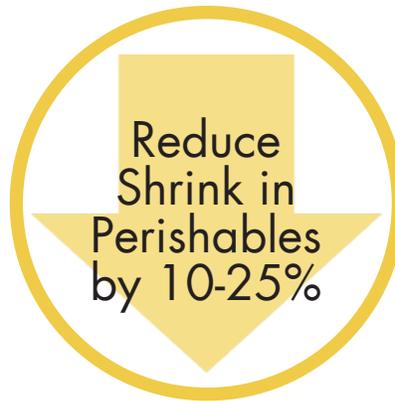


PREDICTIVE DEMAND ANALYTICS FOR RETAILERS

Capture Sales and Grow Profit with Predictive Demand Analytics



In retail, no other external variable has the ability to influence sales as frequently, immediately, or meaningfully as the weather. The conditions outside impact consumer activities and purchasing decisions on a daily basis. And, because the weather is always changing, businesses face ever-changing shifts in traffic levels and demand for specific products. Weather analytics enable retailers to precisely measure the impacts, proactively align inventories with demand, and increase sales and profit.

IMPROVING FINANCIAL PERFORMANCE WITH WEATHER ANALYTICS

Weather analytics help businesses account for how the conditions outside affect sales. By putting a number on the weather's impacts companies are able to improve planning and pre-season allocation by correcting for weather-based demand volatility in historical sales. In-season, activities from replenishment to markdowns to digital marketing can be optimized based on when, where, and how much certain products will see demand increasing or decreasing due to upcoming weather conditions. Key benefits include:

- **Increase Sales by Reducing Out-of-Stocks**

Having product available when shoppers want it drives sales and customer satisfaction and loyalty. By decreasing lost sales due to stockouts, retailers can boost topline up to 2%.

- **Improve Margins**

By better aligning inventories with market-level demand, retailers can expect a 20 to 70 basis point profit lift through higher sales, lower inventory costs, and/or by optimizing the timing and depth of markdowns. Retailers selling fresh products can generate millions of dollars in cost savings annually by reducing perishable shrink by 10-35%.

- **Optimize Digital Marketing**

Retailers improve conversions when weather analytics are leveraged to make messages more relevant and to allocate spend more effectively. Targeting favorable weather time periods and regions/markets enable companies to capture sales from receptive audiences and improve ROAS and other key metrics.

Weather analytics can also provide a weather-adjusted view of sales performance across the business and provide insights for promotions, markdowns, store staffing levels, and more.

Predictive Demand Analytics for Retailers

WINNING WITH THE WEATHER

Planalytics has enabled top retail chains across the globe realize significant benefits with weather analytics.

Examples of key gains clients have achieved with Weatherization include



Fashion retailer capitalized on favorable late-season weather-driven demand to cut markdown in half.



Grocer eliminated more than \$100,000 in shrink in a single fresh category in a single week.



DIY retailer cut end-of-season inventory of snow removal products by 35% by optimizing regional allocation.

GETTING STARTED

The quickest way for companies to precisely quantify how the changes in the weather affect sales and confirm the financial returns that more accurate, weather-adjusted demand forecasts provide is to begin with a pilot that includes an upfront Weather Impact Analysis.

The analysis process combines multiple years of product and store-level sales history with corresponding weather data by time period (day or week) for each location. Planalytics identifies the weather's influence on demand and the degree of sales variability these relationships generate across products,

time frames, and locations. Deliverables from the initial analysis include highlights of product-level weather sensitivities, the related revenue volatility, and the forecast accuracy improvements that are realized by incorporating weather analytics.

Once the weather impact modeling process is complete, a company can access and utilize live, updating weather analytics for various products over several weeks. By using the key metric



of Weather-Driven Demand (WDD) in real-time, the business can experience how demand forecasts adjust for changes in the weather and capture improvements in key performance metrics.

INCORPORATING WEATHER-DRIVEN DEMAND ANALYTICS

With the influence of the weather systematically updated and precisely translated into a business-friendly metric, retailers are able to rapidly incorporate WDD insights into existing processes and technology solutions. WDDs quantify how much the weather alone has affected or will affect demand, adding value to performance analysis, merchandise planning & allocation, markdown management, and digital marketing & advertising.

In the area of inventory optimization, companies maximize the financial benefits of an improved plan/forecast by automating WDD adjustments across hundreds of products. Planalytics has integration partnerships with Blue Yonder, SAP, Oracle, and other leading retail technology providers, helping companies optimize current solutions and quickly begin to extract additional (and recurring) value.

FINANCE MODULE

Get a clearer view of true performance with weather-adjusted sales metrics.
(Total & Department-level analytics)

PLANNING MODULE

Get a better way of "normalizing" planning process vs multi-year average.
(Department- or Product-level analytics)

REPLENISHMENT MODULE

Improve product availability by factoring in weather's impact on demand for the next two weeks.
(Product- and SKU-level analytics)

MARKETING MODULE

Optimize spend, offers, and messaging based on expected weather influences.
(Category- or Product-level analytics)



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