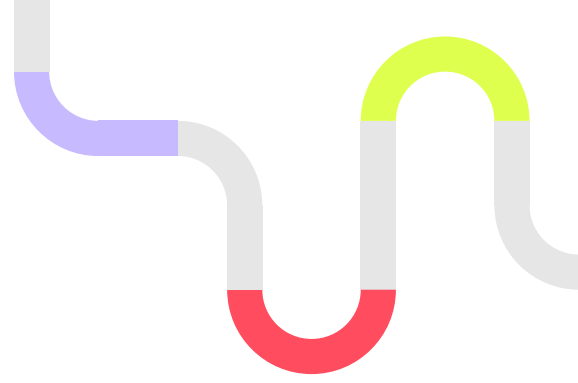


slalom | Anaplan

A CONNECTED EXPERIENCE:

The future of merchandise planning.





| A new normal

As we enter the third year of a global pandemic, our ways of life have changed dramatically. Our work practices, communication methods, and day-to-day operations in both personal and professional life are far from where they once were. And while many of these behaviors may have begun as temporary solutions, their adoption and impact have changed how the world will continue to operate.

Our minds have shifted from seeking “back to normal” to helping us adapt to the “a new normal.” As we continue to return to pre-pandemic life, we are doing so with a new set of options and different expectations.

The fashion retail industry is facing a lot of pressure as the global economy grapples with inflation, supply chain disruption, and a new consumer with different priorities. Now more than ever, it’s vital for retailers to understand what their customers expect from them beyond the product alone. Customers prioritize the efficiency, convenience, and reliability of their purchase, seeking the most seamless experience when making purchase decisions. As a result, retailers must foreshadow customer demand to maintain healthy margins and stay competitive in a market where accessibility is paramount. This requires a keen understanding of both internal and customer ecosystems to deliver what their customer expects from an end-to-end process.

To gain these customer insights and understand financial trends and implications, retailers must establish a data-driven approach to connected planning. A connected internal ecosystem where data is centralized, shared, and trusted across all aspects of the retail business provides brands with the ability to reach their customer and, in turn, their customer’s ability to reach their product.



The customer experience

Customer satisfaction can be a moving target. Furthermore, the retention of customers can be even more elusive. In the current market, Slalom's retail holiday outlook research showed that customer loyalty is strongly influenced by two primary variables: price and availability.

Consumers are savvy and will find ways to get what they need when they want it, even if it means trying a new brand. While inflation hasn't affected all demographics, the ones who have felt the pressure are changing their behaviors and adjusting how and where they spend their money. Slalom predicted that 22% of shoppers would buy less from their favorite brands this holiday season due to price or availability, while 84% would reduce overall spend on purchases through brand switching, discounts, or smaller purchases.¹

However, price is not the only incentive. Consumers are also keen on a brand's ability to accommodate their purchase as readily as possible. In the wake of pandemic repercussions, research shows that 50% of consumers will switch products, brands, or retailers when faced with shortages.² If a preferred retailer is unable to deliver when and where is expected, customers will switch brand loyalties when they discover a more simplified and pleasing experiences elsewhere.¹ Ultimately, convenience and availability will preside over what and where customers will buy.

¹<https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/winning-in-loyalty>

²<https://www.bloomberg.com/news/features/2022-03-10/peloton-stock-drop-puts-bike-brand-on-path-to-nowhere>

Driving customer lifetime value

With priority focus on availability, accessibility, and price point, retailers must regard the purchase experience to be as integral to the brand as the product itself. A purchase experience must grow to meet a broader scope of requirements as customers' expectations of how and what they can acquire in an omnichannel landscape expands. With this mindset, retailers can sustain business and rebuild their customer lifetime value.

43% tried new products, brands, or both when their first choice had an availability issue.

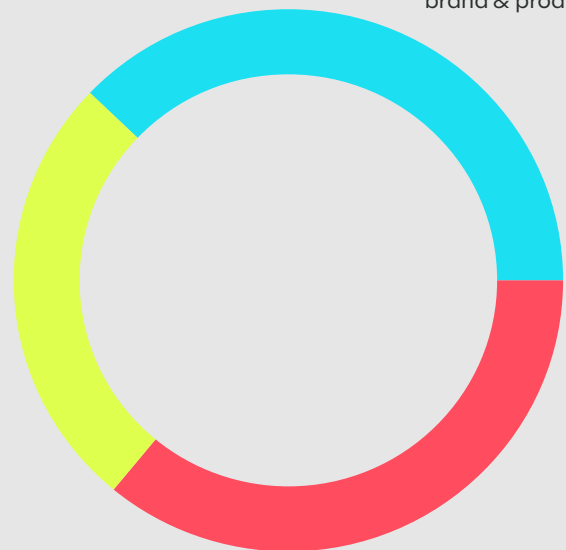
Availability drives switching

87% of consumers changed shopping habits due to supply chain disruptors. The top adopted habits were:

1. Shopped in-person to get items immediately
2. Shopped less overall due to rising prices
3. Purchased a product that was not first choice due to availability issues.

slalom research

27%
Tried new brand



38%
Tried both new brand & product

35%
Tried new product



The retailer experience

There's an opportunity for retailers to deliver engaging and frictionless experiences across traditional and non-traditional touchpoints to stand out. Connected planning enables retailers to strategize production and delivery while using agile to adjust when disruptions arise. Across production, buying, allocation, and sales teams, merchandise planning requires simultaneous workstreams, the collaboration of multiple departments, and consistent communication. Yet, for many fashion retailers, the planning process has evolved very little over the last several years.

History has proven that poor planning and lack of understanding of your business model could have disastrous consequences. Once a rising star during a tumultuous time in our history, a high growth start-up increased their manufacturing capacity significantly without sufficiently planning for demand. This resulted in excess inventory and capacity for a company that has seen a drop off in demand.² This trend is not unique to just high growth startups. Other traditional brick and mortar retailers entered the 2022 holiday season with excess inventory and needed to slash prices to sell through their inventory.³ Much of this can be attributable to a disconnected planning process that did not consider the demand signals early enough.

³ <https://www.cnbc.com/2022/11/13/retailers-biggest-holiday-wish-is-to-get-rid-of-all-that-excess-inventory.html>

In surveying our clients, there's a shared sentiment that current practices impede their ability to not only fulfill their work, but ultimately meet the needs of the customer. Retailers that struggle with operational challenges are often limited by outdated technology and inefficient processes—information and reporting is seldom shared in real-time and, without a central repository for data, decisions and strategies are based on disjointed or inaccurate information. This can affect assortment, allocation, and markdown strategies that ultimately damage profit margins and fail to provide customers with the product or experience they're looking for. Furthermore, when planning is disrupted, a lack of centralized information makes it hard to identify solutions or opportunities for process improvement. These limitations only exacerbate the pressure of supply chain disruption and inventory shortages, leaving both retailers and consumers unsatisfied.

However, some retailers saw the signs—they adapted and designed for these constraints, resulting in the delivery of new experiences while modernizing operations to maintain a competitive advantage while keeping pace with customers' evolving needs and expectations. In doing so, brands not only improve the experience for their customers, but for themselves as well.



The ideal experience

Connected planning

An omnichannel market has been the standard for retailers long before the pandemic. However, with the likes of Apple and Amazon, the capabilities of these channels have accelerated to new levels. While customers can navigate their purchase experience with convenience at their fingertips, retailers must meet these expectations with a connected planning strategy behind the scenes.

Enabling a singular tool for retail operations will allow teams to monitor, adjust, and execute an agile approach to merchandise planning. Internal visibility across the product lifecycle creates a more functional and streamlined process. Retailers will not only be able to make informed decisions and create cohesive strategies, but also adapt across production, distribution, and sales processes when needed. Agile connected planning is about responding to demand signals early to maximize margins and revenues with the least amount of friction possible. This includes:

- **Allocation:** Market assortment is imperative to ensuring product and inventory is available from the start. Retailers should know their customer in each market and drive decisions based on current metrics and KPIs. Machine learning enables retailers to create an assortment strategy that supplies markets with the product they need from the onset and avoid redistribution or unplanned fulfillment needs.
- **Inventory:** The connected store experience ensures stores and DC stock is balanced properly and fulfillment is available when needed. Proper inventory management provides customers with a product where and when they want it.
- **Distribution:** Fast shipping expectations also mean that traditional DC fulfillment needs to be revisited. The need for inventory at immediate notice can often require drop-shipping, in-store fulfillment, and reallocation. Having the ability to monitor and track inventory can open distribution opportunities or—at the very least—provide answers as to when and how stock can be readily available.



A holistic, connected planning strategy creates alignment around a cohesive brand experience. By having a single source of truth that's centralized and accessible in one location, use a unified approach to execute dynamic operations. Instead of siphoning responsibilities, connected planning fosters internal collaboration, aligning product, merchants, finance, and operations as a cohesive system.

The ability to modify supply based on near-real-time demand signal requires a change in mindset. The tooling can help highlight these changes and provide a recommendation, but the art of merchandise planning means that users can still make a judgement call on the actions they take.

Internal structure and process is key to meeting the customers' needs. In connecting the operation internally, retailers will ultimately connect to their customers by providing the expected experience. Planning that uses accurate and current data provides retailers with the best understanding of their customer.

As retailers enter yet another time of uncertainty with rising costs and reduced margins, there will be pressure for better planning to mitigate these pressures. We see connected planning as a long-term investment that acts as a hedge against uncertainty. By leveraging modern technologies, retailers will be able to not only manage their assortment, but enhance the customer experience and truly drive customer lifetime value.



Get to know Slalom

Slalom is a purpose-led, global business and technology consulting company. From strategy to implementation, our approach is fiercely human. In six countries and 43 markets, we deeply understand our customers—and their customers—to deliver practical, end-to-end solutions that drive meaningful impact. Backed by close partnerships with over 400 leading technology providers, our 13,000+ strong team helps people and organizations dream bigger, move faster, and build better tomorrows for all. We're honored to be consistently recognized as one of Fortune's 100 Best Companies to Work For seven years running.

Slalom teams are driven to do what's right and help you realize your vision. We believe in generating success collaboratively, leaving your organization stronger after every engagement, and building trust for the next big challenge. We partner with over 400 of the world's leading technology solution providers to create extraordinary results for your business.

Slalom is a leader in connected planning. We help our clients transform the way they plan and report across their business and collaborate across functions. Connected planning technologies, such as Anaplan, where Slalom was awarded the 2020 Impact Partner of the Year, provide companies with new opportunities to evaluate end to end planning processes and establish more connected, data-driven ways of working across the business. Implementation done right includes keeping the bigger picture in mind and bringing in the right experts with functional, data preparation, connected planning, and change management expertise—all areas Slalom can serve without a revolving door of resources.

Beyond technology and management consulting, Slalom knows how to develop cohesive strategies, transform the way clients plan, report across businesses, and collaborate across functions.

Learn more about Slalom's impact and the power of connected planning through our [case study](#) with Carter's, Inc.

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