

ORACLE

Retail

Managing Distressed Retail Inventory in Uncertain Times

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Fashion and apparel retailers constantly balance art and science to deliver the right merchandise mix for each season. However, in this unprecedented time, you likely will be managing an unknown demand and non-productive inventory in an even more compressed window. As this current health crisis abates, determining where and at what price to sell that inventory is critical to your operations.

With orders canceled and uncertainty on the horizon, the various personnel within your retail operations no doubt have a multitude of questions.

- **The merchant wants to know how do you do any volume on stale inventory?**
- **The planner is challenged with how to plan with 2-3 months of non-existent, or web-only, history.**
- **The pricing analyst is struggling with how to determine the optimal price, by category and location, to maximize revenue and margin, while adjusting to a new markdown strategy and cadence.**



Challenge #1: I have inventory sitting idle in the shuttered locations. Should I move the inventory to another location? Or to an alternate channel?

First, you have to decide if it is more advantageous to shift stock to another store or channel but potentially price it differently. Secondly, you need to create a new location planning process to ensure inventory is in the right stores to recoup maximum sales and margin at the reopening.

Challenge #2: I have a data void after temporarily closing all of my brick and mortar locations. Luckily, my digital channels were up and running, so I have some information but not enough to plan for the next season.

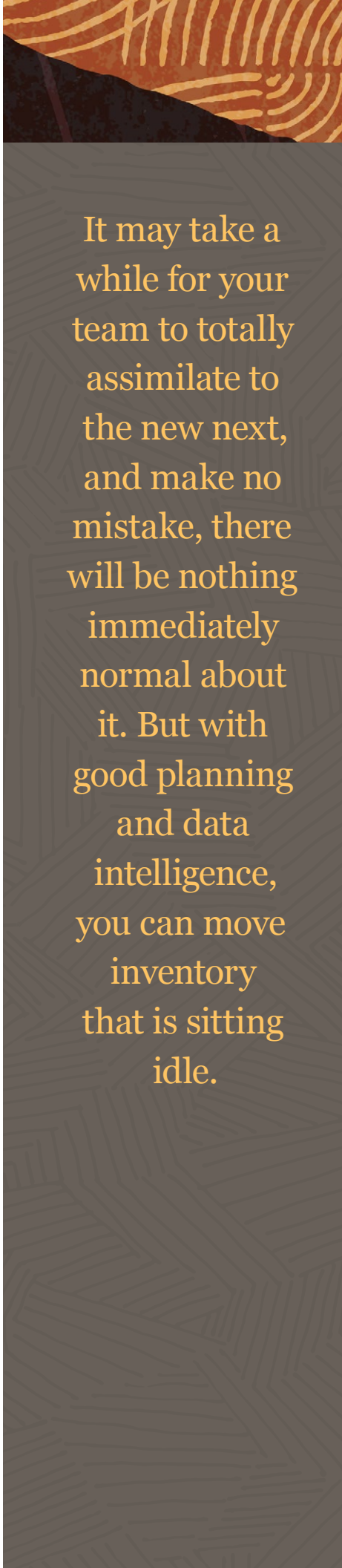
Some data was gathered during the shutdown, either from web geographical data, or store fulfillment data. This insight can anticipate how each store will behave in the short and long term after reopening and identify emerging categories and demand shifts. You can apply this history to brick and mortar locations to understand what inventory to allocate and where.

Challenge #3: With limited revenue from the quarter, how do I profitably plan my future seasons?

It is helpful to put conservative guardrails around current plans to understand margin opportunities and risks. Run [what-if scenarios](#) to determine the optimal price by category and location, allowing you to place inventory profitably.

Challenge #4: With orders canceled, and no new goods on the horizon, how do I ensure stores will have enough inventory as soon after reopening as possible? How do I determine what fashion to markdown and what to maintain?

For orders not able to be canceled, changing the allocation of the purchase orders to align with the location strategy will help achieve success. Teams can



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adjust assortment strategies with proactive in-season item management, based on the customer, trend, and attribute preferences. Fashion goods that must be marked down should take precedence over goods that might have less seasonality or competition.

It may take a while for your team to totally assimilate to the new next, and make no mistake, there will be nothing immediately normal about it. But with good planning and data intelligence, you can move inventory that is sitting idle to jump-start your operations and get customers the goods they are looking for faster and at prices that work for them and your bottom line.

Want to learn more...

[Watch this on-demand webcast for more tips on managing distressed inventory.](#)

[If you have further questions and would like to speak to a consulting expert for advice, set a free meeting time here.](#)



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