



Transformation of an Agile Merchant

Retail is undergoing a transformation. The pursuit of operational excellence over the last few decades has set the stage for changes in retail economics and business practices. A transformation is taking place in all sectors of retail; however, in specialty retail there's more growth and excitement fueled by new concepts than ever before.

Retailers are looking for better ways to attract and build customer loyalty by offering fresh, innovative products. The speed at which retailers bring new products to consumers requires a new way of thinking about merchandising and the supply chain, and how enterprise applications can drive the transformation to a more agile and customer centric retailer. Retailers operating multiple storefronts and concepts must continually make decisions about merchandise given local needs, preferences, and opportunities. To meet these challenges, retail industry leaders are looking to improve their businesses with merchandising applications that provide better insight and drive more precise decisions. These applications offer accurate information that streamlines operations, drives down costs and improves profits.

More than Basic Black

The intense competition for customers - along with aggressive profit targets - increases the need for accurate merchandising information that is integrated across all business functions. Customers have been trained that in some stores, such as Spain's retail phenomena Zara, buy it now - or risk the loss of not getting that new skinny pant. Limited supply is the strategy, and it works at creating repeat customer visits. The treasure hunt at Zara keeps fashionistas coming back looking for the next new introduction. When it comes to keeping tabs on the customer, and quick response to consumer demand, Zara has figured it out. As cited in a Harvard Business School paper, Zara has generated a relentless approach to new product introduction. The retailer brings new merchandise to market in smaller quantities, to get a better sense of salability and customer tastes, before larger orders are placed. In another attempt to keep shoppers coming back for more, Abercrombie & Fitch, a leading specialty retailer with a brand that personifies the All-American lifestyle, has bolstered its performance with unique seasonal assortments with more than 15,000 SKUs and more than US \$3.9 Billion in estimated 2007 revenue. In a recent *RIS News* cover story, Kristen Blum, CIO of Abercrombie & Fitch, says she believes that being more agile and flexible is the key to driving company growth opportunities.

Create an Agile Environment

No retailer would argue that agility leads to better performance; however, creating the environment requires many companies to look at changing how business is done today – and how to reinvent their people, processes, and technology to be better suited to face the new challenges of tomorrow. Embracing agility requires a strategic initiative that can be deployed throughout the organization, including merchandising, store operations, and the systems that enable change. The core merchandising systems must be dependable, so that you are free to focus on the strategic initiatives necessary for growing your business. The ability to deliver better assortment choices for consumers, whether by collaborating with designers to develop unique assortments, developing private label collections, or driving sales by competing on price, requires technology to support those actions and decisions. Retailers follow different methodologies for defining the optimal product mix by location. However, to improve product flow, a comprehensive merchandising solution that will provide a single source for vendor and item information, perpetual inventory, and one accurate view of demand and trend information at the store/SKU level is a necessity. Merchants require visibility into everything from product, price, placement, and production. This information is needed in a concise and reliable format, which is easy to use and intuitive.

Did You Know?

- **20 of the top 20** global retailers depend on Oracle retail Applications & Technology
- **9 of the top 10** North American retailers use Oracle Applications to run their business
- **15 of the top 16** food and drug retailers rely on Oracle Applications

Improving Economic Performance

For many retailers, creating even a high-level financial is too cumbersome, not to mention building a granular-level plan. Using a variety of traditional planning tools in order to attempt the reconciliation of plans created by various departments becomes resource-intensive and causes inaccuracy. Improving cycle time significantly impacts a retailer's financials. Whether the tactics are achieved by improved collaboration with suppliers or purchasing with more precision on lead-time requirements and safety-stock levels – it is all intended to improve economic performance. Optimizing cycle time will lead to better indicators on product performance, and improved trend-right and timely goods to the shelf. Reduced cycle times also lead to lower inventory carrying costs, and better in-stock situations for high sell through items. Agility in a retail merchandising system empowers retailers with real time information to help achieve the financial goals of the organization. A retail merchandising system is at a retailer's core – it is the foundation for growth and expansion. As investments in new technologies are assessed for their value, it becomes clear that there is significant payoff and return on investment. Disciplined inventory management will remain a focus for innovative retailers who require technologies to enable fast, nimble operations and to keep pace with the needs of tomorrow's customer.

Conclusion

As customers become more selective while more shopping options continue to emerge, retailers must transform their operations for better business value and customer satisfaction. The first step towards transformation of your retail business is to look to Oracle for merchandising solutions. As a leading provider for merchandising solutions, Oracle's Retail applications are proven to be flexible, scalable, and provide a foundation from which you can execute a broad range of merchandising activities. It empowers merchants to become proactive in decision making, to grow margins and the top line.

CONTACT US

To learn more, call +1.800.ORACLE1 to speak to an Oracle representative or visit <http://www.oracle.com/industries/retail/index.html>

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