



# Alteryx for Retail Merchandisers

## Optimizing Merchandise Planning with Retail Analytics

### Key Challenges for Merchandisers

- Data overload:**  
 Getting one, reliable view of customer, inventory, and demand across multiple channels is critical in making the right merchandising decisions, but collecting, blending, and analyzing the ever-increasing volume of data and disparate data types is difficult and resource-intensive.
- Disparate systems, departmental boundaries:**  
 Thinning margins mean no room for error in merchandising decisions, but departmental boundaries and siloed data provide only partial views of customer demand, order status, and promotions, often resulting in over- and under-stocking scenarios.
- Speed of retail:**  
 Getting all the components of the merchandise mix just right is challenging in itself, but competitive pressures and ever-changing customer preferences add even greater complexity.

### Introduction

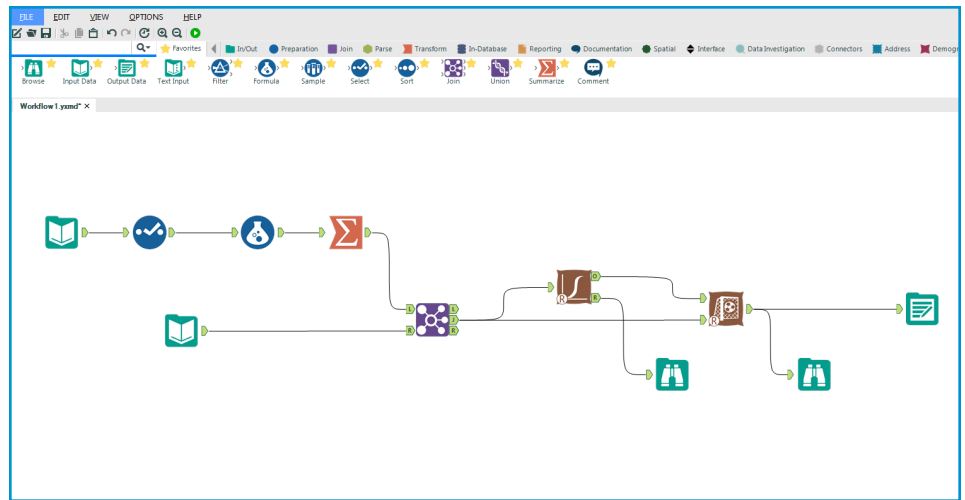
Merchandising has always been about getting the right product at the right place in the right quantities for the right price. But many things have changed in today's new retailing reality: Customers are more informed, less brand loyal, and highly value-driven. What's more, myriad channels exist to reach customers, making physical location no longer a limitation. The result for today's shopper? Choice. Customers have nearly unlimited choices in the products they buy, the prices they pay, and the channels through which they purchase.

At the same time, choice for customers means greater merchandising complexity for retailers. You must know your customers, based not only on their past purchase history and demographic information, but also their attitudes, life stage, and social groups. Why? So you can anticipate changing demands, channel preferences, and price elasticity to stock the right merchandise and promote the right products through the right channels at the right price. If you don't, you're not only dealing with higher markdowns, inventory carrying, and cross-channel transfer costs that come with over- or under-stocking, but also customer dissatisfaction, which can lead to more than just one lost sale; more likely a customer lost forever.

But gaining the customer insights you need to create effective merchandising plans can be challenging. Customer data resides in multiple disparate databases, both internal and external to the organization, and across different channels. Plus, you need to combine this data with transactional data in POS systems, clickstream, shipment, and inventory data from internal systems to get a single view of customer, order status, and inventory. Thinning margins and the ever-increasing speed of retail leave little room for error, whether you are a neighborhood store, a regional chain, or a large, multinational corporation.

Data blending and advanced analytics can help you access and combine all types of disparate customer and transactional data in your organization with third-party demographic, attitudinal, and other market-specific data to get you the insight you need—when you need it. With the right solution, you can apply predictive and spatial analytics to understand the impact of price changes on demand; trade area demographics on style, size, and color selections; and drive time on promotion response rate. The result? An accurate view of customer demand, localized assortment and allocation plans, and optimized promotions.

**The Alteryx intuitive workflow for data blending and advanced analytics leads to deeper insights in hours instead of weeks**



### Alteryx for Retail Merchandisers

Alteryx uniquely enables you to bring together the data you need—from virtually any data source—without relying on expensive and time-constrained IT specialists or statistical experts. No more data silos or dependence on IT preventing you from leveraging all the data you need to gain a complete strategic picture of your business.

With Alteryx, you can align your merchandising decisions with customer expectations by getting an accurate view of customer demand by location and channels. The result? Hyper-localized assortment plans, better space allocation, and optimized promotions—all in a single, easy-to-use analytic solution.

### Get an Accurate View of Customer Demand

To make the right merchandising decisions, you need a single, accurate view of customer demand across all channels, but the growing sizes and types of customer data—including loyalty card, weblog, mobile, social media, and in-store activity—makes this process daunting, not to mention time-consuming and expensive.

With Alteryx, you can access and blend all of your structured and unstructured data from internal and external sources—across all channels—and then enrich this data with third-party demographic, psychographic, and other market-specific information to quickly gain accurate insight into customer demand, without depending on IT or other statistical experts in your organization.

Armed with a consolidated view of customer demand, including POS, mobile, and e-commerce data, you can generate more accurate forecasts by item, category, department, and location. What's more, you can use this information to model the impact of marketing events, promotions, seasonality, and competitive activity on demand—ensuring that you order and stock the right assortments from the start, reducing out-of-stock and markdown situations, improving revenue, and enhancing customer satisfaction.

### Hyper-Localize Assortment Plans

The “one-size-fits-all” approach to assortment planning no longer applies to today's retail environment. Customers expect you to understand local sales and consumer trends—and to tailor assortments accordingly. The right assortment mix—size, color, style, and product category—differs for different locations based on local customer preferences, ethnicity mix, market trends, and other factors. Placing the same merchandise mix at all stores or using the same pre-pack plans for all locations will lead to over- or under-stocking of different products and merchandise categories as well as result in imprecise size-level configurations.

Alteryx enables you to hyper-localize assortments based on past purchase history and fine-tune those assortments based on trade area demographics, population trends, ethnicity mix, competitive activity, and sales performance, so you can stock the right merchandise mix at the right stores in the right quantities.

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#### CASE STUDY

*A highly diversified, branded lifestyle apparel, footwear, and related products company, VF Corporation, serves consumers worldwide through 35 brands and multiple distribution channels. With brands such as The North Face, Nautica, JanSport, Lee, Wrangler, Splendid, and Vans, which garnered sales of \$11.4 billion in 2013, the company wanted to improve corporate profitability, support significant retail expansion, and maximize the performance of its more than 100,000 SKUs at over 10,000 retail locations.*

*Using Alteryx, VF Corporation was able to better match products to consumers and specific stores, thereby moving inventory into the right locations at the right times. Based on simultaneous analysis of POS data, demographic information, and more than 200 lifestyle variables, the company improved sales and reduced merchandise markdown and return rates. What's more, Alteryx enabled VF Corporation to better track sell-through rates of its fast-moving inventory and improve the efficiency of its forecasting function, leading to more accurate replenishment plans and better forecasting for the company's top 100 accounts.*

For example, based on store location combined with Experian demographics, you might stock greater quantities of larger-size clothing at certain stores or place more shirts in brighter colors at another store to meet the tastes of that location's younger demographic.

Optimizing sizes, colors, and styles by location through analytics enables you to ensure store-level inventory meets local customer demand, reducing markdowns and expensive transfers of merchandise from one location to another, increasing sales, improving inventory turn, and enhancing profitability.

#### Optimize Inter-Department Mix and Floor Space Allocation

In retail, floor space is expensive and limited. While you work to meet customer demand by stocking the

right merchandise, you must also maximize your profits and the financial performance of store space. Often, however, critical decisions about which departments or product categories to place in which location and how much space to allocate to each department rely only on past sales history or financial metrics, such as sales or profit margin per square foot. Key variables, such as local competitive activity and the importance of a product or category to your best customers, do not factor into those decisions—but should.

With Alteryx, you can easily model the revenue and profitability impact of changes in your product category mix and space allocation decisions using financial metrics as well as local customer insight, market-basket

#### CASE STUDY

*Southern States Cooperative, founded in 1923, is one of the largest farmer-owned cooperatives in the United States. Owned by more than 300,000 farmer-members, it purchases, manufactures, and processes feed, seed, fertilizer, farm supplies, and fuel. Thanks to strong customer loyalty and very high brand recognition among agricultural professionals, the company serves more than 1,200 retail locations in 23 states and sells products to farmers and rural American customers.*

*Wanting to improve the financial performance of floor space by allocating the right amount of space to the right merchandise at the right times, Southern States Cooperative turned to analytics. Using Alteryx, the company segmented its inventory by throughput and seasonality to optimize stock levels and merchandise mix across all stores. With the new insights, it was able to improve in-store assortments while reducing inventory by 31 percent, leading to savings of nearly \$20 million, all without impacting customer service levels.*

## CASE STUDY

*A midsize national retailer with more than 300 department stores was struggling to demonstrate the return on investment of trade promotion dollars from its nationwide network of brand manufacturers. Turning to Alteryx for deeper insight, the retailer analyzed the brand-specific spend behavior of its customers to understand the impact of manufacturers' coupons and rebates on the brand revenue. Based on the impact analysis, the retailer has been able to offer targeted promotions of key products, adjust assortments, and devise customer retention strategies with a number of brands, such as Estee Lauder and Lancôme.*

## About Alteryx

Alteryx is the leader in self-service data analytics. *Alteryx Analytics* provides analysts with the unique ability to easily prep, blend, and analyze all of their data using a repeatable workflow, then deploy and share analytics at scale for deeper insights in hours, not weeks. Analysts love the *Alteryx Analytics* platform because they can connect to and cleanse data from data warehouses, cloud applications, spreadsheets, and other sources, easily join this data together, then perform analytics—predictive, statistical, and spatial—using the same intuitive user interface, without writing any code. Thousands of companies and data analysts worldwide rely on Alteryx daily. Visit [www.alteryx.com](http://www.alteryx.com) or call 1-888-836-4274.

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analysis, inventory throughput, and other critical factors. By performing what-if analysis and modeling scenarios, you can quickly determine the optimal inter-departmental mix and in-store space allocation for your merchandise, maximizing the financial performance of your floor space.

### Optimize Promotional Planning

Promotional spending for discounts, rebates, coupons, and more accounts for hundreds of millions of dollars every year. But can you accurately predict the effectiveness of a planned promotion or the cannibalization or halo effect of a promotion on other products or categories? And how do you optimize promotional spending with multiple promotions in play at the same time? With so many competing products and categories, you must ensure that you allocate the right number of promotional dollars for each product to have a positive impact on your bottom line.

Predictive analytics from Alteryx let you analyze the impact of a promotion on overall demand, including complementary and cannibalized sales, so you can decide which products to promote and when. You can even analyze the impact of multiple promotions within a specific time period on your sales and margin goals to optimize the overall promotion plan.

### Alteryx for Merchandising

Alteryx lets you create one consistent view of customer demand across all channels and systems. With a single, intuitive workflow for data blending and advanced analytics, you gain deeper customer insights in hours, not the weeks typical of traditional approaches, helping you keep up with the speed of retail.

By seamlessly blending internal, third-party, and cloud data, and then analyzing it using spatial and predictive drag-and-drop tools, you can quickly assimilate customer information to anticipate changing customer demand and optimize merchandising plans, all without relying on over-burdened IT staff or expensive statistical experts. And with its powerful, integrated reporting capabilities, Alteryx lets you see gaps and deviations in purchase trends and inventory turnover—so you can course-correct your merchandising efforts before you lose ground to your competition.

And because Alteryx lets you create analytic models quickly, as well as test and iterate the models for improved accuracy, you can plan with confidence, stocking the right amount of product, at the right price, in every channel, for maximized sales and margins and reduced stock-outs and markdowns.

### Conclusion

Most merchandising organizations still lag behind in their use of analytics to drive decisions—and suffer the consequences. Don't let the past practices or the complexity of legacy software stop you from taking advantage of the power of analytics to drive more efficient and effective merchandising plans.

With Alteryx, you can put the power of data blending and advanced analytics directly in the hands of your merchandisers, planners, and category managers, so they can apply customer, transactional, geo-spatial insights to optimize decisions—and improve your competitive advantage. Find out more today at [www.alteryx.com](http://www.alteryx.com).