

POWERING INTELLIGENT MERCHANDISING DECISIONS WITH ALGORITHMS

Align demand and supply, automate key processes, and get prescriptive recommendations to improve retail decisions to drive profitable sales and growth.

The present environment has changed the rules of retail permanently and retailers need innovative approaches to manage customer expectations to succeed in a fast, complex, and unified omnichannel retail environment. To drive best outcomes, react quickly to market dynamics and consistently meet customer expectations, forward thinking retailers are increasingly leaning on AI powered analytics for their merchandising decisions.



Key benefits

improvement in
product in-stock ratio

9%

increase in sales
target achievement

8%

reduction in inventory
carrying cost

4%

increase in
promotions

5%

Merchandise Analytics comprises of retail specific algorithmic models for forecasting, assortment planning, store clustering, in-season inventory management, inter-store transfers and markdown optimization. It also provides out - of - the - box retail best practices and industry standard (ART) compliant analytic data models with hundreds of retail specific KPIs to measure business performance. These preconfigured, functionality centric modules help in instantaneous root cause analysis and insight driven actions covering the complete merchandising process related to Sales, Buying, Inventory, Assortment, Promotions and Pricing. Customized workflows and alerts help align and enhance the planning process and execution.

Algonomy Merchandise Analytics helps

Reduce Opportunity loss

Plan better with
predictive models

Respond intelligently

Identify anomalies/ exceptions
with prescriptive analytics

Deliver faster execution

Manage customer expectations
with automation



Merchandise Analytics

Algonomy Merchandise Analytics capabilities span the full spectrum of analytics from descriptive to prescriptive. These capabilities enable retailers accurately predict demand, pre-empt anomalies and receive business recommendations to consistently drive the best outcomes.

Forecasting and Demand Planning

The Algorithms are designed and tuned for fashion (shorter life cycle) products as well as core essentials like Grocery (longer life cycle) products. This leads to precise demand prediction at a granular level. An ensemble of ML driven algorithms allows for 'tuning' the output against causal factors, rules to normalize historical data anomalies related to inventory issues or store closures and parameters to fine tune trend mapping and growth.

Algorithmic breadth and depth helps identify the variety of products and the right quantities and determine high, medium, and low contributing groups to help focus on the ones that will meet buying budgets and business objectives.

Reduce opportunity loss and excess stock situations with automated size profile and optimal size packs that are sensitive to local customer preferences and define a single optimized size pack across all stores.

Assortment Planning

Store Clustering

Automatically grade and group stores and tailor assortments to cater to localized customer preferences by segmenting stores based on performance and non-performance factors like store type, size, customer segments or value positioning. These clustered geos or stores can then be used to plan assortments and planograms and to make decisions at a store cluster level.

Style Intelligence

Visual AI based style intelligence provides market intelligence of top selling attributes and qualitative feedback for granular assortment planning. It also provides top products ranked based on 'inspirational brands' helping retailers curate assortments that are based on market and future trends

Calculate the quantity for inter-store transfers which are then prioritized and rationed with the available inventory (warehouse or stores) to balance the inventory across locations with better demand. It helps create SKU or size set-level distributions to adjust assortments for recent trends and elect distribution strategies for hold backs for subsequent re-allocations. The inclusion of constraints and capacities prior to execution helps to create the optimal 'push' to stores and channels.

Inter-store Transfers

In-season Inventory Management

Manage in-season inventory based on the initial response and sales trend to predict overstock and understocked products for the end of season, and plan for corrective measures like pending order cancellations, inventory transfer or markdowns.

Achieve specific target sales, inventory or margin objectives with automated markdown or discount percentage with rule based what-if scenarios. Elasticity and optimization models capture historical response of the product to discount and promotions with an array of parameters to fine tune results. In-built workflows with multi-level approval mechanism ensure only authorized changes are written back to various corporate systems.

Markdown and promotion optimization

Forrester Wave: Retail Planning, Q1 2020 – Strong Performer

ALGONOMY

Algonomy empowers leading brands to become digital-first with the industry's only real-time CDP platform with built-in customer activation and analytics for the retail industry. With its comprehensive AI-driven solution, retailers can anticipate and respond to changing conditions while delivering highly personalized experiences to shoppers across all touchpoints. Algonomy is a trusted partner to more than 400 global retailers and offers unmatched retail expertise and breadth of digital best practices across data management, marketing, merchandising, analytics and ecommerce. For more information about Algonomy, visit www.algonomy.com.