

New Forecasting and Replenishment Solution to Optimize Bottom Line

Client Challenge

This \$4B+ department store retailer's product categories span apparel, cosmetics, home, and shoes. The company's existing forecasting processes were supported with manual and Excel-based solutions. Further, with replenishment business volume representing approximately 35% of overall sales, the retailer's rudimentary legacy system had limited capabilities for managing various product types and categories.

The client was deploying multiple new solutions across various merchandising and planning functions. In addition to modernizing foundational capabilities, most of the business case and expected benefits were based on the forecasting and replenishment solution driving bottom-line improvements.

Parker Avery Solution

Parker Avery's analytics team assisted the client in defining the strategy and outlining a detailed implementation plan for the new solutions. The scope included configuring, testing, training, and deploying a new forecasting and replenishment solution, 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 a more granular view of future replenishment demand

- Scientific forecast, leveraging history, promotions, and causal factors
- More options to manage different kinds of products on replenishment
- 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

PROJECTED RESULTS



IN-STOCK
IMPROVEMENT



INCREASED
REVENUES



INCREASED
MARGIN

As a result of the forecasting and replenishment solution implementation, the client conservatively expects a 20-basis point improvement for in-stock rates, a \$13 million improvement in inventory, an \$18 million increase in sales, and a \$7 million increase in margin.