§sas
THE POWER TO KNOW®

■ **Challenges**

- **Complex, manual processes.** Allocation processes for retail organizations can be complicated, manual and difficult to synchronize with assortment plans and financial goals.

- **Lack of insight into customer demand.** Inability to perform allocations using accurate insights into customer demand leads to overstocks, out-of-stocks, lost sales, etc.

- **Nonintegrated departments and systems.** Lack of integration between computer systems and people organizations makes allocation harder.

- **System complexity.** Many allocation organizations rely on tedious, multistep systems and spreadsheets, etc., which are time-consuming and not user-friendly.

- **Merchandise variations.** Managing different kinds of merchandise, such as basic and fashion, makes allocation more difficult.

How can we fulfill demand by getting the right merchandise to the right stores and channels at the right time?

YOUR GOAL: Optimally manage the distribution of inventory across retail outlets

Allocation – getting the right products to the right locations in the right quantities – is a classic problem in retail. When allocations are optimal, sales and margins increase as customers find what they want when they are shopping. In addition, customer satisfaction increases. Not getting allocation right leads to: 1) out-of-stocks, which hurt the business due to lost sales and customer dissatisfaction; and 2) over-stocks in some locations, which lead to higher markdowns and lower margins or high transfer costs.

Allocation is an issue with which retailers often struggle. The planning process starts months in advance, and this leads to financial goals and objectives for a specified time period being established. Getting the allocation right is a significant contributor to meeting the goals and objectives defined during the planning process. Optimized allocations ensure that the right amount of inventory is in the right location when the customer is ready to purchase. Optimized allocations at the size-store level will maximize customer satisfaction, which results in greater sales and profit, decreased inventory levels and increased turns.

OUR APPROACH

All retailers need a sophisticated solution driven by analytics and automation to better allocate merchandise and optimally manage the distribution of inventory across retail outlets. We approach the problem by delivering software and services to help you:

- **Perform demand-based allocations** by using advanced analytics to gain accurate insights into customer demand based on fashion and seasonal trends, as well as historical, plan and forecast data to ensure that the right merchandise goes to the right stores from the very beginning.

- **Maximize sales, increase turn and boost profitability by location** by:
  – Optimizing allocations for each product at the store-size level to ensure that store-level inventory meets customer demand.
  – Using pack optimization to enable users to think at the product level and get results at the pack level to improve size-level precision at the store level.

- **Increase productivity and gain more time for strategic activities** – e.g., product selection, pricing and promotion – while ensuring optimal merchandise placement by:
  – Automating your lifecycle allocation strategy.
  – Taking a product lifecycle approach to ensure consistent business process.
  – Streamlining allocation processes through management by exception, automatic batch allocation and data management.

- **Ensure consistency and flexibility** with an automated allocations system based on predefined rules and methodologies that can incorporate your proprietary knowledge about fashion, promotions, seasonal trends and operational constraints.

SAS makes it easy to capture merchant expertise, leverage advanced analytics and automate a strategic allocation process. The SAS solution is part of an integrated lifecycle planning suite, SAS Integrated Merchandise Planning.

THE SAS® DIFFERENCE: Advanced automation and analytics

Only SAS uses predictive analytics along with advanced automation to help merchants ensure that the right products are in the right stores at the right time to meet customer demand. SAS provides:

- **Advanced analytics.** Better understand customer needs and identify trends, gaps and opportunities, using advanced analytics to analyze data at any level of the location, time or merchandise hierarchy.

- **Optimization.** With SAS, you can create optimal allocations using a product life-cycle concept to systematically employ the best possible methodology at the SKU level, at any point in its life cycle.

- **Automation.** SAS lets you automate your allocation processes, which ensures greater productivity and accuracy.

- **Scalability and flexibility.** The SAS solution is both scalable and flexible, so you can start where your needs are greatest – configuring predefined methods to fit your business processes – and reconfigure the solution to meet your unique requirements as needs grow and change.

As part of the SAS Integrated Merchandise Planning Suite, the SAS solution provides a single platform with one database for all your planning needs. In addition, you can expand your solution's footprint to include other capabilities as the need arises.

CASE STUDY: Aéropostale

■ Situation

The clothing retailer has continued to experience strong, sustained sales growth, despite a weakened economy. To meet growing demand, the retailer needed greater visibility into customer demand at its more than 900 retail stores.

■ Solution

SAS delivered a solution that helps the company:

- Fulfill demand by facilitating distribution of the right merchandise to the right stores and channels.

- Create allocations based on fashion and seasonal trends; customer demand; and store, channel and location attributes.

■ Results

- The solution, in part, helped the company achieve a same-store sales increase of 12 percent in the second quarter of 2009.

- Aéropostale continues to gain benefits from the allocation solution from SAS.

■ What if you could ...

Increase profitability by location
What if your merchants could easily get the right products to the right stores at the right times?

Enhance and execute your business strategy
What if you could integrate the buyer's strategy, product life cycle and merchandise and location attributes to drive your allocation?

Increase productivity
What if you could intelligently automate so that your staff would get positive business results and still have time for higher value work?

Capture merchant expertise
What if your allocation system were based on rules and consistent business methodologies that incorporated your proprietary knowledge about promotions, seasonal trends,operational constraints, etc.?

Improve size precision
What if you could efficiently leverage a portfolio of packs to meet localized demand and improve size precision?

Tailor your allocation and replenishment methods
What if you could configure your allocation and replenishment methods to your specific business needs?

■ You can. SAS gives you THE POWER TO KNOW®.

SAS FACTS

- SAS has been in business since 1976 and today has customers at more than 45,000 sites worldwide.

- SAS customers make up 92 of the top 100 companies on the 2009 FORTUNE Global 500®.

- SAS was recognized as a Leader in *The Forrester Wave™: Predictive Analytics And Data Mining Solutions, Q1 2010.*

Learn more about SAS software and services for retail at:
www.sas.com/industry/retail