

# New Merchandise Hierarchy Helps Improve Retail Planning and Allocation

## Client Challenge

The client is 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 over 240 retail stores in 40 states as well as online. The retailer 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, the client had difficulty analyzing weekly results due to inconsistencies in its 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 accuracy. Further, important strategic category offerings needed more robust planning targets with consistent visibility across the business.

## Parker Avery Solution

Parker Avery used a comprehensive approach to create a new merchandise hierarchy to optimize the current data structure and improve focus and accuracy related to planning and assortment analysis. Parker Avery provided merchandising expertise and led the following activities:

- Reviewed current merchandise hierarchy by sales volume, markup, SKU count, category alignment, strategic growth/impact, and typical customer choice pattern
- Compared top 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 the exact changes to be executed
- Reviewed proposed changes in detail with merchandising leadership and cross-functional organization leads to ensure adherence to strategic and operational integrity
- Outlined change impacts and subsequent needed responses (training, reports, etc.)
- Created a 'next steps' time and action plan to ensure efficient execution

## RESULTS



PLANNING AND  
ALLOCATION  
RESULTS  
IMPROVED



ANALYSIS  
AND WEBSITE  
WORKLOADS  
REDUCED



STRONGER  
COMPETITIVE  
ALIGNMENT  
ACHIEVED

The client adopted the recommended merchandise hierarchy before 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 the 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.