

COMMERCE

## Harrods taps Predictix for cost-effective inventory control

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By RACHEL LAMB

Harrods is polishing its merchandising and buying strategy by using a new software that helps retailers effectively plan inventory each season.



Predictix developed the software-as-a-service technology to help luxury brands plan more in-depth and more efficient forecasting processes for each season. Harrods is using the software to help with budgeting and general inventory surveying to plan for the future more cost-effectively.

"Luxury brands are constantly planning a new season, a new concept, constantly changing to adapt to the tastes of the consumers," said Rafael Gonzalez Caloni, executive vice president at Predictix, Atlanta. "Deciding what to stock is a complex process that sometimes happens up to a year in advance, with trying to guess what our consumers want to buy, and figuring out what mixes of products retailers want to sell."

"That requires a lot of planning, and any kind of retailer, but mainly luxury, deal with every possible taste," he said. "Harrods tries to deal with every possible taste from food to luxury goods to apparel, so it's hard to figure out what's in stock, what's selling and what's not selling."

## Budgeting per season

What is most unique about the Predictix software is its assistance in proper budgeting.

The software helps break down different categories so that companies can see if they are buying too much of an item or not enough of another.

By carefully monitoring all inventory using the application, brands are able to see which areas they are overspending in.

"Harrods' last yearly sales figures were over \$1 billion, and if they wanted to check the inventory for things that they may have overstocked in, they would have gone through store receipts and it would have taken a long time to do so," Mr. Caloni said.

"Weeks in retail time is an eternity," he said. "Waiting that long could cost a huge retail location like Harrods a lot of money, as well as valuable time spent working on something else."

## Planning ahead

Planning for future season merchandise is not only practical from a short-term financial standpoint, but for a long-term branding one.

When luxury brands are forced to monitor exactly what they are spending on, and what they are making profit off of, it helps them to further understand their customer base.

Retailers can monitor their selling strategy across different categories such as brand name, gender, type of clothing, shoes and accessories and make sure they are buying the things they really need.

Large retailers have not always been able to correctly identify the needs of their consumers in the past, and most of the planning has been a long and lengthy process.

But with new software and technologies available to luxury brands, they can expect to save money and better know their audience, and therefore they are able to allocate stock and merchandise properly for higher sales.

"More and more global brands are here and they do need information at their fingertips so that they can make bigger decisions," Mr. Caloni said. "It was easier years ago for brands to respond to their markets because they were smaller, but most luxury brands are large and global.

"Harrods had a huge challenge in keeping up with selling and not selling products," he said. "Retailers do not want products to sit there and be cold because particularly in luxury, you always have to be surprising your customers.

"New technology is empowering luxury retailers to make better decisions, to understand their markets and people better, and to serve their clients better."

