



Market6 Key Application Area: New Products

Optimizing the performance of new products requires real-time validation of demand assumptions to identify problems, correct inventory positions and reforecast demand. Supply chain, category management, and store operations analysts need to be able to quickly determine sales patterns and balance on hand inventory for these new items by store. With this information, inventory issues are quickly diagnosed and information will be immediately passed on to retail merchandising teams and retail partners.

Market6 algorithms provide the capability to quickly create and maintain hundreds of thousands of demand models. The raw data, fed through business drivers, are then run through the DemandView™ analytic engines:

- DemandView™ Forecasting: Generating a 31-day rolling forecast by item, by store, updated daily.
- DemandView™ Perpetual Inventory (PI): Generating a modeled perpetual inventory (PI) and an inventory anomaly routine that identifies likely PI errors.
- DemandView™ Out-of-stock Pattern Recognition Algorithm (OPRA): Identifies likely inventory issues based on movement vs. expected volume.

When each day's demand data is received, Market6 updates and maintains an item-level variable, "First Sales Date", to facilitate new item identification and monitoring. It also maintains the variables "Last Date Sold" and "Last Date Ordered" by item, on a daily basis, enabling the identification and monitoring of order/reorder problems, missing items, and new items which have failed to sell.

Collaborative Replenishment - New Items Performance

New Item Tracker									
ITEM CODE	AUTHORIZED STORES	STORES SELLING	FIRST DELIVERY TO STORES	FIRST SOLD	TOTAL DELIVERED	STORES WITH REORDER	TOTAL SOLD	DAYS TO SELL	
CPG ALL PURPOSE CLEANER	125	87	4/4/2010	4/5/2010	2,614	63	1,299	10.0	
Store Received, Not Sold	38	0			502	0	0		
Store Received and Sold	24	24			480	0	224	10	
Store Received, Sold, Reordered	63	63			1,632	63	1,075	10	

DemandView™ also generates alerts when actual sales are significantly below expected sales. This alert, which is executed at store level and aggregated to the distribution center, will focus attention on stores selling the new item, but not to expected levels, permitting quick action to resolve potential inventory, merchandising, and/or pricing issues.

Overview of Today's Alerts by Commodity			
Sales Less Than Expected			
Commodity		Number of Alerts	\$ Value
HOUSEHOLD CLEANERS	Total:	14	\$790
CPG HOUSEHOLD CLEANER	Total:	4	\$344
	Store 1	1	\$126
	Store 2	1	\$97
	Store 3	1	\$70
	Store 4	1	\$51

Based on daily demand data updates, DemandView™ predictive analytics will quickly adjust expected sales (by reforecasting each item in each individual store daily using the most recent daily data for a rolling 31-day demand outlook) so that true variation is identified and action can be taken to either improve inventory position or increase demand. With quick self-correcting algorithms, CPG manufacturers can be alerted to the true opportunity costs of non-implementation and out-of-stock levels on new items.

For more information, contact Market6 at 925-262-8257 or email Sales@market6.com

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