

Analytics-Driven Forecasting and Replenishment Solutions

Defining the strategy and developing new processes to support the deployment of new forecasting and replenishment solutions, bolstered by advanced analytics capabilities

The Client

A \$4B+ full line department store retailer with product categories across apparel, cosmetics, home, and shoes.

The Challenge

This retailer was deploying multiple solutions across various merchandising and planning functions.

While foundational capabilities were required, much of the business case and expected benefits were based on improvements in forecasting and replenishment. Existing forecasting processes were supported with manual and Excel-based solutions.

Further, with replenishment business volume representing approximately 35% of overall sales, the rudimentary legacy system had limited capabilities for managing various product types and categories.

The Parker Avery Solution

Members of the Parker Avery analytics team assisted the client in defining the strategy, developing new processes, and outlining a detailed action plan. The scope included configuring, testing, training, and deploying new solutions to manage forecasting and replenishment, bolstered by analytics capabilities.

Working closely with the client, the Parker Avery team focused on business process transformation supported by advanced analytics and deep industry expertise to enable the following key capabilities:

- Use of single demand forecast for more granular view of future replenishment demand



- Scientific forecast, leveraging history, promotions, and causal factors
- More options to manage different kinds of product on replenishment
- Better ability to account for presentation needs at the store level
- Ability to model scenarios in real-time
- Increased visibility to long term forecasts to maximize opportunity and mitigate risk
- Use of size-profile analytics to drive SKU/store precision in replenishment

The Result

As a result of the project, the client conservatively expects:

- Projected 50 bps improvement in store in-stock rates within the first year
- A one-time inventory reduction of approximately \$25M
- At maturity, recurring inventory improvement of \$600M annually, sales improvement of \$44M per year, and margin improvement of \$12M per year