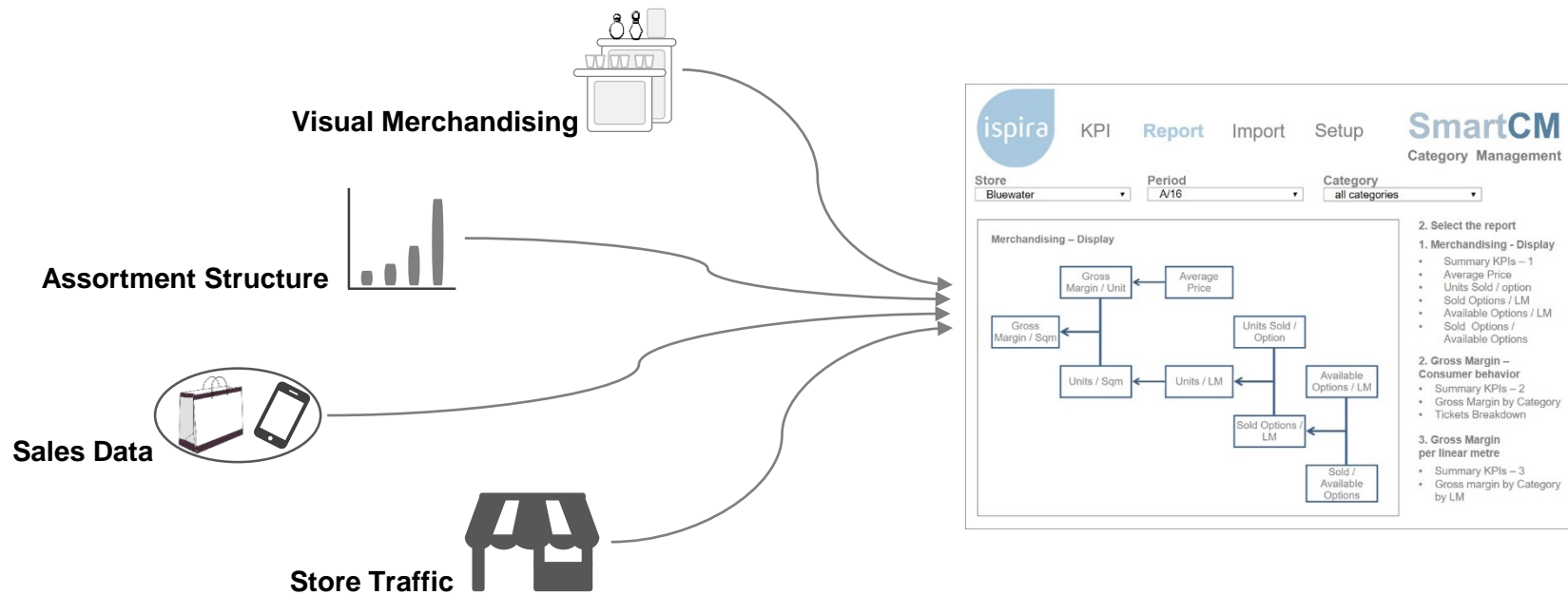




SmartCM



the holistic Category Management tool that reveals the KPIs, connects cause and effect, measures strengths and weaknesses of your assortment





The big barrier for assortment optimization

- Category Management is a complex subject for retailers as it involves potentially disconnected disciplines

- › **Results maximization** is mainly managed through high level KPIs and few detailed indicators without cause-effect relationship
- › **Product strategy** is driven by market trends and customer perspectives through the analysis of overall performance without enough consideration of store constraints
- › **Assortments** are developed with limited understanding of rate of sale and not deep enough analysis of customer 'path to purchase'
- › **Retail experience** is managed with customer perspective principles and most of times is the result of conflicting categories requirements rather than their integration
- › **Visual Merchandising** is often a creative discipline that delivers the right product communication with little control of correlation between sales performance and display
- › **Store marketing initiatives** change the store layout and adjacencies very rapidly making hard to compare Category performance across different periods
- › **Seasonality of collections** requires a constant learning process however the extraction of meaningful indicators for following product flows can be a major barrier

Most common pitfalls

- lack of evidence and control
- disjointed KPIs
- cross-functional decisions
- qualitative inputs
- conflicting targets
- disconnected action plan

The opportunity

- Introduce a **comprehensive approach** to control the different variables involved in Category Management
- Develop a **common language** to measure results and to rank effectiveness of store actions
- **Link disciplines** with a quantitative tool that highlights the results of product, layout, display, promotional decisions
- Strengthen the **Plan-Check-Do-Act culture** that allows maximizing results from internal best practices

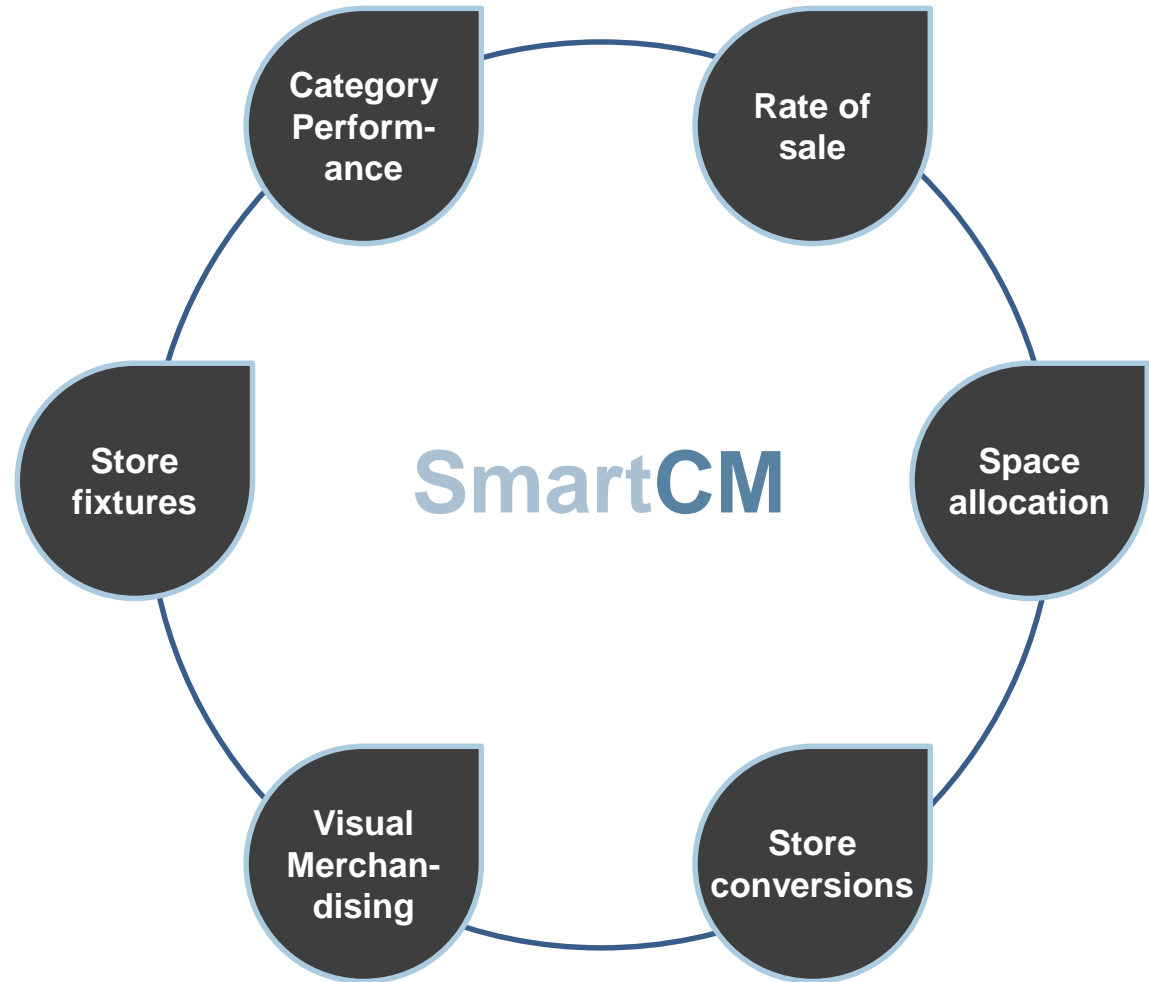
Holistic approach to Category Management

Having gained unique experience in Category Management for seasonal products with Best Practice retailers, Ispira has developed **SmartCM**, an innovative tool that enables the analysis of all areas involved in category performance

Our software allows to:

- **connect all areas of merchandising** and identify strengths and weaknesses of your assortment
- **link financial results** to specific and actionable **KPIs**
- identify the **root causes** of good and bad performance
- compare **different periods** and **different stores** to develop internal benchmarks and best practices

SmartCM is easy to use and provides valuable insights never analyzed in a holistic manner before



Monitoring 6 management areas



SmartCM explores in depth how store level results are achieved breaking down 3 aggregated performance drivers:

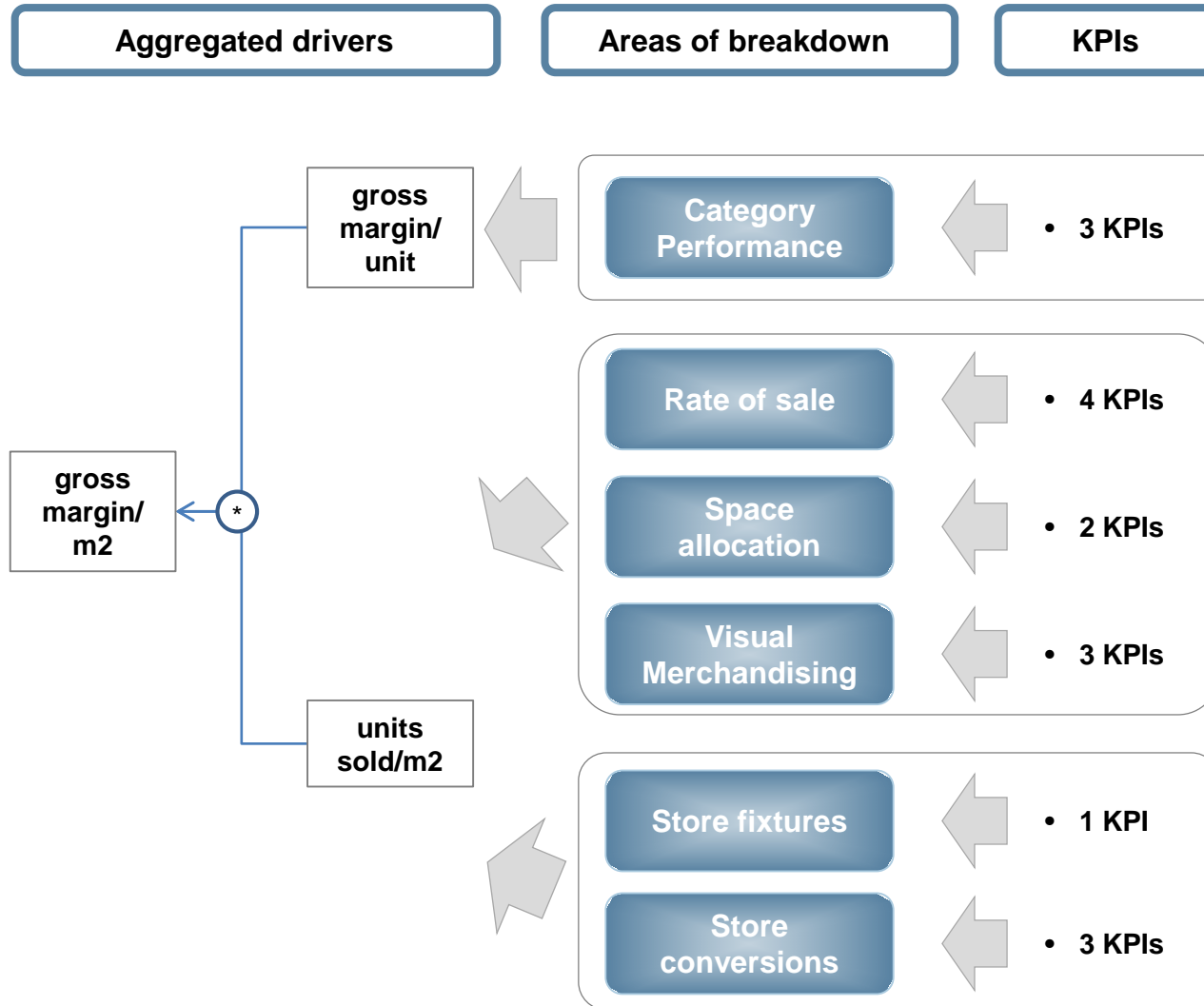
- ✓ gross margin per sqm
- ✓ gross margin per unit
- ✓ sold units per sqm

Our tool is designed to answer critical Category Management issues:

- **Category contribution** to average price and unit margin. This is achieved through joint analysis of average price and percentage sales in volume by category
- **Category contribution** to units sold per option, achieved through joint analysis of sold units per option and percentage options sold by category
- **Category contribution** to sold options per linear metre, achieved through joint analysis of available options per metre, percentage allocation of display metres, display effectiveness by category
- **Conversion of store space** in display linear metres for product display
- **Conversion of store traffic** into customers and units sold per ticket



Top Down structure, 16 KPIs



SmartCM is organized in:

- up to **7 levels of breakdown** from gross margin per square metre to detailed KPIs
- **16 detailed KPIs** whose relation and aggregation determine store results

Each KPI is available in:

- **traditional table layout** to monitor individual values for each category
- **cause-effect layout** to analyze contribution of detailed, category level KPIs to aggregated performance

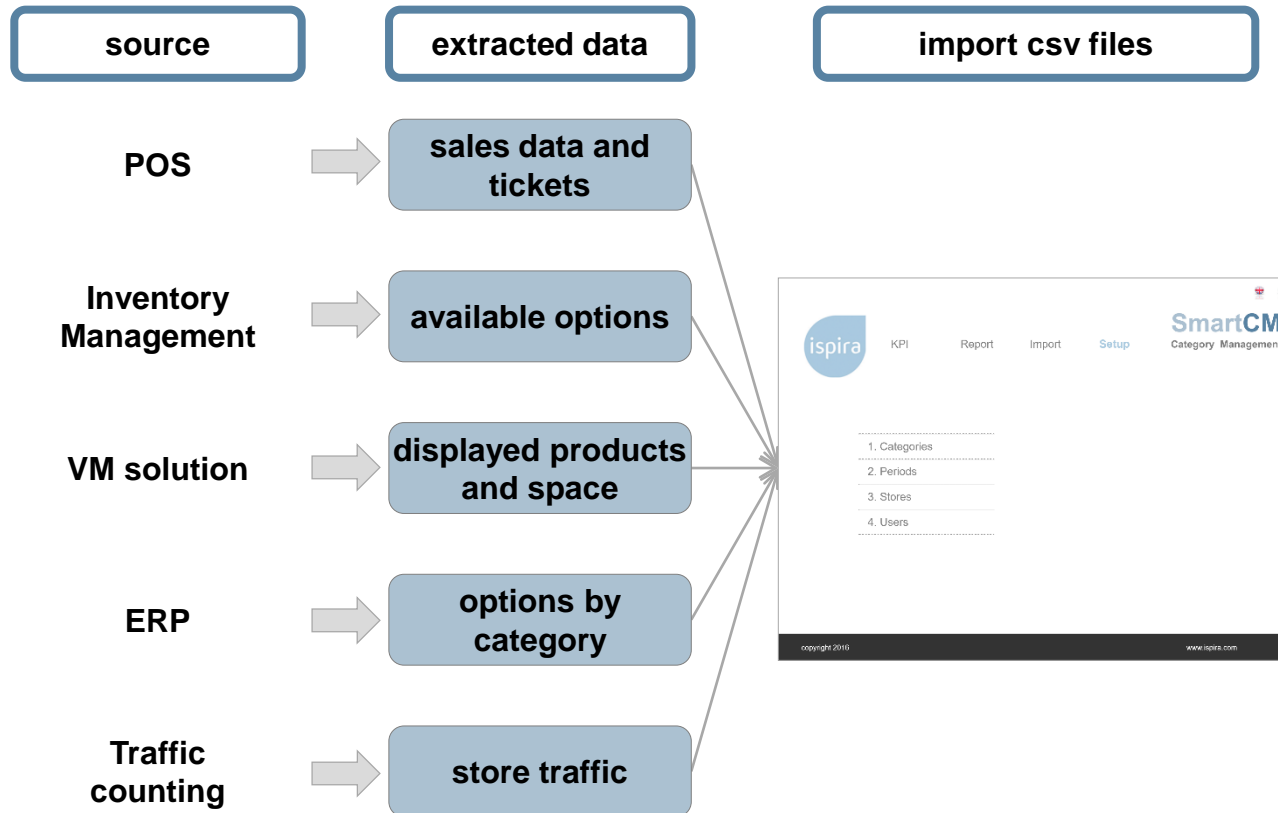
Easy internal benchmarking:

- **same store, different periods** to understand how category behavior changes across different commercial periods
- **same period, different stores** to compare the effect of different Category Management decisions at the same time



Easy and automated data input

- Ispira Category Management tool requires 5 inputs that can be easily extracted from internal solutions::



SmartCM has been designed to be **integrated to company data** to provide fast, reliable outputs

Populating our software requires 5 types of data:

- ✓ sales data by option and number of tickets
- ✓ available options by category
- ✓ displayed products and space by category
- ✓ options codes belonging to each category
- ✓ store traffic

Data is extracted in **csv files** and easily **imported in our software** with **1-click process**

This will enable our algorithm to disclose all KPIs and their relation



Fit to your assortment requirements

- Customize Category Management analysis using your retail calendar and product strategy

periods

Category Management analysis delivers best results when it's carried out for commercially relevant periods.

SmartCM allows to setup calendar periods consistently to:

- retail calendar
- assortment seasonality

From	To	Period	Edit	Delete
12/26/2014	1/20/2015	D15	Edit	Delete
1/21/2015	2/20/2015	A15	Edit	Delete
2/21/2015	3/20/2015	B15	Edit	Delete
3/21/2015	4/20/2015	C15	Edit	Delete
4/21/2015	5/20/2015	D15	Edit	Delete
5/21/2015	6/20/2015	E15	Edit	Delete
6/21/2015	7/20/2015	F15	Edit	Delete
7/21/2015	8/20/2015	G15	Edit	Delete
8/21/2015	9/20/2015	H15	Edit	Delete
9/21/2015	10/20/2015	I15	Edit	Delete
10/21/2015	11/20/2015	J15	Edit	Delete
11/21/2015	12/1/2015	K17	Edit	Delete
12/2/2015	12/25/2015	L17	Edit	Delete
12/25/2015	1/20/2016	M18	Edit	Delete

categories

Categories can be defined and edited according to your product strategy. Choose the suitable level of aggregation of your assortment and let **SmartCM** provide you with all specific KPIs.

The software allows to link each category to a **color palette** to make analysis faster and more intuitive

Category	Available Options / 2LM	Category	Available Options / LM	Category	% LM
Seasonal	5.26	Seasonal	27.33	Basics	32.05%
Permanent	5.00	Permanent	24.38	Eagle Style	28.21%
Eagle Style	4.49	Eagle Style	15.91	Permanent	20.51%
Basics	4.36	Basics	13.60	Seasonal	19.23%
Total	19.10	Total	19.10	Total	100.00%

2. Select the report

- Merchandising - Display
 - Summary KPIs - 1
 - Average Price
 - Units Sold / option
 - Sold Options / LM
 - Available Options / LM
 - Sold Options / Available Options
- Gross Margin - Consumer behavior
 - Summary KPIs - 2
 - Gross Margin by Category
 - Tickets Breakdown
- Gross Margin per linear metre
 - Summary KPIs - 3
 - Gross margin by Category by LM



Flexible and easy to use

- **SmartCM** has been developed for demanding retailers that operate in competitive markets, is easy to access and quick to customize

cause-effect

3 navigation trees that link top level performance drivers and detailed KPIs

report

11 reports with specific category KPIs. Quick navigation to identify internal best practices and opportunities

access

SmartCM is a web application accessible with any internet browser using secure encrypted login

stores

define and edit the stores you want to monitor

data import

easy data import through csv files extracted from company systems

users

create internal users with two different permission levels

export and print

all results can be exported as a spreadsheet and printed as a pdf file

for further information about Ispira services and Category Management visit our website or send an email to info@ispira.com



Ispira Profile

about us

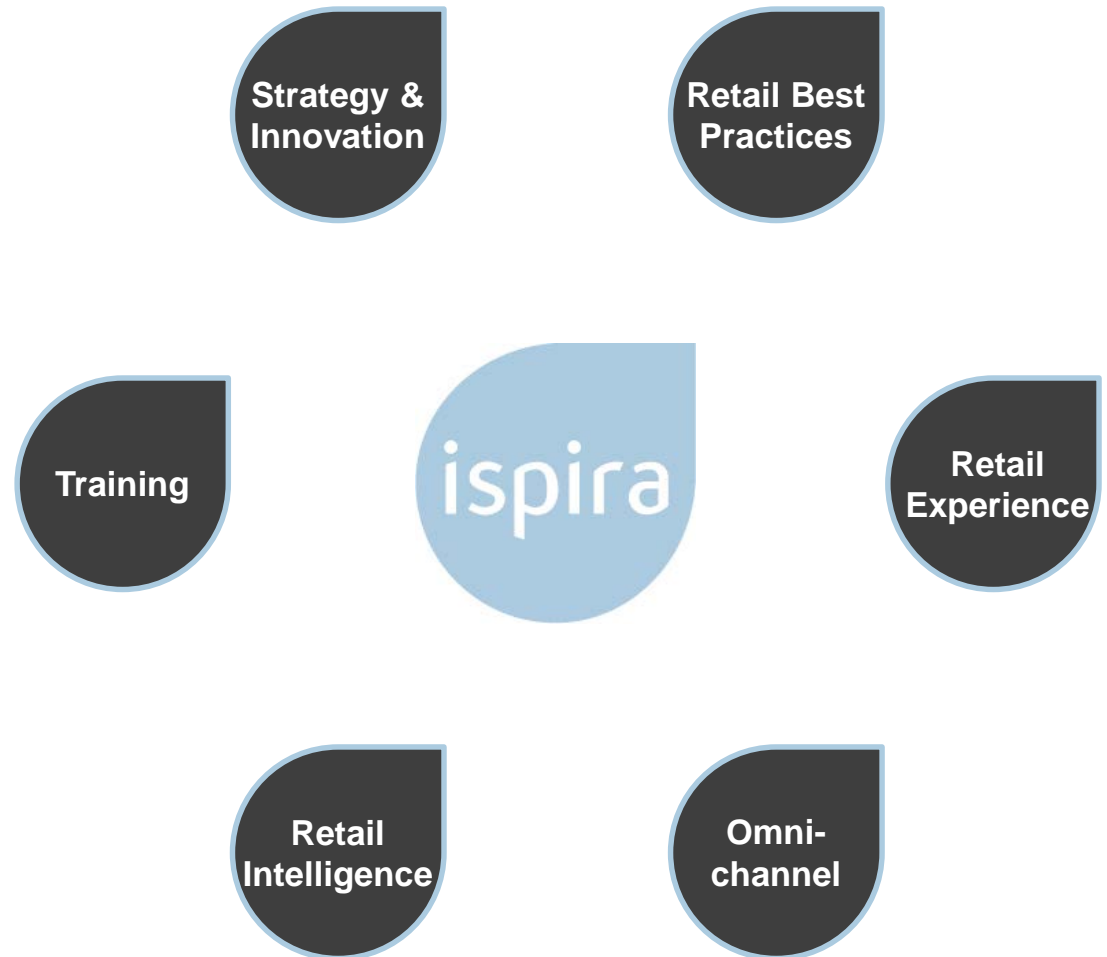
ispira

Ispira Ltd is a retail consulting practice providing vision, innovation and profitable delivery in omnichannel retailing, retail strategy, retail merchandising, retail experience, store marketing, retail intelligence.

With offices in London and Rome, we operate in competitive environments supporting the development of successful business models.

- We operate in 6 areas:
 1. Strategy and innovation
 2. Retail Best Practices
 3. Retail experience
 4. Omnichannel
 5. Market Intelligence
 6. Training

Ispira: Passionate About Retail





Team and experience

- We have a team of strategists, retail experts and creative team who have worked with leading international retailers in highly competitive markets. Some of our clients include:

Brand				
Adidas	Cortefiel	Hugo Boss	Miroglio	Porcelanosa
Alessi	Cucinelli	Iceberg	Mondadori	Prenatal
Allsaints	DBApparel/Dim	IC Group	Motivi	Promod
Armani	Domus Academy	Imaginarium	M&S	Replay
Autostrade	Emporio Armani	Intesa BCI	Natuzzi	Safilo
Bata	Ferragamo	KappAhl	Nespresso	Salsa
Benetton	Ferrari	Koton	Optissimo	Sia
Bonprix	Fornarina	La Martina	OVS - Oviessa	Springfield
Boots	Geox	Luisa Spagnoli	Ozwald Boateng	SunCapital Partners
Bottega Verde	GoldenPoint	Luxottica	Panorama	Terranova
Camper	Gruppo Pam	Malo	Parah	The North Sails
Carrefour	Harmont & Blaine	Marella	Peuterey	VF Corporation
Coin	HMV	Marzotto	Piazza Italia	Zara

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