

D&A TRANSFORMATION TALES

Optimizing Merchandising and Sales with Predictive Analytics for a Paper Products Retailer



BACKGROUND

The client is a renowned papery and gift retailer, offering a diverse range of products, including fine papers, custom invitations, distinctive gifts, greeting cards, gift wrap, paper craft kits, party supplies, and personalized stationery. With multiple retail stores and an online presence, the client faced challenges in optimizing inventory management, forecasting customer demand, and maximizing merchandise value. The major challenges faced by our client before implementing the Merchandizing and Sales Analytics Solution:

- **Inventory replenishment:** The client struggled to accurately replenish inventory based on forecasted customer demand, leading to overstocking or understocking issues.
- **Slow-moving products:** Identifying slow-moving products at specific store locations was difficult, resulting in markdowns to clear out excess stock.
- **Store inventory imbalances:** The inability to swap merchandise between low and high-demand stores led to imbalances in inventory levels across locations.
- **Product placement:** Optimizing product placements within stores based on customer purchasing patterns was a key requirement.
- **In-store conversion rates:** The client aimed to increase the ratio of store visits to actual purchases (visit-to-buy ratio) by understanding customer behavior.



SOLUTION

With our vast expertise in delivering innovative analytics solutions for retailers, we embarked on a strategic journey to address the client's challenges. Our team of data experts meticulously evaluated the client's requirements, carefully considering the intricate aspects of inventory management, demand forecasting, and merchandise optimization. As our solution strategy was grounded in a deep commitment to delivering tangible value, we ensured a reliable and impactful implementation that would empower the client to unlock the full potential of their data-driven decision-making capabilities.

The proposed solution provided a comprehensive approach to data integration, predictive modeling, and analytics. And our approach perfectly met the client's expectations as one of the primary objectives of this project was to optimize inventory management, identify slow-moving products, balance store inventories and enhance product placements. The integration of operational reporting and interactive dashboards empowered the client with data-driven insights for informed decision-making and continuous improvement.

Our unique approach to develop the Merchandizing and Sales Analytics Solution:

- **Inventory management:** By analyzing historical sales data, customer preferences, and external factors, we implemented predictive models to forecast demand and optimize inventory replenishment across store locations.
- **Slow-moving product identification:** Advanced analytics techniques were employed to identify slow-moving products at specific stores. This concept helped target clearance strategies and markdowns.
- **Merchandise swapping:** The solution facilitated the swapping of merchandise between low and high-demand stores.
- **Balancing inventory levels and reducing the risk of overstocking or understocking was made easier than ever before.**
- **Footfall and visit frequency analysis:** We analyzed customer footfall data and visit frequencies to understand in-store behavior and identify opportunities to increase conversion rates.
- **Basket analysis:** By performing basket analysis, we identified commonly purchased products together and enabled the client to seamlessly optimize product placements and cross-selling strategies.



TECHNOLOGY SNAPSHOT

- Microsoft SQL Server 2012
- SQL Server Integration Services (SSIS)
- SQL Server Reporting Services (SSRS) for operational reporting
- Power BI for dashboards and advanced visualizations



BUSINESS BENEFITS

- Optimized inventory management minimized the risk of overstocking or understocking
- Clearance strategy optimization helped implement targeted clearance strategies and markdowns
- Increased in-store conversion rates
- Improved product placements
- Informed decision-making for merchandising, pricing, and inventory management



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