Oracle Retail Customer Decision Tree and Demand Transference Science

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Retail

Retailers today are looking for a more complete understanding of their customers to retain loyalty, improve sales, and grow market share. Customers are constantly communicating to retailers with their purchase patterns, shopping preferences and behaviors. Retailers must go beyond the traditional analysis of SKU/Location sales history patterns to leverage sophisticated data mining capabilities on granular transaction level data to gain deeper insights on customer behavior patterns and product preferences.

Gaining Customer Insight with Decision Trees

Historically, retailers have relied significantly on product manufacturers for consumer insights and decision trees based on large geographies and varied methodologies. The Oracle Retail Customer Decision Tree Science and Demand Transference Science enables retailers to create customer segment specific decision trees using available transaction level data.

These customer decision trees are specific to their customer segments and respective geographies. They provide retailers a true understanding of the most important products and product attributes as customers see them. Armed with this detail the retailer is able to effectively analyze assortment coverage, identify duplication of item types, and prevent the removal of core items that would cause a loss of customers.

Identification of Customer Purchase and Switching Patterns

Oracle Retail Customer Decision Tree and Demand Transference Science mines customer purchase history to identify shopping and switching patterns. This helps retailers understand what attributes are driving customer purchases, when would they walk away without making a purchase and when are they willing to switch products? These provide key insights to retailers as they make assortment, pricing and promotion decisions.

Identification/Elimination of National Influences and Manufacturer Biases

By leveraging retailer specific transaction-level data, a true view of the customer is provided during the customer decision tree creation process. This eliminates any bias that may be present within an externally provided consumer decision tree. Using the Oracle Retail

KEY BENEFITS

- Improve customer satisfaction through the creation of customer centric and targeted assortments
- Understand customer specific purchase patterns and trade-offs by customer segments and by channels
- Leverage Customer Decision Trees built from YOUR own data to remove any market bias that may exist
- Eliminate similar items within an assortment while preventing the removal of key items that may result in lost customers
- Identify the incremental value of each item in the assortment
- Recognize the shift in item demand within a particular assortment as items are added/dropped
- Increase customer satisfaction while defining the most profitable assortments leveraging 'what-if' optimization capabilities
- Align assortment plans, forecast, and inventory planning details leveraging the common Demand Transference parameters made available

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Customer Decision Tree and Demand Transference Science, retailers are able to generate customer decision trees with their data, and compare to externally provided consumer decision trees. Based on this unbiased comparison, retailers make adjustments and edits to confirm and approve for use within their assortment processes.

Oracle Retail Customer Decision Tree and Demand Transference Science

Today's larger stores, vast geographies, and empowered consumers present a challenge for category managers. How does a category manager know which combination of available products they should carry to improve customer satisfaction while returning the most profit? Using the Oracle Retail Consumer Decision Tree and Demand Transference Science retailers are able to analyze thousands of households to identify and rank which products that are truly unique. The conclusion showcases the fate of the products. Which products drive incremental sales? Which products should be discontinued because they are repetitive or easily substituted without impacting sales?

Understanding the incremental and substitutable sales associated to each item of an assortment portfolio; the category manager is able to optimize the breadth of their assortment based on their customer's purchase preferences to define the optimal number of SKUs given space constraints and/or financial goals.

Enhancing and Infusing Science into the End-to-End Business Process

As discussed above, Customer Decision Tree and Demand Transference science can be leveraged seamlessly in the Assortment Planning process. In addition, they can be leveraged in Supply Chain Solutions such as Oracle Retail Demand Forecasting to drive assortment aware operational forecasts as well as with in Advanced Inventory Planning to drive purchase orders and buying decisions based on Demand Transference.

The science allows a retailer to conduct dynamic and real-time 'what-if' optimization to enable and validate multiple assortment simulations (add, remove, swap) against current or planned assortments. This process determines the most profitable and customer-centric mix of space and inventory.

For more information about Oracle Retail Customer Decision Tree and Demand Transference Science, please visit oracle.com/retail or email oneretailvoice_ww@oracle.com to speak with an Oracle representative.

KEY FEATURES

- Retailer-specific parameter inputs for defined customer segments at the total company and/or key location groupings (ie. Trade Area)

- Science-based Customer Decision Trees compared to supplier based Consumer Decision Trees

- Leverage intelligence of Decision Trees within the Assortment Planning and Optimization process to reduce duplication in assortment and prevent dropping unique items that drive loyalty

- Demand Transference parameter output within Assortment Planning and Optimization processes clearly interprets item incrementally/substitutability; while defining a particular assortment

- Intuitive and Automatic Demand Transference parameters with new sales history

- Modular in nature; allowing the ability to leverage available CDT and DT sciences in a manner that aligns to maturity models/ implementation approaches

- Fully productized optimization science available exclusively on the Oracle Cloud

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