 #OptimizeInventory

Stocking The Inventory Optimization Toolbox

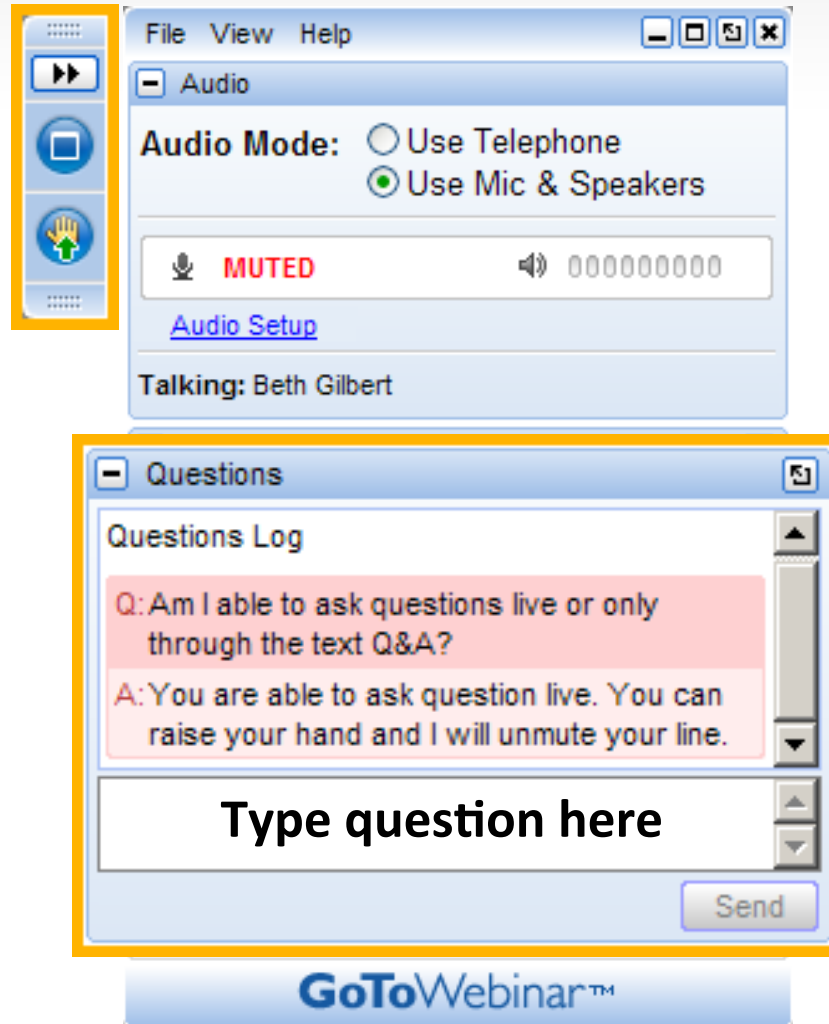
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About Retail TouchPoints

- ✓ Launched in 2007
- ✓ Over 23,000 subscribers
- ✓ To provide executives with relevant, insightful content across a variety of digital medium

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Panelists



Rick Amari
CEO
Columbus Consulting



Marshall Kay
Principal
RFID Sherpas



Marty Johnson
Product Manager
Zebra Technologies

MODERATOR



Debbie Hauss
Editor-in-Chief
Retail TouchPoints



Stocking The Inventory Optimization Toolbox

Assortment Planning: The Holy Grail of Retail



The Retail Inventory Challenge

The age old mantra of right place, right time, right product, right price has never been more relevant than it is today.

As companies look for ways to improve top line performance and bottom line results, the ability to bring tailored offerings to customers stands high on the opportunity list.

Once again, necessity has become the mother of invention

The barriers of the past, managing, analyzing, utilizing, and acting on large volumes of data, is a much smaller challenge than it once was. Hardware and software solutions now exist to meet the demands of the problem.

The last barriers are developing the process, implementing the change, and executing to the new normal.

The benefits are enormous, increased full price sales, reduced inventory positions, and lower markdowns are to be had.

What is Assortment Planning?

Retailers have mastered the art and science of merchandise and financial planning. Channel (store) store planning has long been a retail practice, even if store and merchandise plans have not always aligned.

These plans were product and store focused. How much will we sell, who will sell it, when do we need it, how much should we buy?

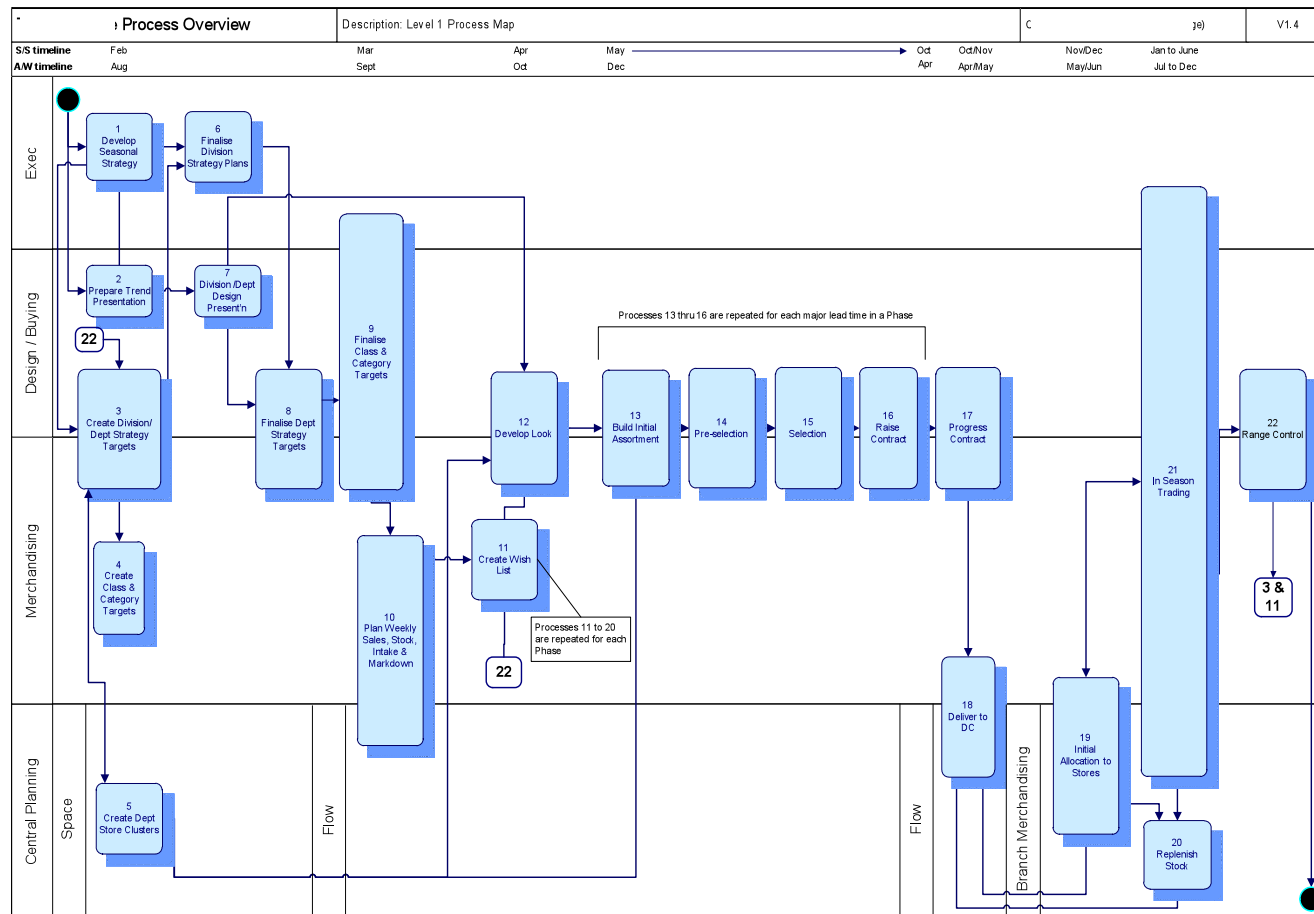
Assortment Planning is the merger of these disciplines but with a customer focus. It is the intersection of the product and the location based on the consumer demand anticipated at a specific time and place.

To effectively Assortment Plan, merchants must begin with consumer demand for merchandise, apply customer / store segmentation, and balance space and inventory constraints to develop an offering that properly represents the brand while maximizing sales potential. These complex and highly integrated steps requires a new process with success dependent on the adoption of the change presented.

This presentation will focus on the 12 critical success factors required for implementing an effective Assortment Planning solution

CFS 1

The process is more important than the system



CSF 2

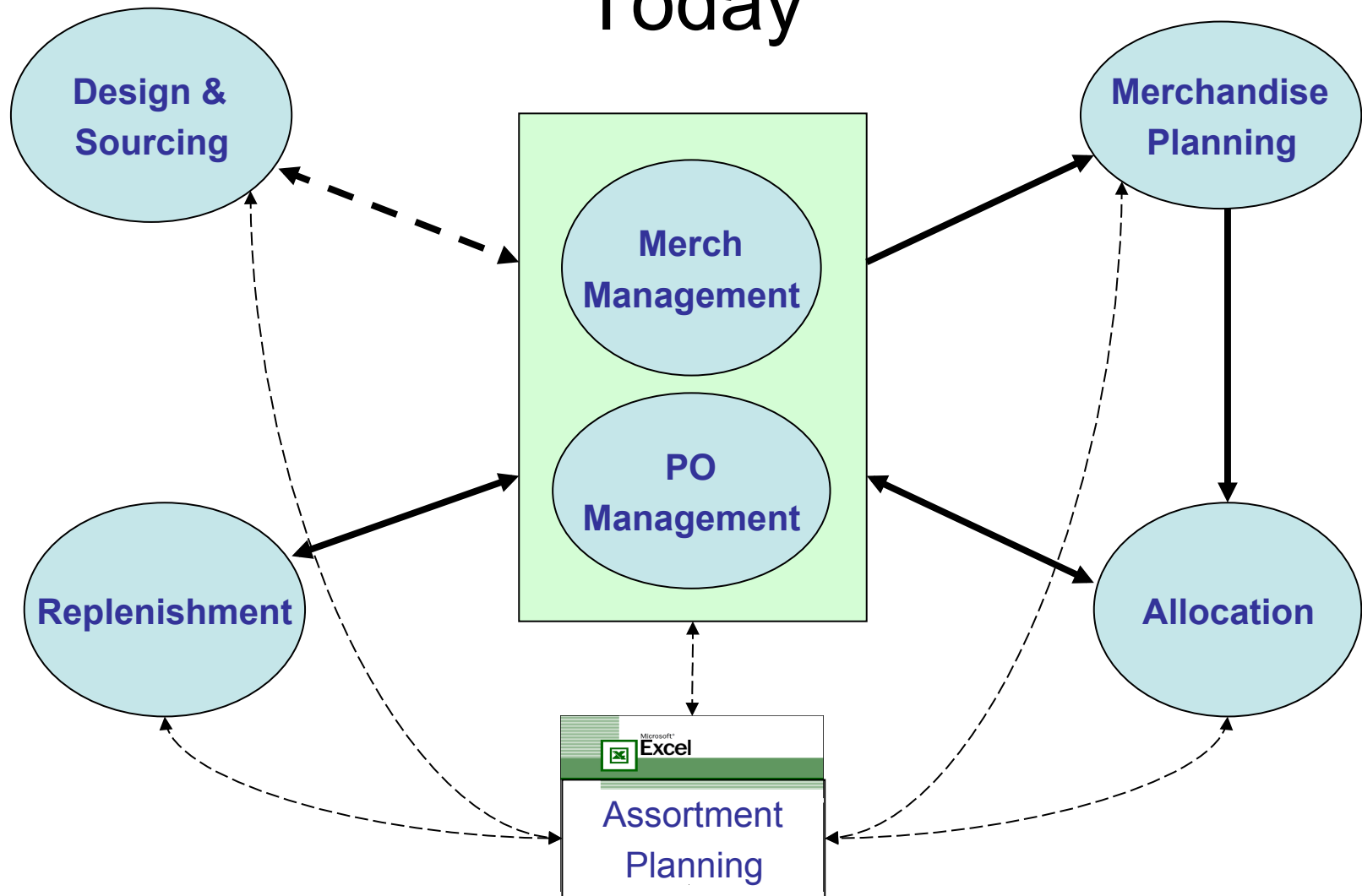
The Assortment Planning process is a continuous activity, not a step in the merchandising life-cycle



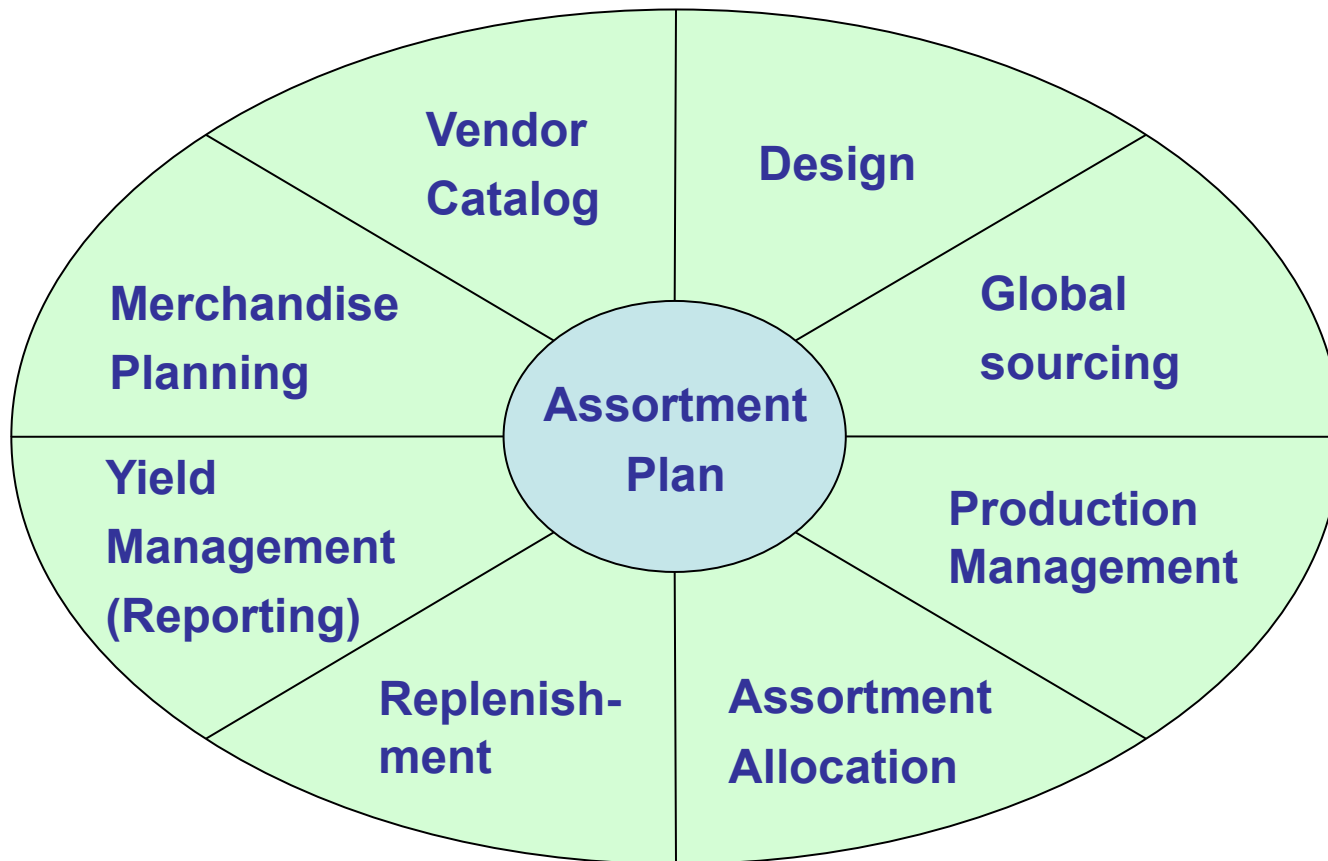


CSF 3
Move AP to
Center Stage

Today

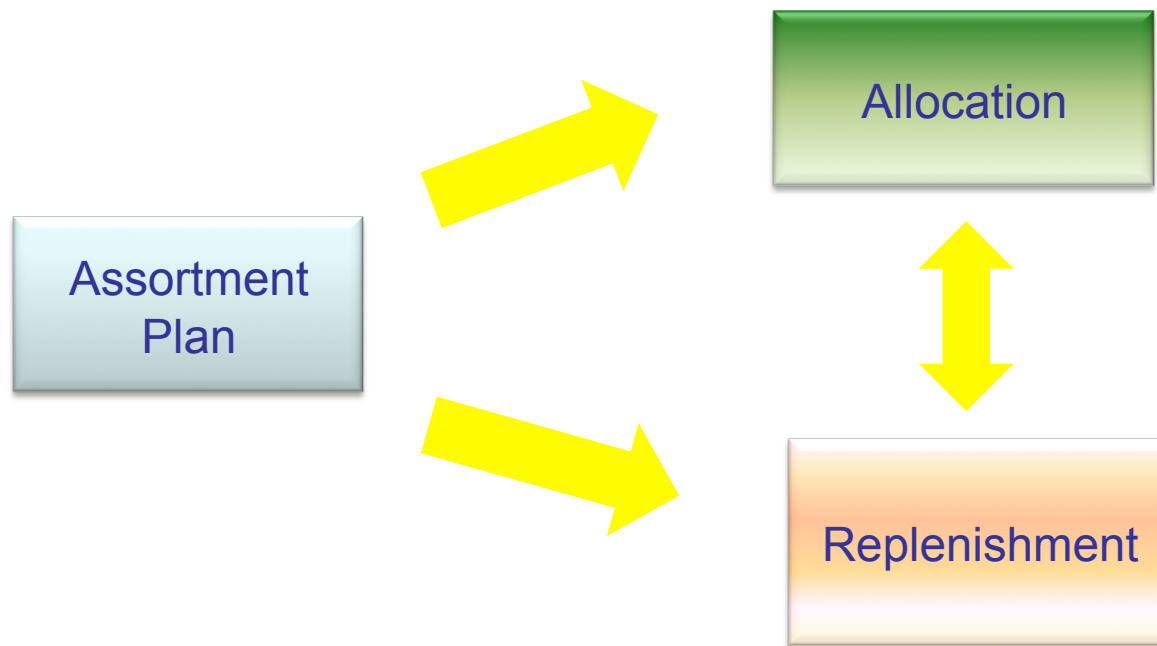


The Future



CSF 4

The relationship between AP and Allocation and Replenishment

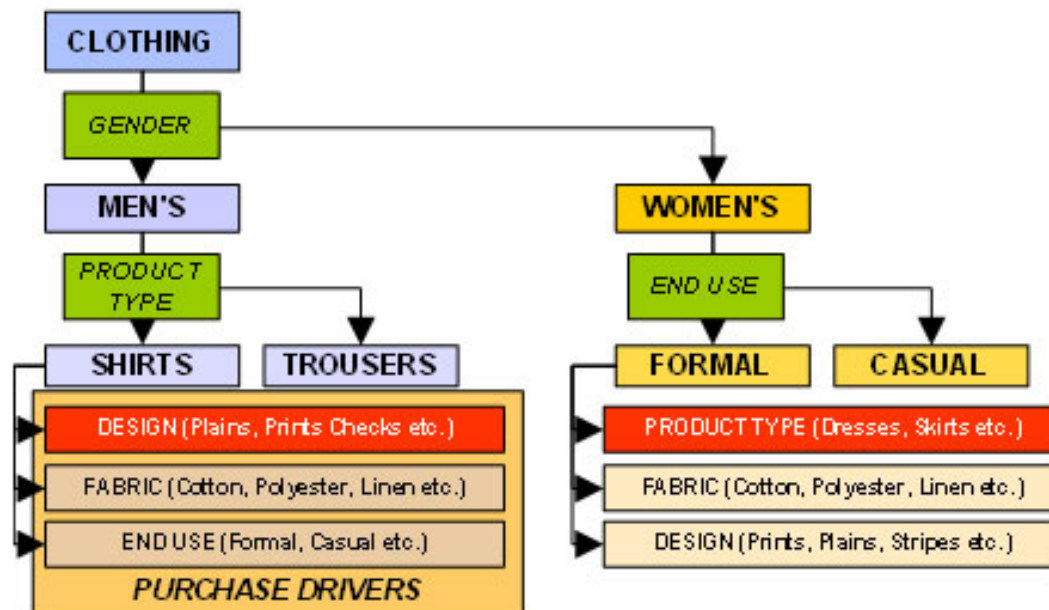


CSF 5

Remember that AP is
a visual process

CSF 6

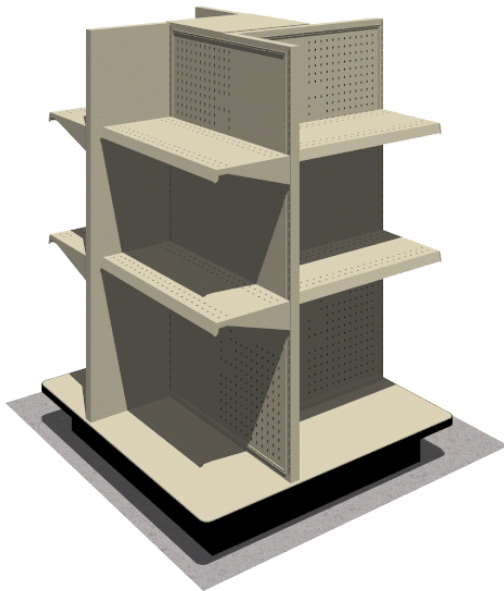
Get your hierarchy right



CSF 7

Choose the best basis for clustering stores

Space



Volume

Grade 1 - >\$3.5m

Grade 2 - >\$2.0m < \$3.5m

Grade 3 - >\$1.0m < \$2.0m

Grade 4 - >\$0.5m < \$1.0m

CSF 8 Attribute Management

Vendor

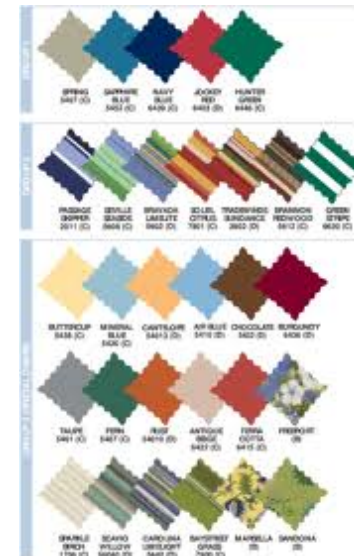
Color



Brand



Fabric



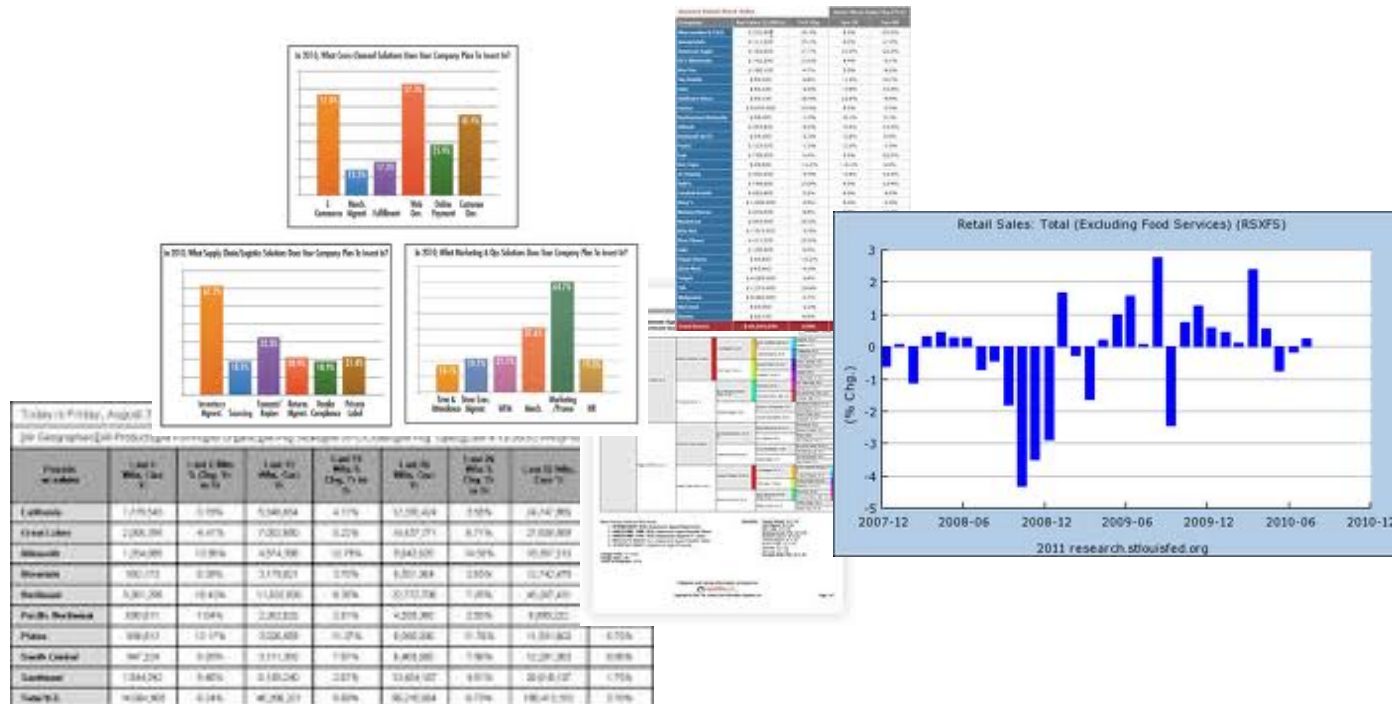
Price Point

\$29.99 – \$39.99

\$19.99 - \$29.99

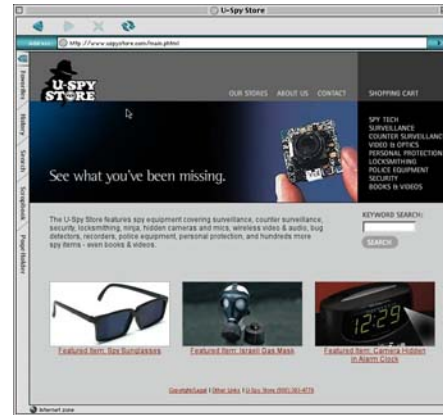
\$10.99 - \$19.99

CSF 9 Reporting



CSF 10

Remember this is a multi-channel world



CSF 11

Apparel - size really matters

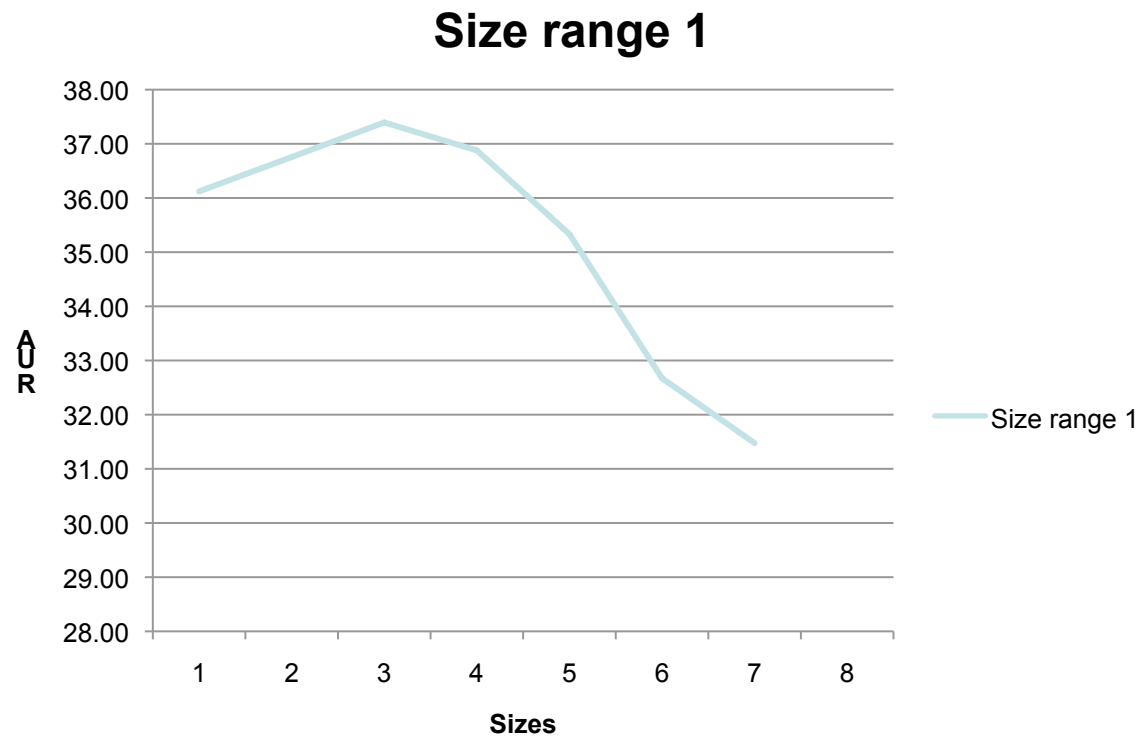
T-SHIRTS		STANDARD CUT (cm)				
MEN		S	M	L	XL	XXL
A		69	71.5	74	76.5	79
B		53	55.5	58	60.5	63
C		53	55.5	58	60.5	63
D		53	55.5	58	60.5	63

T-SHIRTS		STANDARD CUT (cm)			
LADIES		XS	S	M	L
A		59	61.5	64	66.5
B		44	46.5	49	51.5
C		42	44.5	47	49.5
D		33	35.5	38	40.5

T-SHIRTS		STANDARD CUT (cm)			
Kids		6 years	8 years	10 years	12 years
A		54	56.5	59	61.5
B		38	40.5	43	45.5
C		38	40.5	43	45.5
D		38	40.5	43	45.5



Sizing errors are more costly than you think





CSF 12
Change management

Stocking The Inventory Optimization Toolbox



July 26, 2012

Who We Are

- A boutique retail consulting practice
- Formed in 2007, with an ongoing presence in Retail RFID dating back to 2000
- Led by former leaders of RFID practices at Kurt Salmon, Verisign, Capgemini
- Advisors to brands, retailers, technology companies and industry associations
- A mix of strategy, operations, technology consulting and project management

Typical Services

- Executive level advisory support
- Business case analysis
- Vendor selection
- Designing/managing retail implementations
- Training, change management and business process re-engineering
- Implementation roadmaps

Retail Adoption By Sector



FAST



SLOW



GLACIAL

Major Retail Announcements

“We are going 100% RFID with ticketing this fall. So February 1st next year, the entire Penney's platform will be on RFID tickets.”



PHOTO: ASTRID STADIERZ/GETTY IMAGES

Ron Johnson
CEO
JC Penney
July 18, 2012

Major Retail Announcements

- Every footwear department by August 2012
- All “replenishment” categories will be tagged, with cycle counts in all stores by April 2013
- Actively exploring fragrances and jewelry



Peter Longo
President, Logistics & Operations
Macy's Inc
June 5, 2012

RFID = Inventory Accuracy

Method	Cycle Counts Per Year	Rate of Deterioration of Accuracy
Barcode	1-2	2-3% per month
RFID	12-24	3-5% per year

Source: Macy's Inc

Promises Must Be Kept

Store Locator | Email Savings | Customer Service ▼ | Sears Credit Cards ▼

sign in or register

sears

Enter keyword or item # GO

My Profile Lists Cart

Departments Local Ad Deals ▼ Parts & Services ▼ Gifts Gift Cards Gift Registry En espanol Share Feedback

get it today with free store pick up SHOP YOUR WAY REWARDS member exclusives see today's Deal of the Day

Customer Service > 5 Minute Guarantee

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Email Us

Sears.com
1-800-697-3277
Email Us

Click to Call

Click to Chat

Sears.com en Espanol
1-800-377-8634

Sears International
Email Us

5 Minute Guarantee

Your last-minute gift lifesaver

See eligible categories below

It's Easy! Fast! And Guaranteed!

Step 1: Choose your item(s)
Step 2: Choose "Pick Up In Store"
Step 3: Enter your Zip Code and choose the store most convenient for you.
Step 4: Place your order and await your email confirmation.
Step 5: Pick up your order

- Go to your store's Merchandise Kiosk with your email confirmation OR
- NEW!* Drive to the curbside location near Merchandise Pickup and follow the instructions on the posted sign. An associate will verify your email confirmation or credit card, retrieve your item and bring it out to load into your car.

Step 6: You'll receive your item in 5 minutes or get a \$5 coupon good for your next in-store purchase!

Customer Service Homepage

Store Information

- Find a Store
- Buy Online Pick-up in Store
- 5 Minute Guarantee
- Instore Purchases

“You'll receive your item in 5 minutes or get a \$5 coupon good for your next in-store purchase.”

Inaccuracy No Longer Tolerable

Customer Facing

- Buy Online, Pick Up At Store
- Reserve Online, Pick Up At Store
- Real-Time Locator Systems

Invisible To Customer

- Ship From Store

Solidify Your Foundation



Retailers are investing heavily in sophisticated analytical tools.

But the underlying data remains squishy!

Climb Higher With RFID

www.rfidsherpas.com

marshall.kay@rfidsherpas.com

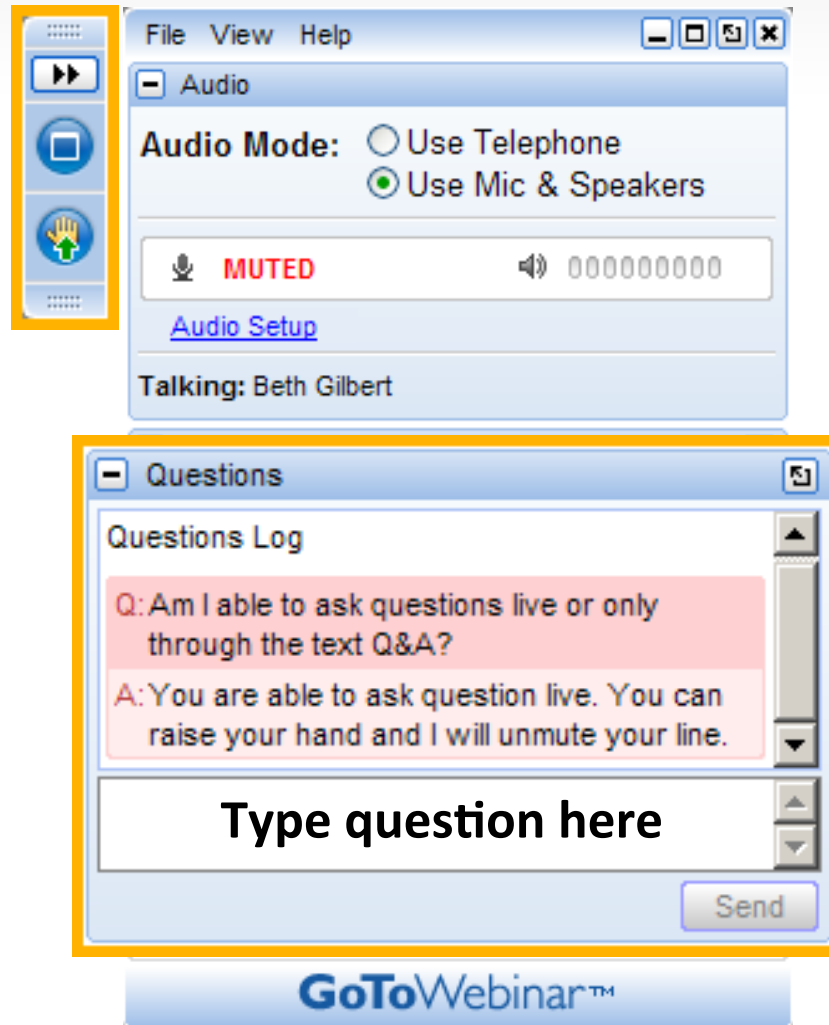
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About Zebra Technologies



A global leader respected for innovation and reliability, Zebra Technologies Corporation (NASDAQ: ZBRA) offers technologies that give a virtual voice to an organization's assets, people and transactions, enabling organizations to unlock greater business value. The company's extensive portfolio of marking and printing technologies, including RFID and real-time location solutions, illuminates mission-critical information to help customers take smarter business actions. For more information about Zebra's solutions, visit www.zebra.com.

Q&A // Submit Your Questions



Q&A



Rick Amari
CEO
Columbus Consulting



Marshall Kay
Principal
RFID Sherpas



Marty Johnson
Product Manager
Zebra Technologies

Thank You For Attending This Webinar

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<http://rtou.ch/optimizeinventory>

