Shelf-Centered Collaboration

The retail shelf represents the final opportunity for brand owners and retailers to convert customer consideration into the "moment of truth": the purchase of the product. Although the retail shelf plays a critical role in the sales process, many brand owners do not pay adequate attention to these last few feet of the supply chain. Without true insight into customer demand at the store level, or knowledge of local promotions, brand owners often have to rely on retailers' requests to stock the same level of inventory at each store. Consequently, both brand owners and retailers run the risk of having their products overstocked at slower-selling stores and understocked at higher-selling stores—and experiencing lost sales and unnecessary costs as a result.

In today's competitive retail environment, brand owners must carefully balance the benefits of stocking high levels of inventory with the potential cost of ensuring that their products are always available. i2 Shelf-Centered Collaboration™ helps brand owners achieve this balance—which improves revenue and margins, and builds stronger relationships with retail partners—with results beginning in just 90 days.

Solution Capabilities

Effective shelf-centered collaboration drives profitable revenue growth by aligning inventory in the right stores using point-of-sale (POS) and sell-through data from the channel. i2 Shelf-Centered Collaboration reduces inventory and associated costs—such as price protection, spot promotions, and markdowns—while decreasing out-of-stocks and lost sales due to improved product availability.

i2 Shelf-Centered Collaboration focuses on four key functions.

POS-Based Forecasting to Increase Accuracy

By using current POS or sell-through data, brand owners can identify and react to market trends at the earliest possible opportunity and increase predictability of both demand and inventory needs. This information helps brand owners better balance inventory across slow- and fast-moving stores, improving sell-through rates to consumers immediately. With this type of forward-looking consumer insight into their product categories, brand owners increase credibility with their retail partners.

Store-Level Monitoring to Diagnose Store Performance

While aggregate POS data can help brand owners understand the "mega trends" affecting their product categories, this data fails to explain declining product sales at the store level. In fact, declining sales across multiple stores are typically caused by a number of store-level discrepancies—such as competitor promotions, forecasting errors, or production or stocking problems—not captured by high-level POS analyses. By performing store-level POS studies and root-cause analyses, brand owners gain powerful information that helps them improve the effectiveness of specific channel tactics.

Key Features

- Predictive and responsive out-of-stock detection
- Comprehensive root-cause analysis of out-of-stocks, including:
  - Ghost/phantom inventory
  - Forecast error
  - Inventory and ordering parameters
  - Replenishment execution
- Predictive display and promotion compliance
- Comprehensive inventory and sales reports that analyze:
  - Inventory, sales, and shipment trends by store and distribution center
  - Slow-moving and non-productive/ excessive inventory items
  - Inventory performance of new and end-of-life items
- POS-based forecasting
- Demand-shaping playbooks
- Synchronized replenishment

Synchronized Replenishment to Drive Inventory Alignment

By basing safety stocks, replenishment plans, and purchase orders on current, real-time consumer needs at individual stores, brand owners can respond to changes in demand at the earliest possible opportunity. This reduces the financial risk associated with weeks of excess inventory and enhances the brand owner-retailer relationship.

Demand-Shaping to Plan Local Promotions Effectively

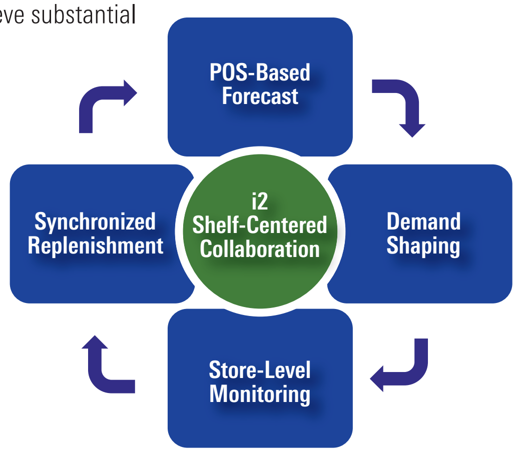
Brand owners can take an active role in shaping demand for products experiencing declining sales. By performing a root-cause analysis, brand owners can determine whether overall demand is down for a particular product, or if sales are off only in a certain regional distribution center or individual store. Once the root cause is identified, brand owners can implement demand-shaping actions—such as a promotion, advertising campaign, or gift-with-a-purchase—to make immediate corrections. This empowers brand owners to take a proactive role in influencing consumers' purchasing decisions.

i2 Differentiators

i2 takes a holistic view of shelf-centered collaboration, providing all the critical elements—POS-based forecasting, demand-shaping, store-level monitoring, and synchronized replenishment—in one application. With i2 Shelf-Centered Collaboration, brand owners can achieve substantial savings starting in just 90 days.

Benefits include:

- Increased in-store availability and higher in-stock percentages
- Reduced weeks of supply and channel inventory
- Greater reliability and accuracy of forecasts by using POS-based forecasting
- More effective promotions and demand-shaping actions based on a better understanding of competitive and market movements
- Increased reliability of performance over time due to root-cause analysis and lever libraries
- Better product lifecycle management—resulting in increased launch success and lower risk of obsolescence—based on sharper consumer insights



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i2 utilizes results-focused engagement models, which are built on a continuous improvement framework, to foster rapid and continued supply chain process innovation. i2 offers a variety of engagement models, giving clients the flexibility to select the approach that best meets their needs.

- Traditional software license: Clients own, host, and operate the software.
- Managed services: Clients outsource the management of the supply chain process to i2—eliminating implementation at the customer site—for fast time to value.

For more information on i2 Shelf-Centered Collaboration and other i2 solutions, visit www.i2.com.

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