INFORMATION CONNECTS

Bring Advanced Science to the Art of Fashion Retailing

Oracle Retail’s Fashion Planning Solution Suite
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Oracle Retail’s fashion planning solution suite helps you focus on the nuances of consumer demand, while crafting proactive merchandising strategies that capitalize on your most important asset—your valued customers.

Increased competition, decreased consumer spending, and shorter product lifecycles are just a few of the factors driving fashion retailers to adopt a “fast fashion” business model in which unique assortments are quickly created in response to rapidly evolving trends and customer preferences. From preseason planning to end-of-season clearance, you need broad visibility into your operations and holistic, end-to-end management of short product lifecycles.

Oracle Retail’s fashion planning solution suite helps you combine all aspects of the fashion planning lifecycle into a single, best-practice process, while minimizing implementation efforts and generally lowering total cost of ownership. The solution suite features robust preseason planning and in-season assortment management in a seamless workflow that extends throughout the entire merchandising lifecycle—from high-level business objectives to assortment execution at the SKU/store level. Key analytic enablers such as demand forecasting, store clustering, and size-profile and markdown-optimization routines deliver smarter, more-accurate plans and better decision-making. The integrated workflow lets you quickly adjust current and future assortments to reflect multiple influence factors such as recent sales trends, demand predictions, and changing economic conditions.

Moreover, the fashion planning solution suite can be tailored to your requirements: you can implement each of the modular components independently, in the order that meets your business needs, or you can combine them with legacy systems to address your most critical pain points. With its end-to-end planning and proven science and analytics, you can create more-accurate assortment plans that can increase gross margins and improve average store profitability. Oracle Retail’s fashion planning solution suite delivers the business processes that help you succeed.
Fact: After installing its [Oracle Retail] planning systems, Nordstrom’s pretax profit margins climbed to 10.6 percent last year, from 5.2 percent in 2004. (Wall Street Journal, November 14, 2007)

Planning-Process Problems Hurt Merchandise Performance

Effective fashion-assortment management is critical if a retailer is to be truly consumer-centric. The end goal of assortment planning—from preseason planning of sales, margin, and inventory investments to in-season management and clearance of merchandise—is an accurate plan that can be executed efficiently at the local-market level, while driving financial performance and keeping customers coming back for more.

Planning gets to the heart of the issues that shape how much merchandise you can sell and the fashion statement your assortment makes to your customers. A successful plan ensures that your assortment is aligned with a merchandise strategy and customer preferences. In addition, your plan should incorporate all aspects affecting merchandise sales—range, timing, space, pricing, promotions, and clearance. Planning generally consists of four main tasks performed for each merchandising cycle: analyze, strategize, plan, and manage. From a high-level perspective, this approach is sound, intuitive, and proven. However, when examining the processes in greater detail, many issues can prevent you from achieving merchandising success or full profit potential.

- **Lack of an end-to-end, integrated planning process.** Assortment planning in many retail environments is not a well-integrated process. Each of the steps may be performed by different groups using varied tools, resulting in planning decisions that are not shared and are lost along the way. The lack of integration and shared information puts you in a reactive mode and makes it difficult to bring decisions together to meet plan targets.

- **Inefficient, inflexible systems.** Most systems—typically a combination of legacy systems, spreadsheets, and paper-based procedures—lack flexibility and require you to follow complex, rigid hierarchies and rules that do not allow you to create plans focused on customer preferences. In this type of framework, planning tends to be a locked process that doesn’t let you dynamically manage attributes or develop new ways of analyzing the business as it changes and grows.

- **Incomplete planning inputs.** Retailers need a baseline from which to work; typically, that baseline has been historical data. Using historical data as the baseline is not ideal, because it doesn’t account for lost sales and missed opportunities. In-season projections are based on last year’s sales or trends, rather than on an up-to-date forecast of localized customer demand. You lose sales—and possibly customers—because the merchandise that customers want is not readily available.

- **Limited customer insight.** As retailers grow, it is difficult to maintain an intimate connection with customers. With multiple stores, products, and sales channels, retailers
may try to cut costs and complexity by managing customers as averages, simply because they don’t have an efficient process in place to determine customer preferences and how those may vary across channels or stores. If your systems don’t let you perform intelligent clustering or scale to style and color by store data, you can’t analyze trends and develop local market assortments. You may send the same size range to all stores and issue clearance markdowns as single price across stores. Financial performance can plummet due to poor planning decisions.

- **In-season assortment management is often limited to the open-to-buy process.** This “checkbook” approach to merchandise management, which balances preseason budgets with in-season adjustments and purchases, is much too simplified to meet the needs of today’s fashion retailers. Although it can identify how much of the merchandise budget is still available at various points during the season, it does not help determine which specific action should be taken to maximize sales and financial targets. You may miss a needed reorder for select stores or mark down merchandise too early, walking profitable sales—or wait too long, leaving stale assortments and uninspired customers.

- **Plans not tied to execution.** There is often little connection between what is being planned and what can actually be executed in stores. Planning is done with no real-time feedback, no view into demand, and limited visibility into execution constraints. Conversely, the retail systems used for allocation, purchasing, and ordering are often not synchronized with planning systems, so you can’t execute the assortment intent or cost-effectively manage inventory through efficient size profiling and allocation at a local level.

**The Oracle Retail Approach:**

**Insight-Driven Assortment Planning**

In an industry where a best-selling product in one store may sit on the shelves in a store just a few miles away, profitability depends on the ability to respond quickly to changing customer preferences. Oracle Retail’s fashion planning suite supports the end-to-end management of merchandise—from preseason planning of sales, margin, and inventory investments to in-season management and clearance of merchandise. This comprehensive suite of integrated solutions enables retailers to holistically manage their assortments by combining several industry-leading capabilities into a single, best-practice business process focused on meeting customer demand.
“We have always viewed our technology efforts as customer service initiatives to improve our merchandise offering and the way we serve customers. We believe the Oracle Retail Size Profile Optimization application will help us improve how we assort merchandise for our customers, helping to ensure we have the right merchandise at the right time for customers. Our partnership with Oracle continues to drive measurable results to our business.”

Jan Walsh, Vice President and Business Information Officer, Nordstrom

With Oracle Retail’s fashion planning solution suite, you gain prebuilt connections and can implement a process that leverages shared information. This blurs the transitions between different merchandising phases, so users can focus on their day-to-day tasks without regard to artificial boundaries created by information silos. Oracle Retail’s fashion planning solution suite helps you improve on the traditional planning model and evolve to a truly integrated process. You can move beyond the checkbook approach to in-season management, with a focus on merchandising actions that best align with customer demand.

The prebuilt integrations included in Oracle Retail’s fashion planning solution suite can also reduce the time and effort needed to implement an automated, end-to-end assortment-management process that supports your daily operations. Each solution has been designed to work within the solution suite, but can also be deployed individually as a complement to legacy or third-party applications. The suite’s modularity and flexible deployment let you obtain quick-win results to address your most pressing pain points and deliver rapid value—while also letting you work toward long-term goals.

Oracle Retail’s fashion planning solution suite delivers integrated, end-to-end planning capabilities covering preseason planning through in-season replanning and execution—with advanced scientific techniques infused into daily business decisions for better decision-making.
Use Retail Science to Make Faster, Smarter Planning Decisions

Oracle Retail’s fashion planning solution suite lets you use advanced retail science and business intelligence to enrich all decisions in your planning process. This informed approach gives buyers and planners increased confidence that their plans and in-season adjustments will deliver assortments that meet strategic goals, buyer intentions, and customer needs. For more than 10 years, Oracle Retail’s retail-science enablers have been fine-tuned to meet the challenges of short-lifecycle merchandising.

Using retail science allows you to make accurate planning decisions at lower levels—without adding costs and time to the process. Optimization and forecasting tools let you cluster stores based on demand parameters, and predict sales patterns and customer needs by store or cluster. This retail insight can help you make more-efficient localized merchandising, marketing, and supply chain decisions. For example, in city-center stores, you may choose to expand women’s high-fashion career wear and downplay women’s casual wear. This strategy keeps the focus on your customers, as you offer more of what they want, when and where they want to buy it. Retail-science enablers embedded in the Oracle Retail fashion planning solution suite include:

- **Demand forecasting.** Delivers an automated process for demand prediction that uses an optimized forecast as a highly informed input for your plans. The forecast restates historical performance and assortment potential to what could have happened, correcting for lost sales and out-of-stocks. Designed to incorporate changing factors such as promotions, seasonality and trends, new items, and locations, and to automatically select the best forecasting method, this demand insight improves plan decisions throughout the entire merchandising cycle and keeps you from repeating last year’s missed opportunities.

- **Store clustering.** Helps you improve efficiency by planning at aggregate levels. A flexible, automated process uses multiple algorithmic approaches to deliver insight into store clustering options—you analyze and generate store clusters based on potential for sales, using consumers’ actual buying preferences and not simply store size and geography. Robust, “like-store” mapping makes it easier to plan for new stores. In addition, you have the flexibility to vary the number of cluster groups and number of stores per group and can create different store clusters for each merchandise area.

- **Size-profile optimization.** Uses analytically determined profiles that better match order quantity details and customer demand, delivering flexible size profiles based on product area, seasonality, and business climate. You can base your assortment planning and inventory allocation processes on demand-driven, localized size profiles—boosting sales and profitability.

Shared, Retail-Specific Analysis Tools Increase Consistency

The retail-science enablers embedded in Oracle Retail’s fashion planning solution suite help inform all your planning decisions.

- Analytic tools run on a single platform that is shared across merchandise financial planning, assortment planning, supply chain planning and execution, and in-season management solution areas.
- Solutions share common enablers, so data and processes are better integrated across all operations.
- Everyone in the organization can reference and leverage common insights, which creates consistency and more-precise decisions.
Create Localized Assortments

Oracle Retail’s fashion planning solution suite offers a role-based, comprehensive business process for buy and flow planning, including preseason and in-season activities.

- Comprehensive assortment planning—Facilitates integrated assortment strategies, with buy and flow plans that account for space constraints and use robust attributing capabilities
- Embedded size-profile optimization—Ties assortment plan to consumer demand by store and automates buy plan to execution
- Intelligent item-lifecycle planning—Provides insight into holistic assortment decisions and improves reconciliation to merchandise targets
- Embedded in-season optimization—Recommends the optimal exit strategy and predicts trends for holistic assortment management
- What-if decision support—Online what-if and multiple plan creation supports improved plan accuracy through better plan analysis
- Automation and exception management—Seeding and automated data management within process improves plan efficiency, especially for in-season management

- In-season optimization. Examines forecasted demand using in-season, real-time, what-if analysis to deliver insight into customer preferences and recommend pricing strategies that balance current trends with your business objectives and constraints. Clearance-optimization capabilities within the in-season assortment management process highlight merchandise performance trends across the assortment and let you take a more systematic approach to determining the depth and timing of markdowns needed to elicit customer response. This enables you to make more-proactive decisions and execute markdown pricing to maximize margins and ensure optimal seasonal merchandise transitions.

Enable a Best-Practice, Integrated Planning Process

Oracle Retail’s fashion planning solution suite delivers the framework to maintain integration between corporate, divisional, and category/assortment planning and the stores—and offers visibility and collaboration, along with reconciliation and approval capabilities, among all these levels. Oracle Retail’s single platform and common store clustering and optimization functions ensure that all roles within the organization share one version of the truth. For example, as the executive team makes changes to financial targets or a planner approves adding an item to an assortment, these changes are automatically reflected throughout the various levels of assortment plans, including assortment strategies and lifecycle or key-item planning.

Typical assortment plans are too high-level to truly drive allocation or replenishment. However, assortment plans developed using Oracle Retail’s fashion planning solutions facilitate detailed planning at the store and item level to help improve your inventory management. Oracle Retail’s fashion planning solution suite supports each stage of your end-to-end planning process, including automated workflow, approvals, and reconciliations so you can

- Define merchandise and location targets. Create a business plan and strategies by merchandise areas, locations, and selling channels. Merchandise financial planning capabilities help you analyze and incorporate factors such as sales trends, demand forecasts, and prior-category performance to identify and quantify financial opportunities and risks.
“As a fashion retailer, we needed a flexible platform that could be easily configured to meet the unique requirements of our business. Oracle has the most complete, scalable solution on the market and the speed to value of their retail applications really fit the needs of our business.”

Steve Danker, former Senior VP of Information Systems and Strategy, Christopher & Banks

- Define assortment strategies. Determine assortment breadth and depth guidelines for assortment themes and strategies. The solution recommends assortment-mix options based on localized customer preferences, including those that combine price and assortment characteristics to create “good, better, best” assortments.

- Create assortment plan. Define your assortment offering—a key part of the customer experience. Embedded demand forecasting, store clustering, and size profiling help you identify and respond to local market needs and balance these decisions against space constraints and profitability plans. As you refine the plan, you can perform assortment analysis and reconciliation, and view actual roll-up and associated metrics—at the attribute level—of your planned assortment versus your assortment strategy. These features decrease your reliance on average-store planning methods.

- Execute the assortment plan. Perform merchandise management actions such as buying, ordering, and inventory management to facilitate delivery and inventory distributions. Oracle Retail’s solution suite ensures that the decisions made in the planning steps can be executed by translating to the final level of detail of SKU by store. The allocation process can utilize the planning information, as well as real-time inventory, merchandising, and supply chain constraints, to ensure that supply will be aligned to demand.

- Replan assortments and open to buy. Maximize the assortment performance by fine-tuning the assortment, including, but not limited to, merchandise-offering and price changes. These tools help you holistically analyze an assortment to see how all items are performing, which attributes are selling well, and other key insights such as the sales impact of promotional activities. The solutions deliver the information you need to reproject and replan assortments and merchandise areas.

- Execute assortment end of life. Keep assortment offerings fresh and ensure that assortment transitions occur by clearing out old assortments as new assortments arrive. Clearance optimization capabilities give you the in-season answers you need. These tools make recommendations with regard to how to achieve targeted inventory transitions utilizing price changes.

Oracle Retail’s fashion planning solution suite facilitates information sharing and collaboration throughout the process and incorporates retail-science enablers to give planners an informed starting place as they work through granular levels of decision-making to create and execute a successful plan.
The Oracle Retail Advantage

Oracle Retail solutions deliver market-leading capabilities. Oracle Retail’s fashion planning solution suite delivers an industry-segment–specific process from planning through execution, using solutions that are designed to work together. They do not provide information sharing alone, but also offer the reconciliation points and workflow that help you manage the very complex process you face on a daily basis. The built-in retail-science enablers—including demand forecasting, size-profile optimization, and in-season clearance optimization—are critical elements for maximizing profit in short-lifecycle merchandising.

The standardized technology platform of these Oracle Retail solutions means they are highly scalable and can grow with your operations. The solutions’ platform and robust architecture manage all the data required for the retail-science enablers and analytics, and let you get to granular levels of detail to analyze item and assortment at the weekly and store-clustering levels. The platform supports configurability to improve user adoption, and adds features such as what-if decision support and exception management.

With Oracle Retail’s fashion planning solution suite, you can use retail science to understand localized customer preferences, develop more-accurate financial and assortment plans, and make more-informed planning and execution decisions. This next generation of the end-to-end, fashion-planning business process solution highlights Oracle Retail’s legacy and leadership in delivering retail-focused planning and analytic solutions. These capabilities have powered measurable business value at more than 50 leading fashion retailers globally, while Oracle’s planning and supply chain solutions have enabled business process and scale at more than 100 retailers worldwide over the past 10 years.

Join the many retailers using Oracle technology and retail science to automate and improve their processes and inform their decisions—driving increased gross margins and higher average store profitability.

CONTACT US

To learn more, please visit oracle.com/industries/retail. To connect with an Oracle representative, e-mail oneretailvoice_ww@oracle.com or call +1.800.ORACLE1.

Outside North America, visit oracle.com/corporate/contact/global.html to find the phone number for your local Oracle office.

“As we continue to grow, WE Fashion recognizes the importance of deploying systems that not only support our expansion long term, but enable us to maintain an intimate understanding of customer demand. We recognize that Oracle Retail applications are key to delivering the necessary tools that can help us develop our business now and in the future.”

Koen Aben, Chief Information Officer, WE Fashion