

Automated Retail Sales Forecasting



Stanislav Fridkin
Planning Lead RUS/CIS



AERIN



AVEDA



BECCA



BOBBI BROWN



CLINIQUE



DARPHIN



DKNY



EDITIONS DE PARFUMS
FREDERIC MALLE



Ermenegildo Zegna



ESTÉE LAUDER



GLAMGLOW



Jo MALONE
LONDON



Kitan



kiton



LA MER



LAB SERIES



LE LABO



MAC



MICHAEL KORS



smashbox



TOM FORD BEAUTY



TOMMY HILFINGER



ESTÉE
LAUDER
COMPANIES

The Largest Affiliate across EMEA



- 20+ Locally managed brands
- Assortment range in stock > 10k SKU
- Planning team — 11 staff members

The Route to Market

- Factories
- EMEA DCs
- RUS local DC
- ELC retail stores
- Retail partners
- End customers

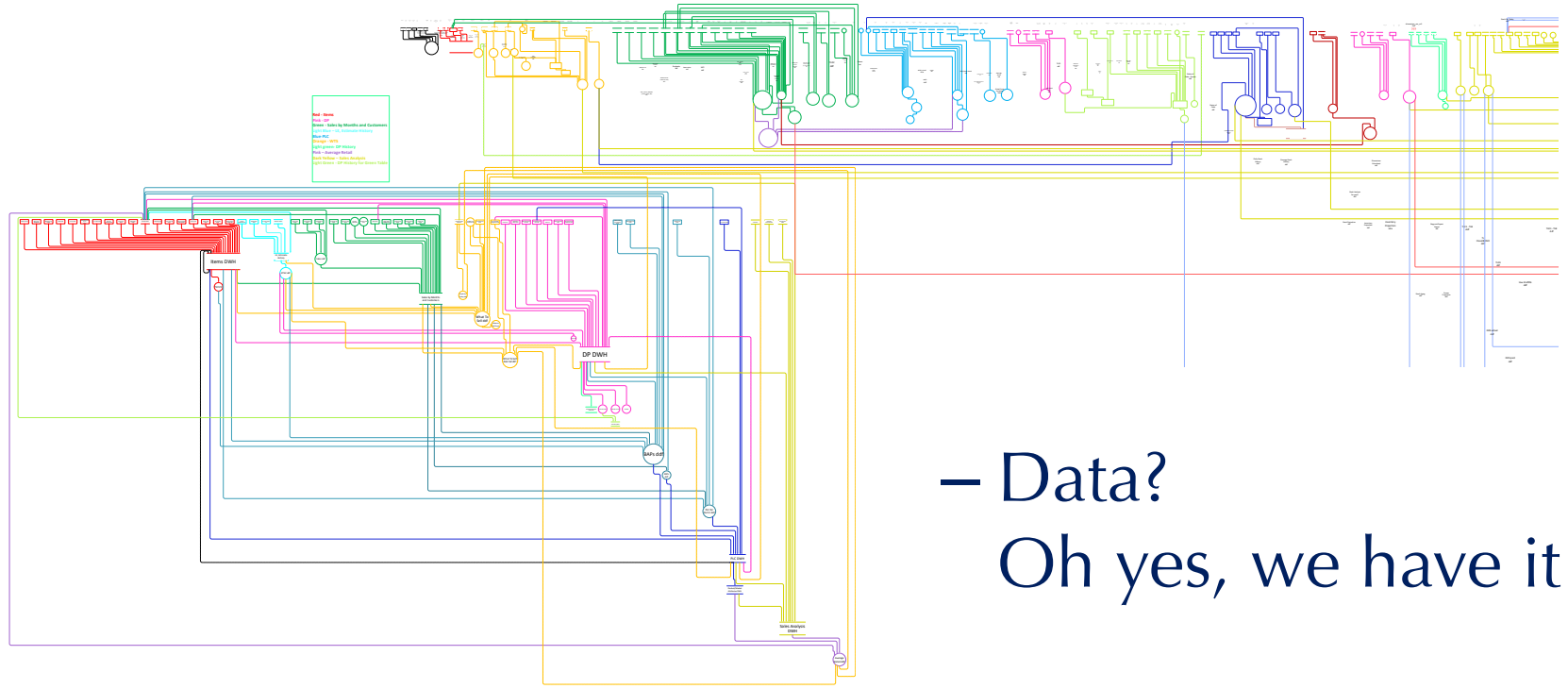


Task List

- Own retail stores replenishment
- Wholesale channel optimization
 - Service level
 - Inventory structure
 - Demand plan accuracy



Data Available



– Data?
Oh yes, we have it!

Data Available

Supply Chain Node	Orders	Shipments	Inventory	Stock in transit
EMEA DCs		+	+	+
RUS local DC	+	+	+	+
ELC retail stores	+	+	+	+
Retail partners	+	+/-	+/-	
End customers*	+/-			

* Plus social media listening and marketing analysis results available

Master Data Available

Product

- Functional classification
- Marketing classification
- Application
- Color / Scent
- Demand type
- Product line
- Status
- Life cycle stage

Locations

- Geography
- Type
- Life cycle stage
- Priority



Solution Options

1. Corporate
 - SAP
 - Outsource
2. Affiliate
 - Lovely XL 😊
 - Deductor
3. Something new
 - Math solution
 - Business solution
 - Black-box number-crushing Machine

Planning Book: [Live] EMEA ADJUSTED FORECASTING / MONTHLY

Selected Objects: Base Product Co.: S5JH01, Base Product Co.: S5JH01, Base Product Co.: LIGHTFUL C MOI

Inventory Type: 10, Base Product Code: S5JH01, Market: DEU, Prd Life Cyc-PLU

	Unit	M 01/2018	M 02/2018	M 03/2018	M 04/2018	M 05/2018	M 06/2018	M 07/2018	M 08/2018
Self-In History Two Years Ago (LLY)	EA								
Self-In History (LY)	EA								
Self-In History	EA								
Corrected Self-in History	EA								
Stat Fcst Saleable	EA								
Saleable Promotions	EA								
Cannibalization / Halo %	EA								
Cannibalization / Halo	EA								
Total Adjustments	EA								
Total Saleable Forecast	EA								
% Diff Saleable Fcst vs LY	%								
Free Goods History	EA								
Stat Fcst (Free Goods)	EA								
Free Goods Adjustments	EA								
Total Free Forecast	EA								
Total Saleable + Free Fcst	EA	0	0	0	0	0	0	0	0
Customer Forecast	EA								
Self-Thru History LY	EA								
Self-thru History	EA								

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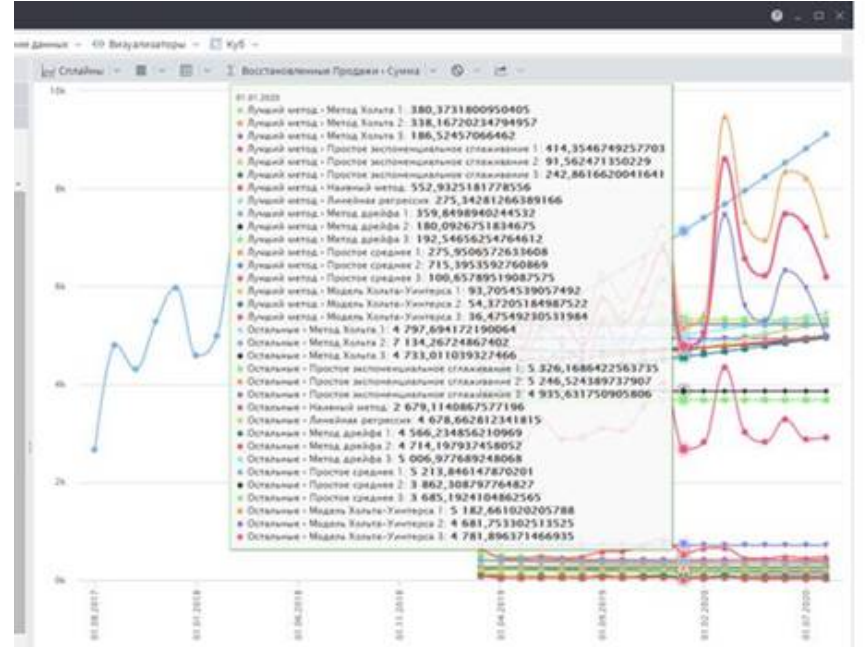
Constraints

1. Global corporation
 - Time
 - Budget
 - Licenses
 - IT service far-far away
2. Usability
 - No extra staff
 - No extra hardware
 - Flexible control
 - Soft project management



Optimal Solution

- Collection of simple forecasting models
- Automated model selection
- Alerts for manual review
- Manual adoption



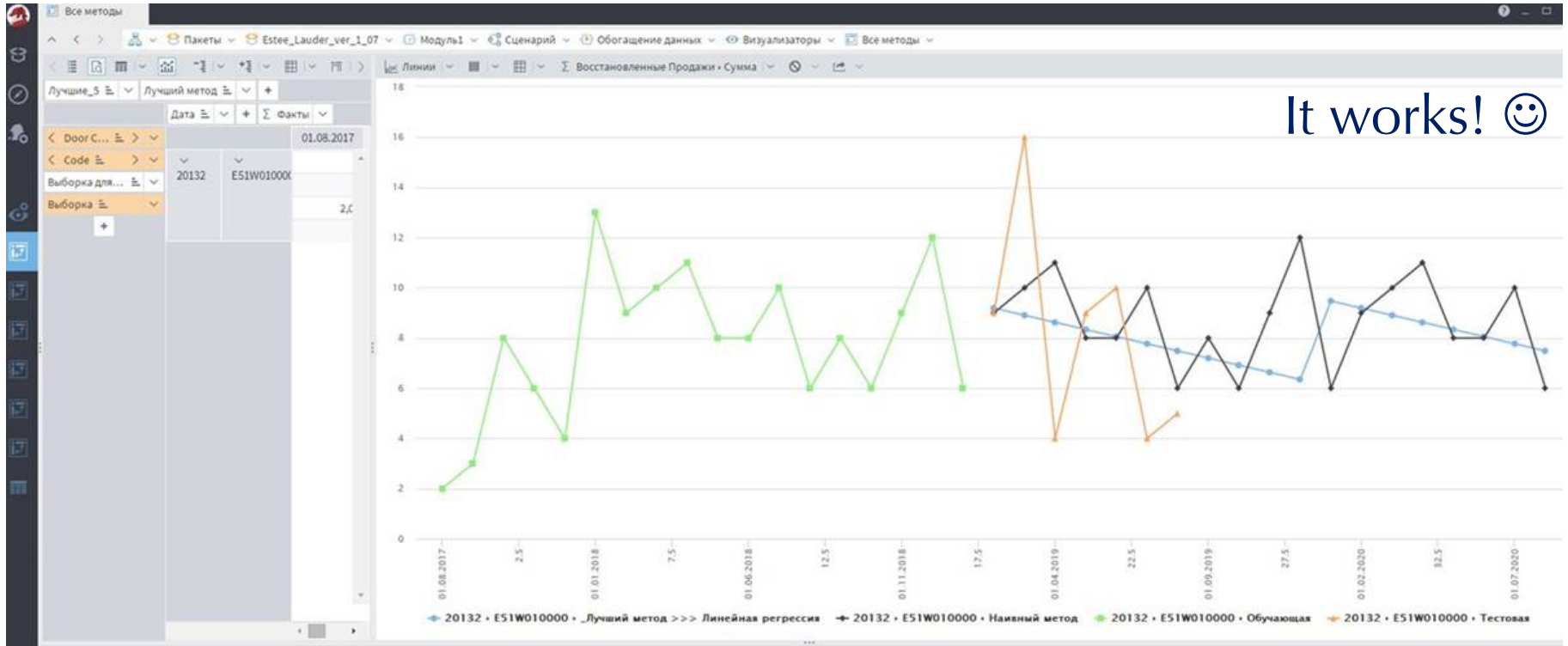
The Project

- Not so fast..
- Not so easy..



- But continuous improvement is obvious! 😊

Current State



Project development plan

1. Product master-data clustering
2. Sales history pre-processing
 - Out-of-stock recovery
 - Promo clean-up
3. Price change modelling



Q&A Session



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