

**IBM Business Analytics for Retail
Store Level Assortment Demo
Non-Flash Transcript
February 16, 2011**

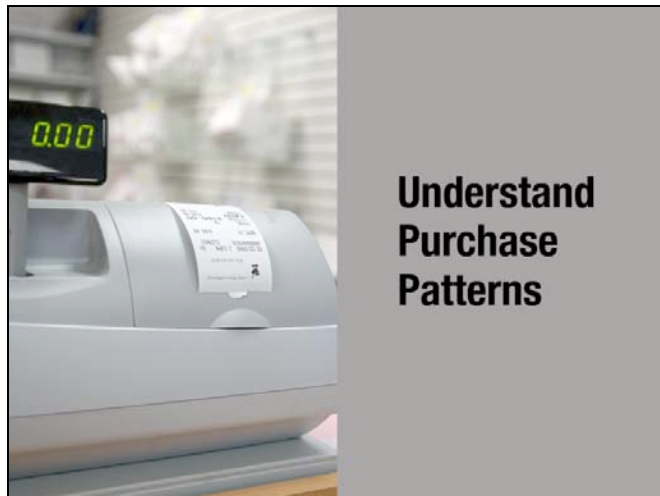
VOICEOVER:

Overview

Consumers are getting smarter. They are more connected, empowered and demanding. And they can choose where, how and when they want to shop.



To stay on top of customer demand and inventory, you need the ability to understand purchase patterns by store and by SKU. You have to be able to predict sales and assortment at the granular level, and enact plans to make smart inventory investments.



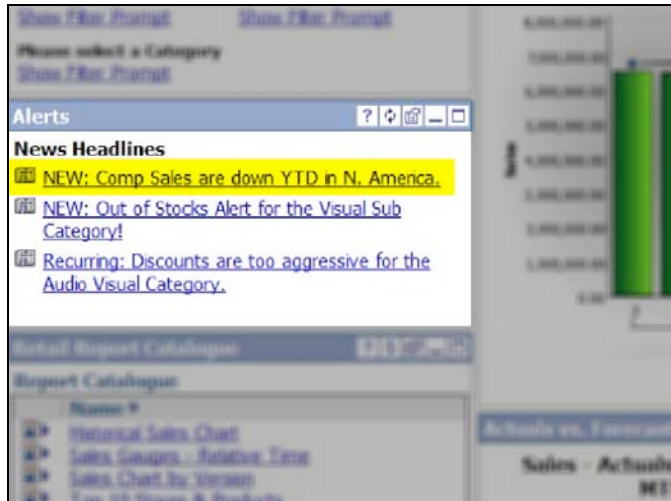
**Understand
Purchase
Patterns**

ValueTrend wants to address performance problems in a specific location by improving forecasting and better assorting their stores.

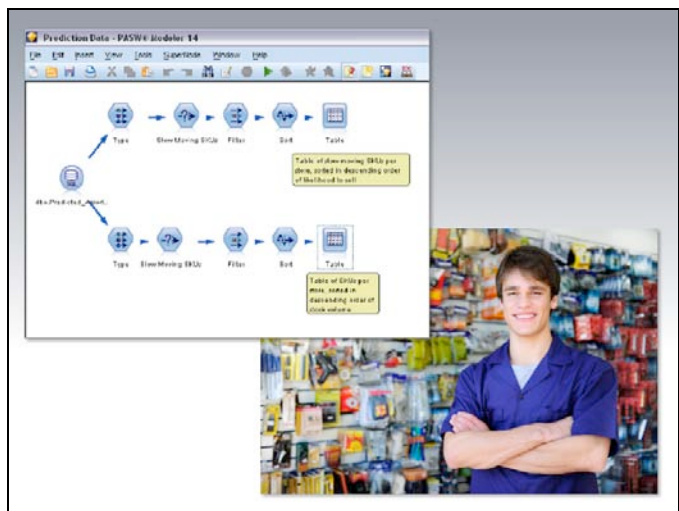


They'll start by getting a picture of how their business looks today.

In the global dashboard, they can drill down to look at North America numbers. The alert section indicates that sales are down. ValueTrend isn't performing well in terms of comps or forecast.



A more predictive model resolves some issues in the comps, and helps answer questions like "What products should be in stock?" and "Which stores should stock them?"



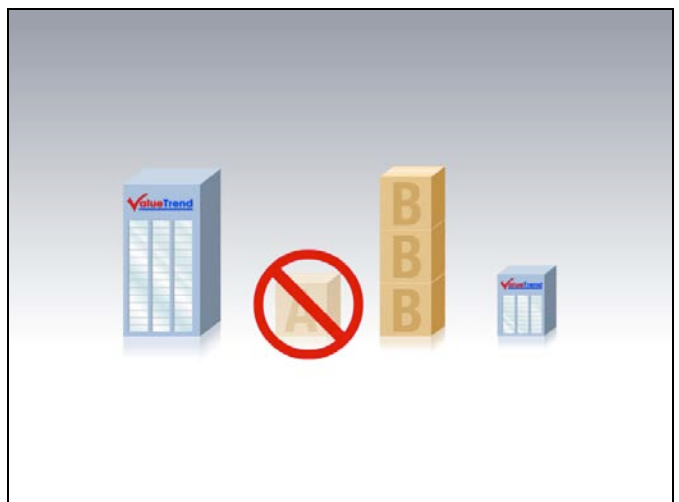
There are many reasons why consumer purchases vary by geography, time, or seasonal or environmental factors.



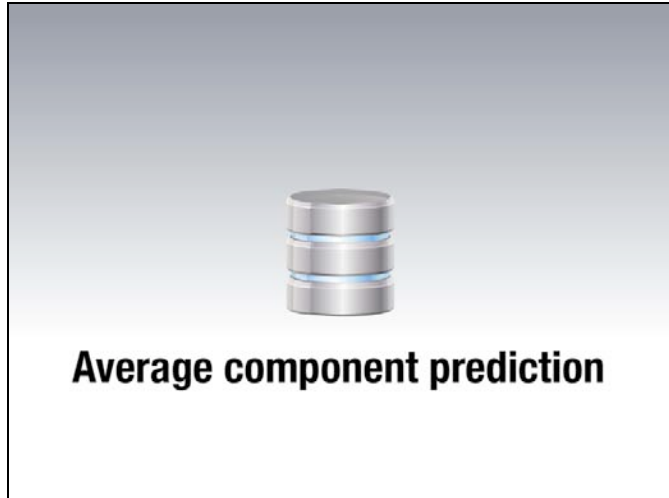
In this scenario, input data sources are either individual SKU, category, or fine-line sales patterns, or relate to individual facets of many stores across the territory.



Modeling across each store helps ascertain whether a given store should stock a given item – and, if so, how much.



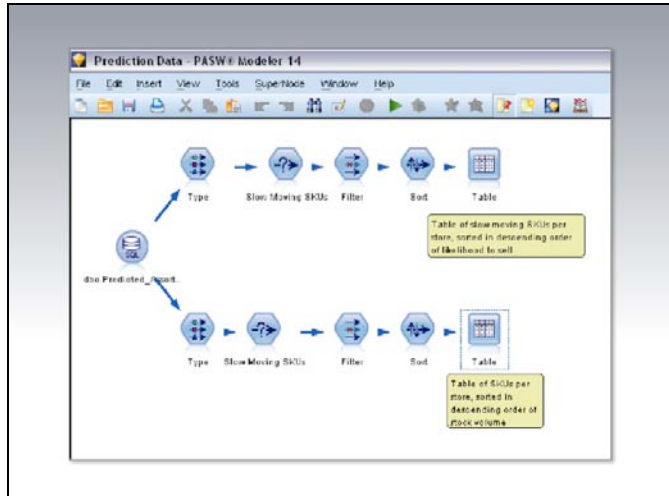
Different facets of data generate different models; taken together, these create an average, component prediction.



The process can be automated to view each SKU in a store; these can be cycled through for all stores across all time periods. This will generate a unique model for each SKU.

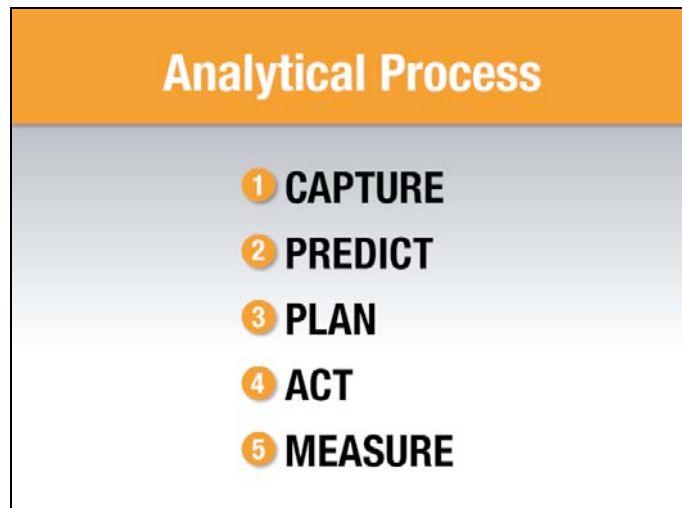
	Store_ID	SKU	Predicted_Sale_Likelihood
142	4	9270201	0.883
143	4	9100202	0.881
144	4	9100207	0.880
145	4	9130206	0.880
146	4	9140206	0.879
147	4	9150202	0.873
148	4	9330201	0.865
149	4	9140203	0.861
150	4	9150206	0.859
151	4	9130201	0.855
152	4	9120204	0.846
153	4	9140207	0.829
154	4	9130208	0.828
155	4	9140213	0.803
158	4	9150227	0.782
157	4	9120206	0.762
158	4	9100203	0.751

The fully integrated store-level assortment analytics solution from IBM lets ValueTrend capture and store customer information, and use it to predict, act, measure and adapt as needed.



Analytical Process

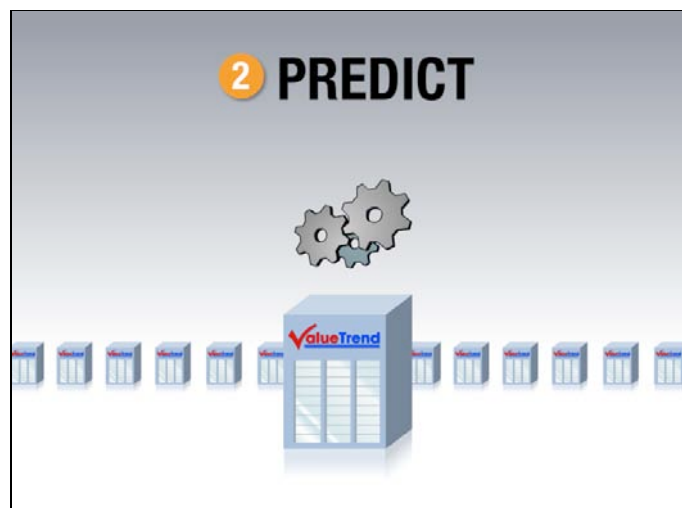
The analytical process is comprised of five steps: capture, predict, plan, act and measure.



For the capture step, ValueTrend starts by integrating all of their relevant data – such as inventory, item-level sales, and store profiles.



Next, they can apply predictive and advanced analytics, allowing them to assess store profiles and generate an optimized assortment plan by location.



With this capability, they can determine the likelihood of individual items selling on a store-by-store basis – based on probabilities and past performance.

2 PREDICT

Table	Annotations	Store_ID	SKU	Predicted_Sale_Likelihood
142	4	9270201	0.883	
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149	4	9140203	0.861	
150	4	9150206	0.859	
151	4	9130201	0.855	
152	4	9120204	0.846	

The software has the ability to predict demand based on attributes associated with each SKU – like stores, clusters and even weather. The end result is a listing of SKUs to be stocked at each store, ranked by likelihood to sell.

2 PREDICT

Predict demand based on:

- Stores
- Clusters
- Weather

Now it's time to update plans and act on the results of the analysis. From here, ValueTrend builds and reviews merchandise plans and model alternatives. Once plans are finalized, they can execute, place orders and stock stores based on the best predictive model.

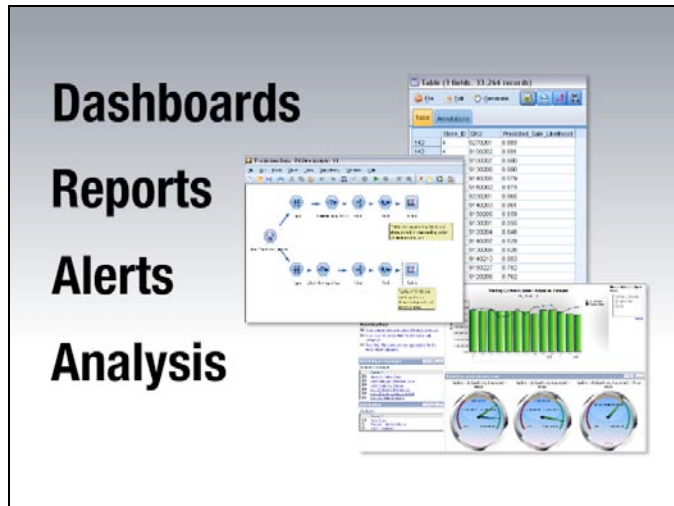
4 ACT

ValueTrend can:

- Execute
- Place orders
- Stock stores

Summary

Analytics can help you foresee the likely impact of every action, improving decision-making and revealing that which was previously hidden.



With the combined capabilities of IBM Business analytics, retailers get a complete view of historical performance, coupled with a predictive—and profitable—view of the future.

IBM Business Analytics
Improve product sales and margins
Complete view of historical performance

For more information about what analytics can do for your business, visit us online at ibm.com/cognos/retail

IBM Business Analytics
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