



Stanley Tusman
Executive VP of Inventory
and Information Management
Bakers Footwear

ONE STEP AHEAD OF THE COMPETITION

Bakers Footwear meets customer needs, improves product assortment with Marketmax®

Industry

Retail

Business Issue

Manage merchandise assortments relative to customer demand and current product mix

Solution

Marketmax® Assortment Planning

Benefits

Sales increases, payroll savings and fewer markdowns

Offering closed-toe dress shoes, special-occasion shoes, tailored boots, casual sandals, dressy handbags and more, Bakers Footwear outfits young women throughout the United States with fashionable shoes and accessories at affordable prices.

With 16,000 new style and color choices each year, Bakers executives found they had little time to be proactive in planning the assortment and placement of merchandise at the store level. But with Marketmax Assortment Planning software, Bakers' fashion pros can hone their product mix to stock each of the company's 215 stores with the right merchandise for its unique customers.

"Our fashion markets range from high-fashion urban all the way to Middle America and suburban," says Stanley Tusman, Executive Vice President of Inventory and Information Management at Bakers. "There are major variances from store to store, and they each have different challenges, but we want to satisfy the customers at every location."

Marketmax, a division of SAS, met that challenge with a solution that involves classifying stores into clusters and analyzing historical data from each cluster to determine the right product mix for each group of stores. "Marketmax allows us to hone our assortment mix by matching our merchandise assortments relative to store size, sales volumes and customer profile," Tusman says. "That way, we are able to meet the changing fashion trends within each cluster of stores." Currently, stores are grouped into five

different clusters based primarily on size, volume and location.

Seeing returns step by step

Another key difference among Bakers' mall-based stores is their relative square footage. Typically, lower-volume stores are located in areas where retail space is more affordable, and high-volume stores are located in areas where space is at a premium. It's a typical retail paradox – the stores that need the most inventory have no space to store it, and the stores with extra space aren't moving merchandise fast enough to warrant a larger product mix.

"In the past, we've forced our lower-volume stores to constantly under-perform, because their sales volumes have not required a large mix of fashionable shoes," says Tusman. "And on the flip side of that, the capacity stores with high sales volumes and very little space are getting everything in big quantities."

BAKERS

Without the room to house the extra inventory, Bakers constantly edits its assortment and rebalances inventory between stores. It's a costly and time-consuming process that Marketmax solves by giving Bakers a way to measure a store's physical capacity and determine the optimal flow of shoes into that store.

Using Marketmax software, Bakers' store planners analyze the previous year's sales data, identify the chain's

“Marketmax is giving us the power to know what we’re doing right and what we’re doing wrong relative to our customer base and our consumer demand.”

Stanley Tusman

Executive VP of Inventory
and Information Management
Bakers Footwear

hits and misses, and factor in fashion shifts to create a detailed assortment plan by store cluster. This plan can be modified by location and forecasted up to 180 days in advance. Buyers and planners can continue to fine-tune the plan right up until the new merchandise is received.

As a result, Bakers will see sales increases, payroll savings and fewer markdowns. “For the low-volume stores, I expect to improve conversion rates and sales per square foot, because we’re now putting more fashion merchandise into the stores,” says Tusman.

For the smaller, high-volume stores, the savings will come primarily in payroll reductions. “I’m spending a lot of payroll dollars to keep the inventory levels appropriate at these stores,” says Tusman, “so I’ll be looking at higher productivity per payroll dollar at these locations.”

In step with customer needs

Most importantly, customers will benefit when they’re more likely to find the styles they want in the colors they like. “Marketmax is giving us the power to know what we’re doing right and what we’re doing wrong relative to our customer base and our consumer demand,” says Tusman.

What does this mean for the customer? “When she walks in and wants a green pair of shoes in a three-inch heel and a rounded toe, she’s going to find it, because I’m able to say this is what she really needs. I’m going to be able to put the assortment there, not just relative to the volume of the store, but relative to the way that customer has been buying in the past,” explains Tusman.

Marketmax® a ‘shoe-in’ for the job

When Bakers began looking for an assortment planning solution, the retail industry was still recovering from the Sept. 11 terrorist attacks. “We decided to make a financial investment in the Marketmax assortment planning solution at a time when we were not making any other capital investments,” says Tusman. “Budgets were very tight, but our management team saw this as an opportunity to lay down the foundation for our future success.”

Tusman did consider other vendors, but he was impressed by the level of commitment and activity that Marketmax showed in solving his business challenges. “Marketmax is truly interested in our success,” he explains. “They devote to us the resources we need to get the problem solved, and their software code is very open and flexible, which allows

us to make adjustments. We haven’t found this with other vendor partners.”

Tusman expects those benefits will continue now that SAS has acquired Marketmax. “Now, Marketmax has a huge resource called the SAS organization,” he says. “The way I look at it as a retailer and a member of the user community is that Marketmax partnered with SAS because SAS is transparent and accelerated, and it enhances Marketmax’s ability to serve the retail customer.”



THE
POWER
TO KNOW.

SAS INSTITUTE INC. WORLD HEADQUARTERS 919 677 8000 WWW.SAS.COM
U.S. & CANADA SALES 800 727 0025 SAS INTERNATIONAL +49 6221 416-0

SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc. in the USA and other countries. ® indicates USA registration. Other brand and product names are trademarks of their respective companies. Copyright © 2006, SAS Institute Inc. All rights reserved. 101999_400244.0806



Marketmax
A Division of SAS
35 Village Road, Suite 800
Middleton, MA 01949
Tel (978) 646 8100
Fax (978) 646 8110
www.sas.com/marketmax