SAS® MERCHANDISE INTELLIGENCE

Make the right decisions through every stage of the merchandise life cycle

THE
POWER
TO KNOW®

Deliver profitable returns and rewarding customer experiences

Smaller margins, demanding customers

Which merchandise do we stock in which stores? Where do we display products on the shelves? Which items should we promote? These are the classic merchandising questions, and they are just as important today as always – only now they're harder to answer.

Many merchants must consider hundreds of stores and thousands of SKUs when making decisions. Industry pressures have changed the profit implications of merchandising decisions as well. Brand loyalty and margins have withered as competition has swelled. Suppliers are more informed. Industry consolidation is accelerating.

Retailers need a way to maximize the profitability of the merchandising process while exceeding customer expectations – a system that provides more valuable information about demand, customer behavior, category performance, optimal allocations and more. Most of all, this information needs to be available from one source, so it can be accessed and used quickly to make more profitable merchandising decisions.

Right Merchandise. Right Place. Right Price.

Only SAS Merchandise Intelligence provides real intelligence at every step of the merchandise life cycle. With this collection of software and services, you can maximize the profitability of the merchandising process while improving customer loyalty and satisfaction levels. Retailers get reporting, planning, forecasting and optimization at critical points through the planning process, which leads to faster and better decisions.

SAS Merchandise Intelligence integrates capabilities for pre-season and in-season management using a single database platform and analytics engine. Predictive modeling, robust forecasting, data mining and business intelligence provide for optimized financial and merchandise plans that will deliver profitable returns and rewarding customer experiences.

By understanding the merchandise mix that sells best for each store, you can plan and allocate inventory more effectively. Cost reductions can be achieved through optimized packaging and collaboration with vendors. Analysis and monitoring of performance at the store or store cluster level occurs through integrated reporting and analytics.

Gain an integrated view of the entire merchandise life cycle

SAS empowers you to streamline the merchandise life cycle by giving you insight into the entire process with workflow management and intuitive reports; an infrastructure built to support business users in top-down and bottom-up planning; and vital business insights provided by advanced analytics. Forecasting capabilities help you reduce the guesswork in financial and assortment plans, so you don't repeat last season's mistakes. Optimization techniques let you identify hidden opportunities to maximize profit and revenue throughout the life cycle.

- **Accurate pre-season planning –** Create more accurate pre-season forecasts based on consumer demand and last season's performance. Integrate that knowledge into strategic financial plans, preseason merchandise assortments, space plans and allocation plans. Set assortment strategies considering price, customer profiling and overall product rationalization. Such assortment plans support the core assortment, initial price, markdown budget, promotional lift, size mix, customer profiles and receipt plans. Space planning with SAS ensures effective visual presentation and category execution. SAS helps you achieve the right balance between merchandise plans and the actual allocation of goods, which means that stores consistently deliver their expected profitability levels throughout the season.

- **Proactive in-season planning –** Safeguard revenues and margins through a planning lifecycle approach to pricing, which includes everyday pricing, promotional planning and markdown optimization. Ensure that allocations apply information about recent trends to store capacities in the stockroom and on the store floor. Create and manage merchandise plans at the category, department, class and location levels. Even influence the market basket by linking advance knowledge of customer behavior to in-season management. Develop successful exit strategies using sell-through and opportunity-cost analysis.

In short, SAS Merchandise Intelligence helps you plan and execute throughout the merchandise life cycle – from creating financial plans to recommending orders and executing allocation. SAS then helps you review trends and performance to loop the process back into itself for improvement during the next season.

Exceed customer expectations

When coupled with SAS solutions for customer intelligence, SAS Merchandise Intelligence helps you understand what customers want and what they are buying, so you can make appropriate decisions throughout the merchandise life cycle. With SAS you can use information about customer shopping habits and channel preferences to develop more targeted, profitable plans.

■ Solution

The solution is the only integrated suite of robust merchandise planning and decision management business applications that enables merchandising teams to execute every step of the product life cycle.

This suite includes applications for merchandise financial, assortment, space, allocation and replenishment planning complemented by a full revenue-optimization solution that spans the entire pricing lifecycle from regular through markdown price optimization.

All applications in the suite leverage powerful forecasting, data mining and optimization analytics from the common SAS®9 platform to infuse critical information and insight into every step of the merchandise life cycle. It leads to faster and better decisions regarding reporting, forecasting and optimization of the planning process.

SAS predictive analytics allow retailers to anticipate future trends instead of just reacting to past results.

Leverage powerful forecasting, data mining and optimization analytics

Drive revenue, protect margins and earn customer loyalty with optimized merchandise plans, assortments, pricing, promotions, space plans and allocations – all driven by unparalleled demand forecasting and predictive analytics.

Infused with analytics

The entire SAS Merchandise Intelligence suite is infused with analytics from the common SAS®9 platform. All applications in the suite leverage powerful forecasting, data mining and optimization analytics throughout the merchandise life cycle as shown in the graphic below.

SAS Merchandise Intelligence provides robust planning and analytics capabilities for every stage of the merchandise life cycle. SAS Merchandise Intelligence business applications also handle the entire range of merchandise – from fashion apparel to general merchandise, grocery, electronics and fast-moving consumer packaged goods.

Merchandise Intelligence

- DM Data Mining & Statistics
- O Optimization
- F Forecasting

Assortment Strategy
Merchandise Plan
Assortment Plan
Strategic Plan
Space Plan
Review Last Season and Trends
Merchandising Data Warehouse
Pre-Season
In-Season
Exit Strategies
Adjustments to Receipt Plans (OTB)
Purchase, Allocate Replenish
In-Season Assortment Decisions
Ad Item Selection Event Forecasting
Market-Level Promotional Markdowns
Market-Level Price Changes

Integration and insight from a complete solution – no more silos

SAS Merchandise Intelligence provides automation and intelligence to help you easily manage the merchandise life cycle. Although point solutions or legacy applications may interface with each other, they are not integrated within a single application suite. With SAS, merchandising decisions will no longer be made in disconnected silos. Rather, each action will fit within an integrated business process. The integrated solution includes:

- **Performance analysis** — Identify trends, gaps and opportunities by analyzing the performance of current or historical data at any level of the location, time or merchandise hierarchy.

- **Financial planning** — Set merchandise financial goals based on stores' past, present and future demand.

- **In-season management** — Facilitate control of merchandise spending through open-to-buy, and quickly respond to emerging business trends to maximize inventory investments and reduce liabilities.

- **Assortment planning** – Build the ideal breadth and depth of product to match your customers' needs and support your financial goals.

- **Micromarketing** — Make sure your customers are getting the products they want by creating intelligent, tailored assortments based on groups or clusters of stores.

- **Space planning** — Visually merchandise active assortments to ensure a consistent shopping experience. Meet margin and inventory goals by assuring that available space is optimized.

- **Allocation and replenishment optimization** — Analyze store-specific needs and improve inventory management with allocation and replenishment for basic, fashion and promotional merchandise.

- **SAS Revenue Optimization Suite** — Full pricing lifecycle suite that includes regular, promotion and markdown price optimization solutions.

- **SAS Demand Forecasting for Retail** — Highly scalable and automated solution that provides forecasts for all planning needs from store/SKU replenishment to the initial seeding of higher-level merchandise plans.

SAS Merchandise Intelligence provides insights through predictive modeling, analytics, robust forecasting, data mining and business intelligence — a range of capabilities unavailable from any other single vendor. SAS also provides a common technology platform, which gives business users the ability to have a single, up-to-date and accurate view of relevant information using data aggregated from every source throughout the enterprise.

■ **SAS and the retail industry**

SAS offers retailer executives unique competitive advantages for their organizations. CEOs, CFOs, Executive VPs of merchandising, CMOs and CIOs trust SAS for mission-critical business applications to drive shareholder value.

SAS drives top-line results in the highly competitive retail industry by offering predictive performance management for executives; customer intelligence for more effective marketing and understanding consumer buying behavior; operational intelligence for in-store and back-office analytics; and merchandise intelligence for integrated merchandise planning, full lifecycle price optimization, demand forecasting, allocation and in-season management.

Merchants can no longer base critical merchandising decisions on intuition or historical reports and expect the desired results.

Anticipate future trends instead of just reacting to past results

Comprehensive retail intelligence

SAS Merchandise Intelligence is just one part of SAS' vision for complete retail intelligence. Retailers can employ a wide range of powerful SAS solutions, all built on a common retail business intelligence platform to allow for rapid integration and lower total cost of ownership. These solutions offer nearly three decades of SAS retail analytics experience and merchandising best practices. No other vendor offers such a comprehensive, integrated set of solutions for retailers:

- **SAS Customer Intelligence** — Identify, acquire, activate, serve and retain profitable customers.

- **SAS Merchandise Intelligence** — Drive revenue, protect margins and earn customer loyalty with optimized merchandise plans, assortments, demand forecasts, pricing, promotions, space plans and allocations.

- **SAS Operational Intelligence** — Leverage organizational assets to serve customers and trade with vendors efficiently and profitably.

- **SAS Performance Management** – Analyze, forecast and maximize profits across the entire value chain and monitor performance toward common goals.

About SAS

SAS is the leader in business intelligence software and services. Customers at 40,000 sites, including 96 of the top 100 FORTUNE Global 500® companies, use SAS software to manage and gain insights from vast amounts of data, resulting in faster, more accurate business decisions; more profitable relationships with customers and suppliers; compliance with governmental regulations; research breakthroughs; and better products. Only SAS offers leading data integration, intelligence storage, advanced analytics and business intelligence applications within a comprehensive enterprise intelligence platform. Since 1976, SAS has been giving customers around the world THE POWER TO KNOW.®

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