



## New Merchandise Hierarchy Improves Planning and Allocation

*Design and execution of a new merchandise hierarchy resulting in substantially improved results across financial planning, assortment planning, and store allocation*



### The Client

An American big box retail chain carrying over 50,000 unique SKUs across furniture, mirrors, rugs, art, housewares, tabletop, patio, seasonal, and other home décor products throughout 225 retail stores in 40 states as well as online.

### The Challenge

The client was preparing to make several investments in its future growth strategy and business enablement. While these were largely through the implementation of new planning systems and capabilities, the company needed to ensure that the foundational data was organized correctly to allow for optimal planning and analysis.

Additionally, they had difficulty analyzing their weekly results due to inconsistencies in their merchandise hierarchy across divisions. The merchandising teams spent a great deal of time manually realigning the product data for their website to improve customer experience and search accuracies. Further, there were important strategic category offerings that needed more robust planning targets with consistent visibility across the business.

### The Parker Avery Solution

Parker Avery used a comprehensive approach to review and create a new merchandise hierarchy that would help optimize the current data structure as well as improve focus and accuracy related to planning and assortment analysis.

The Parker Avery team provided merchandising expertise and led the following activities:

- Reviewed current merchandise hierarchy alignment by sales volume, markup, SKU count, category alignment, strategic growth/impact, and typical customer choice pattern
- Identified and compared top 7-8 competitor merchandise hierarchy structures and web search capabilities to better understand customer choice patterns and category name recognition

- Created a comprehensive before/after matrix to help communicate exact changes to be executed
- Reviewed proposed changes in detail with merchandising leadership and cross-functional organization leads to ensure strategic and operational integrity would be maintained
- Outlined change impacts and subsequent needed responses (training, reports, etc.)
- Created a “next steps” time and action plan to ensure efficient execution

### The Result

The client adopted the recommended merchandise hierarchy prior to the planning system implementation. Their new hierarchy has substantially improved efficacy across financial planning and assortment planning, as well as enabled more effective store allocation results due to more precise trend visibility. The improved cross-departmental visibility reduced workload related to ad-hoc analysis and website maintenance. The retailer more closely aligns with major competitors, allowing easier competitive review of product offerings and a stronger alignment with customer choice expectations.