ORACLE RETAIL
SIZE PROFILE OPTIMIZATION

In the world of intense competitive pressure, blurring channels and changing consumer purchasing behavior, retailers are finding it more difficult to align their assortment to customer demand; this challenge is magnified for merchandise offered in size ranges. Oracle Retail Size Profile Optimization provides you with optimal recommendations on size range profiles by store to better inform and align buying and inventory allocation decisions to consumer demand. The solution also includes Pre-pack Optimization to reduce supply chain costs by creating packs that consider the balance of shipping loose or eaches and creating the optimized combination quantities in each style – size – color.

Overview - Building The Right Assortment

Customers come in all shapes and sizes, and serving their size needs, efficiently and effectively, at their local store or channel is a key driver of profitable retailing. In order to satisfy each of these customers, store specific size profiles play a role throughout the buying and inventory management processes. For example, size profiles should influence buying and initial allocation decisions during the assortment planning or buying processes. Buyers and planners typically only manage buying decisions at the style-color/store cluster levels and expect that analytics will intelligently explode that plan down to size/dimension (SKU) and store. This explosion is necessary to execute the assortment plan through SKU creation, purchase orders, and initial allocation.

Another example where size profiles play a critical role is the re-allocation decisions that may be done throughout the merchandise life. Here the expectation is that the most current size profiles determine size/dimension need by store which drives the inventory allocation decisions.

Challenge: Understanding Consumer Demand

The ultimate goal in fashion retailing is to create store specific assortments to best align inventory and buy decisions with customer demand, driving a greater return on inventory investment. Understanding each store’s unique size selling patterns and therefore size need by merchandise area and attribute is a critical step to meeting that unique customer demand. The true need can be better captured through the computation of size profiles by store, time, and merchandise area and attributes, but this challenging as the data can be overwhelming and hard to make sense of in an efficient way. The massive amounts of data and labor-intensive tasks to analyze the data often paralyze the buyer and planner and drive them to sticking on department and chain level averages.

Challenge: Historical Performance is Not Customer Demand

Retailers have continued to look back at history in order to make future planning decisions. But historical size selling is often a result of misplaced inventory that results in lost sales and excessive markdowns. Retailers need a “cleansed” history that understands lost sales and exceptional sales as well as the size demand potential. Without this “cleansed” historical

KEY FEATURES
- Focused on Consumer Demand. Identifies store-level selling patterns across different size ranges to systematically create accurate profiles of size distribution by merchandise category by store
- Predictive. Corrects for out of stocks and lost sales
- Flexible. Optimizes size profiles by customer and merchandise attributes
- Smart. Identifies the right levels to generate the profiles based on merchandise and store performance
- Embedded Optimization. Robust simulation techniques and data mining to produce optimal recommendations
- Pre-pack Optimization. Reduces supply chain costs with less handling in the distribution center
- Easy to Use. Allows for profile management including comparison and analysis views, exception management and approval workflow.

KEY BENEFITS
- 2-5% increase sales
- Building The Right Assortment
- 0.5-3% reduction in inventory
- Store assortments that reflect the vision of the assortment strategy
- Cleaner seasonal transitions and fresher merchandise in the stores
- Simplified order processing
- Easier tie from planning to execution
performance, buying and allocation decisions will be based on last year’s mistakes disappointing customers at times and leaving unwanted sizes in some stores or selling channels again.

Size Profile Optimization: Predicting Size Level Consumer Demand
To improve the quality of decisions being made in the buying and allocating processes, Oracle Retail offers Size Profile Optimization. Oracle Retail Size Profile Optimization identifies store-level selling patterns across different size ranges to systematically create accurate profiles of size distribution by merchandise category by store. It does this by correcting for out of stocks and lost sales, identifying the right levels to generate the profiles and robust simulation techniques. In addition to systematically generating the profiles, the solution allows for profile management including comparison and analysis views, exception management and approval workflow.

Pre-pack Optimization: Reducing Supply Chain costs
The handling costs of distributing loose stock can be difficult and in-efficient. Retailers benefit from creating packs containing multiple sizes that could include a single style-color or multiple styles – colors – sizes. Packs can be built for initial allocation push or replenishment. The solution balances how many packs to create in a way that minimizes handling costs, lost sales, and markdowns.

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 business. 20 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.

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