Buying and Assortment Management

With customer loyalty decreasing and margins under pressure, competition among retailers is more intense than ever. To increase market share, retailers must move from a product-centric strategy to a customer-centric assortment strategy that focuses on efficiency, selection, and customer preference.

i2 Buying and Assortment Management™ (BAM) is the industry's most comprehensive purchasing and planning solution. Built on the i2 platform, this interactive suite of tools supports key processes in assortment management — from the creation of placeholder concepts to the generation of purchase orders representing buys that are properly timed, packed, and aligned with merchandise management objectives.

i2 BAM creates receipt plans driven by sales strategies that are simultaneously reconciled to several merchandise management objectives, including financial targets, customer preferences, space constraints, and inventory performance. The tool provides continuous visibility into the effect of assortment decisions on key result areas, providing the user with powerful "what-if" analysis capabilities in a familiar and comfortable user interface environment — Microsoft Excel®.

A Customer-Centric Approach

i2 BAM supports the unique mix of art and science needed to build effective, customer-centric assortments, ensuring plan feasibility and simultaneous alignment with multiple objectives and constraints. The solution includes:

Historical performance. Performance of prior periods can be analyzed with Pareto analysis and "slice-and-dice" tools to understand how previous assortment decisions can guide future plans. The tool supports carrying forward items or creating new items that are patterned after specific items in history.

Buyer's worksheet. This repository of product, attribute, and sourcing information provides historic and current data in tightly integrated store and group assortment views. Features include real and dummy item planning, and online and off-line modes with data synchronization via the i2 retail platform.

Space planning. To maximize product productivity, this module supports space allocation planning by collections or product groupings. As assortment decisions are made, space productivity can be continuously reconciled, allowing for the creation of plans that meet financial objectives and adhere to shelf or fixture constraints.

"We've gotten much leaner in our supply chain, and not just through a sheer desire to be leaner. We've become a lot more prescriptive and precise in how we're making investments in our inventory. i2 solutions help us keep our assets much more fluid. We've significantly improved our ability to deploy our assets in the right places, which is not easy to do in the very complex, volatile world of fashion retail. To be able to create any level of certainty or precision within that framework is difficult, but we've been able to overcome challenges, significantly improve processes, and create substantial benefit."
— Matt Salmonson
Senior Vice President of
Inventory Management
Old Navy, a division of Gap Inc.

Customer-centric assortment. The assortment worksheet supports targeting assortments to specific customer profiles by using rich product, store, and shelf attributes to build and manage an effective, localized merchandise plan. Decisions about product range can simultaneously consider space, demographics, climate, region, volume, and other relevant factors.

Sales and receipt planning. i2 BAM supports the creation of a time-phased sales plan based on historical selling patterns overlaid with the lifts associated with promotional events. It also supports staggered rollouts and time-phased, price-point planning across locations. Receipt plans are generated to support the sales plan while respecting supply chain and inventory goals and constraints. Key receipt planning features include dynamic model stocks, a multi-level supply network model, time-phased demand and replenishment, constraint support, excess allocation workflows, and end-of-season "must-ship" capabilities. In one integrated sales and receipt plan, the user has both preseason and in-season visibility into markdown plans. The solution also provides interactive and fully automated in-season planning capabilities, which can re-forecast future sales based on actual sales signals.

Solution Capabilities

Capabilities of i2 BAM include:
- Historical performance analytics
- A buyer's repository of item, attribute, and sourcing information
- Assortments by store and group with product, store, and shelf attributes
- Easily interpreted summary to help reconcile performance to merchandise plan
- Continuous monitoring of assortment decisions on space, product mix, and other objectives
- Fully automated in-season planning with adaptive forecasting
- Analytical support to identify key assortment planning parameters
- Historical summary and in-line views to support improved planning and distribution decisions
- The ability to plan price points across locations by time period
- Dummy style and colors for "what-if" planning with supporting workflows

i2 Differentiators

This tool is built on the i2 platform, which incorporates a reference data model, a service-oriented process layer for business logic and data access interfaces, and a presentation layer that includes both Microsoft Excel and browser-based user interface elements.

Benefits of i2 BAM include:
- Improved customer centricity with targeted assortments for local markets
- Support for targeted markdown decisions to maximize margin and minimize leftover inventory
- Scientific approach to pattern after intelligence and seasonal sales profiling that enhances the art of preseason sales forecasting
- Optimization of receipt flows to enable lower supply chain costs and improve product allocation decisions
- Integration of processes across buying and assortment planning
- Quick return on investment by deploying only required, high-value components that fit within existing systems landscape or a phased implementation of modules; there's no need to "rip and replace" or deploy all modules at once

For more information on i2 BAM and other i2 solutions, visit www.i2.com.

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