

For: Application
Development
& Delivery
Professionals

The Forrester Wave™: Retail Planning Solutions, Q2 2014

by George Lawrie, April 8, 2014

KEY TAKEAWAYS

Retail Planning Solutions Drive Transformation To Sharper Customer Focus

Retailers need to target assortments to specific consumer audiences. AD&D professionals must help colleagues struggling with sequential spreadsheets to evaluate modern solutions that integrate in real-time merchandise financial plans, forecasts, and buying options, to deliver on the promise of consumer-centric assortments.

Retail Planning Solutions Turn Cross-Channel Insight Into Action

The retail planning solutions market is transitioning from a market dominated by services and tools to one providing applications that integrate, in real-time, planning, buying, allocation, and pricing processes incorporating predictive science to enable merchants to apply their insight to a wider range of short life merchandise.

Scalability, Integration, And Personalization Are Key Differentiators In Retail Planning

Merchants have reached the limit of retail planning by instinct and art, and they need to apply some science to scale their judgment. But to let go, they've got to trust and use the best tools available. Vendors providing transparent predictive analytics and test and personalized learn capabilities can most successfully help meet the challenge.



The Forrester Wave™: Retail Planning Solutions, Q2 2014

The 10 Providers That Matter Most And How They Stack Up

by [George Lawrie](#)

with [Holger Kisker, Ph.D.](#) and Victoria Boutan

WHY READ THIS REPORT

Retailers' profitability has always depended on the ability to turn inventory fast, since inventory is the principal asset on their balance sheets. Nothing influences inventory turn as much as effective planning to put the right combinations of attractive merchandise items in the right store or channel at the right time and right price. In the age of the customer, dominated by customer choice, retailers' ability to plan compelling assortments across channels and stores is more important than ever. In Forrester's 80-criteria evaluation of retail planning solution vendors, we identified the 10 most significant software providers in the category —Epicor, IBM, JDA Software, JustEnough, Micros, Oracle, SAP, SAS, 7thonline, and SPI— and researched, analyzed, and scored them. This report details our findings about how well each vendor fulfills our criteria and where they stand in relation to each other, to help application development and delivery (AD&D) professionals select the right partner and solution cross-channel retail planning for rapidly expanding ranges of short product life-cycle merchandise.

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Notes & Resources

Forrester conducted lab-based product evaluations in November 2013, December 2013, and January 2014 and interviewed 33 vendor and user companies, including Epicor, IBM, JDA Software, JustEnough, Micros, Oracle, SAP, SAS, 7thonline, and SPI.

Related Research Documents

[Prioritize Retail Technology Management Investments To Stay Competitive](#)

February 6, 2014

[Retool Your Retail Applications To Thrive On Digital Disruption](#)

September 5, 2013

[Planning Your Merchandise Makeover](#)

February 3, 2009



RETAIL PLANNING SOLUTIONS DRIVE “AGE OF THE CUSTOMER” RESPONSIVENESS

In earlier research Forrester reviewed retailers’ poor state of readiness for a tidal wave of change.¹ Digital disruption has brought to retail new competitors, as well as newly empowered consumers and a greatly increased range of merchandise. For years retailers used history and intuition sequentially to plan weekly sales and inventory balances, purchase orders, call-offs, and receipts, but now they must get smarter about retail planning to manage:

- **An extended range of merchandise.** Consumers can browse and buy online millions of merchandise line items at Amazon. A typical general merchant such as Target might carry only 80,000 items in a large format store and 40,000 in a small format store.² Retail is running on too much intuition and too little science to manage very large numbers of merchandise items.³
- **Shorter life merchandise.** The number of new product introductions in North American consumer packaged goods (CPG) companies alone was roughly 30,000 in 2004 and 120,000 in 2008.⁴ The number of new product introductions and line extensions of promotional variants continues to grow at a furious pace, with apparel brands like Zara managing 22 collections each year rather than the more leisurely four seasons of yesterday’s couturiers.
- **More compelling customized assortments.** For more than half a decade, retailers have sought to customize the assortments they “curate” to the idiosyncrasies of their chosen “audiences.”⁵ In 2009, Forrester published a self-assessment guide to maturity in developing compelling assortments. Enabling merchants to develop “bestseller” assortments requires systematic exploration of the myriad options available rather than the hunt and peck of human inspiration and spreadsheets.⁶

“We are trying to achieve revenue, margin, and market share objectives by manipulating the assortment breadth and depth, together with prices and promotions, without exceeding our space transportation or working capital limits. You just can’t do that on a spreadsheet.”
(AD&D professional supporting grocery category managers)

- **Consumers’ demand for immediate fulfillment.** Consumers want it now. eBay acquired Shutl in order to fulfill online orders within an hour in important markets.⁷ Amazon has articulated willingness to compete on speed of fulfillment of online orders.⁸
- **Consumers’ price sensitivity.** Consumers are hanging on to a recessionary mindset.⁹ Retailers consider that price and promotion optimization applications offer them the fastest return on investment (ROI).¹⁰

“It just doesn’t make sense to plan demand or forecast sales separately from price. We know that sales of steak are sensitive to the availability and price of charcoal, but everybody knows that the number of steaks you sell depends on the price you charge. Yet still we try to come up with a sales plan before we have figured out all the price nuisances.” (AD&D professional supporting grocery category managers)

- **Shareholder expectation.** Retailers’ principal asset is inventory. They make money for shareholders by turning inventory. Inventory turn depends on successful demand management, savvy allocation of inventory between locations and channels, and the art and science of creating compelling assortments.¹¹

RETAIL PLANNING SOLUTIONS EVALUATION OVERVIEW

To assess the state of the retail planning solutions market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of 11 top retail planning solutions vendors.

Evaluation Criteria Include Process Completeness, Scalability, And Adoption

After examining past research, user requirement assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 80 criteria, which we grouped into three high-level buckets:

- **Current offering.** We evaluated each solution’s ease of use, ability to manage merchandise definitions, plan assortments, and ability to forecast and manage demand and replenishment with pricing and promotions.
- **Strategy.** We evaluated each vendor’s deployment and licensing options, support for retail planning business case development and realization, strategic insight, and alignment.
- **Market presence.** To determine each vendor’s market presence, we considered revenues, user base, multichannel planning deployments, and ability to support multinational retailers.

Evaluated Vendors Meet Solution Completeness Criteria

Forrester focused on packaged applications for developing forecasts and inventory policies across channels and therefore faced a difficult decision in excluding those packaged application vendors best known in planning of space management. Forrester also excluded vendors that focus on process flow in developing an assortment rather than on mathematical modeling of uplift based on price, promotion, or assortment elasticity.

Forrester found a host of valuable solutions that support or complement retail planning, but we did not include them in the evaluation because of their special functional or market focus or because they deliver service- rather than product-based retail planning solutions. Some examples include:

- **Galleria.** Forrester excluded Galleria because its special strengths in space planning were less comparable to the data-driven statistical forecasting and planning capabilities of other vendors in the evaluation.
- **Island Pacific.** Forrester excluded Island Pacific, despite its well-known strengths in midrange retail planning, because this evaluation is focused on solutions deployed in large global retailers.
- **Predictix.** Forrester excluded Predictix, with its innovative test and learn software-as-a-service (SaaS), because it has a focus on service rather than packaged application delivery.
- **Quantum Retail.** Forrester excluded Quantum Retail's consumer-driven inventory planning, because although interesting and innovative, it is not comparable to the statistical forecasting and planning solutions from other vendors.
- **QuantiSense.** Forrester excluded QuantiSense, despite its history of inventory productivity and localized assortment analytics, because its new retail planning solution was as yet deployed in only one retailer, Destination XL.
- **Reflexis Systems.** Forrester excluded Reflexis because it offers a process-oriented assortment planning solution deployed at retailers like AutoZone, rather than a data and forecasting oriented planning solution.
- **Riversand Technologies.** Forrester excluded Riversand's Product Information Management solution, because although PIM is a foundation for effective retail planning, it's not comparable to the retail planning solutions from other vendors in the Forrester Wave evaluation.
- **TXT Maple Lake.** Forrester was impressed with TXT Maple Lake's planning capabilities deployed at retailers like Desigual and Louis Vuitton, but we received detailed data too late to include the solution in this evaluation.
- **UST Global.** Forrester appreciated UST's expertise in custom building or implementing assortment solutions and retail technology in general, but we could not find a packaged application for retail planning to include UST in this evaluation.

Forrester included 10 vendors in the assessment: Epicor, IBM, JDA Software, JustEnough, Micros, Oracle, SAP, SAS, 7thonline, and SPI. Forrester selected the vendors based on the following selection criteria (see Figure 1):

- **A complete packaged application offering for retail planning.** Retailers have enjoyed, during the age of distribution and the age of information, success planning with spreadsheets and reporting tools or analytics. But these tools miss “unknown unknowns,” the correlation and causation that drive breakthrough retail success. Forrester looked for vendors with established packaged application presence in large retailers supporting their forecasting, assortment and allocation planning, and price, promotion, and markdown planning processes.
- **Support for predictive modeling.** To respond to our readers’ expressed need to equip their merchants with more science to drive forecast, pricing, allocation, and assortment decisions, Forrester looked for vendors capable of packaging concepts and tools for understanding price, promotion, and variety elasticity. This provides power tools to help merchants scale their art and intuition over wider ranges of merchandise and more varieties of assortment, across more heterogeneous channels and stores.
- **Inquiry interest from Forrester readers.** Forrester looked for vendors that were mentioned at least three times in readers’ inquiries in the past year.

Figure 1 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated	Product version evaluated	Version release date
7thonline	CMM — Continuous Merchandise Management	3.0	October 2013
Epicor Software	Epicor Retail Planning	3.2	June 2012
	Epicor Retail Assortment Planning	5.1	February 2013
	Epicor Retail Merchandising (for allocation, replenishment, and price management)	4.3.3	July 2013
	Epicor Retail Business Intelligence	2.4	March 2013
IBM	IBM Cognos Business Intelligence (reporting, dashboarding, scorecarding)	10.2.1.1	September 2013
	IBM Cognos TM1 (budgeting, forecasting, what-if modeling)	10.2.1	September 2013
	IBM SPSS Statistics	22	August 2013
	IBM SPSS Modeler Gold (data mining, workbench, and decision management)	16	December 2013
	IBM SPSS Collaboration and Deployment Services	6	December 2013
	IBM SPSS Analytic Catalyst	1	June 2013
	IBM SPSS Analytic Server	1.0.1	June 2013
	IBM Cognos Business Intelligence, IBM Cognos TM1, and the IBM SPSS predictive analytics portfolio		
	Merchandise Optimization, IBM DemandTec	14.1	February 2014
	Shopper Insights	14.1	February 2014
Assortment Optimization	14.1	February 2014	
Price Optimization	14.1	February 2014	
Promotion Optimization	14.1	February 2014	

Source: Forrester Research, Inc.

Figure 1 Evaluated Vendors: Product Information And Selection Criteria (Cont.)

Vendor	Product evaluated	Product version evaluated	Version release date	
IBM	Promotion Planning	14.1	February 2014	
	Promotion Execution	14.1	February 2014	
	Deal Management	14.1	February 2014	
	Markdown Optimization	13.4	February 2014	
	IBM DemandTec Assortment Optimization	13.4	October 2013	
	IBM DemandTec Price Optimization	13.4	October 2013	
	IBM DemandTec Promotion Optimization	13.4	October 2013	
	IBM DemandTec Promotion Planning	13.4	October 2013	
	IBM DemandTec Promotion Execution	13.4	October 2013	
	IBM DemandTec Deal Management	13.4	October 2013	
	IBM DemandTec Markdown Optimization	13.4	October 2013	
	JDA Software Group	JDA Enterprise Planning, JDA Performance Analysis, JDA Enterprise Knowledge Base	8.x	
		JDA Assortment	8.2.1	
JDA Size Scaling		8.x		
JDA Channel Clustering		8.x		
JDA JDA Assortment		8.2.1		
JustEnough	Just Enough Retail Planning Suite	3.1	January 2014	
Micros Systems	MICROS Retail Merchandise Planning Solution	2.09.2.0-00	December 2013	
Oracle	Oracle Retail	14	December 2013	

Source: Forrester Research, Inc.

Figure 1 Evaluated Vendors: Product Information And Selection Criteria (Cont.)

Vendor	Product evaluated	Product version evaluated	Version release date
SAP	SAP Planning for Retail	2.0	May 2013
	SAP Promotion Management for Retail	8.0	June 2013
	SAP Forecasting and Replenishment (for use with SAP merchandising software)	5.2.09	October 2013
	Customer Activity Repository (Demand Forecasting)	1.0	June 2013
	SAP Price and Markdown Optimization	6.4.12	November 2009
SAS	SAS Integrated Merchandise Planning	R9.4	October 2013
SPI	Buyer's WorkMate	6	August 2013

Vendor selection criteria

Vendors were selected based on their estimated number of retail users in forecasting, assortment, allocation, and price planning, on Forrester client inquiries, and on their estimated ability to support international retailers.

A complete packaged application offering for retail planning. Retailers have enjoyed, during the age of distribution and the age of information, success planning with spreadsheets and reporting tools or analytics. But these tools miss “unknown unknowns,” the correlation and causation that drives breakthrough retail success. Forrester looked for vendors with established packaged application presence in large retailers supporting their forecasting, assortment and allocation planning, and price, promotion, and markdown planning processes.

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Inquiry interest from Forrester readers. Forrester looked for vendors that were mentioned at least three times in readers’ inquiries in the past year.

Source: Forrester Research, Inc.

EVALUATION ANALYSIS

The evaluation uncovered a market in which (see Figure 2):

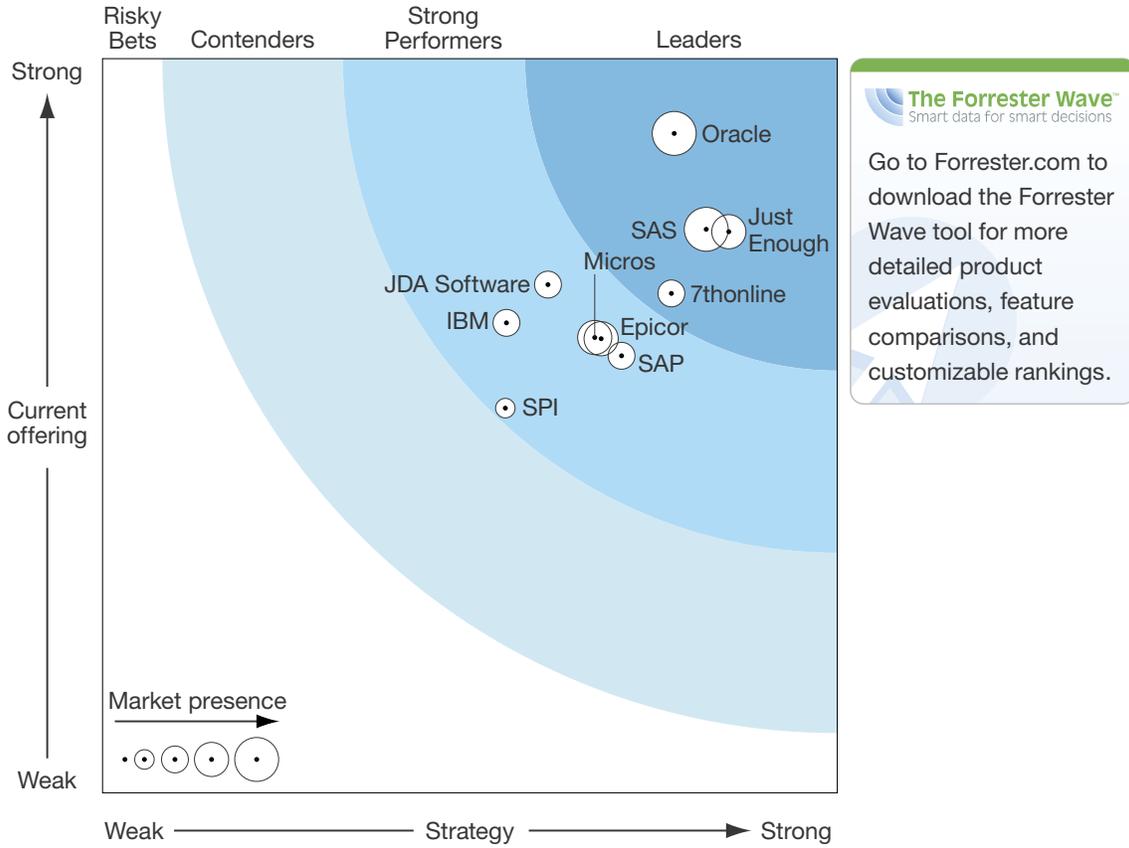
- **Oracle, JustEnough, SAS, and 7thonline lead the pack with integrated planning platforms.** Oracle builds on its real-time planning platform to deliver impressive real-time modeling across the retail planning discipline. JustEnough has an enviable record in managing forecasting inventory and replenishment, and since the mid-2000s has developed and implemented an integrated retail planning solution with a common architecture and user interface, providing merchandise financial planning, assortment, allocation, replenishment and pricing, promotion, and markdown. SAS, with its deep experience in predictive analytics applied to retail, offers both hosted and on-premises solutions so that retailers can get started on their retail planning processes without having to manage its technology in-house. And 7thonline has its roots in apparel and offers special expertise in cross-channel planning for retailers with offshore supply chains.
- **SAP, JDA, Epicor, and Micros offer competitive integration of solution components.** This group shares the vision of integrating acquisitions to provide loosely coupled planning functionality. SAP leverages BW integrated planning and superior elements such as acquisitions of SAF and Khimetrics to deliver retail planning and demand management that takes account of multiple demand drivers, including pricing and promotions.

JDA has the largest base of users and the most experience of retail planning, thanks to its 1998 acquisition of the Arthur assortment planning and allocation solution. But JDA also has highly sophisticated demand and inventory planning, replenishment, and pricing from its acquisition of i2 and Manugistics. Epicor, and Micros, building on their customer bases, all offer competitive solutions based on integration of different solution elements.

- **IBM and SPI excel in some criteria but offer a choice of tools rather than a single platform.** IBM and SPI had leading scores in some criteria; for example, in eCommerce experience and master data management in IBM's case, and in buyers' planning tools and mass maintenance in SPI's case. But both differ from other vendors in offering a selection of individual tools rather than a complete suite.

This evaluation of the retail planning solutions market is intended to be a starting point only. We encourage clients to view detailed product evaluations and adapt criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 2 Forrester Wave™: Retail Planning Solutions, Q2 '14



Source: Forrester Research, Inc.

Figure 2 Forrester Wave™: Retail Planning Solutions, Q2 '14 (Cont.)

	Forrester's Weighting	7thonline	Epicor	IBM	JDA Software	JustEnough	Micros	Oracle	SAP	SAS	SPI
CURRENT OFFERING	50%	3.40	3.09	3.20	3.46	3.82	3.10	4.49	2.98	3.84	2.62
Offering overview	0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ease of use	25%	3.34	2.67	3.01	2.99	3.67	2.34	3.67	3.01	3.01	2.67
Merchandise definition	25%	3.60	3.20	3.40	3.60	4.00	3.60	4.80	3.20	4.20	2.00
Assortment planning	25%	3.55	4.00	3.60	3.35	4.00	3.35	4.90	2.50	3.85	3.20
Forecasting and demand management	25%	3.10	2.50	2.80	3.90	3.60	3.10	4.60	3.20	4.30	2.60
STRATEGY	50%	3.87	3.39	2.75	3.03	4.26	3.35	3.89	3.53	4.11	2.74
Deployment	30%	3.80	3.55	3.15	3.50	3.85	2.75	4.05	3.60	4.35	3.05
Business case support	30%	3.75	3.75	2.00	3.25	5.00	3.75	4.25	3.50	4.00	2.75
Architecture	20%	3.00	3.00	5.00	3.00	3.00	3.00	3.00	5.00	3.00	3.00
Cost	20%	5.00	3.00	1.00	2.00	5.00	4.00	4.00	2.00	5.00	2.00
MARKET PRESENCE	0%	2.94	3.26	2.60	2.94	3.68	3.08	4.40	2.32	4.70	1.40
Revenues	20%	0.00	3.00	5.00	3.00	3.00	5.00	5.00	5.00	5.00	3.00
User base	20%	3.00	2.00	0.00	4.00	3.00	3.00	4.00	3.00	5.00	2.00
Current release user base	0%	5.00	3.00	0.00	3.00	3.00	3.00	4.00	1.00	5.00	5.00
Multichannel user base, single application	20%	4.00	4.00	3.00	3.00	4.00	1.00	4.00	0.00	5.00	1.00
Multichannel user base, all applications	20%	4.00	3.00	0.00	0.00	4.00	2.00	4.00	0.00	5.00	1.00
Marquee clients	0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Multicountry	20%	3.70	4.30	5.00	4.70	4.40	4.40	5.00	3.60	3.50	0.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders Deliver Real-Time Integrated Planning

- Oracle delivers a complete and integrated planning platform.** Oracle has long experience in retail planning, thanks to the Retek acquisition, and it offers impressive end user configurability and facilities to earn the trust of planners and buyers. Its acquisitions of ATG and Endeca have provided a foundation for sound eCommerce and master data management interoperability. But its real-time planning engine provides the most impressive capability to simultaneously understand the reflexive relationship between forecast, price, allocation, and assortment plans

and disaggregate the impact of factors contributing to the result or “out turn.” Most of Oracle’s clients run the solution on-premises, but some run it in a private or a public cloud (hosted by a third-party firm or by Oracle On Demand).

- **JustEnough drives margins, service, and return on working capital investment.** JustEnough, with its history of optimizing inventory turn, provides impressive open-to-buy modeling and integration between merchandise financial planning, assortment planning, and replenishment to help merchants make the most of available working capital across multiple channels. Forrester particularly likes the ability to define and configure, without changes to code, metrics specific to a retailer’s planning approach. JustEnough is available on-premises, hosted, or as SaaS. JustEnough helps retailers to stock the right merchandise in the right locations, driving customer service and revenue through improved availability.
- **SAS excels in forecasting demand management and pricing.** SAS excels in forecasting and demand management as well as pricing and promotion uplift calculation. It also provides impressive capabilities to manage large-scale problems with a high ratio of product-to-service in the overall solution cost. SAS offers its solutions either hosted or on-premises.
- **7thonline builds on its apparel and cross-channel heritage.** 7thonline offers impressive experience in planning for cross-channel retailing and in merchandise financial planning integration and assortment optimization. It also provides capabilities for retailers to configure their own performance metrics for planning and monitoring execution. The solution can be deployed on-premises or in the cloud.

Strong Performers Provide Excellent Component Integration

- **SAP extends its financial budgeting expertise to retail planning.** SAP provided the most impressive vertical-specific planning and replenishment, reflecting the strength of the assets and expertise from its acquisitions of SAF and Khimetrics.
- **JDA delivers synchronized retail planning and a retail metadata model.** JDA is one of the best-known retail planning solutions, bringing the forecasting, price optimization, and supply chain strengths of its Manugistics and i2 acquisitions to the retail metadata model from i2. It works effectively with any system of record. JDA also acquired Arthur, which is perhaps the mostly widely implemented retail planning solution in the world. JDA provides impressive vertical functionality, especially in forecasting, assortment modeling, and pricing. Its long experience shows in its ability to provide superior trust and gaming capabilities to ensure that merchants understand and trust the retail planning system.
- **Epicor provides excellent buyer tools and in-season assortment management.** Epicor is distinguished by its strength in applying open-to-buy limits in hierarchy management and retail subvertical processes, but most impressively in its attention to in-season assortment

management, reflecting its experience with specialty seasonal merchandise retailers. Recognizing its specialty retail client base requirements, Epicor also provides excellent buyer tools, in-season assortment management, and integration between merchandise financial planning and assortment planning.

- **Micros delivers thorough systems of record interfaces and strong multichannel planning.** Micros is distinguished by its thorough interfaces with systems of record and by its management of merchandise hierarchies. It delivers excellent multichannel planning capabilities, reflecting the firm's strength in both eCommerce and store applications. Micros also offers sound in-season assortment management, eCommerce integration, mass maintenance and assortment optimization, and impressive hierarchy and planning capabilities. Micros acquired Torex in 2012, including its fast-growing global point-of-sale footprint, opening up new possibilities for cross-sell and upsell between solutions previously limited to either the North American or European market.
- **IBM adds predictive analytics and test and learn, to planning, and performance management.** IBM proposed its DemandTec platform for pricing and assortment. Forrester has long admired the cloud-based predictive analytics of this solution, the first to deliver practical price and promotion recommendations for large-scale retailers such as grocers.¹² IBM proposed its well-known statistical analysis package SPSS and Cognos TM1 predictive analytics, forecasting, budgeting for other elements of retail planning. This enables IBM to provide excellent test and learn support but also leaves some gaps, for example, in support for allocation or size and pack optimization. It also means that IBM could not help Forrester estimate the expected ratio of software and service in an implementation. IBM demonstrates strength in master data management, hierarchy, forecasting and planning, merchandise performance management, predictive analytics, and test and learn.
- **SPI demonstrates strength in hierarchy, mass maintenance, and planning tools.** SPI provides a business-intelligence-based Buyer's WorkMate with impressive scalability and mass maintenance and hierarchy management capabilities, together with, as might be expected, excellent tools for buyers. SPI demonstrates strength in hierarchy and planning, mass maintenance, and planning tools, as well as deployment options and assortment scale.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 2 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of three data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with two of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve. For more information on the methodology that every Forrester Wave follows, go to <http://www.forrester.com/marketing/policies/forrester-wave-methodology.html>.

Integrity Policy

All of Forrester's research, including Forrester Wave evaluations, is conducted according to our integrity policy. For more information, go to <http://www.forrester.com/marketing/policies/integrity-policy.html>.

ENDNOTES

- ¹ If digital disruption has revealed retailers adrift with inadequate means of navigation, steering through the turbulent swells of consumer empowerment shows that the whole rickety raft of retail applications lacks the buoyancy to survive another storm. See the September 5, 2013, “[Retool Your Retail Applications To Thrive On Digital Disruption](#)” report.
- ² A typical Target store has about 80,000 SKUs — retailer jargon for distinct sizes and styles of products offered — while the smaller stores would have 40,000 to 50,000 SKUs. Source: Brad Dorfman, “Target CEO Sees Shoppers Re-Emerging,” Reuters, May 7, 2010 (<http://www.reuters.com/article/2010/05/07/us-target-interview-idUSTRE64675T20100507>).
- ³ Retail is running on too much intuition and too little science. Retail’s principal balance sheet asset is inventory for resale; profitability depends on the rate at which it can “turn” inventory. Retail leaders told Forrester that vastly increased ranges of short life-cycle sophisticated merchandise — think tablet PCs — threaten enterprise buoyancy. See the September 5, 2013, “[Retool Your Retail Applications To Thrive On Digital Disruption](#)” report.
- ⁴ In 2003, there were almost 34,000 new CPG product introductions in the North American market. In 2008, nearly 123,000 new CPG products were introduced in North America. See the December 28, 2009, “[Industry Essential: Consumer Packaged Goods Industry](#)” report.
- ⁵ Distributed enterprises face challenges from direct marketing and market fragmentation. They need to reconfigure planning and execution processes to become consumer-centric but can’t because of process gaps, data shortcomings, and organizational challenges. In discussions with firms like 1-800-Flowers and vendors like Infosys and RBM Technologies that help those firms achieve success, Forrester found that successful consumer centricity road maps feature process overhaul, organizational revamps, and data management redesign. See the October 31, 2008, “[The Consumer Centricity IT Road Map](#)” report.
- ⁶ Given the vastly expanded choice and market transparency, retailers are becoming increasingly dependent on merchandise data to add value to their unique selling proposition. Retailers need to hone their ability to move full truckloads and to exploit new technologies, such as location-specific merchandise and price optimization. See the October 31, 2008, “[Retail Foundation Data](#)” report.
- ⁷ Source: Mike Butcher, “eBay Acquires UK Startup Shutl To Change The Ecommerce Game With One Hour Delivery,” TechCrunch, October 22, 2013 (<http://techcrunch.com/2013/10/22/ebay-acquires-uk-startup-shutl-to-change-the-ecommerce-game-with-one-hour-delivery/>).
- ⁸ Amazon tends to invest any volume discounts it receives from freight carriers back into expediting shipping; it then books those shipping expenses as a cost of goods — in contrast to most other companies, which put such expenses in their fulfillment budgets. See the July 26, 2012, “[Why Amazon Matters Now More Than Ever](#)” report.
- ⁹ Economic uncertainty and the severity of the last recession have left US consumers cautious, frugal, and resourceful. Many consumers are embracing savings tactics like retailer loyalty cards, store brands, shopping lists, coupons, and delaying purchases for sales. Frugal behaviors are likely to endure in the coming year, as 94 percent of consumers plan to keep their spending on food, beverage, and household

goods at its current level even if the economy improves. Seventy-nine percent of consumers still believe the US economy is in a recession, and consumer cautiousness is weighing on domestic consumer product industry growth. Source: Deloitte Development, “2014 Outlook on Consumer Products,” interview with Pat Conroy (http://www.deloitte.com/view/en_US/us/Industries/industry-outlook/02d2ec7080b0b310VgnVCM1000003156f70aRCRD.htm#.UxyVb_1_tPM).

- ¹⁰ If you haven’t included markdown, promotion, or initial pricing optimization in your immediate plans, then you risk missing significant opportunities. Of the respondents to our Q3 2013 custom survey of international retail executives, 19 out of 32 expected payback on promotional price planning or optimization in less than three months, and 14 expected payback on initial pricing in the same short period. Markdown optimization is a mature technology, but 26 respondents still expected markdown to yield ROI over a full 12-month cycle of buying and selling out seasonal merchandise. See the February 6, 2014, “[Prioritize Retail Technology Management Investments To Stay Competitive](#)” report.
- ¹¹ Applications and processes like allocation directly influence revenues by ensuring adequate inventory to meet demand at each location and to influence margin and working capital by ensuring that stores are not overstocked. The more general financial management or human resource components of enterprise resource planning (ERP) seek to better manage the sales, general, and administrative (SG&A) expense line. Moreover, while transaction management and execution investment can improve efficiency — doing things well — they can’t help effectiveness — doing the right things. It’s merchandising and pricing processes that put the right merchandise in the right channels and stores at the right time and price. This is why 41% of our survey respondents did not plan to invest in ERP or financial management, while 68% planned to invest in merchandise or price optimization. See the April 1, 2009, “[Retail Technology Investment Priorities](#)” report.
- ¹² Firms with the data and the pricing policy maturity to support demand-driven pricing can select either an on-premise solution like SAS or a software-as-a-service solution — with external services and infrastructure — from firms like DemandTec (acquired by IBM) or Revionics. See the May 21, 2009, “[CIOs: Suggest Pricing And Promotions Technology To Drive Value](#)” report.

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