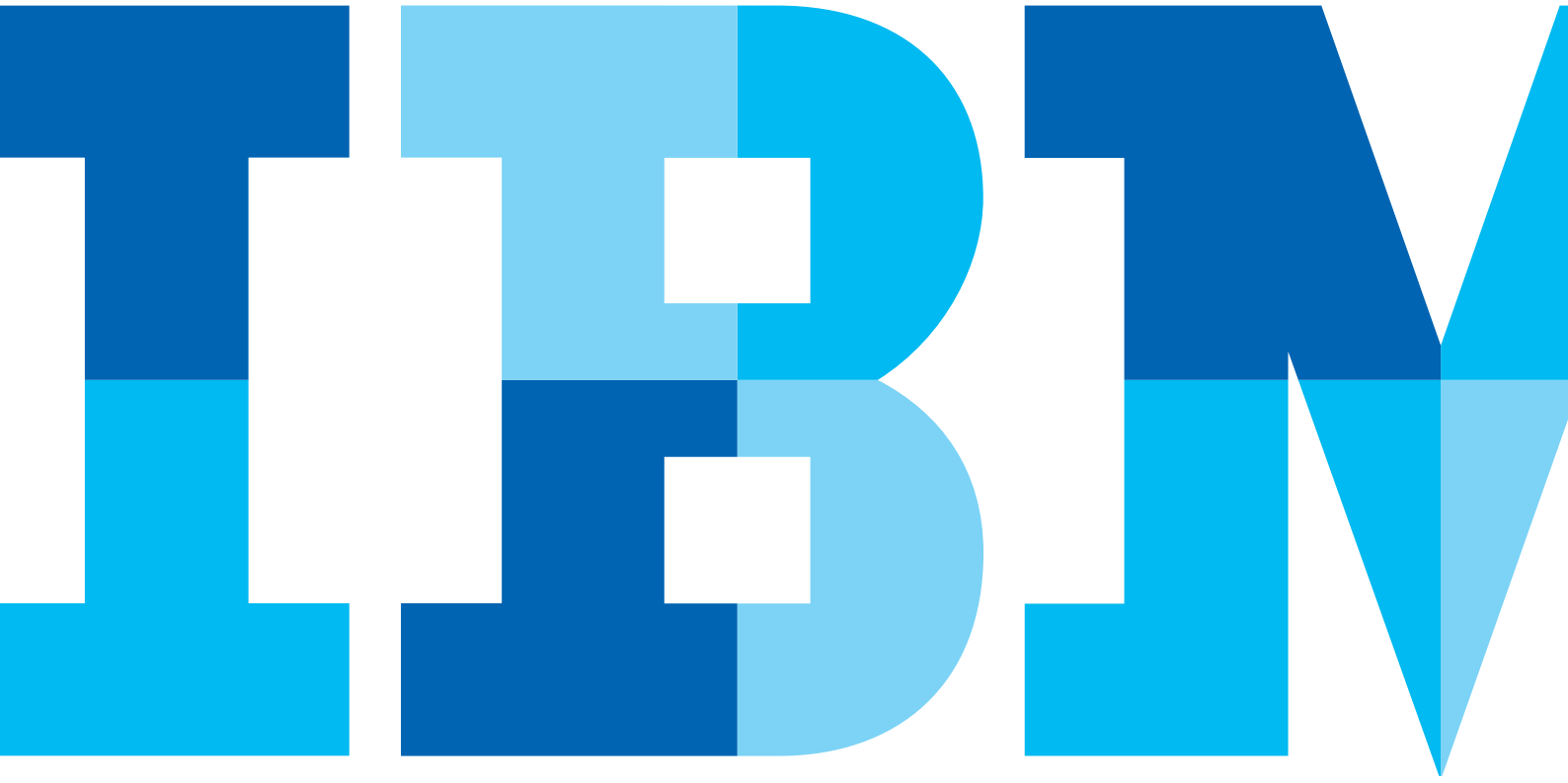
IBM Software
Solution Brief

Store assortment analytics

The right product in the right store at the right time



Overview

Consumers are getting smarter. They are more connected, empowered and demanding. And they can choose where, how and when they want to shop.

This presents challenges for retailers, who have to provide an outstanding and seamless shopping experience – providing the right products in the right place at the right time.

It's not just a matter of stocking shelves with standard items or tracking inventory. Retail chains have to know what consumers want, and work the dynamics of supply and demand to fulfill that requirement.

In terms of merchandising, it is all about predicting demand. In other words: the ability to predict the probability of selling a product in the right quantity at individual stores to optimize assortment and investment in inventory.

With store-level assortment analytics from IBM, your organization can more accurately anticipate costumer demand and align merchandise accordingly to improve profitability.

Using this solution, you can:

- Reduce out-of-stock and over-stock situations.
- Increase sales and margins.
- Gain higher customer satisfaction and loyalty.
- Optimize inventory investment across the company and individual stores.
- Understand merchandise performance and anticipate trends.

Anticipate and respond with greater precision

To stay on top of customer demand and inventory, you need to do certain things. You need the ability to understand purchase patterns by store and by SKU. You have to be able to predict sales and assortment at the granular level, and enact plans to make smart inventory investments.

Just as critical, your organization must measure merchandise and sales performance. And you should be able to course-correct quickly when there are changes in demand.

ERP and other data management systems can't provide this level of capability or decision support. But IBM Business Analytics can. It takes your data and turns it into future insight.

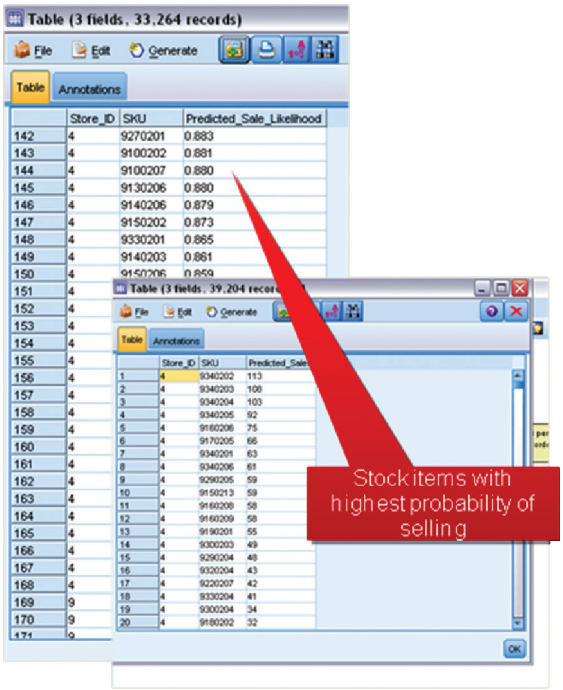
The fully integrated store-level assortment analytics solution from IBM lets you capture store and customer information, and use it to predict, act, measure and adapt as needed.

Capture, understand and optimize

It begins with data. The solution lets you integrate relevant data within your organization such as inventory, item-level sales, store profiles and marketing data (e.g., demographics). Next, you can apply predictive and advanced analytics against this data, which allows you to assess store profiles and generate an optimized assortment plan by location.

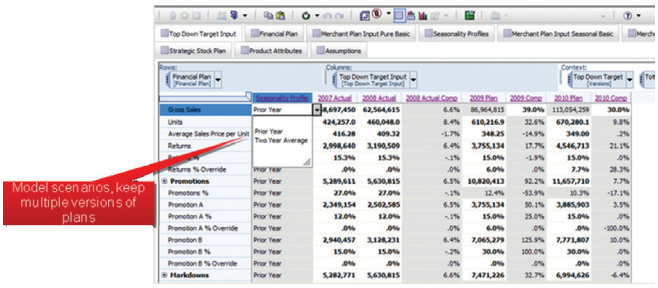
With this capability, you can determine the likelihood of individual items selling on a store-by-store basis – based on probabilities and past performance.

The software gives you the ability to predict demand (sales volume) based on attributes associated with each SKU. You can take into consideration a range of attributes including stores, clusters and even weather. The end result is a listing of SKUs to be stocked at each store and ranked by likelihood to sell.



From here, you build and review merchandise plans and model alternatives. Once plans are finalized, your organization can execute, place orders and stock stores based on the best predictive model.

As a final step, it is critical to monitor performance. That means measuring results: store sales by SKU, performance against plan, forecast accuracy and trending. All of these metrics feed back into the store assortment process, allowing your organization to hone and improve actuals, forecasts and predictions over time.



Assortment planning Blueprint: Address customer preferences and market factors

Companies have to work hard to win over customers while staying on top of sales and merchandise requirements. They must also be able to spot trends to optimize operations and maximize profits.

The IBM Cognos Assortment Management Performance Blueprint provides pre-season and in-season merchandise planning and performance management. It includes target-setting, top-down and bottom-up planning, consensus, scenario modeling and visualization of data to help retailers and manufacturers manage performance against plans.

Chains gain the visibility to make smarter buying decisions and meet profitability objectives—while offering a differentiated assortment to customers.

Smarter, predictable store assortment

To stay in front of smarter consumers, retailers must:

- Accurately predict what merchandise to stock at individual stores to meet demand.
- Make smart assortment decisions by store or cluster to avoid lower sales and eroding margins.
- Optimize inventory investment across the company and individual stores.

Your organization can shift to a fact-driven enterprise by applying business analytics to an integrated set of information. Analytics can help you foresee the likely impact of actions to improve decision-making and see what you previously couldn't – in areas such as assortment planning and supply chain.

When you can understand your business, you are better able to predict and act quickly to stay on top of consumer demand and increase profitability.

These benefits are the promise of store-level assortment analytics from IBM. It delivers the full range of integrated capabilities your organization needs to analyze the business, make proactive decisions and plan for better outcomes.

For more information on IBM Business Analytics for retail visit: ibm/cognos/solutions/retail

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes.

Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

For more information

For further information or to reach a representative: **ibm.com**/cognos.

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To request a call or to ask a question, go to **ibm.com**/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

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