

SAP® MERCHANDISE AND ASSORTMENT PLANNING

AN INTEGRATED, SHOPPER-CENTRIC APPROACH TO MERCHANDISING

Meet the challenges of today's retail marketplace with integrated solutions enabled by the SAP® Merchandise and Assortment Planning application. The application allows you to stay focused on shoppers' needs and to plan and execute based on real-time performance metrics and powerful planning and simulation functions.



Like most retailers today, you are facing increased competition from new challengers in the marketplace. Thanks to the cutbacks that shoppers have made in their budgets, retailing has become a zero-sum game. There is only one way to win it: offer shoppers the kind of products they want when they want them, conveniently, and at reasonable prices. Winning demands your ability to open new stores if needed and to ensure multichannel product availability. That's why it is more important than ever to take a realistic, executable, but holistic approach to your merchandising life cycle – an approach that focuses on the specific demands of your shoppers and the positioning of your competitors.

The SAP® Merchandise and Assortment Planning application is the only fully integrated retail planning solution to bring together comprehensive, real-time performance metrics with powerful planning and simulation functions. It supports your need to select product assortments based on local shopper preferences so you can balance your most controllable investment – your merchandise inventory – profitably. The application also helps ensure that your finance and merchandising departments, store operations, and trading partners are all planning and executing according to common objectives.

End-to-End Support

SAP Merchandise and Assortment Planning brings effective planning processes to your entire organization. It extends beyond the four key planning functions – strategic, location, merchan-

dise, and assortment planning – to integrate with markdown planning, shelf optimization, style management, purchasing, and allocation functions. By connecting these planning and execution processes, it puts you in an ideal position to maximize profits and adapt quickly to changing market conditions.

From strategic decision making all the way through to the allocation of products to stores, SAP Merchandise and Assortment Planning paves the way to seamless integration. Not only does it enable you to create plans based on preexisting templates, it helps assure that those plans are executed as intended – whether your retail merchandising system is from the SAP for Retail solution portfolio or from a third party. Designed to meet the challenges of a complex retail industry, the application closes the gaps between analysis, simulation, planning, and execution.

Strategic Planning: Optimize Every Sales Channel

If you're like many retailers, your store, catalog, and Web inventories are planned and managed independently. This makes it difficult to set strategic business objectives that dictate the direction of multichannel merchandising. SAP Merchandise and Assortment Planning delivers data from a single, central source and provides top managers with the tools they need to make profitable decisions. It helps you create long-term, company-wide, and channel-specific strategic plans using quantitative performance measures such as market share, sales growth, and overall profitability targets. And – when you

have found the winning strategy – it lets you cascade these plans down to lower levels for detailed merchandise, location, and assortment planning with a single click.

Designed to accommodate your planners' busy schedules, the application supports a process flow that accelerates planning from start to finish. In addition, it includes a monitor that lets you track the status of tasks throughout the planning cycle. You can define workflows that support the planning process across your organization, from planning through approval, revisions, and finalization.

Location Planning: Align Plans for Future Growth

Store openings, closures, moves, and renovations are a part of everyday life at your company. To ensure these

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investments are sound, you need vital data on regional marketing, competition, demographic shifts, preferences,

and capacity. SAP Merchandise and Assortment Planning facilitates the integration of corporate location plans into store management plans and vice versa. Your store managers can submit their proposals for review and acceptance quickly and easily via a Web link. And by maintaining weekly sales and inventory plans by store, you can identify and react to sales trends much earlier, making the most profitable use of merchandise inventories. Designed around industry best practices, these plans help enhance profitability and maximize sales.

Merchandise Planning: Analyze, Identify Profit Opportunities

Merchandise planning is part science, part art. It involves balancing the science of sales and inventory management with the art of identifying the merchandise shoppers need. This balance is critical to your success. If you have insufficient stock, your sales suffer; if you have unsold merchandise that must be marked down, your margins shrink. SAP Merchandise and Assortment Planning provides metrics on every level of the hierarchy, helping your decision makers find the ideal balance between these two extremes.

You can evaluate sales, margins, markdowns, shrinkage, purchasing, inventory levels, and other key performance indicators – on screen, in real time. And thanks to real-time integration between your open-to-buy plan and your purchasing system, purchase orders that could result in overstocks automatically trigger alerts in line with your pre-defined tolerance limits.

Assortment Planning: Get the Right Product Mix

How do you plan and manage thousands of products? With software that helps ensure you have the right products in the right stores at the right time – software that helps you anticipate what your shoppers are looking for and build a product mix that attracts them. To present localized, shopper-centric assortments, you need to start from localized, shopper-centric plans.

SAP Merchandise and Assortment Planning includes powerful and intuitive functions for defining style, color, and product plans according to regional, demographic, capacity, and price variations. Your planners can run standard assortment assessment reports to evaluate the mix and performance of each assortment before it is approved. What's more, you can integrate your assortment plans with your shelf optimization system to help ensure the right products are placed on the right shelves. Best of all, your assortment plan is continuously compared with in-season sales and inventory performance to generate alerts when overstocks and understocks are forecast. By ensuring each assortment is attractive to your target shoppers and profitable to your bottom line, your company benefits from faster inventory turns, decreased lost sales, and fewer markdowns.

Prebuilt Templates for Retail Planning

SAP has created templates for retailers who want a high-quality planning solu-

tion in the shortest possible time. The templates are based on SAP's extensive planning experience across many industries as well as on the comprehensive retail planning knowledge and experience acquired by SAP and its partners.

SAP Merchandise and Assortment Planning has templates to support two planning approaches, the retail method of accounting and the cost method of accounting. In addition, it delivers business content for assortment planning that covers both seasonal and nonseasonal products.

The business content is prebuilt with key planning and performance metrics and links to external merchandise management and supply-chain systems. The templates are complete enough to use immediately but can be tailored to your specific retail planning processes. Intuitively formatted reports offer exactly the information you need for monitoring trends and identifying exceptions – eliminating the need to wade through unnecessary data. With SAP software, you can reap the rewards of an integrated planning system in only a few months. And it's all comprehensively documented and wrapped in a planner-friendly interface.

Powerful Planning Functionality

SAP Merchandise and Assortment Planning offers a wide range of benefits, including the functions needed to “seed” new plans with values from a forecast or from last year, last season, or last month. Numerous forecasting

techniques are available, from basic regression through exponential smoothing and long-range forecasting that takes seasonality and recent trends into consideration.

And new functionality makes it possible to:

- Plan units, cost, or retail in every currency
- Plan by hierarchy, as well as plan by alternate hierarchies (such as attributes)
- Roll up and roll down plans from any level
- Attach documents – to any level of the plan
- Help ensure 100% process compliance via business workflow functions

With the SAP application, you can use predefined planning templates to achieve faster time to benefit as well as analyze preseason and in-season plans on an exception basis using automated alerts. Via open interfaces, you can control your procurement and open-to-buy, allocation, product creation, and markdown processes. You can propose in-season markdowns automatically, based on business rules you define. And you can enable store managers, field associates, and suppliers to plan as a team, using the Web-based front end of the planning solution.

Integrated Planning Benefits

By connecting SAP Merchandise and Assortment Planning functions to SAP for Retail solutions, you can create the ultimate integrated merchandise life-cycle solution. With integrated software

With integrated software supporting an end-to-end planning system, you can put your plans into practice – and reap rewards that include lower inventory levels, improved sales and margins, and satisfied shoppers.

that supports an end-to-end planning system, you put your plans into practice and reap rewards that include lower inventory levels, improved sales and margins, and satisfied shoppers who can find the products they need.

In addition to SAP Merchandise and Assortment Planning, there are several other solutions available from SAP that allow you to address all merchandising needs throughout the entire life cycle of your products. These solutions cover merchandise management, price optimization, promotion optimization and planning, and markdown optimization.

For More Information

To learn how SAP Merchandise and Assortment Planning and other SAP for Retail solutions can help you meet the challenges of today's complex marketplace, call your SAP representative or visit us online at www.sap.com/retail.

Summary

The SAP® Merchandise and Assortment Planning application is the only fully integrated retail planning solution to bring together comprehensive, real-time performance metrics with powerful planning and simulation functions. Based on local shopper preferences, it lets you plan as well as execute plans and balance your merchandise inventory profitably.

Business Challenges

- Meet the competitive demands of a complex retail marketplace
- Take a holistic, shopper-focused approach to the merchandising life cycle
- Balance inventory to avoid the dangers of overstocking and understocking products
- Enable collaboration among all who contribute to your planning process

Supported Business Processes and Software Functions

- **Strategic planning** – Deliver data from a single, central source and provide top managers with the tools they need to make profitable decisions
- **Location planning** – Integrate corporate location plans into store management plans and vice versa; communicate plans via a Web link
- **Merchandise planning** – Balance real-time sales and inventory data with shopper needs to create a profitable inventory balance
- **Assortment planning** – Define shopper needs according to regional, demographic, capacity, and price considerations

Business Benefits

- **“Seed” new plans** using values from a forecast or from last year, last season, or last month
- **Help ensure 100% process compliance** via business workflow functions
- **Achieve faster time to benefit** using predefined planning templates
- **Analyze preseason and in-season plans** on an exception basis using automatic alerts
- **Provide collaboration** via Web-based exchanges
- **Control procurement and other processes** using open interfaces
- **Propose in-season markdowns automatically** based on rules you define

For More Information

Call your SAP representative or visit us online at www.sap.com/retail.

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