What current challenges do you see with planning in the retail industry?

There are several challenges. Finding good talent is one of them. Planners need to be highly analytical and strategic. Finding people who are analytical isn’t a problem, but it’s harder to find ones that can take a strategic approach to their work and understand how to improve the business and mitigate risk.

Systems are often used as a crutch in planning. Many planners don’t understand the science behind planning and often times plug their numbers into a planning system without understanding how the various components interact or which levers to pull to adjust the plan appropriately.

The different planning functions can also be a challenge. When you’re dealing with merch planning, store planning, allocation planning, etc., there is often confusion about who’s responsible for what. The planning process is usually not methodical or clearly defined. In addition, not every company uses the same terminology when it comes to roles and responsibilities. So a merchandise planner at one company might be planning at the style level, and at another company they are planning at the category level. Moving jobs from one company to another can be challenging because the planner’s skill set might not match up to the new role.

What’s the biggest challenge you face as you try to plan across business channels, ie. Ecom, Wholesale and Retail channels?

Planning for ecommerce is quite different than planning for brick & mortar. For instance, there are two components to planning ecommerce: demand sales (when an order is placed online) and net sales (when the order is shipped out). Companies need to look at both, which can get tricky when there’s a time lag between demand sales and net sales (which is driven by when the distribution center can actually ship out orders).

Some companies will plan ecommerce as if it’s another store. This can be challenging because online shoppers shop differently than in-store shoppers, and you need to understand the nuances between the two. As a result, more companies are starting to separate ecommerce as a separate planning channel.

Are there vast differences in how you look at planning international markets vs. domestic?

How you plan for international markets depends on your business model. If you are working with a franchise partner, they typically manage the planning. The domestic team will give some recommendations and guidance to the partner, but they ultimately own the plan and inventory for their market. If the same planners are managing both the domestic and international plans, they can apply the same planning principles to both.

International ecommerce is slightly more complicated, since ecommerce is handled differently in different countries and you can’t always use the same planning approach as you do in the U.S. China for instance has two major online marketplaces where consumers shop. A company expanding into China typically uses one of the marketplace sites to sell their products versus creating their own branded website. Working with an international trading partner (TP) will help retailers expand internationally because the TP truly understands the local market and will provide needed insights and guidance on how to manage the business.

How do you think customer data could best be used to support planning?

It’s not being used enough today. A lot of planners are still relying on historical sales. Customer data can help planners better understand selling trends, how customers behave around peak times, etc. Customer data is also essential when planning for new trends. For instance, if the design and merchant teams want to chase a new trend that has no historical data, planners need to understand the customer needs and shopping patterns to better plan for these new products.

Customer data can also help planners get more intelligent about regional and store variances. Currently, planners typically only look at how regions are performing at a high-level, but they are not digging into why they perform the way they are. Customer data is typically not tied to
planning data, so it is really hard to leverage it. At the same time, even if planners had access to customer data, they may not have the time to dig into the information to find key insights.

What do you see as the key benefits of an integrated planning system?

Haven’t seen a truly integrated system in my experience. Most companies are still using multiple planning systems that are not integrated with each other. Ideally, it would be great to have everyone in the planning organization on one system so that they can work together more efficiently and have better visibility cross-functionally.

How important is collaboration with cross-functional teams in the planning process?

Collaboration with the Merchandising team is essential to understand the direction of the product. If the team is going into new categories or product types, they need to loop planners in early on (for instance if planners hadn’t been alerted to the jumpsuit trend, they would have never planned for it since it was an entirely new product type). Understanding what categories are expanding/declining will help the planning team better plan for needs of the business.

Hindsight processes should involve all functions to understand how the company performed in regards to missed sales, excess-inventory, opportunities & misses by category. Merch Planning can then work with Merchandising on the roadmap to understand any merchandise shifts for the next season year.

Do you see predictive analytics playing an important role in forecasting today or in the future?

Predictive analytics is helpful at the day-to-day level to understand the peaks and valleys of demand. But it requires a level of strategic insight to interpret the data. Having access to tools like predictive analytics is important, but the challenge is determining whether or not you agree with the predictions provided. Planners need to take into other things such as macroeconomic trends that may have an impact on your predictions.

How do you think retailers/wholesalers should be utilizing data to make better planning decisions?

This can vary based on the retailer. Some places don’t hindsight. Others that manage in-season plans are only forecasting based on past trends and not looking at what’s in the pipeline. It’s important not to get too caught up in the details and lose sight of the bigger picture. Planning decisions need to be driven by the data as well as by a planner’s ability to prioritize in order to get the biggest return.

What is one major change do you see in the near-future of planning in the retail arena?

With retail moving towards omni-channel, the role of planning will change. Companies are evolving and now need to manage multiple business models across their channels and geographies. There is no longer a one-size fits all approach to planning.

About Today’s Expert

Today's expert is a VP of Merchandise Planning with over 10 years experience in the retail industry. The company provides apparel and accessories for multi-channel retailers, both national and global.

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