FASHION PLANNING IN A DIRECT RETAIL WORLD

5 Benefits Of Implementing A Modern Planning Solution
Ignoring Amazon may be costing fashion retailers dearly. Fast fashion retailers are no longer fast enough, while traditional retailers and department stores struggle to be agile enough to respond to customer demands.

Retailers have to be where their customers are at every point in the shopping journey. It’s all about Direct Retailing — in-app, on Pinterest, via catalogs, from the web site or inside the store — the exact point where each unique shopper makes her purchase decisions. And when merchants show up at the right Direct Retailing point, they have to be there with relevant, personalized and unique products and experiences. Social selling, in particular, is growing rapidly and cannot be ignored: Retailers expect social commerce to comprise at least 40% of total sales by 2018, according to the 2015 Retail TouchPoints (RTP) Social Commerce Survey.

With a keen eye on customer service, one leading department store chain implemented a modern planning system to make Direct Retailing a reality. Now planners can tailor assortments to each store and customer, confident that the right inventory is in the right place at the right time. Merchandising and inventory systems are integrated, creating real-time, seamless delivery of information to all users. And shoppers can access product information from their favorite channels, such as Instagram and Pinterest, which are considered very effective social commerce networks by 18% and 11% of retailers, respectively, according to the RTP survey.
“Modern omnichannel applications permit retailers to forecast cross-channel demand, while managing pricing, promotion and inventory at a more granular level,” noted Boston Retail Partners in its 2015 Merchandise Planning Survey report. “This, integrated with predictive analytics and customer insights, creates an environment in which omnichannel planning teams can excel... **Those keeping pace with technological developments will find themselves at a definite competitive advantage until the rest of the industry is able to catch up.**”

Bottom line? Customers don’t shop in spreadsheets, and planners shouldn’t plan in them either. Modern solutions can move the needle on the fashion business. Today’s fashion planners need simple, graphic and usable platforms that guide them through the process swiftly.

This E-book will highlight the must-have benefits of modern fashion planning, delivered through a solution that is cost effective, efficient and user friendly.

**Which Social Networks Are Best Choices for Commerce?**

**Pinterest**, in particular, is a focus for women age 25 to 34, according to [SocialMediaToday.com](http://SocialMediaToday.com). The platform also is gaining in popularity for all adults over 18, up to 31% in 2015 from 15% in 2012, according to [PewInternet.org](http://PewInternet.org), *Mobile Messaging and Social Media 2015*. Facebook is still the most used platform overall, but is increasing only slightly, up to 72% from 67%. Breaking it down even further, 42% of women were using Pinterest in 2014, compared to 13% of men; and the platform is gaining in popularity with the 18 to 49 set, up to an average of 31% in 2014, compared to 20.5% in 2013.

When considering social platforms for commerce, retailers should think about why shoppers are visiting each platform. Pinterest rises to the top as the most commerce-oriented choice. “The best way to look at it is: Are you facilitating a shopping path already in flight, or are you interrupting consumers while they’re trying to do something else?” said Nikki Baird, managing partner at RSR Research, in an article on [TheStreet.com](http://TheStreet.com) in November 2015. “Pinterest is much more about the former. Facebook has a couple of places where it works, but many more places where it doesn’t, and Twitter has even fewer places where it works than Facebook.”
1. Facilitating a distributed and connected workforce that can grow and go global with ease
Let’s face it: Retail is unquestionably global today, in so many ways. Shoppers have the ability to access product information and purchase items sourced from just about every corner of the earth. And retailers can take advantage of the global phenomenon by offering their brand to shoppers beyond their geographical boundaries as well as tapping local and global talent and distribution networks around the world.

To operate in this seemingly limitless marketplace, retail organizations are using solutions that address the needs of global product development, distribution and inventory management.

CASE IN POINT

With planners and data centers located around the world, one apparel company was able to keep operations running when Hurricane Sandy wiped out its New Jersey-based data center. The planning solution in place was globally scalable, secure and reliable, so even planning survived the hurricane (which would be unexpected since most planning disaster-recovery service levels are defined in days, not in real time). With a mirror image of the data based in Hong Kong, there was no business downtime, which would have been devastating for this retailer.

As fashion moves much faster across the board — for fast fashion organizations as well as more traditional department stores — the number of plans that must be implemented is increasing, often from an average of four to as many as 12. Additionally, if the planning teams were faced with downtime days, productivity would take a serious hit, putting a lean team in dire straits.
2. INCREASING PRODUCTIVITY WITH REDUCED HEADCOUNT: DO MORE WITH LESS
In the reality of today’s competitive retail marketplace, companies often need to focus on becoming more efficient while improving business outcomes. When a solution can eliminate manual processes, planners can refocus their efforts on creativity to truly differentiate the brand and increase gross margins.

With a solution in place that leaves the number-crunching science and optimization to the software, planners can spend more time on the art of color selection and finding the next must-have top, or on activities such as negotiating with vendors on price and deals. With time to focus on strategy and more creative tasks, these employees become more motivated and satisfied in their roles.

In addition, planning teams are seeing increased pressure to offer differentiated, localized assortments to stand out from the competition. Unfortunately, these teams are not getting more resources to match the workload. By improving efficiency and productivity planning, organizations can run leaner, offer a bigger number of unique assortments and produce better results without adding staff.

CASE IN POINT

With the holiday rush about to set in, a fast fashion retailer was able to plan for more assortments in a shorter period of time, using fewer staff hours. The retailer could then focus on more effective inventory allocation and merchandising in near real time, as new plans increased the number of assortments to 12 from the previous four that the retailer was able to schedule with its prior manual process.
3. SIMPLIFYING THE PROCESS: TURNING ASSORTMENTS QUICKER WITH FEWER STEPS
When planners need to spend an exorbitant amount of time poring through Excel sheets and comparing data from Merchandising, Store Operations and Inventory Allocation separately, time is wasted and the retailer cannot react to industry trends and demands fast enough.

With the right solution in place, providing reporting across business units in real time, even the largest, slowest department store chain can make quicker, more effective decisions and deliver the right products to the right stores at the right time. These strategies lead to fewer out-of-stocks and overstocks, reduced expenses transferring items from one store or region to another, increases in overall revenue and new opportunities to grow.

**CASE IN POINT**

With more than 1,000 stores in the U.S. and abroad, a large department store chain, struggling with sales and revenue, needed an efficient solution that would not break the bank. By implementing a multi-functional cloud solution to handle merchandising, supply chain, inventory management and a multitude of other omnichannel activities, the retailer is able to better allocate merchandise in a more localized manner to every store. Sales and revenue are now on the rise across channels.

The retailer also was able to integrate the new cloud solution with its on-premises systems to facilitate quick wins while operating in a hybrid environment. Modern planning systems offer the ability for retailers to choose cloud, on-premises or a hybrid combination to offer a cost-effective solution that accommodates each retailer’s unique needs.
4. REDUCING INVENTORY BY CONNECTING ASSORTMENT PLANS TO REPLACEMENT AND DEMAND
While gut feelings are relevant, when it comes to fine-tuning inventory turns, scientific analysis can be a business accelerator. It’s no longer OK to tie inventory allocation to past results alone. Today’s merchants can use a multitude of data to better predict assortments, from initial ordering to replenishment.

Using modern solutions to connect data silos, retailers can gain access to a common operational forecast to drive the business. When key performance indicators (KPIs) are aligned across departments and channels, all stakeholders are able to serve the customer better.

**CASE IN POINT**

With hundreds of stores, a variety of e-Commerce sites and sales in dozens of countries, a specialty retailer was challenged to create a more efficient assortment planning process in time for the following year’s holiday season. By following a “keep it simple” process, the retailer was able to implement a new fashion planning process in nine months. Through data-driven store clustering, the retailer has been able to cut inventory without sacrificing sales.
5. Improving Personalization with Actionable Insights, Collected in Real Time
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Overnight batches and over-the-weekend processes just don’t cut it anymore in fashion planning. With updated fashion planning systems in place, retailers can quickly change assortments in response to rapidly shifting consumer preferences.

With a modern search insights system, merchants can identify trending colors and styles, and bring those new items into the planning process in real time. Using a modern planning solution with rich graphic capabilities, users can more intuitively mix and match products and drag text to select products the way a customer would.

The life of the fashion planner is changing. With the help of a modern planning solution, planning teams spend less time poring over a multitude of Excel sheets and more time on higher-level tasks, including interacting with customers, interacting with internal colleagues, and focusing on the art of retailing from the personal perspective of (highly fashionable) boots-on-the-ground in the store.

Planners are realizing that overnight and/or weekend batches are no longer good enough, but most planning organizations are just discovering near real-time capabilities. Today’s planners must add tens of thousands of items to a workbook, compared to a web experience with hundreds, but their expectation is to have the same responsiveness. A modern planning solution delivers these capabilities, along with a packaged integration with merchandising — previously a manual junior data entry exercise.

With a SaaS-based modern planning solution, the tedious work of collecting and analyzing data is essentially eliminated, allowing planning teams to focus on more strategic (and let’s face it, fun) activities.

The Oracle Retail planning bundle, which is easily integrated with other Oracle solutions, includes the following components designed specifically for fashion retailers:

- Item Planning (IP)
- Item Planning configured for Clearance Optimization Engine (IP-COE)
- Assortment Planning (AP)
- Merchandise Financial Planning (MFP)
- Size Profile Optimization (SPO)

The Oracle solutions are scalable, quick to implement and user-friendly. With 25% of the retail supply chain software market, Oracle is “one of the top five vendors that provides all functional capabilities” when it comes to merchandise assortment management, according to Gartner in its Magic Quadrant for Merchandise Assortment Management Applications report, August 2015. The solution integrates with systems from other vendors and other Oracle systems, including Retail Allocation and Retail Item Planning.
Retail leaders are ahead of the game when it comes to these types of personalization efforts. More than half (53%) of Retail Winners consider Tailoring Assortments To Customer Preferences a top opportunity when it comes to improving merchandising processes, according to Retail Systems Research (RSR) in its report titled: Merchandising 2016: Big Changes Coming, December 2015.

**CASE IN POINT**

A specialty fitness apparel retailer wanted to be able to make quicker planning decisions that would allocate products in a more personalized manner to its picky customers around the world. With a flexible, scalable planning solution now in place, the retailer is able to simultaneously counter-assort to accommodate winter preferences in the Northern Hemisphere and summer preferences in the Southern Hemisphere.
Today's modern fashion planner is mastering the ability to balance the art and science of retail. Along with their intuitive retail expertise, fashion executives are tapping into the benefits of sophisticated technology solutions, allowing them to make the most effective business decisions.

Each one of the fashion planner’s responsibilities, outlined below, can be enhanced with purpose-built technology. Tasks can be completed quicker and more accurately, which delivers business benefits including:

- Higher revenue and sales;
- Fewer returns;
- Reduced fulfillment costs, with more closely matched assortments;
- Reduced out-of-stocks and overstocks; and
- Increased long-term customer loyalty delivered via a better overall customer experience.

The good news for fashion retailers is that they are ahead of the curve when it comes to a comprehensive understanding of the tools needed for merchandise planning, allocation and replenishment: 55% have a solid understanding, compared to an average of 31% in other retail segments, RSR reported in its Merchandising 2016 report.

**Combine your art and science/automation to:**
- Set up the looks (themes, assortment sets, etc.)
- Cluster stores, based on historical data, location, climate, demographics, etc.
- Identify number and type of styles to carry in each store
- Calculate number of options by cluster; assort each cluster and calculate total buy
- Plan the buy quantity, sales and markdowns/margins
- Create buy plan
- Calculate sizes and pre-packs
- Allocate the buys by size and pre-pack
- Create purchase orders
- Evaluate assortment performance
CONCLUSION: MODERN FASHION PLANNING SATISFIES THE DIRECT RETAIL IMPERATIVE

In today’s all-around faster fashion industry, retailers have to be where their target consumers are at every moment of the shopping journey. That’s the Direct Retail imperative: Shoppers could be accessing Pinterest in one moment and searching the e-Commerce site the next, before finalizing a purchase in-store. The combinations are seemingly infinite.

To meet the demands of Direct Retailing and respond to fashion trends in real time, retailers need a scalable, user-friendly solution that can be deployed in the optimal way for their business model.

CHOICE
Oracle Offers Choice of Cloud Service & Hosted Models

On premise  Hosted in Cloud of Retailer’s Choice  Cloud Service Hosted by Oracle

(Oracle’s Cloud too)  (SaaS)
ABOUT ORACLE RETAIL

Oracle provides retailers with a complete, open and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their businesses. Twenty of the top 20 retailers worldwide—including fashion, hardlines, grocery and specialty retailers—use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels. For more information, visit our website at www.oracle.com/goto/retail.

ABOUT RETAIL TOUCHPOINTS

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.