



VIEWPOINT

Align Planning Decisions with Demand to Overcome Mega Retailer Competition

By Mike Johnson > Solution Market Director, Oracle Retail

In the face of fierce competition, retailers must align planning decisions with demand—especially amidst the advent of online mega retailers that combine competitive pricing with an extremely efficient supply chain.

Retailers need to know how they can offer competitive pricing and flexibility in fulfillment while still maintaining solid margins. Here are four interlocking strategies that can be used to achieve this goal:

Single View of Demand

Demand is a moving target that is constantly affected by changes in pricing, promotions, assortment, and other factors. Retailers must combine these influences with historic data to create a truly informed forecast. To achieve this, they must have a single set of data all on a single platform, including financial planning, assortment planning, demand forecasting, supply planning, and supply chain execution.

Granular Planning

With such a platform in place, retailers can achieve the high level of granularity they need to compete. At that point, they can plan stock levels down to the individual product and location, not just for today but for any day into the future across the entire connected, multi-echelon supply chain. With a system that combines granularity and advanced retail science, retailers can create truly optimized plans—all the way down to product, location, and day.

Proactive Supply Chain

Traditional retailers can leverage both their store and warehouse networks to fulfill customers in ways pure-play retailers can't—including store pickup and traditional shopping transactions. The challenge is to maintain service levels and flexibility without driving up inventory costs. To achieve this, supply chain managers need to spend more time planning and less time troubleshooting problems. That's made possible when supply chain planning and replenishment are tightly integrated with demand planning—and driven by advanced retail science.

Return on Inventory Investment

Retail merchandisers face a never-ending challenge to maximize customer satisfaction while minimizing inventory costs. It is always a matter of give and take, and the decision-making process is necessarily complex. Today's wide assortments and multiple touch points complicate matters even more. To maximize return on inventory investment, retailers need to take into account the unique characteristics of each channel or location.

Retailers need multiple replenishment methods, inventory management techniques, and forecasting approaches in order to compete with companies offering low prices to consumers while keeping their own costs down via lean supply chains. Traditional retailers can maintain solid margins in this competitive new reality by utilizing a single demand platform, optimizing product and location plans, keeping inventory expenses down while maintaining service levels and flexibility, and maximizing return on inventory investment.

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Prior to joining Oracle, Mike Johnson spent nearly a decade engaged in demand planning, beginning as an analyst and working his way up to senior demand planning manager for major hardline retailers including Best Buy and Target.

As Solution Market Director for Retail Supply Chain, Mike is responsible for delivering internal and external communication of solutions' positioning, supporting sales efforts with prospects, and driving the product roadmap direction and strategy for the retail supply chain management solution suite.

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