

## Consumer Centric Retailing

### Cross Channel Merchandise & Assortment Management

**Optimize your assortments – style/color/size by door.**  
**Founded in 1999, 7thonline is the leading provider of planning, demand forecasting, and optimization solutions to the apparel, footwear, and accessories retail community.**

In order to increase sales, improve margins and maximize profitability, retailers must deliver the right styles, the right colors, and sizes in the right quantities of merchandise to each store to match local demand. They must continuously reevaluate this merchandise mix as demand and supply factors change. This entails not only intelligent historical performance assessment but also accurate forecasting of what lies ahead. This is no small feat considering the volume, complexity, and inaccessibility of relevant data as well as the fast-paced nature of the business. Merchants need a way to interpret dynamic demand, supply, and planning information in real-time, and from a single access point with a 360 view of their business.

7thonline addresses these challenges with its industry specific cross channel merchandise and assortment management solutions, including planning, demand forecasting and optimization. These solutions enable merchants to work more intelligently and efficiently at every step of the process by leveraging the power of “art and science”. With increased visibility across all channels and earlier demand insight, retailers are now able to better plan and analytically reduce markdowns and out of stocks as well as greatly improve inventory turns. Management can be confident that strategic and financial objectives are met and that they are investing in a merchandise mix that maximizes profit potential.

### Planning

Every retailer is challenged with how to effectively plan and execute unique store-level assortments that match local consumer demand. In order to determine the profit-maximizing merchandise mix for each location, retailers must consider vast amounts of dynamic demand and supply information, product/ location attributes, historical performance, current trends, and strategic and financial objectives. The necessary information often resides on disparate systems or spreadsheets, and decisions involve input from multiple parties across various business functions.

The 7thonline planning solution provides an intelligent platform to coordinate, analyze, and share this dynamic information in real-time and to translate it into optimal merchandise plans and localized assortments – style/color/size by



store by week. The forecast-driven system enables the merchant to intelligently seed assortments based on defined demand drivers, promotional/markdown strategies, historical performance and product/location attributes. The solution integrates both the art and science of merchandising in a user-friendly environment to facilitate merchant usability and adoption. Management has complete visibility into all planning activity, enabling them to ensure that plans are aligned with corporate objectives and to react to opportunities and challenges as they arise.



## Demand Forecasting

Competition among retailers has never been tougher. Even the most vibrant retail stores operate on razor thin operating margins. Inaccurate assessment of changing consumer demand can have an immediate and devastating impact on profits – and ultimately – viability. Retailers must strategically plan how to effectively outperform current and new competitors across all their channels.

Even with an optimally executed plan, reality will inevitably vary from that plan. Consumer preferences and buying activity are ever-changing, and variability in supply and deliveries will impact in-stock inventories. Retailers need a way to track in-season performance against plan in order to react as quickly and effectively as possible to meet forecasted demand.

7thonline proprietary retail algorithms provide new opportunities to improve retail performance. Although the art of the individual merchant may never be replaced, it can be augmented by an efficient, objective and scientific approach to forecasting demand. You need a solution that can handle the mass of retail transaction data - organizing it, mining it and projecting customer demand into the future to ensure you have the right product, in the right place, at the right time and in the right quantity. This new approach to demand forecasting in retail will contribute to the accuracy of your future merchandise and assortment plans, the satisfaction of future customers and the overall efficiency and profitability of retail operations.

Retailers want to grow sales, maximize profits and satisfy customers. This means having stores sufficiently stocked to meet customer demand, but not so overstocked that excessive capital is tied up in inventory or that significant end-of-season markdowns may be necessary.

7thonline enables the dynamic assessment and forecasting of sales, inventory, and receipts by week throughout the selling season so that merchandise assortments and promotional strategies can be adjusted to best match current demand.

## 7thonline Cross Channel Merchandise & Assortment Management

- **Increase Revenue**
- **Improve Margins**
- **Decrease Markdowns**
- **Reduce Inventory Carry Costs**
- **Reduce Operational Costs**
- **Increase Personnel Productivity**
- **Collaboration Across Retail, eCommerce, & Wholesale**

## Optimization








In order to determine optimal store assortments, retailers must consider financial and strategic objectives, historical sell-thru and missed opportunities, local demographics, and many other factors. Though much of this data is available to them, the volume and complexity prevents them from effectively leveraging it. Instead, merchants are forced to rely on intuition and their own number crunching, resulting in unnecessary missed sales opportunities and excessive markdowns.

With 7thonline, retailers can be confident that they are investing in a merchandise mix for each store that maximizes profit potential. Based on historical performance, customer data, and strategic objectives, 7thonline generates the optimal category, class, and SKU breadth and depth to meet local demand while incorporating the necessary constraints. The optimization can be performed at various levels depending upon the retailer's requirements.

Every retailer loses a significant portion of sales and gross margin due to a mismatch between store size distribution and local demand. The amount of data and quantitative analysis involved in producing the optimal size allocation by style by store is prohibitive. Furthermore, the calculations of the size distribution are often oversimplified, not taking into account the price, revenue, and margin impact of missed opportunities, stockouts and overstocks in particular sizes. Without correcting for past mistakes, history is repeated rather than improved upon. These shortcomings in size distribution result in lower profits and disappointed customers.

Retailers can avoid these unnecessary sales and margin losses with 7thonline's powerful size analytics and optimization capabilities. Through historical POS analysis and proprietary optimization algorithms, 7thonline Size Optimization determines the optimal size distribution by store that will minimize lost sales due to early size breaks without increasing inventory. For case pack styles, the algorithm determines the optimal size mix for each pre-pack and the optimal distribution of available pre-packs to each store.

Many merchandising decisions are data-driven, yet the sheer volume and complexity of the data prohibits merchants from effectively utilizing it. With 7thonline, retailers have a single aggregated view and no longer need to deal with unwieldy data and dozens of spreadsheets. You are now able to turn data into actionable information and make the right recommendations that provide maximum profit potential.

Style Image	Class	Sub-Class	Style #	Style Description	Color Code	Color Name	AC Owned	ACT Sales	ACT Sales/AC Sell	ACT Sales/ACT	ACT Profit	Act Profit %		
	Apparel	Apparel Tops	7118060VT	FA 12 5/8 KNIT	001	Black	\$7.00	\$130.09	440	\$9,466	68.3%	\$21.97	\$6,392	66.1
	Apparel	Apparel Tops	7118060VT	FA 12 5/8 KNIT	300	White	\$7.00	\$130.33	311	\$6,835	53.3%	\$21.98	\$4,521	66.1
	Apparel	Apparel Tops	7118060VT	FA 12 5/8 KNIT	203	heather grey	\$7.00	\$130.33	233	\$4,723	44.6%	\$21.97	\$3,123	66.1
	Apparel	Apparel Tops	7118060VT	FA 12 5/8 KNIT	63K	Flame Blue	\$7.00	\$130.29	194	\$4,281	44.8%	\$21.96	\$2,817	66.1
	Apparel	Apparel Tops	7012485FR	2 WAY ECO WOVEN	76K	Medium Green	\$4.00	\$200.00	69	\$2,742	53.9%	\$39.74	\$1,706	63.1
	Apparel	Apparel Tops	7012485FR	2 WAY ECO WOVEN	64Y	Neon Blue	\$4.00	\$200.00	68	\$2,720	63.0%	\$40.00	\$1,778	63.4
	Apparel	Apparel Jackets	7113390VT	VAULT TECH JACKET	300	White	\$39.00	\$600.00	31	\$3,100	33.3%	\$30.00	\$1,284	43.1
	Apparel	Apparel Jackets	711256K	BATTALION JACKET	001	Black	\$101.00	\$980.00	22	\$3,073	36.1%	\$139.68	\$849	27.6
														

## Built-in Business Intelligence and Analytics

7thonline's solution encompasses merchandise financial planning, visual and analytical assortment planning, in-season merchandise management, and order execution, based on powerful optimization, forecasting, and collaboration engines. Embedded across 7thonline's enterprise solution is a real-time, easy-to-use reporting engine to drive productivity throughout your business processes. With the visibility and business intelligence provided by the solutions, merchants are able to quickly produce optimal assortments driven by current trends, historical performance, financial plans, local demand patterns, and supply constraints.

## 7thonline Cross Channel Merchandise and Assortment Management

### KEY CAPABILITIES

#### Build Profit-Maximizing Merchandise Plans Driven by Current Forecasts

- Build door-level merchandise plans driven by forecasts; forecasts are based on current trend, dynamic in-season data as well as multiple year historical seasonal selling patterns
- Reconcile top-down vs. bottom-up vs. historical vs. forecast
- Dynamic in-season assessment of merchandise assortment with robust forecasting engine

#### Produce Optimal Assortments Driven by Forecasts

- Build optimized assortment plans - style, color, and size by store by week - to meet local demand and satisfy business objectives
- Intelligently build assortments with business drivers (e.g. target stores, lifecycle, sales potential, distribution constraints, etc.) to automatically generate store plans
- Determine and incorporate promotional/markdown and reorder strategies
- Generate optimal category, class, and SKU breadth and depth to meet local demand

#### Localization of Assortment to Match Customer Demand

- Capture product and store attributes for better targeting local customers
- User definable planning worksheet to build assortment by attribute
- Recommend target stores for products with certain attributes based on local demand

#### Visibility and "One Version of the Truth"

- Industry specific reporting/analytics, from the widest company roll-up down to SKU by location by week
- Visibility to modifications throughout the planning process

#### Build Custom Reports On the Fly

- Built in and embedded, domain-specific business intelligence tools for custom reporting (e.g. LY and POS analysis) across the solution stack
- No additional cost or implementation
- User-friendly: simple user interface, non-IT dependent

#### Ladder Planning

- Track and adjust weekly flow planning activity (sales and receipts) by item by location; automatically reconciles to assortment plan

#### Extend to Order Execution and In-Season Management

- Execute assortment plans from product selection through order placement and to collaborate with trading partners on product data and plans
- Track in-season performance and forecast sales, inventory, and receipts by week

#### Store Clustering

- Shrinks the size of the store-planning task by categorizing stores into groups, or clusters, based on common characteristics or attributes.
- Cluster stores by performance, such as volume; or by location, such as warm weather vs. cold; strip vs. mall; downtown vs. suburbs; or by target customer, such as resort, retirement, ethnicity; or by store size and layout

#### Facilitate Communication and Collaboration

- Share real-time financial and assortment plans at any time internally as well as externally

#### Reduced Operational Costs

- Significantly reduced administrative tasks and error rates

## Global Market Leaders

### Planning Billions of Dollars | Managing Millions of SKUs

The world's leading apparel, footwear and accessory companies rely on 7thonline's solutions for cross channel merchandise and assortment management. Some of 7thonline customers are listed below.



Calvin Klein



To receive a complimentary Business Value Analysis (BVA) on how 7thonline can help you to increase the profitability of your merchandising processes, please contact:

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## About 7thonline

7thonline is the leading provider of cross channel merchandise and assortment management solutions to the retail and wholesale industry. The company's cloud and enterprise software enables more effective planning, demand forecasting, and consumer centric optimization for global and fast growing brands. 7thonline's embedded business intelligence and analytics offer multi-channel inventory visibility for retailers, eCommerce, and vendors allowing for greater operational performance, increased sales, reduced markdowns, and improved margins. Customers include G-III Apparel Group, GRI Retail Group, Nautica, Oakley, Phillips-Van Heusen, Under Armour, VF, Warnaco, and others. 7thonline is headquartered in New York City with global offices. For more information, please visit [www.7thonline.com](http://www.7thonline.com).

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