

Oracle® Retail AI Foundation Cloud Services: AI Foundation User Guide



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Note

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Oracle Retail AI Foundation User Guide

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Preface

This guide describes the Oracle Retail AI Foundation Cloud Services user interface. It provides step-by-step instructions to complete most tasks that can be performed through the application.

Audience

This User Guide is intended for retailers and analysts.

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- Detailed step-by-step instructions to re-create
- Exact error message received
- Screen shots of each step you take

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Conventions

The following text conventions are used in this document:

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
<i>italic</i>	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
monospace	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

1

Getting Started

This chapter provides an overview of Oracle Retail AI Foundation Cloud Services.

About Oracle Retail AI Foundation Cloud Services

The Oracle Retail AI Foundation Cloud Services is an analytical product that consists of the following modules: Customer Decision Tree Science Cloud Service, Demand Transference Science Cloud Service, Advanced Clustering Cloud Service, Customer Segmentation, Lifecycle Pricing Optimization Cloud Service and Assortment and Space Optimization Cloud Service. You may have access to all of these modules or to a subset of them.

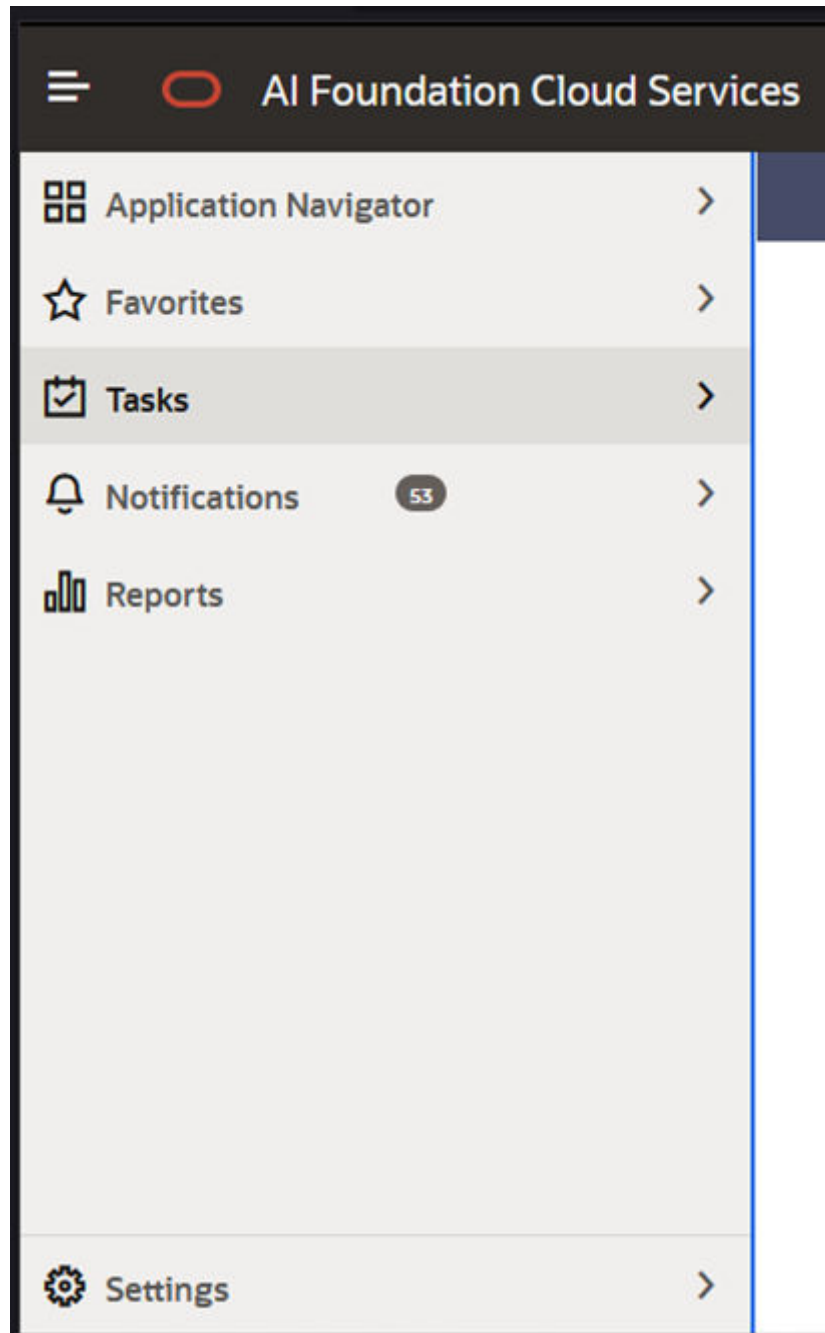
Administration

For information about the administration of Oracle Retail AI Foundation Cloud Services, see *Oracle Retail AI Foundation Cloud Services Administration Guide*.

Oracle Retail AI Foundation Dashboard

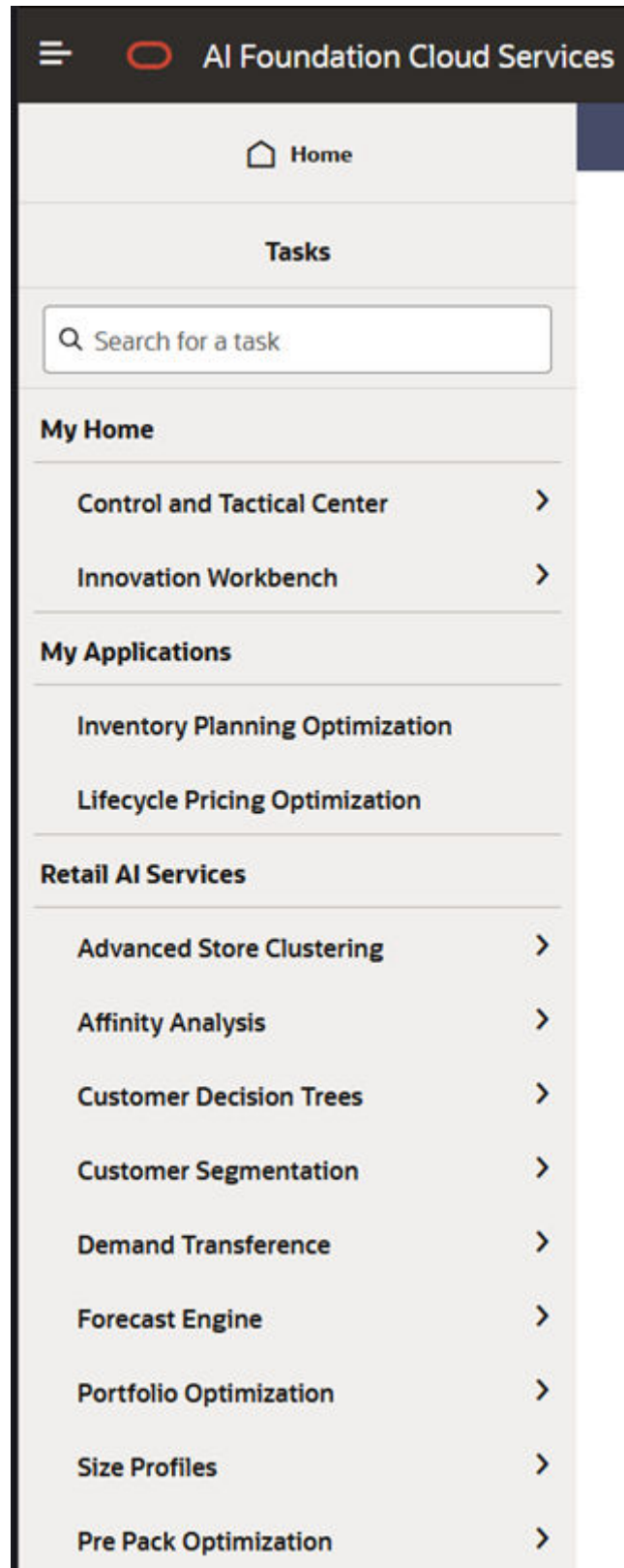
The dashboard provides access to all Oracle Retail AI Foundation modules. The list of available options will be displayed upon startup.

Figure 1-1 Option List



Upon selecting Tasks, a panel will open. The main tasks associated with each module are listed in the panel on the left, as shown in the following figure. Each module has its own tab.

Figure 1-2 Tasks List



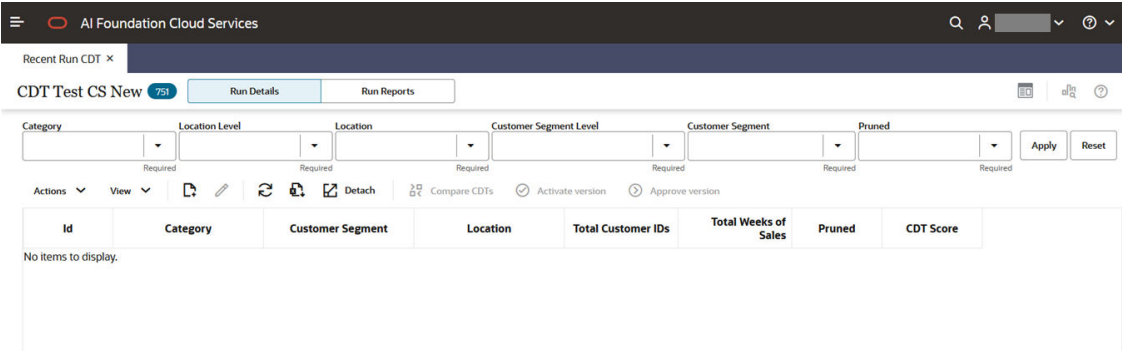
Process

This guide contains a chapter for each of the modules with detailed instructions. In general, each module contains a set of tabs, including an overview tab and tabs to use the module functionality.

Customer Decision Tree

The Customer Decision Tree Recent Run screen is shown in following figure.

Figure 1-3 CDT Recent Run screen



When you use the CDT Cloud Service module, you follow this general iterative process to create and manage CDTs:

- **Setup.** You define the domain of calculation by selecting the categories and time frame for the calculation of the CDTs.
- **Data Filtering.** You configure filters that remove input data that might cause errors in the calculation or that might lead to inaccurate or unreliable answers.
- **Calculation.** You calculate a specific version of a CDT. Different versions of the CDT based on different configurations can be calculated and compared.
- **Evaluation.** You examine the results of the calculation and determine the reliability and accuracy of the answers. You can prune inaccurate or unreliable results.
- **Escalation.** When you are satisfied with the results, you can set the escalation path to fill in the holes for partitions whose CDTs were removed during pruning by setting up a search path through the segment hierarchy and the location hierarchy. Then, you can set a version of a CDT as complete.

Within each stage, you set the required parameters. In some stages, once you have done that you click **Run** to initiate the process. To determine when a run is complete, go to the Overview tab and click the **Refresh** icon to see the current status of each stage. If you make changes to a stage, you must re-run that stage and all the relevant stages that follow it as the results of those stages are made invalid by the changes you made.

Demand Transference

The Demand Transference Overview tab is shown in the following figure.

Figure 1-4 DT Overview

CDT Overview

Advanced Store Clustering Overview

Customer Segmentation Overview

DT Overview

ASO Overview

Generation Stage Status

View

Stage Name	Start Date	End Date	Stage Status
Data Setup			Not Started
Data Filtering			Not Started
Similarity			Not Started
Elasticity			Not Started
Escalation			Not Started

Aggregate Statistics

View

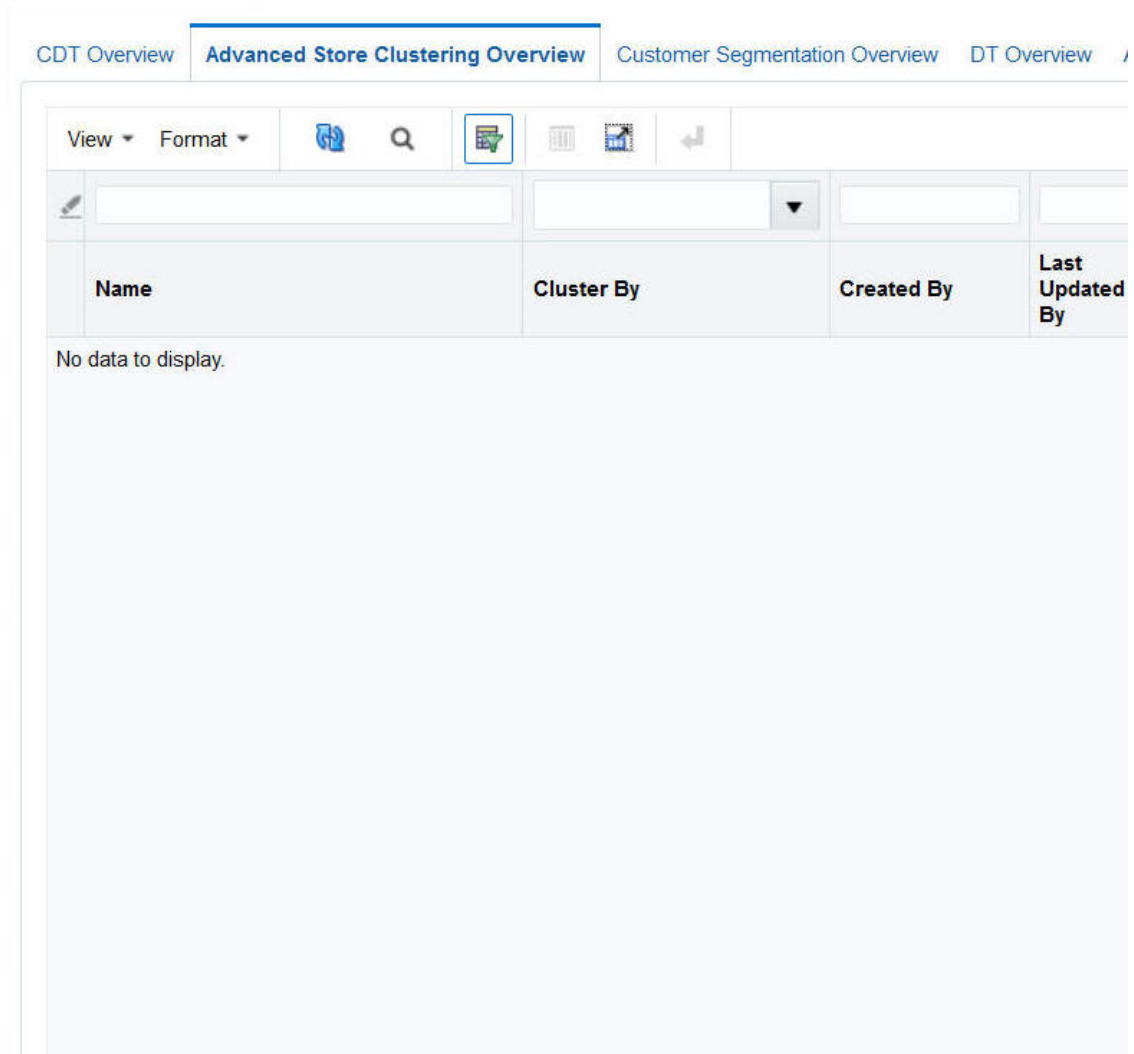
Version	Created By User	Distinct Categories	Distinct Locations	Distinct Customer Segments	Number of models generated
No data to display.					

When you use the DT Cloud Service module, you follow this general iterative process to create and manage DT models:

- **Data Setup.** You define the categories to be used in the DT calculation.
- **Data Filtering.** You configure filters that remove input data that might cause errors in the calculation or that might lead to inaccurate or unreliable results.
- **Similarity Calculation.** You calculate similarities and assess the results of the calculation.
- **Elasticity Calculation.** You calculate the assortment elasticities and assess the results in terms of substitutable demand, which is the percentage of demand of a SKU that is retained when the SKU is deleted from the stores where it is selling.
- **Escalation.** When you are satisfied with your results, you can set the escalation path to fill in the holes for partitions whose DT models were removed during pruning by setting up a search path through the segment hierarchy and the location hierarchy. Then you can set a version of the DT model as complete.
- **Manage Models.** Use this tab to set time intervals for evaluating your results and to override the value for the maximum substitutable demand percentage.

Advanced Clustering

The Advanced Clustering Overview tab is shown in the following figure.

Figure 1-5 Advanced Clustering Overview Tab

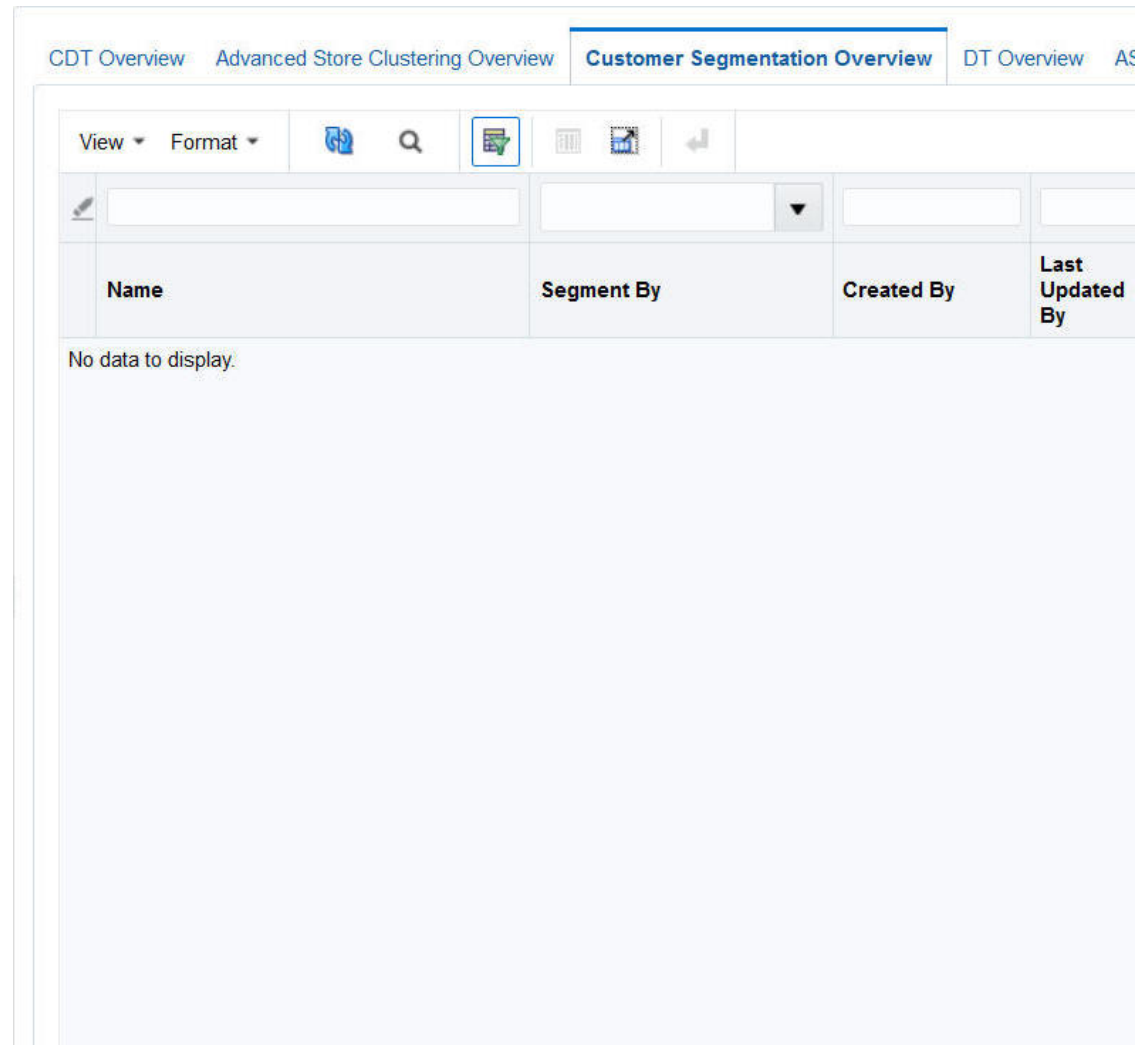
To use Advanced Clustering, follow this general process to create and manage clusters, working in the Generate Store Clusters tab and the Manage Store Clusters tab:

- **Cluster Criteria.** View all available clusters for specified merchandise, location, and calendar. Review cluster criteria or scenario details for each cluster. Use an existing cluster as the basis for creating a new cluster.
- **Explore Data.** Examine the input data for the cluster. Review multiple data points and significant attributes using the contextual information.
- **Cluster Setup.** Define multiple what-if scenarios. Such scenarios can be compared with one another throughout the clustering process.
- **Cluster Results.** View the scenario results and compare scenarios.
- **Cluster Insights.** Gain an understanding about cluster results and cluster performance prior to approval by examining the contextual information.
- **Manage Store Clusters.** Manage existing cluster criteria. Perform manual overrides and approve clusters.

Customer Segmentation

The Customer Segmentation Overview tab is shown in the following figure.

Figure 1-6 Customer Segmentation Overview Tab



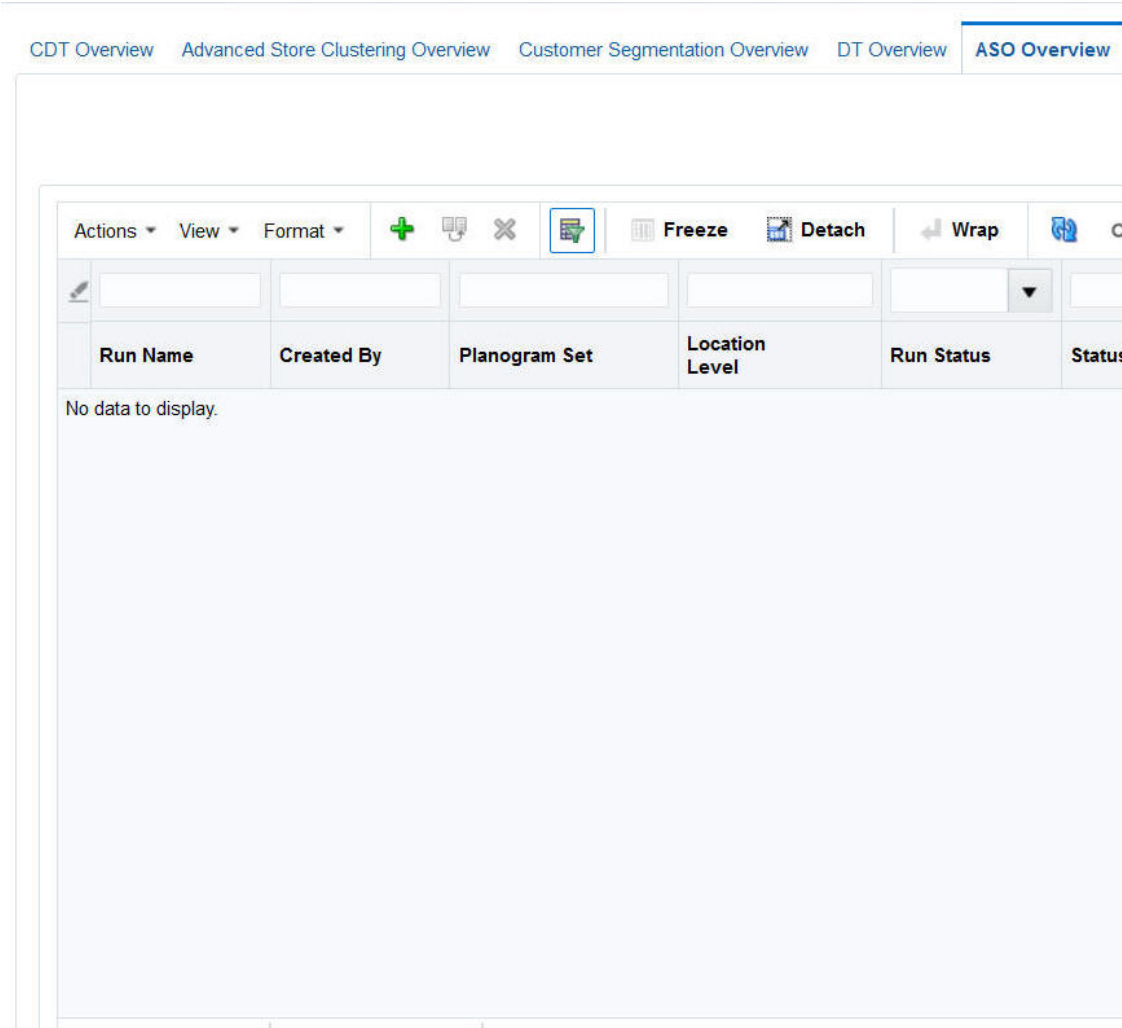
To use Customer Segmentation, follow this general process to create segments, working in the Generate Customer Segment tab:

- **Segment Criteria** – View all available segments for the specified merchandise, location, and calendar. Review the segment criteria or scenario details for each segment. Use an existing segment as the basis for creating a new segment.
- **Explore Data** – Examine attributes and their summaries for the segment. Review multiple significant attributes and their correlations using the contextual information.
- **Segment Setup** – Define multiple what-if scenarios. Such scenarios can be compared with one another throughout the segmentation process.
- **Segment Results** – View the scenario results and compare scenarios.
- **Segment Insights** – Gain an understanding of segment results and segment performance prior to approval by examining the contextual information.

Assortment and Space Optimization

The Assortment and Space Optimization Overview tab is shown in the following figure.

Figure 1-7 ASO Overview Tab



ASO is used to optimize a category manager's assortment plan by creating optimal planograms. The category manager creates a preliminary assortment and wants to determine how well that list of products can fit in stores, given the available space, product sizes, and merchandising goals, constraints, and rules. The application creates virtual planograms that organize products onto fixtures in a way that best achieves the optimization objectives. Once the manager finalizes the optimization results, the product level data can be exported for use in planning applications.

Overview of the User Interface

The user interface includes functionality described in this section.

Process Train

You can use the process train to navigate through the stages of each module. You can also use the **Back** button and the **Next** button to move through the train. The color changes for each stage once you visit that stage. Certain stages require you to run that stage before you can go to the next stage.

View Menu

The View Menu provides access to a variety of functionality that you can use to customize the display of the tables in the user interface.

Embedded Help

Embedded help, which you access by clicking the **Question Mark** icon, provides additional information about the type of details required by certain fields.

Process Indicator

At the top of the user interface, in the right-hand corner, is a process indicator that you can use to monitor the status of a user action such as clicking **Next** to go to the next stage.

Search

In certain cases, you can customize your search, using advanced search capabilities to specify the search criteria.

Icons

The following icons are used in the user interface.

Table 1-1 Icons Used in the User Interface

Icon	Icon Name	Icon Description
	Add	Add a category for CDT or DT. Add a cluster in Advanced Clustering. Create new scenarios in Advanced Clustering.
	Approve Version	Approve a version of a CDT.
	Calculate	Initiate calculation of substitutable demand percentages in DT.
	Compare Two CDTs	Look at two CDTs side-by-side in the CDT Editor.
	Complete	Indicates the CDT is ready to be activated.
	Delete an entry in a table. Delete a scenario in Clustering.	Delete.
	Detach	Detach the table from the user interface for better viewing.

Table 1-1 (Cont.) Icons Used in the User Interface

Icon	Icon Name	Icon Description
	Duplicate	Make a copy of a scenario.
	Edit	Edit the category attributes (CDT and DT)
	Embedded Help	Indicates that embedded help is available for the adjacent field.
	Execute	Execute the scenario.
	Export to Excel	Export the selected data to Excel.
	Go To Top	Adjusts table display.
	Go Up	Adjusts table display.
	No	Indicates No in Advanced Clustering.
	Query By Example	Provides access to a text entry field at the top of each column that you can use to search for data by an initial set of characters.
	Refresh	Update the table display or the stage status.
	Revert	Reverts the DT calculation.
	Save	Save the scenario.
	See Similarities	See similarities in DT Similarities Display.
	Set Version As Complete	Set a CDT version as complete.
	Select Date	Access a calendar in order to select a specific date.
	Show As Top	Adjusts table display.
	View One CDT	Access a CDT in the CDT Editor.
	Withdraw From Approved Version	Un-approve a version of a CDT.
	Yes	Acts as an indication that something exists in Advanced Clustering.

Buttons

Buttons are used for navigation and to perform certain actions.

Table 1-2 Buttons

Name	Description
Action	Provides access to Save, Approve, and Reject.
Advanced	Provides access to advanced search functionality.
Approve	Used to approve a CDT or a cluster.
Back	Used to navigate the process train.
Cancel	Cancels the action.
Complete	Used to make a CDT or DT model active.
Next	Moves to the next stage.
Reject	Used to navigate the process train.
Reset	Resets the values to the original ones.
Run	Initiates a run.
Search	Provides access to search functionality.
Stop	Stops a process.

Browser Settings

The supported browsers include Mozilla Firefox 68+ ESR, Google Chrome (Desktop) 79+, and Microsoft Edge 44+.

Concurrent Browser Sessions

Users should not log into more than one browser session at the same time using the same username.

Localization

The default language for the application is English. If you are using a different language on your computer, you should adjust the language settings on your browser as appropriate.

Supported Characters for Text Entry

The following characters are valid for text input: all letters, all numbers, and the following characters: '_', '#', '%', '*', '\$', ' ', '!', '& ' -'

Histograms

Certain stages have associated histograms that can help you analyze the data presented in that stage. You can adjust the way the histogram presents the data in two ways. You can select the number of bins that are used to display the data. In addition, you can select how the bins are defined: Equiwidth or Custom. Each of these options uses a specific algorithm to determine how the bins are defined.

The Equiwidth approach takes the minimum and maximum values in a set of numbers and divides that range into equally sized bins. For example, using the numbers from 1 to 100 with 10 bins, the histogram shows bins for 1-10, 11-20, and so on. If specific bins have no value represented (for example, if all the values are in the range of 1-10 and 91-100), then the histogram will not show that bin in the UI. Additionally, the histogram data series ranges are

shown using the actual minimum and maximum values for each of the bins. So rather than showing a range of 1-10, if the only value available was a 5, then the range for the first bin would appear as 5-5. In the Custom approach, each of the bins has an equal number of values represented, while the minimum and maximum number associated with the bin is adjusted. However, the bins are defined using distinct values instead of all the available values. The bins may or may not be of equal height, depending on how diverse the numbers are.

The two approaches differ in that the Custom approach only shows fewer bins than requested if there are fewer distinct values than what was requested for the number of bins.

The two approaches are similar in that both handle the Min/Max value display in a similar manner, using actual data values that are associated with the bin.

To determine which approach to use, you should consider what type of data you are trying to see and the amount of detail you want. For example, if you are trying to set a data filter value, and you want to do so using a common value, you may be able to see where most of the data falls using one of the algorithms, while the other algorithm may help you pinpoint a specific value within the range. The Equiwidth approach is negatively affected by values that are at the extreme ends of a value being binned. This can cause the majority of the data values to appear in a single bin. The Custom approach puts a greater emphasis on a value that is repeatedly found in a dataset. Depending on the values being charted, you may find that one of the approaches presents better data than the other approach.

2

Customer Decision Trees

This chapter describes the use of the Customer Decision Tree Science Cloud Service module.

Introduction

A customer decision tree is a decision support tool that uses a tree-like graph to model a customer hierarchical decision-making process for a specific product. The branches of the tree provide a visual representation of the choices a customer makes and the order of importance of various product characteristics. Transaction data is used in the analysis.

A customer decision tree identifies the decisions a customer makes when choosing a particular product. The decision tree is produced by algorithms that analyze historical customer sales data. It illustrates how customers shop and how they evaluate the importance of different product attributes when making buying decisions. Such information can be useful to a retailer in terms of product selection and display.

The CDT Cloud Service module consists of three tabs: Overview, Generate CDTs, and Manage CDTs. You use the Overview tab to keep track of the status of each stage within the Generate CDTs tab. You use the Manage CDTs tab to assess the set of CDTs you and other users have created using the Generate CDTs tab, setting versions as complete, approving versions, and deleting versions, as necessary.

Overview of CDT Process

When you use the CDT Cloud Service module, you follow this general iterative process to create and manage CDTs:

- **Setup.** You define the domain of calculation by selecting the categories and time frame for the calculation of the CDTs.
- **Data Filtering.** You configure filters that remove input data that might cause errors in the calculation or that might lead to inaccurate or unreliable answers.
- **Calculation.** You calculate a specific version of a CDT. Different versions of the CDT based on different configurations can be calculated and compared.
- **Evaluation.** You examine the results of the calculation and determine the reliability and accuracy of the answers. You can prune inaccurate or unreliable results.
- **Escalation.** When you are satisfied with the results, you can set the escalation path to fill in the holes for partitions whose CDTs were removed during pruning by setting up a search path through the segment hierarchy and the location hierarchy. Then, you can set a version of a CDT as complete.

Within each stage, you set the required parameters. In some stages, once you have done that you click **Run** to initiate the process. To determine when a run is complete, go to the Overview tab and click the **Refresh** icon to see the current status of each stage. If you make changes to a stage, you must re-run that stage and all the relevant stages that follow it as the results of those stages are made invalid by the changes you made.

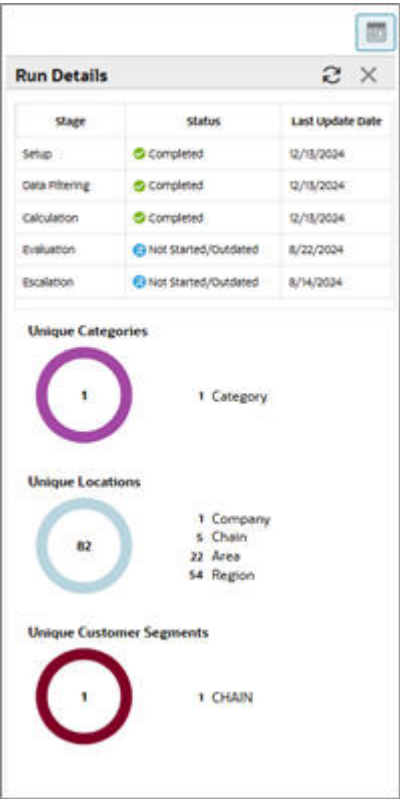
CDT Generation Stage Status

The CDT Generation Stage Status table displays the status of each of the CDT stages.

Click the **Refresh** icon to update the fields and see the latest status for each stage.

In cases where the status is either Failed or Stopped/Paused, or the run never completes, you should consult the database logs in RSE_LOG_MSG as well as the WebLogic console logs in your WebLogic domain in order to troubleshoot the problem.

Figure 2-1 CDT Generation Stage Status



You can use the status information to monitor the progress of each stage. It contains the following fields, which can be viewed, but not modified. You can also view from the contextual pane the number of categories/Locations/Segments that are used for the CDTs current run.

Table 2-1 CDT Generation Stage Status Fields

Field Name	Description
Stage Name	A row exists in the table for each CDT stage that provides detailed status information. The five stages are Setup, Data Filtering, Calculation, Evaluation, and Escalation.
Stage Status	The current status of the stage: Not Started, Not Started (Scheduled for Later), Processing, Completed Successfully, Completed with Errors, Stopped/Paused, Cancelled, or Failed.

Table 2-1 (Cont.) CDT Generation Stage Status Fields

Field Name	Description
Last Update Date	The date and time when the status was most recently updated.

The following provides an explanation of the different values for the status of a stage.

Table 2-2 Status Explanations

Stage Status	Description
Not Started	This indicates that the stage has not yet been initiated. This can occur when you first begin to create a CDT or when you update an existing version.
Not Started (Scheduled for Later)	The stage is scheduled to start after the previous stage is complete.
Processing	This indicates that the stage is currently being processed.
Stopped/Paused	This indicates either that the stage has been stopped by the application or that the user has chosen to stop the process (for example, to make a change to an option). In the latter case, once any background processing has stopped, the user can re-run the stopped stage.
Completed Successfully	This indicates that the stage has been successfully processed.
Completed with Errors	This indicates that the stage was able to complete the processing of all requested CDTs, but one or more CDTs encountered errors during the run and were not able to complete successfully. This most commonly occurs when the data used for a CDT is not available or is too sparse to produce a result.
Failed	This indicates that a problem occurred during the processing. If the failure occurred during the Calculation stage, and only a few CDT results did not produce a CDT score, then the user can continue without those results since pruning will remove them. If the failure occurred during any of the other stages, the user must re-run the stage.
Cancelled	This indicates that the database has cancelled the execution of the stage either because of missing data or an exception. The user should review the RSE_LOG_MSG log to determine the problem.

Recent Run Details

The Recent Run Details displays the CDT results for the indicated version from the last successful run, if one has occurred.

Here you can review information by Categories, Location, or by Customer Segment by using the filter. You can also set a version as complete, view and edit a CDT, or compare two CDTs.

Click the **Refresh** icon to update the fields and see the latest information in this table.

Figure 2-2 CDT Recent Run Details

ID	Category	Customer Segment	Location	Total Customer IDs	Total Weeks of Sales	Pruned	CDT Score
540999	Women's Activewear Tops	CHAPS	Western US	92/19	19	100	100
540995	Women's Activewear Tops	CHAPS	Latin America	1,800	19	100	No data to display
540962	Women's Activewear Tops	CHAPS	Assembly/Online	200	19	100	100
540969	Women's Activewear Tops	CHAPS	North America	123,333	19	100	100
540996	Women's Activewear Tops	CHAPS	Europe	4,140	19	100	No data to display
540990	Women's Activewear Tops	CHAPS	Asia Pacific	2,569	19	100	No data to display
540998	Women's Activewear Tops	CHAPS	Australia/Brick and Mortar	80	19	100	100
540999	Women's Activewear Tops	CHAPS	North America/Online	897	19	100	No data to display

The Calculation Report contains the following fields:

Table 2-3 Calculation Report Fields

Field Name	Description
ID	An ID is the combination of category, segment, and location. The column identifies the names of all nodes in the tree structure in the table. The node type may be either category, location, or customer segment.
Pruned	The number of CDTs removed from the list of usable CDTs. CDTs are removed that do not meet the filtering thresholds. During the Escalation stage, the escalation process makes adjustments for the CDTs that are removed.
Total Customer IDs	The number of customers used in the calculation of the CDT.
Total Weeks of Sales	The total number of weeks of sales used in the calculation of the CDT. This provides an indication of the amount of sales data used in the calculation. All the CDTs in a given version should have a similar value; if this is not the case, the results should be evaluated.
CDT Score	A confidence score assigned to help in assessing the quality of the CDT. A CDT score ranges from 0 to 100. A higher value indicates a better score.

The following icons are available for the Calculation Report:

Set Version as Complete

Each partition must have an active CDT. The active CDT is used by other applications that require a CDT.

All CDTs within a version are activated when you click **Set Version as Complete**.

If a CDT exists in more than one version, then the most recently activated version takes precedence.

If a version contains multiple categories and is Complete and then a different version with a partial overlap of categories is later marked as Complete, only the overlapping categories are replaced in the new version.

If a version is overwritten, then the CDTs in that version are no longer active.

When a CDT is at risk of going from active to inactive, you will see a warning message.

To determine whether or not a CDT is active, go to the Manage CDTs tab. The Browse by Categories or by Versions table displays a flag that indicates whether or not a CDT is active.

View One CDT

This icon provides access to the CDT Editor. For details about this functionality, see [Using the CDT Editor](#).

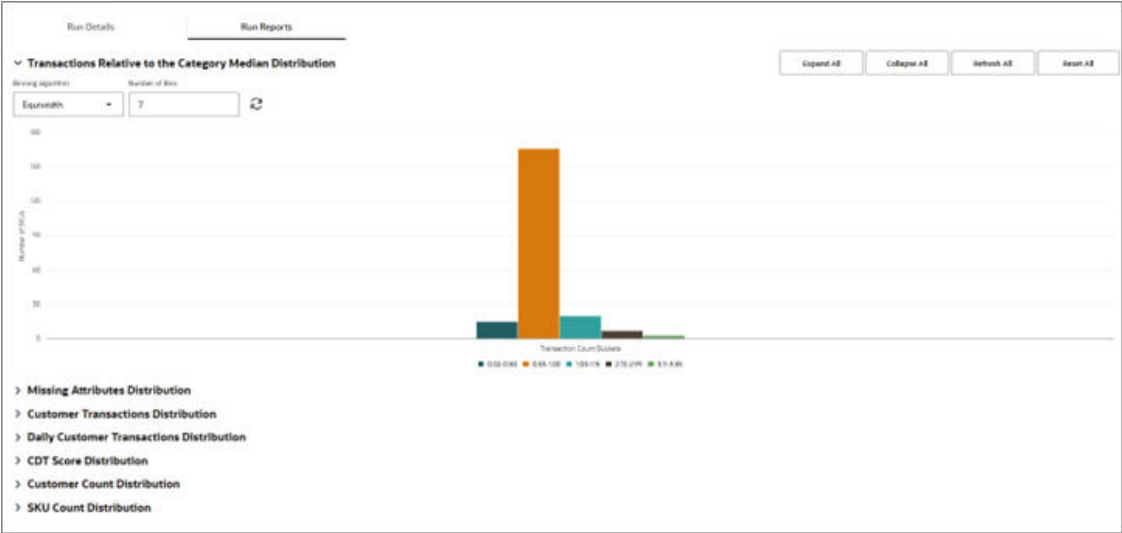
Compare Two CDTs

This icon provides access to CDT Compare. For details about this functionality, see [Comparing Two CDTs](#)

Recent Run Reports

The Recent Run Reports displays, for the current execution and the current user, the different histograms created by the CDT generation process.

Figure 2-3 Recent Run Reports



Below is a list of all histograms included in these reports.

Field Name	Generation Stage Effect	Description
Transactions Relative to the Category Median Distribution	Data Filtering	Displays the number of transactions relative to the category median for a SKU's category.
Missing Attributes Distribution	Data Filtering	Displays the number of attributes that have missing values per number of SKUs
Customer Transactions Distribution	Data Filtering	Displays the number of transactions in historical data per number of customers.

Field Name	Generation Stage Effect	Description
Daily Customer Transactions Distribution	Data Filtering	Displays the relative number of transactions per day per number of customers.
CDT Score Distribution	Calculation	Displays the range of CDT scores and their frequencies for the current run.
Customer Count Distribution	Escalation	Displays the number of CDTs for a specific customer count.
SKU Count Distribution	Escalation	Displays the number of CDTs for a specific SKU count.

For detailed information about using the histograms, see the corresponding Generation Stage or Getting Started.

CDT Versions

The CDT Versions table displays statistical details about the existing CDT versions. Click the **Refresh** icon to update the fields and see the latest information in this table.

Figure 2-4 CDT Versions

CDT Versions x

Versions Aggregate Statistics

Filter

Actions View

Id	Name	Creation User	Distinct Categories	Distinct Locations	Distinct Customer Segments	Total Weeks of Sales	Average Score	Start Date
331	DND_103WA_v1 Escalation: Completed		2	1	1	2	81	5/8/2022
411	grouped test Outdated Run		2	1	1	104	25	2/6/2022
431	grouped test2 Outdated Run		2	1	1	104	65	2/6/2022
451	test1 Outdated Run		1	82	6	104	No data to display	2/6/2022
491	test2 Outdated Run		4	1	1	104	62	2/6/2022
532	test5 Outdated Run		1	1	1	104	60	2/6/2022
651	cdt_test_grp_validate Outdated Run		1	82	1	104	71	2/5/2023
671	CSCDTEST_1 Calculation: Completed		1	1	1	52	56	2/4/2024

Each existing version has a row in the table. The table contains the following fields, which can be arranged and viewed, but not modified. It also displays useful information regarding the state of each version.

Table 2-4 Versions Aggregate Statistics Fields

Field Name	Description
Version Name	User-created name that identifies this CDT version. The name must be unique to the user.
Creation User	The login name of the person who created this version.

Table 2-4 (Cont.) Versions Aggregate Statistics Fields

Field Name	Description
Distinct Category Selections	The number of categories associated with this version.
Distinct Locations	The number of locations associated with this version.
Distinct Customer Segments	The number of customer segments associated with this version.
Start Date	The beginning date associated with the CDTs in this version.
End Date	The end date associated with the CDTs in this version.
Average Score	The average of the CDT scores for a version. A CDT score ranges from 0 to 100. A higher value indicates a better score.

Each version can be clicked and it will open a new tab to display the Run Detail and Run Reports for the selected version.

Manage All CDT

The Manage All CDT screen is used to control which version of a CDT is active or approved. You can also access the functionality to edit a CDT or compare two CDTs.

Figure 2-5 Manage All CDTs

The screenshot shows the 'Manage All CDT' interface. At the top, there's a header 'Manage All CDT x' and a sub-header 'Browse by Versions or by Categories' with tabs for 'By Versions' and 'By Categories'. Below this is a toolbar with various actions like 'Advanced Search', 'Compare CDTs', 'Activate version', 'Approve version', 'Delete version', and 'Withdraw from approved version'. The main table has columns: 'Version - Category - Location - Customer Segment', 'Active Flag', 'Approved Flag', 'Pruned', 'CDT Score', 'Creation Date', 'Creation User', 'Completion Date', and 'Completion Status'. The table lists several CDTs, including 'ALT_HIER', 'Approved Version', 'CDT Test', 'CDT Test 2', 'CDT Test 3', 'CDT Test 4', 'CDT Test 5', 'CDT Test CS', 'CDT_ALT', 'CDT_ALT_HIER', 'CS Manual 4', 'CS Manual Test', and 'CS Test'. The 'Approved Version' row is highlighted. The 'Creation User' column is redacted with a grey bar. The 'Rows Selected: 0' is shown at the bottom left.

Version - Category - Location - Customer Segment	Active Flag	Approved Flag	Pruned	CDT Score	Creation Date	Creation User	Completion Date	Completion Status
▶ ALT_HIER		N		No data to display	1/6/2025			
▶ Approved Version	N	Y		No data to display	4/16/2022			
▶ CDT Test		N		No data to display	6/14/2024			
▶ CDT Test 2		N		No data to display	6/14/2024			
▶ CDT Test 3		N		No data to display	6/19/2024			
▶ CDT Test 4		N		No data to display	6/19/2024			
▶ CDT Test 5		N		No data to display	6/19/2024			
▶ CDT Test CS	N	N		No data to display	4/23/2025			
▶ CDT_ALT		N		No data to display	1/22/2025			
▶ CDT_ALT_HIER		N		No data to display	1/21/2025			
▶ CS Manual 4		N		No data to display	7/5/2024			
▶ CS Manual Test		N		No data to display	7/5/2024			
▶ CS Test		N		No data to display	6/14/2024			

Rows Selected: 0

You can find the CDT you are interested in by:

- Browsing by categories or versions
- Searching by version name or username (Advanced Search from Browse by Versions).

Set Version as Complete

Each partition must have an active CDT. The active CDT is used by other applications that require a CDT.

All CDTs within a version are activated when you click **Set Version as Complete**.

If a CDT exists in more than one version, then the most recently activated version takes precedence.

If a version contains multiple categories and is Complete and then a different version with a partial overlap of categories is later marked as Complete, only the overlapping categories are replaced in the new version.

If a version is overwritten, then the CDTs in that version are no longer active.

When a CDT is at risk of going from active to inactive, you will see a warning message.

To determine whether or not a CDT is active, go to the Manage CDTs tab. The Browse by Categories or by Versions table displays a flag that indicates whether or not a CDT is active.

View One CDT

This button provides access to the CDT Editor. For details about this functionality, see [Using the CDT Editor](#).

Compare Two CDTs

This button provides access to CDT Compare. For details about this functionality, see [Comparing Two CDTs](#).

Approve a Version

Only one approved CDT is permitted for a given CMPO node/segment/location combination. If you approve a second CDT with the same combination, it overwrites the first one.

If an Approved CDT exists, then the Approved CDT is returned to the requesting application.

If no Approved CDT exists, then the Active CDT is returned to the requesting application.

If no Approved CDT exists and no Active CDT exists, an error is returned to the requesting application.

Approval can be done for individual CDTs or for an entire version; activation is for an entire version.

An approved version is used by the CMPO application. An active version is used by Demand Transference.

Unapprove

Use this to change the status of a CDT that was previously approved. Select a single CDT record in the data table and click the **Unapprove** button to remove it from the approved version.

Delete a Version

If you delete a version, it cannot be activated. You cannot delete an approved version, but you can remove a CDT from an approved version.

Browse by Category or Version

You can browse by category or version. The following information is displayed:

Table 2-5 Browsing by Category or Version

Field Name	Field Description
Version...Customer Segment	Partition
Active Flag	Y = Version is active. N = version is not active.
Creation Date	Date on which version was created.
Creation User	User who created the version.
Activation Date	Date on which the version was made active.
Activation User	User who made the version active.
CDT Score	A confidence score assigned to help in assessing the quality of the CDT. A CDT score ranges from 0 to 100. A higher value indicates a better score.

Search

You can search by version name or creation user name. In addition, you can design a search with specific criteria and save that search for future use.

Create CDT

You can create a new CDT in two ways: by modifying an existing CDT or by defining a new CDT.

Figure 2-6 Create CDT

1. Click the **Create CDT** icon, shown in [Figure 2-6](#).
2. If you want to create a new CDT based on an existing one, select the version you want to use as a template from the list of Category Selections. If you want to create a new CDT, skip this step.
3. Enter the Version Name for the new CDT.
4. Select the Product Category, Customer Segment Name, and Location Name.
5. Click **OK**. You see the CDT Editor.
6. You can use the CDT editor, described in "[Using the CDT Editor](#)", to edit the new CDT and add a child, make changes to a branch, or change the assigned names.
7. When you have finished creating and editing the new CDT, click **Save CDT**.
8. To approve the new CDT, click **Approve CDT**.

Deleting a CDT

To delete a CDT, click the **Delete CDT** icon.

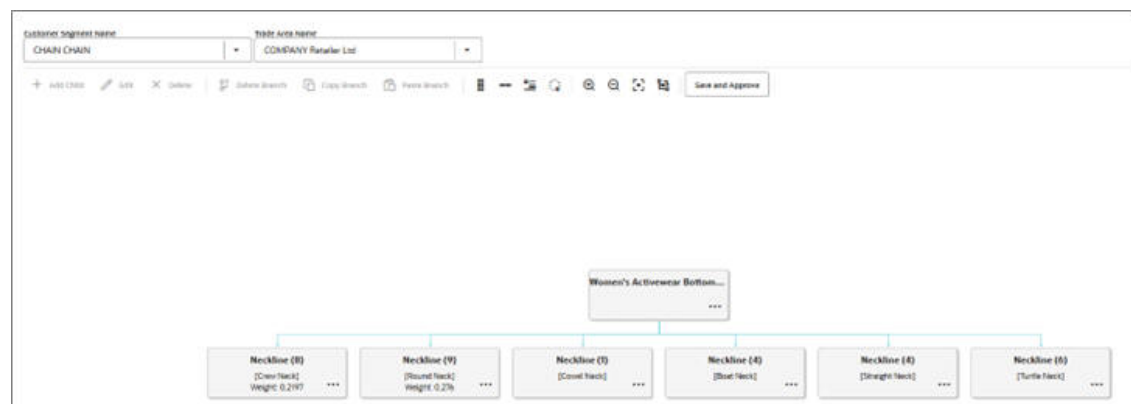
Using the CDT Editor

You can view or edit a CDT using the CDT Editor, which you access by clicking the **Edit** button. The CDT Editor displays the Customer Segment Name and Location Name for the CDT. It provides tools to navigate through the display using Zoom, Pan, Center, and Layout functionality.

The following functionality is available:

- Add a Child
- Edit
- Delete
- Delete Branch
- Copy Branch
- Paste Branch
- Save and Approve

Figure 2-7 CDT Editor



Add a Child

To add a child node to the CDT, do the following:

1. Click **Add Child**. You see the Add CDT Node window.
2. Select an attribute from the **Attribute** drop-down menu.
3. Select a value from the **Attribute Value** drop-down menu.
4. Select the Create separate branch per value check box, if applicable. When more than one of the attribute values are selected, this field create a separate node for every attribute value selected.

Note

A node can be created by selecting one or more attribute values. If multiple attribute values are chosen, and the check box to create a separate branch is not selected, one node that represents multiple attribute values is created.

If one branch is created for all values of an attribute, select all attribute values and only one node will appear with the attribute value of ALL.

If all the attribute values for an attribute are used, either by creating one node or separate nodes, a child cannot be added to the node and the **Add Child** is disabled. Creating a node with ALL does not associate the specific attribute values with the node. Instead, it encompasses any attribute value.

5. Click **OK**.

Editing Nodes

Editing is allowed on all nodes as long as there are additional attribute values available. The selections from the node being edited are preselected in the dialog. The attribute cannot be changed, so the attribute drop-down menu is not disabled. Any attribute values that are in use by other siblings are not be displayed in the list.

Deleting Nodes

Nodes can be deleted from the tree. There are two options for deleting: Delete and Delete Branch.

Selecting Delete deletes the selected node. Delete is available for any leaf node (a node without any children). It is also available for a non-leaf node that represents all the attributes for an attribute value: the children under this node move under the parent.

Selecting Delete Branch deletes the entire branch of nodes under the selected node, but not the selected node itself.

Copying/Pasting in Customer Decision Tree Editor

Copy and Paste functionality is provided to copy nodes from one branch to another. **Copy Branch** is enabled when a node is selected that has children. The Copy Branch function copies the full branch of children of the selected node, but not the selected node itself. **Paste Branch** is enabled when a branch has been copied and the selected node is a leaf node.

Viewing a Customer Decision Tree

The Customer Decision Trees have the potential to become large and occupy more space than the screen real estate allows for. The hierarchy viewer component used to display the Customer Decision Tree provides several features to assist in viewing the Customer Decision Tree effectively.

Expanding and Collapsing Branches

One way to limit the amount of space taken up by the Customer Decision Tree is to collapse branches of the tree. For any node that has children, a small triangle appears at the bottom of the box for that node. Hovering over the triangle enlarges it and displays an option to collapse that node if it is expanded and expand the node if it is collapsed.

Moving the Tree

If the entire Customer Decision Tree is not visible on one screen, the Customer Decision Tree can be moved to make other parts of the tree visible. The view can be moved by either clicking and dragging or by using the panning controls in the control bar for the hierarchy viewer.

Zooming

The hierarchy viewer provides some controls for zooming in and out to allow more or less of the tree to be in view at a time. Zooming out shrinks the size of the nodes, which may make them difficult to read.

Comparing Two CDTs

You can also compare two CDTs using the same CDT Editor functionality. You select the two CDTs you want to compare from the list. Both CDTs are displayed side by side.

Figure 2-8 CDT Comparison



Generate CDT

The Generate CDT screen is used to configure, run, evaluate, modify, and deploy a CDT. The process is divided into five stages that must be run in order. You can return to a stage you have already completed and make changes, but if you do, you must rerun that stage and all the stages that follow that stage, as the calculations are invalidated by the modifications you just made to the settings in the stage you changed.

To monitor the progress of any stage, go to the Overview tab and click the **Refresh** icon from the Run Details contextual pane.

Figure 2-9 Generate CDT



The five CDT stages are:

Table 2-6 Generate CDTs Tab: Stages

Stage Name	Description
Data Setup	Select CMPO groups and define the time intervals for the data to be used in the calculation.
Data Filtering	Filter out input data that may result in inaccurate or unreliable answers.
Calculation	Calculate the CDT.
Evaluation	Assess the reliability and accuracy of the results of the calculation. Prune unreliable or inaccurate answers.
Escalation	Set the escalation path for the CDT. Use the Escalation Report to evaluate the results of the escalation.

Data Setup

The Data Setup stage provides two sections to configure: Category Selections and Time Interval Setup. In this stage, you select the category or categories you want to calculate CDTs for and specify the time interval for the calculation.

Process

Here is the high-level process for setting up the data for CDT.

1. Select the category or categories you want to calculate CDTs for.
2. Set up the time intervals for the CDT calculation.
3. Click **Next** to go to the Data Filtering stage.

Category Selections

Use this table to add categories you want to include in the CDT calculation or delete categories that you want to remove from the CDT calculation.

Figure 2-10 CDT Category Selections

Category Selections			
Actions View Detach			
ID	Name	Description	Attributes
1	Women's Activewear Tops		Color Fabric Grouped Color Grouped Fabric Grouped Item Status Grouped Neckline Grouped Price Tier Grouped Product Type Grouped Size Grouped Sun
2	Women's Casual Bottoms		Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
1	Men's Tops Shirts		Color Fabric Grouped Color Grouped Fabric Grouped Neckline Grouped Price Tier Grouped Size Neckline Price Tier Product Type Size
2	Women's Tops T-Shirts		Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
3	Women's Tops Sweaters		Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
1	Women's Tops Blouses		Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
2	Women's Activewear Bottoms		Color Fabric Grouped Color Grouped Fabric Grouped Item Status Grouped Neckline Grouped Price Tier Grouped Size Item Status Neckline Price Tier Prod
1	Men's Activewear Tops		Color Fabric Grouped Color Grouped Fabric Grouped Neckline Grouped Price Tier Grouped Size Neckline Price Tier Product Type Size

To display a list of available nodes and the categories included in those nodes, click the **Add** icon. You see the Select One or More Categories dialog box.

Figure 2-11 Categories Selection Tab

Select One or More Categories		
Actions View Detach		
Node	Number of Categories	SKU Count
▼ 49118 Company	20	
▶ 49119 Grocery	11	
▶ 49120 Fashion	8	
▶ 49121 General Merchandise	1	
Cancel Ok		

The Browse tab displays a table with the following fields:

Table 2-7 Category Selections

Field Name	Description
Partition	The node tree structure can be expanded in order to view its categories.
Number of Categories	The number of categories within the node that has been selected. The number can help you understand the amount of processing required for the calculation.
SKU Count	The number of SKUs in a category. A category with too few SKUs may not produce good CDTs.

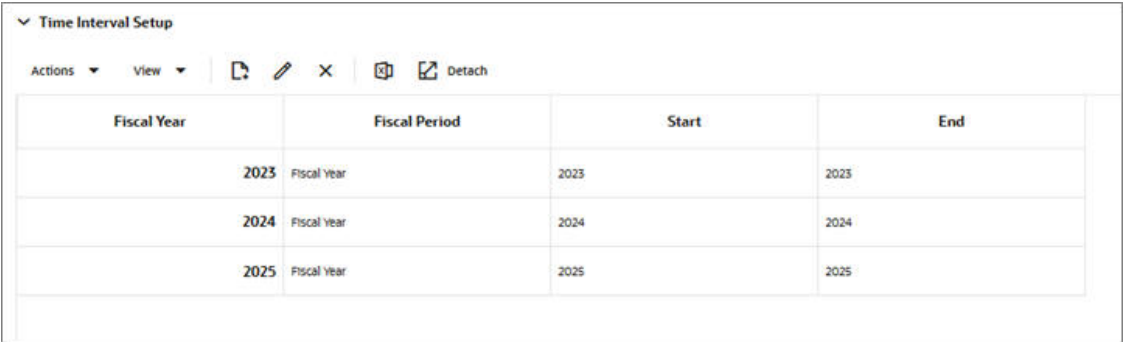
Select the category or categories within the node that you want to be part of the CDT and click **OK**.

Your selections are displayed in the Category Selections table.

Time Interval Setup

The time interval defines the time span for the historical data that is used to calculate the CDT. Only the specified weeks of sales data are used in the calculation. A group of intervals can be defined. Gaps between intervals are permitted; however, intervals cannot overlap. A six-month period is recommended.

Figure 2-12 CDT Time Interval Setup



Time Interval Setup			
Actions	View		
			
Fiscal Year	Fiscal Period	Start	End
2023	Fiscal Year	2023	2023
2024	Fiscal Year	2024	2024
2025	Fiscal Year	2025	2025

To define a time interval for the CDT to be generated, click the **Add** icon. A popup displays and you can select from the following drop-down menus in order to define the time interval.

Figure 2-13 Time Interval Menus

The screenshot shows a dialog box titled "Add Time Interval" with a close button (X) in the top right corner. Inside the dialog, there are four dropdown menus arranged vertically. The first menu is labeled "Fiscal Year" and has "2024" selected. The second menu is labeled "Fiscal Period" and has "Fiscal Year" selected. The third menu is labeled "Start" and has "2024" selected. The fourth menu is labeled "End" and has "2024" selected. At the bottom of the dialog, there are two buttons: "Cancel" and "Ok".

Table 2-8 Time Interval: Menus

Menu Name	Description
Fiscal Year	The fiscal year for the time interval.
Fiscal Period	The fiscal period within the fiscal year (Fiscal Quarter, Fiscal Period, or Fiscal Week).
Start	This defines when the time interval specified in Fiscal Period begins.
End	This defines when the time interval specified in Fiscal Period ends.

After selecting the category and specifying the time interval, click **Next** to go to the Data Filtering stage.

Data Filtering

The Data Filtering stage applies to all the categories and time intervals that you select in the Data Setup stage.

Process

Here is the high-level process for setting up and running data filtering.

1. Enter the appropriate values into the Filter Setup text entry boxes.
2. Click **Run** in order to filter the data.
3. Review the filtering results in the Data Filtering Summary table and the Data Filtering histograms.
4. After reviewing the results, if necessary, make changes to the values for the filters in Filter Setup and re-run the stage.
5. When you are satisfied with the results, click **Next** to go to the Calculation stage.

Filter Setup

You configure the following filters in order to filter out data you consider unacceptable for the calculation of the CDT. Note that the two attribute filters listed in [Table 2-9](#) are stored and used during the Calculation stage. You also set additional data filtering parameters in the Calculation stage.

Figure 2-14 CDT Filter Setup

The screenshot shows a multi-step process for setting up CDT filters. The steps are: 1. Data Setup, 2. Data Filtering (active), 3. Calculation, 4. Evaluation, and 5. Evaluation. In the Data Filtering step, there are five filter configuration sections:

- SKU Filter: Missing attribute values maximum:** A text input field with the value 100.
- Attribute Filter: Minimum attribute uses:** A text input field with the value 5.
- Attribute Value Filter: Minimum attribute value uses:** A text input field with the value 5.
- Customer Filter: Transaction history minimum:** A text input field with the value 1%.
- SKU-Segment-Location Filter: Transaction minimum:** A text input field with the value 1%.

At the bottom right of the interface, there are buttons for 'Back', 'Next', 'Run', and 'Help'.

Table 2-9 Data Filters

Data Filter Name	Data Filter Description
SKU Filter: Missing attribute values maximum	Each SKU is defined by its attribute values. If a certain absolute value for the attribute values is not defined, then the product definition is not accurate. A SKU with too many missing attribute values should be filtered out. The default value is 25 for the total attribute values (that is, a SKU with greater than 25 missing attribute values is not included in the calculation of the CDT).
Attribute Filter: Minimum attribute uses	An attribute that is used by only a few SKUs should be filtered out. The default value is an absolute value of 5 for the total SKUs in the category (that is, the data for an attribute that is used by fewer than five of the SKUs is not included in the calculation of the CDT). This filter does not remove t-log level data but instead removes the attribute and attribute values from the CDT creation process.
Attribute Value Filter: Minimum attribute value uses	An attribute value that is used by only a few SKUs should be filtered out. The default value is an absolute value of 5 for the SKUs in a category (that is, the data for an attribute value that is used by fewer than five of the SKUs is not included in the calculation of the CDT). This filter does not remove t-log level data but instead removes the attribute and attribute values from the CDT creation process.
Customer Filter: Transaction history minimum	Customers with short transaction histories are considered outliers. You assign a percentage value that is applied to the median number of transactions for all customers. Such customers are filtered out. The default value is 10% (that is, a customer who has fewer than 10% of the median number of transactions for all customers is not included in the calculation of the CDT).
SKU-Segment-Location Filter: Transaction minimum	SKUs that have few transactions for a given location-segment partition are considered outliers. You assign a percentage value that is applied to the median number of transactions for the SKUs in a specific partition. Such transactions are filtered out. The default value is 10% (that is, a SKU that is involved in fewer than 10% of the median number of transactions for a specific partition is not included in the calculation of the CDT).

Once you have configured the filters, click **Run** to start the filtering process.

Data Filtering Summary

The following information is provided after the filtering is complete and quantifies the amount of data filtered out for the three indicated filters for sales units, sales amounts, transaction counts, SKU counts, and customer counts. Use this information to assess the effects of the pruning.

Figure 2-15 CDT Data Filtering Summary



Filter Name	Pre-filter Sales Unit	Filtered Sales Unit	Pre-filter Sales Amount	Filtered Sales Amount	Pre-filter Transaction Count	Filtered Transaction Count	Pre-filter SKU Count	Filtered SKU Count	Pre-filter Customer Count	Filtered Customer Count
Filter SKUs which are missing too many attribute values	2,275,680	0	98,214,042	0	600,246	0	211	0	216,682	0
Filter SKUs which do not have enough sale transaction history	2,275,680	1,180	98,214,042	98,440	600,246	-40	211	2	216,682	0
Filter Customers which do not have typical transaction history	2,277,026	0	98,845,802	0	600,208	0	209	0	216,678	0

Table 2-10 Filter Data Summary Fields

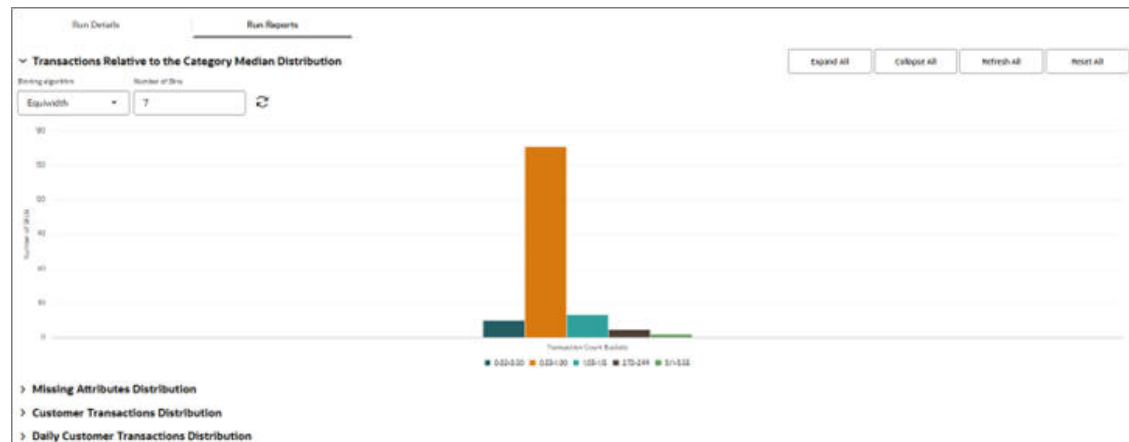
Field Name	Field Description
Filter Name	The following filter names are listed: Filter SKUs that are missing too many attribute values. This maps to the SKU Filter: Missing attribute values maximum in the Filter Setup. Filter SKUs that do not have enough sale transaction history. This maps to the Customer Filter: Transaction history minimum in the Filter Setup. Filter Customers that do not have typical transaction history. this maps to the SKU-Segment-Location Filter: Transaction minimum in the Filter Setup.
Pre-filter Sales Unit	Amount prior to the application of the filter.
Filtered Sales Unit	Amount remaining after the application of the filter.
Pre-filter Sales Amount	Amount prior to the application of the filter.
Filtered Sales Amount	Amount remaining after the application of the filter.
Pre-filter Transaction Count	Amount prior to the application of the filter.
Filtered Transaction Count	Amount remaining after the application of the filter.
Pre-filter SKU Count	Amount prior to the application of the filter.
Filtered SKU Count	Amount remaining after the application of the filter.
Pre-filter Customer Count	Amount prior to the application of the filter.
Filtered Customer Count	Amount remaining after the application of the filter.

Data Filtering Histograms

The following histograms illustrate the effects of filtering. You can use the information displayed in the histograms to adjust the configuration of the filters in order to eliminate outlier data. If you modify the filters, you must re-run the stage.

Table 2-11 Filter Histograms

Histogram Name	Description
Transactions Relative to the Category Median Distribution	Displays the number of transactions relative to the category median for a SKU's category.
Missing Attribute Distribution	Displays the number of attributes that have missing values per number of SKUs.
Customer Transaction Distribution	Displays the number of transactions in historical data per number of customers.
Daily Customer Transaction Distribution	Displays the relative number of transactions per day per number of customers.

Figure 2-16 CDT Transactions Relative Histogram

Once you are satisfied with the pruning results, click **Next** to go to the Calculation stage.

Calculation

The Calculation stage creates the CDTs for all of the partitions that you selected in the Data Setup stage. A separate CDT calculation occurs for each partition. For example, if you selected two CMPO nodes, and the system also has two customer segments and three locations, then that is a total of $2 \times 2 \times 3 = 12$ CDTs at the lowest level. In addition, there are CDTs at the higher levels (for example, above location).

Process

Here is the high-level process for calculating CDTs.

1. Enter a unique name for the version of the CDTs to be calculated.
2. Enter values for lowest tree level and minimum percentage of SKUs.
3. Use the check boxes to indicate whether or not only the top-level processing calculation should occur for location or customer segment.
4. Customize the ranking of the category attributes if necessary.
5. Click **Run** to start the calculation.

6. Review the calculation results in the Calculation Report and the CDT Score Distribution histogram.
7. After reviewing the results, if necessary, make changes to the values for the calculation in Version Setup and re-run the stage.
8. When you are satisfied with the results, click **Next** to go to the Evaluation stage.

Version Setup

At the top of this stage you see three text boxes and two check boxes that you use to configure the levels at which the calculation occurs.

Figure 2-17 CDT Version Setup

Table 2-12 Calculation Stage: Fields

Field Name	Field Description
Version Name	Assign a name to each version of a CDT calculation. This allows you to create and save more than one version of a CDT. The version name you assign here is used in the Calculation Report, Aggregate Statistics table, and in the Manage CDTs tab. Version names can be re-used; however, if the version name in question has active CDTs, then you will see a warning that the active CDTs will be removed from the version if you do re-use the version name.
Lowest Tree Level	Use this option to define the maximum number of levels of CDTs to be calculated. The default value is 15. The number of levels in a CDT can at most be equal to the number of attributes used by the SKUs in the category plus 1. (The number 1 is used for the top level of the tree.) When determining the maximum number of levels, you should consider how many attributes should be represented in the tree. (For example, if you only want to see the top six attributes in the CDT, then set the lowest level to 7.)
Minimum Percentage of SKUs for the Terminal Node	Use this option to make sure the terminal nodes have a sufficient number of SKUs. For example, if the current CDT partition contains 100 SKUs, then any one node in the tree containing fewer than 5 SKUs will be considered a terminal node and the tree will not expand further along that branch of the tree.
Process Location Top Level Only	Check this option if you want CDTs to be calculated for the Location Chain <i>only</i> . You can select this option in order to decrease the amount of time it takes the system to perform the calculation.
Process Customer Segment Top Level Only	Check this option if you want CDTs to be calculated for the Customer Segment Chain <i>only</i> . You can select this option in order to decrease the amount of time it takes the system to perform the calculation.

Category Attributes Setup

The application determines a specific ranking order for the category attributes. You can optionally change this order and create your own ranking of the attributes for a category by ordering the attributes from most important to least important. The Category Attributes Setup table lists the categories you are calculating CDTs for. Use this list to select a category to edit.

Click the **Edit** icon to access this functionality. You can adjust the ranking for all the attributes or a subset of the attributes.

Figure 2-18 CDT Category Attributes Setup

Category Attributes Setup

Actions View Edit Detach

ID	Name	Attributes
1	Women's Activewear Tops	Color Fabric Grouped Color Grouped Fabric Grouped Item Status Grouped Neckline Grouped Price Tier Grouped Product Type Grouped Size Grouped Sus
2	Women's Casual Bottoms	Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
1	Men's Tops Shirts	Color Fabric Grouped Color Grouped Fabric Grouped Neckline Grouped Price Tier Grouped Size Neckline Price Tier Product Type Size
2	Women's Tops T-Shirts	Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
3	Women's Tops Sweaters	Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
1	Women's Tops Blouses	Color Grouped Color Grouped Price Tier Grouped Size Price Tier Product Type Size
2	Women's Activewear Bottoms	Color Fabric Grouped Color Grouped Fabric Grouped Item Status Grouped Neckline Grouped Price Tier Grouped Size Item Status Neckline Price Tier Prod
1	Men's Activewear Tops	Color Fabric Grouped Color Grouped Fabric Grouped Neckline Grouped Price Tier Grouped Size Neckline Price Tier Product Type Size

The Category Attributes Setup dialog box contains the following fields. For each attribute you want to rank, select the Top Attribute check box and enter a value for the Attribute Rank. Click **OK**.

Figure 2-19 CDT Category Attributes Setup

Category Attributes Setup

↑	Attribute Name	Exclude Attribute	Top Attribute	Attribute Rank
	Price Tier	☐	☐	
	Neckline	☐	☐	
	Color	☐	☐	
	Size	☐	☐	
	Item Status	☐	☐	
	Fabric	☐	☐	
	Product Type	☐	☐	
	Sustainability	☐	☐	
	Grouped Size	☐	☐	
	Grouped Fabric	☐	☐	
	Grouped neckline	☐	☐	
	Grouped Color	☐	☐	
	Grouped Price Tier	☐	☐	
	Grouped Product Type	☐	☐	
	Grouped Sustainability	☐	☐	

Cancel

OK

Table 2-13 Category Attributes Setup Dialog Box

Field	Description
Attribute Name	Identifies the attribute.
Top Attribute	Check to enable ranking. This indicates that this attribute must be one of the first attributes in the resulting tree. This box is checked automatically for functional fit attributes and cannot be deselected. A functional fit attribute is one for which a customer cannot choose a different product with a different attribute value. For example, windshield wiper blades must be selected according to the car manufacturer's requirements. The numerical rank is optional. If you do not enter rank values, then the system will determine the order of all the top attributes first and then put any remaining attributes below the top attributes in the tree.
Attribute Rank	Enter a value for each attribute, starting with the value 1, to indicate the relative rank of the attribute. A value can be entered only if the attribute has been identified as a top attribute. You do not have to specify the rank if Top Attribute is checked. If multiple attributes are checked, then the system rank orders them.

Once you have configured the parameters for the calculation, click **Run** to start the process.

CDT Score Distribution Histogram

The CDT Score Distribution histogram displays, for the current calculation, the range of CDT scores and their frequencies. CDT scores range from 0 to 100; a higher number indicates a better score. You can use the information in this histogram to assess the quality of your CDTs.

Below the histogram you see a table that provides details about the histogram. This information can help you assess the quality of a CDT. Click on a specific bin in the histogram to populate the table with information about that bin. You see a list of all the specific category name/location name/customer segment name partitions for the bin, along with the score for each, the number of weeks of data used to calculate the score, and the number of tree nodes for each partition.

Figure 2-20 CDT Score Distribution Histogram

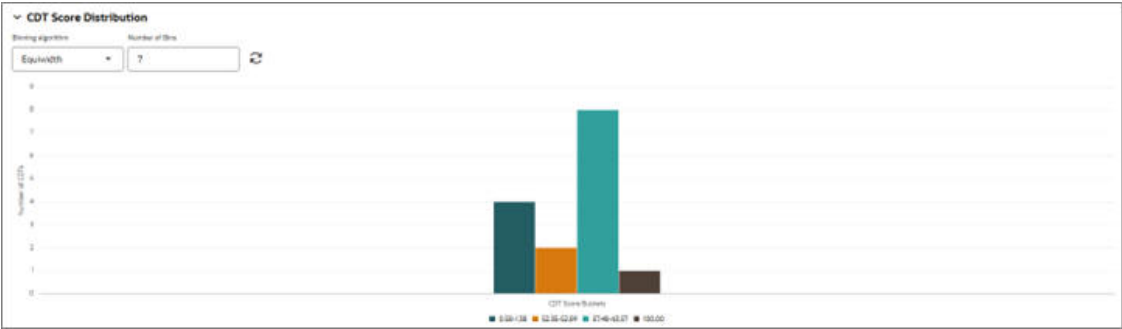


Table 2-14 CDT Score Distribution Fields

Field Name	Description
Category Name	The category name of the partition for the specific CDT score.
Location Name	The location name of the partition for the specific CDT score.
Customer Segment Name	The customer segment name of the partition for the specific CDT score.
Score	A confidence score assigned to help in assessing the quality of the CDT. A CDT score ranges from 0 to 100. A higher value indicates a better score.
Number of Weeks	The number of weeks of data used to calculate the CDT score.
Tree Node Count	The number of tree nodes used to calculate the CDT score.

When you have finished with the calculation process, click **Next** to go to the Evaluation stage.

Evaluation

Once the CDT has been generated, you can evaluate it and make adjustments to parameters used in the CDT calculation during the Evaluation stage. Only the current version of the CDT, the one just generated in the Calculation stage, can be assessed in the Evaluation stage.

Process

Here is the high-level process for using the Evaluation stage to prune the results of the CDT calculation.

1. If you have determined that you need to prune the results of the calculation, enter appropriate values into the text boxes in the Pruning Setup area.
2. Click **Run** to start the pruning process.
3. Review the pruning results in the Pruning Results section and in the Pruning histograms.
4. After reviewing the results, if necessary, make changes to the values for the pruning and re-run the stage.
5. When you are satisfied with the results, click **Next** to go to the Escalation stage.

Pruning Setup

You can make changes by pruning the CDT based on the customer count, the SKU count, the tree-level count, and the minimum CDT score. To do this, enter a minimum value for each pruning filter.

Figure 2-21 CDT Pruning Setup



The screenshot shows a 'Pruning Setup' section with four input fields, each with a help icon (i) to its left. The fields are: 'Minimum Customer Count' with value '1', 'Minimum SKU Count' with value '1', 'Minimum Tree Level Count' with value '2', and 'Minimum CDT Score' with value '1'.

Once you have completed setting up the filters, click **Run** to begin the processing. After you review the pruning results, you can change the values for the filters if you find it necessary. Once you make changes, you must run the stage again in order to see the results of your changes.

Table 2-15 Pruning Setup: Filters

Filter Name	Filter Description
Minimum Customer Count	The minimum number of customers to be used in the CDT calculation. The default is 1000.
Minimum SKU Count	The minimum number of SKUs to be used in the CDT calculation. The default is 10.
Minimum Tree Level Count	The minimum number of levels to be used in the CDT calculation. The default is 2.
Minimum CDT Score	The minimum measure of the quality of a CDT to be used in the CDT calculation. The default is 25.

Pruning Results

The Pruning Results are located below Pruning Setup and display information that can help you assess the effects of the values you provided for the pruning filters.

Figure 2-22 CDT Pruning Results

Pruning Results

Number of CDTs generated: 82

Number of CDTs pruned: 0

Categories with no CDTs after Pruning:

Actions

View

Detach

Filter Name	Number of CDTs pruned:
Prune CDTs where the customer count involved in the calculation is too low	0
Prune CDTs where the SKU count involved in the calculation is too low	0
Prune CDTs where the number of levels in the tree is too low	0

Actions

View

Detach

label	Minimum	Maximum	Average
CDT Score	0.584	100	46.427
Number of nodes	1	13	2.516
Tree depth	1	3	1.303

Table 2-16 Pruning Results

Field Name	Field Description
Number of CDTs Generated	The number of CDTs that were generated by the Calculation stage.
Number of CDTs Pruned	The number of CDTs that were pruned after the filters were applied.
Categories with no CDTs After Pruning	The names of the categories from which all CDTs were pruned.

Below this list is a table that identifies the number of CDTs that have been pruned by the following filters.

- Prune CDTs where the customer count involved in the calculation is too low.
- Prune CDTs where the SKU count involved in the calculation is too low.
- Prune CDTs where the number of levels in the tree is too low.
- Prune CDTs where the CDT score represents too low a quality.

A second table provides an overview of the pruning results, including the minimum, maximum, and average values for the CDT score, the number of nodes, and tree depth.

The number of nodes indicates the size of the tree. If a CDT contains few nodes, this can indicate a problem with the data or that too many nodes were excluded during the Calculation stage (because of a parameter setting).

Tree depth also indicates the size of the tree. This value can be used in conjunction with the Lowest Tree Level setting in the Calculation stage to analyze the results in terms of the number of levels in the tree.

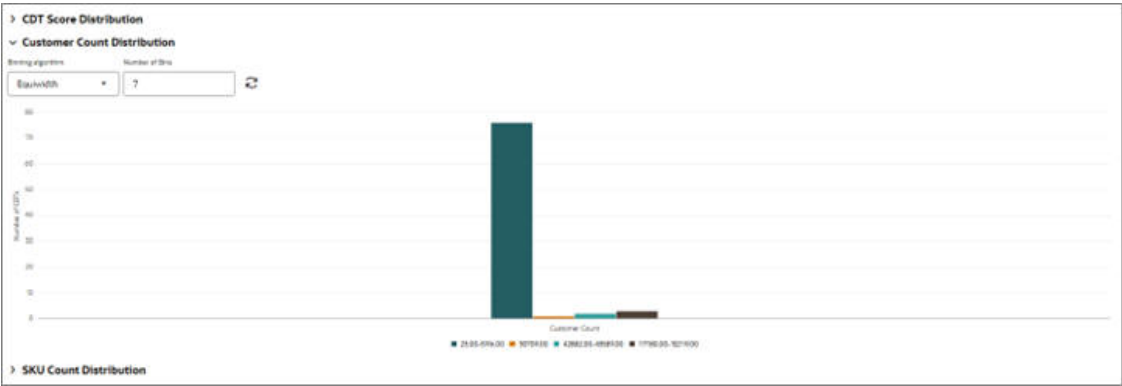
Evaluation Histograms

The following histograms are displayed in the Evaluation stage. You can use the information from the histograms to understand the data that was pruned by the filters.

Table 2-17 Evaluation Histograms

Name	Description
Customer Count Distribution	Displays the number of CDTs for a specific customer count.
SKU Count Distribution	Displays the number of CDTs for a specific SKU count.
CDT Score Distribution	Displays the CDT score distribution.

Figure 2-23 CDT Customer Count Distribution



When you have completed the evaluation of the results, click **Next** to go to the Escalation stage.

Escalation

The Escalation stage is used to fill in the holes for partitions whose CDTs were removed during pruning by setting up a search path through the segment hierarchy and the location hierarchy.

Process

Here is the high-level process for setting up an escalation.

1. Enter a series of numbers to indicate the escalation rank, which determines the order in which the escalation occurs.
2. Click **Run** to start the escalation process.
3. Review the escalation results in the Escalation Report.
4. After reviewing the results, if necessary, make changes to the escalation ranks and rerun the stage.
5. When you are satisfied with the results, you can complete the version and make the version active so that it is available for other applications to use.

Setup Escalation

Escalation occurs along the segment hierarchy and the location hierarchy. Here is an example of an escalation path:

Figure 2-24 CDT Setup Escalation

Customer Segment Level	Location Level	Escalation Rank
CHAIN	COMPANY	7
CHAIN	CHAIN	5
CHAIN	AREA	3
CHAIN	REGION	1
SEGMENT	COMPANY	6
SEGMENT	CHAIN	4
SEGMENT	AREA	2
SEGMENT	REGION	0

The following fields are required to set up the escalation.

Table 2-18 Setup Escalation

Field	Description
Customer Segment Level	Identifies the customer segment level in the escalation.
Location Level	Identifies the location level in the escalation.
Escalation Rank	Used to assign the ranks for the escalation, which determines the order in which the escalation occurs.

Here is an example of an escalation path.

Table 2-19 Example of Escalation Path

Segment Level	Location Level	Escalation Rank
Segment chain	Location chain	8
Segment chain	Region	7
Segment chain	Location area	6

Table 2-19 (Cont.) Example of Escalation Path

Segment Level	Location Level	Escalation Rank
Segment chain	Store cluster	5
Segments	Location chain	4
Segments	Region	3
Segments	Location area	2
Segments	Store cluster	1

You fill in the order of numbers. Every row must have an ordering number, and no ordering number can be reused.

The escalation path is specific to the user and the current version that the user is working on.

The default ordering is to go up the location hierarchy first, and then up the segment hierarchy, as shown in the example above. The reason is that the segment hierarchy has only two levels, and so its top level is very general.

Escalation Report

The Escalation Report breaks down the numbers to provide counts for the number of partitions filled with higher-level CDTs and the number of partitions that have not been changed by escalation. In addition, the fraction of CDTs for each partition is displayed.

Figure 2-25 CDT Escalation Report



Table 2-20 Escalation Report

Field Name	Description
Total Partitions	The number of partitions in the version.
Partitions Sourced from Escalation	The number of partitions removed during escalation.
Partitions sourced from Calculation	The number of partitions removed during calculation.
Partitions with No Source	A partition that does not have CDTs assigned to it because all CDTs related to the partition have been pruned.
Customer Segment Level	Identifies the customer segment level.

Table 2-20 (Cont.) Escalation Report

Field Name	Description
Location Level	Identifies the location level.
Number of CDTs	The number of partitions that are trying to have a CDT assigned. This is generally the number of customer segments by the number of locations.
Percentages	The percentage of partitions that have been assigned a CDT from a given escalation level.

Completion of Process

When a version is complete, the results for the version are activated so that other applications can use the information. The similarity data that has been calculated during the generation process is also activated for use.

After the completion of this step, the intermediate results from each stage are removed from the database and can no longer be used.

3

Demand Transference

This chapter describes the use of the Demand Transference Science Cloud Service module.

Introduction

Demand Transference (DT) helps you to compare products based on their similarities in order to determine what, if any, products customers might buy if the product they want to buy is for some reason unavailable. In this way, planning and ordering can be optimized. DT calculates similarities by comparing the attributes of the two products. If you are using CDT in conjunction with DT, you also have available the similarities calculated by CDT, which are based on customer-supplied transaction data.

The DT Cloud Service module consists of three tabs: Overview, Generate Models, and Manage Models. You use the Overview tab to keep track of the status of each stage during the main work you do with the application within the Generate Models tab. You use the Manage Models tab to evaluate the demand elasticity results and override the Maximum Substitutable Demand Percentage value, if that is needed.

Overview of DT Process

When you use the DT Cloud Service module, you follow this general iterative process to create and manage DT models:

- **Data Setup.** You define the categories to be used in the DT calculation.
- **Data Filtering.** You configure filters that remove input data that might cause errors in the calculation or that can lead to inaccurate or unreliable results.
- **Similarity Calculation.** You calculate similarities and assess the results of the calculation.
- **Elasticity Calculation.** You calculate the assortment elasticities and assess the results in terms of substitutable demand, which is the percentage of demand of a SKU that is retained when the SKU is deleted from the stores where it is selling.
- **Escalation.** When you are satisfied with your results, you can set the escalation path you can set the escalation path to fill in the holes for partitions whose DT models were removed during pruning by setting up a search path through the segment hierarchy and the location hierarchy. Then you can set a version of the DT model as complete.
- **Manage Models.** Use this tab to set time intervals for evaluating your results and to override the value for the maximum substitutable demand percentage.

Overview Tab

The Overview tab displays information that you can view and use to monitor the progress of the DT stages as well as to view some aggregate statistics and the DT results from the last successful run.

This tab contains the following sections:

- **Generation Stage Status**

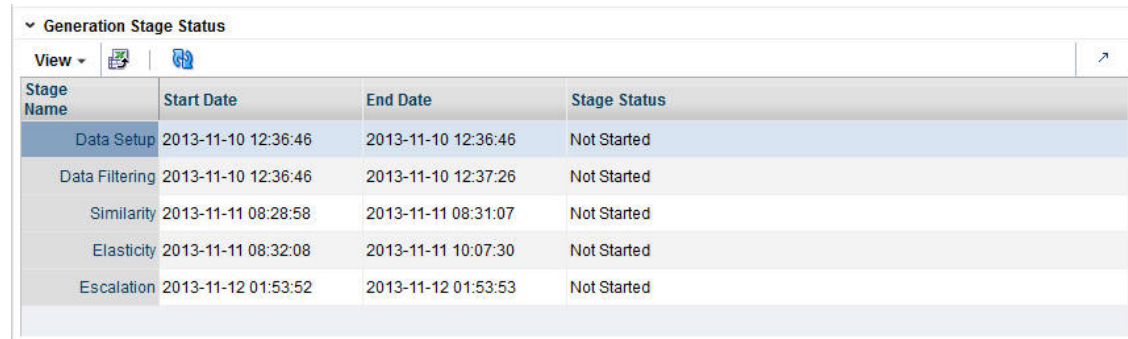
- Aggregate Statistics
- Calculation Report

Generation Stage Status

The Generation Stage Status table displays the current status of each of the DT stages.

Click the **Refresh** icon to update the fields and see the latest status for each stage.

Figure 3-1 DT Generation Stage Status



Generation Stage Status			
Stage Name	Start Date	End Date	Stage Status
Data Setup	2013-11-10 12:36:46	2013-11-10 12:36:46	Not Started
Data Filtering	2013-11-10 12:36:46	2013-11-10 12:37:26	Not Started
Similarity	2013-11-11 08:28:58	2013-11-11 08:31:07	Not Started
Elasticity	2013-11-11 08:32:08	2013-11-11 10:07:30	Not Started
Escalation	2013-11-12 01:53:52	2013-11-12 01:53:53	Not Started

You can use the status information to monitor the progress of each stage. It contains the following fields, which can be arranged and viewed, but not modified.

Table 3-1 Generation Stage Status Fields

Field Name	Description
Stage Name	A row exists in the table for each DT stage that provides detailed status information. The five stages are Data Setup, Data Filtering, Similarity, Elasticity, and Escalation.
Start Date	The date and time when a run for the stage most recently started.
End Date	The date and time when a run for the stage most recently ended.
Stage Status	The current status of the stage: Not Started, Not Started (Scheduled for Later), Processing, Completed Successfully, Stopped/Paused, Cancelled, or Failed.

The following table provides an explanation of the different values for the status of a stage.

Table 3-2 Stage Status Values

Stage Status	Description
Not Started	This indicates that the stage has not yet been initiated. This can occur when you first begin to create a DT model or when you update an existing version.
Not Started (Scheduled for Later)	This indicates that the stage is scheduled to start after the previous stage is complete.
Processing	This indicates that the stage is currently being processed.

Table 3-2 (Cont.) Stage Status Values

Stage Status	Description
Stopped/Paused	This indicates either that the stage has been stopped by the application or that the user has chosen to stop the process (for example, to make a change to an option). In the later case, once any background processing has stopped, the user can re-run the stopped stage.
Completed Successfully	This indicates that the stage has been successfully processed.
Completed with Errors	This indicates that the stage was able to complete the processing of all requested CDTs, but one or more CDTs encountered errors during the run and were not able to complete successfully. This most commonly occurs when the data used for a CDT is not available or is too sparse to produce a result.
Cancelled	This indicates that the database has cancelled the execution of the stage either because of missing data or an exception. The user should review the RSE_LOG_MSG log to determine the problem.
Failed	This indicates that a problem occurred during the processing.

Aggregate Statistics

The Aggregate Statistics table displays statistical details about the existing DT model versions.

Click the **Refresh** icon to update the fields and see the latest information in this table.

Figure 3-2 DT Aggregate Statistics

Aggregate Statistics					
Version	Created By User	Distinct Categories	Distinct Locations	Distinct Customer Segments	Number of models generated
Coffee Attr	cdmUser0	1	10	1	10
Coffee Attr Chain	dtUser0	1	1	1	1
Coffee Attr2	cdmUser0	1	10	6	60
Coffee Smoke Test	dtUser0	1	1	1	1
Coffee Txn	cdmUser0	1	10	1	10

Each existing version has a row in the table. The table contains the following fields, which can be arranged and viewed but not modified.

Table 3-3 Aggregate Statistics Fields

Field Name	Description
Version	User-created name that uniquely identifies this DT model version
Created By User	The user name of the person who created this version.
Distinct Categories	The number of categories associated with this version.
Distinct Locations	The number of locations associated with this version.

Table 3-3 (Cont.) Aggregate Statistics Fields

Field Name	Description
Distinct Customer Segments	The number of customer segments associated with this version.
Number of Models Generated	The number of DT models that have been calculated for this version.

Calculation Report

The Calculation Report displays the DT model results from the last successful run, if one has occurred.

Here you can review information by Location or by Customer Segment.

Click the **Refresh** icon to update the fields and see the latest information in this table.

Figure 3-3 DT Calculation Report

▼ Calculation Report					
Version Coffee Attr2					
By Location By Customer Segment					
View ▼					
Node	Calculation Status	Exclusion Status	Assortment Elasticity	Creation Date	Created By User
▼ Coffee					
> e-commerce USA					
> Spaces Grocery					
> Spaces Grocery					
> North					
> e-commerce USA					
> Southeast					

The Calculation Report contains the following fields:

Table 3-4 DT Calculation Report Fields

Field Name	Description
Node	Identifies the node name.
Calculation Status	Yes indicates that the calculation is complete. No indicates that the calculation is not complete.
Exclusion Status	Yes indicates that data has been pruned. No indicates that data has not been pruned.
Assortment Elasticity	A number calculated by the application that is a parameter in the DT model. A larger magnitude indicates larger overall transference.
Creation Date	The date when the version whose data is displayed was created.
Created By User	The login name of the person who created the version.

Generate Models Tab

The Generate Models tab is used to configure, run, evaluate, modify, and deploy a DT model. The process is divided into five stages that must be run in order. You can return to a stage you have already completed and make changes, but if you do, you must re-run that stage and all the stages that follow that stage, as the calculations are invalidated by the modifications you just made to the settings in that stage.

The five stages are:

Table 3-5 Generate Models Tab: Stages

Stage Name	Description
Data Setup	Select the nodes for the DT model calculations.
Data Filtering	Filter out input data that may result in inaccurate or unreliable answers.
Similarity Calculation	Calculate the similarities in customer demand.
Elasticity Calculation	Calculate the assortment elasticities for customer demand.
Escalation	Set the escalation path for the DT model. Use the Escalation Report to evaluate the results of the escalation.

Data Setup

The Data Setup stage is used to add and delete the categories to be used in the DT model generation process.

Process

Here is a high-level process for setting up the data for DT.

1. Select the category or categories you want to calculate DT models for.
2. Click **Next** to go to the Data Filtering stage.

Category Selections

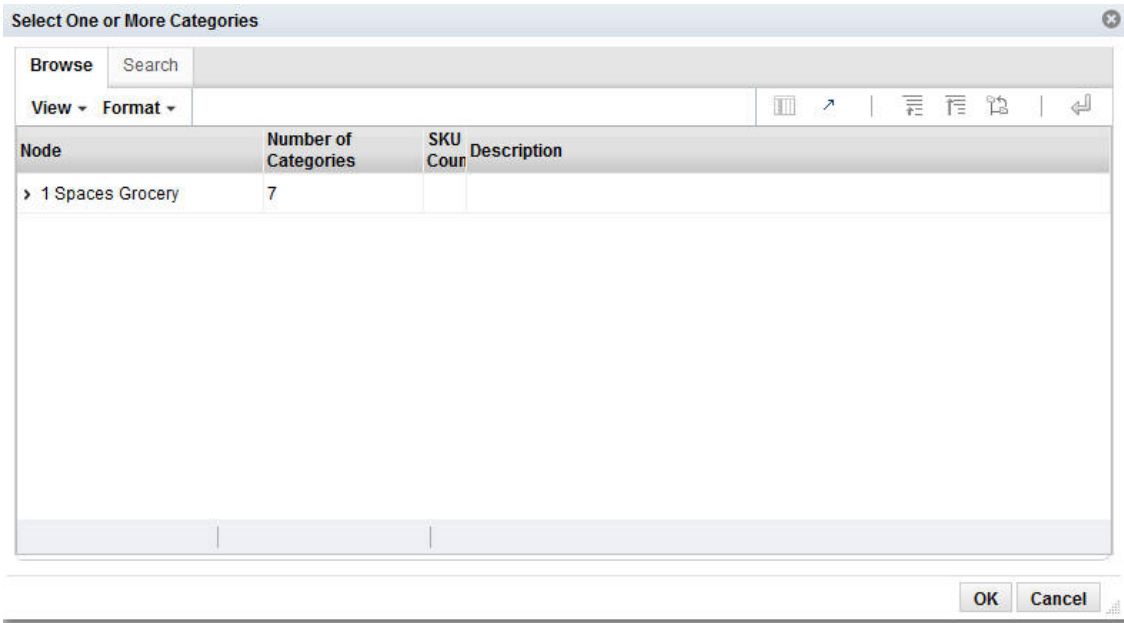
Use this table to add categories you want to include in the DT model calculation or delete categories that you want to remove from the DT model calculation.

Figure 3-4 DT Category Selections

Category Selections		
View ▾	+	×
ID	Name	Description
70000	Pasta	
10000	Coffee	

To display a list of available nodes and the categories included in those nodes, click the **Add** icon. You see the Select One or More Categories dialog box, which contains two tabs, Browse and Search. You can use either tab to find the categories you are looking for.

Figure 3-5 DT Browse Categories



The Browse tab displays a table with the following fields:

Table 3-6 Category Selections: Browse

Field Name	Description
Node	The node tree structure can be expanded in order to view its categories.
Number of Categories	The number of categories within the node that has been selected. The number can help you understand the amount of processing required for the calculation.
SKU Count	The number of SKUs in a category. A category with too few SKUs may not produce good DT models.
Description	A description that provides additional information about the category.

Select the category or categories within the node that you want to be part of the DT model and click **OK**.

Figure 3-6 DT Search Categories

Select One or More Categories

Browse

Search

View

ID	Name	Description	Level Description
1	Spaces Grocery		CMP
10	Center Store		DIV
100	Shelf Stable Groce		GRP
4000	Dry Goods		DEPT
1000	Shelf Stable Bever		DEPT
3000	Snacks		DEPT
2000	Baby Needs		DEPT
60000	Canned Vegetable		CLS

OK

Cancel

The Search tab displays a table with the following fields:

Table 3-7 Category Selections: Search

Field Name	Field Description
ID	An external code used to identify the category in other systems such as CMPO.
Name	The category name.
Short Description	A description that provides additional information about the category.
Level Description	A description of the level of the merchandise hierarchy that the node belongs to.

Select the category or categories within the node that you want to be part of the DT model and click **OK**.

Your selections are displayed in the Category Selections table.

After selecting the categories, click **Next** to go to the Data Filtering stage.

Data Filtering

The Data Filtering stage applies to all the categories that you select in the Data Setup stage. You should set the filters based on the histograms for each filter. The histograms help identify what data is actual outlier data, as compared to the rest of the data. In most cases, the default settings should be sufficient. However, if a histogram shows a flatter distribution, then you should consider modifying the default settings.

Process

Here is the high-level process for setting up and running data filtering.

1. Enter the appropriate values into the Filter Setup text entry boxes.
2. Click **Run** in order to filter the data.
3. Review the filtering results in the Data Filtering Summary table and the Data Filtering histograms.
4. After reviewing the results, if necessary, make changes to the values for the filters in Filter Setup and re-run the stage.
5. When you are satisfied with the results, click **Next** to go to the Similarity Calculation stage.

Filter Setup

You configure the following filters in order to filter out data you consider unacceptable from the calculation of the DT model.

Figure 3-7 DT Filter Setup

The screenshot shows the 'Filter Setup' tab with a dropdown arrow. It contains two sections: 'SKU Filters' and 'Store Filters'. Under 'SKU Filters', there are two filters: 'Minimum length of history' and 'Minimum total sales units', both set to '1.00%'. Under 'Store Filters', there is one filter: 'Minimum SKU count' set to '10'. Each filter has a question mark icon and an asterisk.

Table 3-8 Data Filters

Filter Name	Description
Minimum Length of History	This filter prunes SKU-segment-store combinations that have a short transaction history. The threshold is defined as a percentage of the median value for the category. The default value is 1%.
Minimum Total Sales Units	This filter prunes SKU-segment-store combinations that have a small number of total sales units during a given sales history for a specified customer segment and store. The threshold is defined as a percentage of the median value for the category. The default value is 1%.
Minimum SKU Count	This filter is applied after the above two filters and looks at the remaining data to determine if a store does not have enough SKUs. The threshold is defined as a set number of SKUs per store. The default value is 10 SKUs.

Data Filter Summary

This section describes the Data Filter Summary, shown in [Figure 3-8](#).

Figure 3-8 DT Data Filter Summary

Filter Name	Pre-filter Sales Unit	Post-filter Sales Unit	Filtered Sales Unit	Filtered Sales Unit Percentage	Pre-filter SKU Count	Post-filter SKU Count	Filtered SKU Count
Length of History	1745156	1745156	0	0%	56	56	0
Total Sales Units	1745156	1745156	0	0%	56	56	0
SKU Count	1745156	1709337	35819	2.05%	56	56	0

The following information is provided after the filtering is complete and quantifies the amount of data filtered out for baseline history, total sales units, sales amounts, and SKU counts. Use this information to assess the effects of filtering.

Click the **Refresh** icon to update the fields and see the latest information for this table.

Table 3-9 Data Filter Summary Fields

Field Name	Field Description
Filter Name	The relevant filter of the three listed above.
Pre-filter Sales Unit	Amount prior to the application of the filter.
Post-filter Sales Unit	Amount remaining after the application of the filter.
Filtered Sales Unit	Amount filtered.
Filtered Sales Unit Percentage	Amount filtered, expressed as a percentage.
Pre-filter SKU Count	Amount prior to application of the filter.
Post-filter SKU Count	Amount remaining after application of the filter.
Filtered SKU Count	Amount filtered.
Filtered SKU Count Percentage	Amount filtered, expressed as a percentage.

Data Filtering Histograms

The following histograms illustrate the effects of filtering. You can use the information displayed in the histograms to adjust the configuration of the filters in order to eliminate outlier data. If you modify the filters, you must re-run the stage.

For information about adjusting the display of the histograms, see the [Getting Started](#).

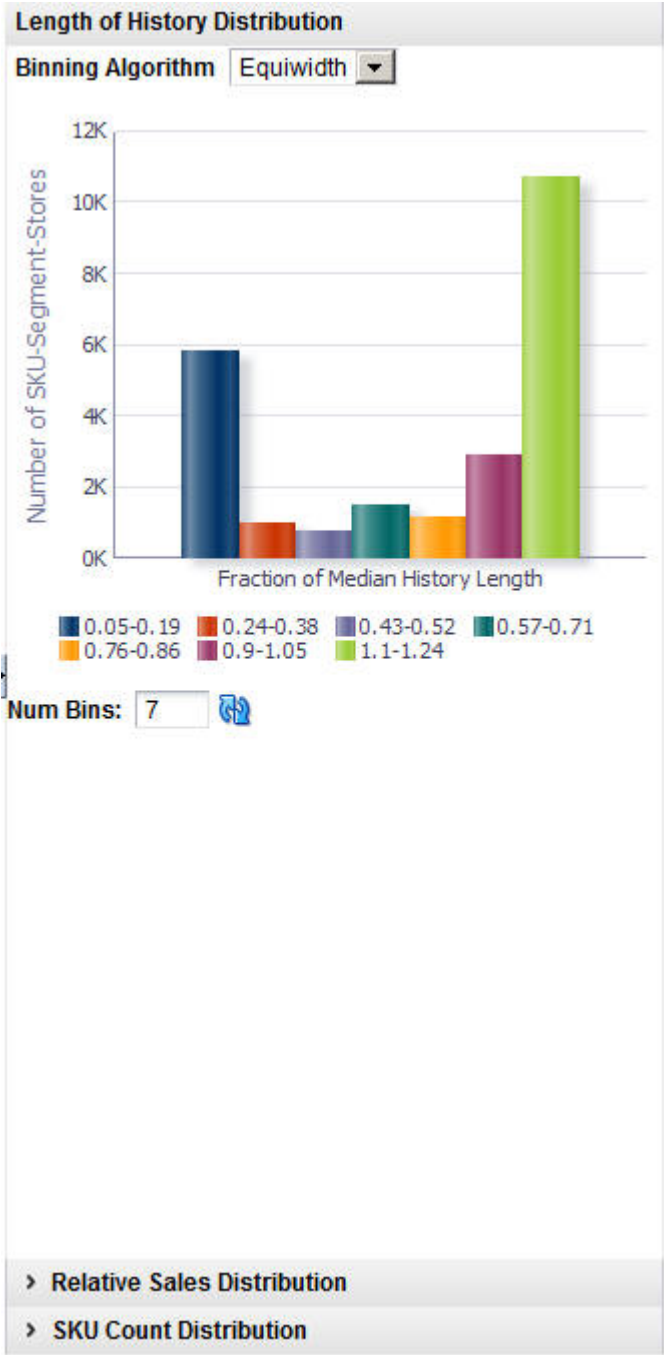
Table 3-10 Data Filtering Histograms

Histogram Name	Description
Length of History Distribution	Displays the percentage of median history length relative to the number of SKU-segment-stores.
Relative Sales Distribution	Displays the percentage of median category sales relative to the number of SKU-segment-stores.

Table 3-10 (Cont.) Data Filtering Histograms

Histogram Name	Description
SKU Count Distribution	Displays the percentage of the median category SKU count relative to the number of segment-stores.

Figure 3-9 DT Length of History Distribution Histogram



Similarity Calculation

Similarity in demand can be determined using either transaction-based data or attribute data. You can calculate the similarity using each type of data, if both types are available. You can only view the most recent run in the UI, so in order to compare runs, you must query the database to obtain the results from earlier runs.

Each category has its own set of similarities, relevant to the SKUs that are in that category. A similarity is calculated for each pair of historical SKUs in a category.

If transaction-based similarities are available, it is recommended that you use them instead of attribute-based similarities. Note that transaction-based similarities are only available through the Customer Decision Tree application.

Process

Here is the high-level process for calculating similarities:

1. Enter a unique name for the version of the DT model to be calculated.
2. Select the source of the data to be used: transaction-based or attributed-based. Transaction-based data is only available from the Customer Decision Tree generation.
3. Use the check boxes to indicate whether or not only top-level processing should occur for location or customer segment.
4. Customize the ranking of the category attributes if necessary.
5. Click **Run** to start the calculation.
6. Review the calculation results in the Similarity Display.
7. After reviewing the results, if necessary, make changes to the values for the calculation in the Version Setup and Category Attribute Setup and then re-run the stage.
8. When you are satisfied with the results, click **Next** to go to the Elasticity Calculation stage.

Version Setup

At the top of this stage you see two text boxes and two check boxes that you use to configure the parameters for the calculation.

Figure 3-10 DT Version Setup

The screenshot shows the 'Version Setup' form with the following fields and options:

- Version Name:** A text box containing 'Coffee Attr2'.
- Select the source of similarities:** A dropdown menu set to 'Attribute-based'.
- Process Location Top Level Only:** A checkbox that is unchecked.
- Process Customer Segment Top Level Only:** A checkbox that is unchecked.

Table 3-11 Version Setup: Fields

Field Name	Field Description
Version Name	Assign a name to each version of a DT model calculation. This allows you to create and save more than one version of a DT model. The version name you assign here is used in the Calculation Report, Aggregate Statistics table, and in the Manage DTs tab. Version names can be re-used; however, if the version name in question has active DT models, then you will see a warning that the active DT models will be removed from the version if you do re-use the version name.
Select the Source of Similarities	Use this option to define the type of data used in the calculation: transaction data or attribute data. Transaction-based data uses similarities calculated by Customer Decision Tree using transaction-based data. Attribute-based data calculates similarities within DT based on the attribute values associated with every SKU in the category.
Process Location Top Level Only	Check this option if you want DT models to be calculated for the Location Chain <i>only</i> . You can select this option in order to decrease the amount of time it takes the system to perform the calculation.
Process Customer Segment Top Level Only	Check this option if you want DT models to be calculated for the Customer Segment Chain <i>only</i> . You can select this option in order to decrease the amount of time it takes the system to perform the calculation.

Once you select the source for the similarities, you will see either Category Attribute Setup, if you have selected to use attribute-based similarities, or Transaction-based Similarity Availability Per Category, if you have selected to use transaction-based similarities.

Category Attribute Setup

The application, using historical data, determines a specific weight for the category attributes. You can optionally change this weight and assign your own weight to the attributes for a category.

The weights indicate the importance of the attribute to the customers when they are making purchasing decisions. The attribute with the highest weight is the one the customer considers first when making a purchase. The system-generated weights are determined by the application from historical sales data. However, if a user disagrees with those weights, the user can override them. For example, in the case of coffee, the system may assign a weight of 0.7 to brand and 0.2 to size. This indicates that brand is historically more important to the customer than size when purchasing coffee. If the user disagrees with this analysis and thinks that brand and size are actually much closer together, the user can assign a weight of 0.5 to brand and 0.4 to size.

The Category Attribute Setup table displays the following:

Figure 3-11 DT Category Attribute Setup

Category Attribute Setup		
View   		
ID	Name	Attributes
70000	Pasta	
10000	Coffee	BrandTier FormatSize ManufacturingProcess Private Label Roast Segment SubCategory SubSegment Trade

Highlight the category you want to adjust the weights for and click the **Edit** icon. You see the Category Attributes Setup dialog box.

Figure 3-12 DT Category Attribute Setup

Category Attribute Setup

View 

Attribute	User-overridden weight ?	System-generated weight ?	Functional Fit Attribute?
BrandTier			☐
FormatSize			☐
ManufacturingProcess			☐
Private Label			☐
Roast			☐
Segment			☐
SubCategory			☐
SubSegment			☐

OK Cancel

Table 3-12 Category Attributes Setup

Field	Description
ID	An external code used to identify the category in other systems such as CMPO.
Name	The category name.
Attribute	The specific attribute you are configuring.

The Category Attributes Setup pop-up lists the categories you are calculating DT models for. The system-assigned weights are also displayed. You can adjust the weight for all the attributes or a subset of the attributes.

The Category Attributes Setup dialog box contains the following fields. For each attribute you want to assign a custom weight to, enter a number between 0.000 and 1.000. For attributes that have no substitutes (such as windshield wipers of a specific length), the Functional Fit check box is checked by the system, so that similarities are not calculated for these attributes. When you are finished configuring the category attributes, click **OK**.

Table 3-13 Category Attribute Setup Fields

Field	Description
Attribute	The category attribute to assign a weight to.
User-Overridden Weight	The user-defined weight for the attribute.
System-Generated Weight	The system-generated weight for the attribute.
Functional Fit Attribute?	This is checked by the system if the attribute has no substitutes.

After you have finished configuring the similarity parameters, click **Run** to calculate the similarities. You see the results via the Similarity display table.

Transaction-Based Similarity Availability Per Category

The Transaction-Based Similarity table displays the following:

Table 3-14 Transaction-Based Similarity Availability Per Category

Field	Description
ID	An external code used to identify the category in other systems such as CMPO.
Name	The category name.
Description	A description that provides additional information about the category.
Available	A flag that indicates that a CDT version that contains data for this category has been made active.
Available As Of	Indicates the date that the CDT version was activated. This information can help you identify whether the CDT results are recent, or if they are potentially too old to use. For example, if the CDT data became available two years ago, you may consider that data to be out of date.

Similarity Display

The Similarity Display table shows the list of SKUs for which similarities have been calculated so that you can sort and analyze the results. You can search through the list of results by Category Name, Location, or Customer Segment.

Click the **Refresh** icon to update the fields and see the latest information in this table.

Figure 3-13 DT Similarity Display

Similarity Display

Category NameCoffeeLocationNorthCustomer SegmentCHAIN

View

ID	Product Name	Product Description	Significant Products	Average Sales Units
No data to display.				

Table 3-15 Similarity Display

Field	Description
ID	An external code used to identify the category in other systems such as CMPO.
Product Name	The name identifying the product.
Product Description	A detailed description of the product.
Significant Products	A list of products that have High or Very High similarity. The threshold for how many products are considered significant can be configured in the database.
Average Sales Units	The average number of units used in the calculation.

Click the **See Similarities** icon to see detailed results for a specific set of SKUs.

The detailed results include the following fields:

Table 3-16 Similarity Display Results

Field Name	Field Description
ID	The product SKU.
Product Name	The name identifying the product.
Product Description	A detailed description of the product.
Similarity Strength	An indication of the similarity for the product: Very High, High, Medium, Low, Very Low.
Similarity Value	The calculated value for the similarity, from 0 to 1. A higher value indicates a higher degree of similarity.
Similarity Code	The numeric value associated with the similarity: 4 = Very High, 3 = High, 2 = Medium, 1 = Low, 0 = Very Low.

When you are satisfied with the Similarity results, click **Next** to go to the Elasticity Calculation stage.

Elasticity Calculation

During the Elasticity Calculation stage, the assortment elasticity is calculated. You do not configure any parameters. Click **Run** to initiate the calculation.

The assortment elasticity should not be a positive value because the transference model does not work properly if the value is positive. In addition, it should not be a null value because a null value indicates that the calculation of assortment elasticity failed and did not produce an

assortment elasticity value. If an assortment elasticity value is positive, it must be replaced with a negative value. The replacement occurs during the escalation process.

Process

The elasticity calculation is a background process. You use this stage to view the results. Note that the substitutable demand information is displayed and the percentages for the DT models are calculated after you set the time intervals within the Manage Models tab.

Calculation Report

The Calculation Report lists the status of the elasticity calculation and the exclusion, either by Location or by Customer Segment. An assortment elasticity is calculated for each category/location/segment combination selected during the Data Setup stage and the Calculation stage. The numerical result of the calculation, an output of DT generation, is used by Manage Models to calculate substitutable demand percentages.

Figure 3-14 DT Calculation Report

Node	Calculation Status	Exclusion Status	Assortment Elasticity	Creation Date	Created By User
▼ Coffee					
> e-commerce USA					
> Spaces Grocery					
> Spaces Grocery					
> North					

The Calculation Report has two tabs: By Location and By Customer Segment. Each tab has the following fields:

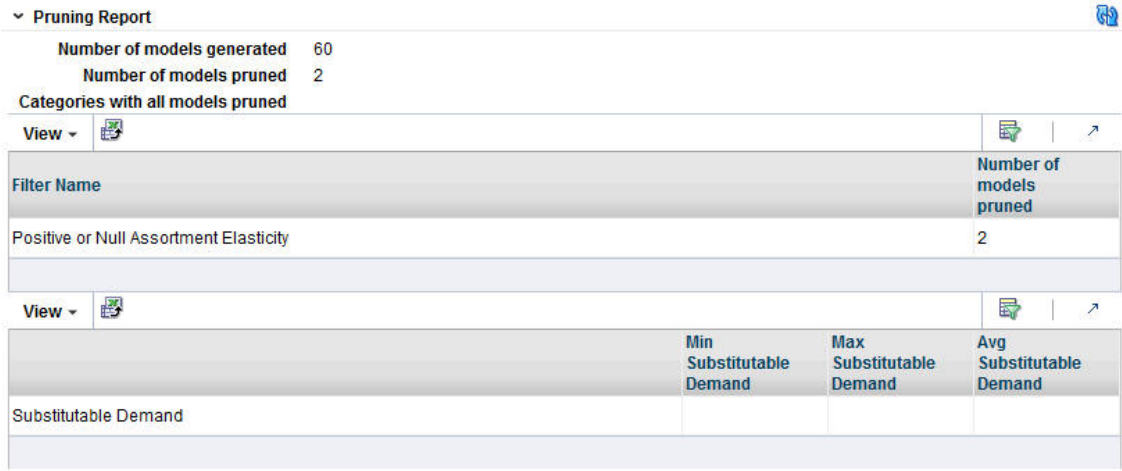
Table 3-17 Calculation Report Fields

Field	Description
Node	The node tree structure can be expanded in order to view its categories
Calculation Status	Indicates whether or not (Yes/No) the elasticity calculation has occurred.
Exclusion Status	Indicates whether or not (Yes/No) pruning has occurred.
Creation Date	The date when the version whose data is displayed was created.
Created By User	The login name of the person who created the version.
Assortment Elasticity	A number calculated by the application that is a parameter in the DT model. A larger magnitude indicates larger overall transference.

Pruning Report

The Pruning Report displays statistics about the results of data pruning.

Figure 3-15 DT Pruning Report



The Pruning Report contains the following fields:

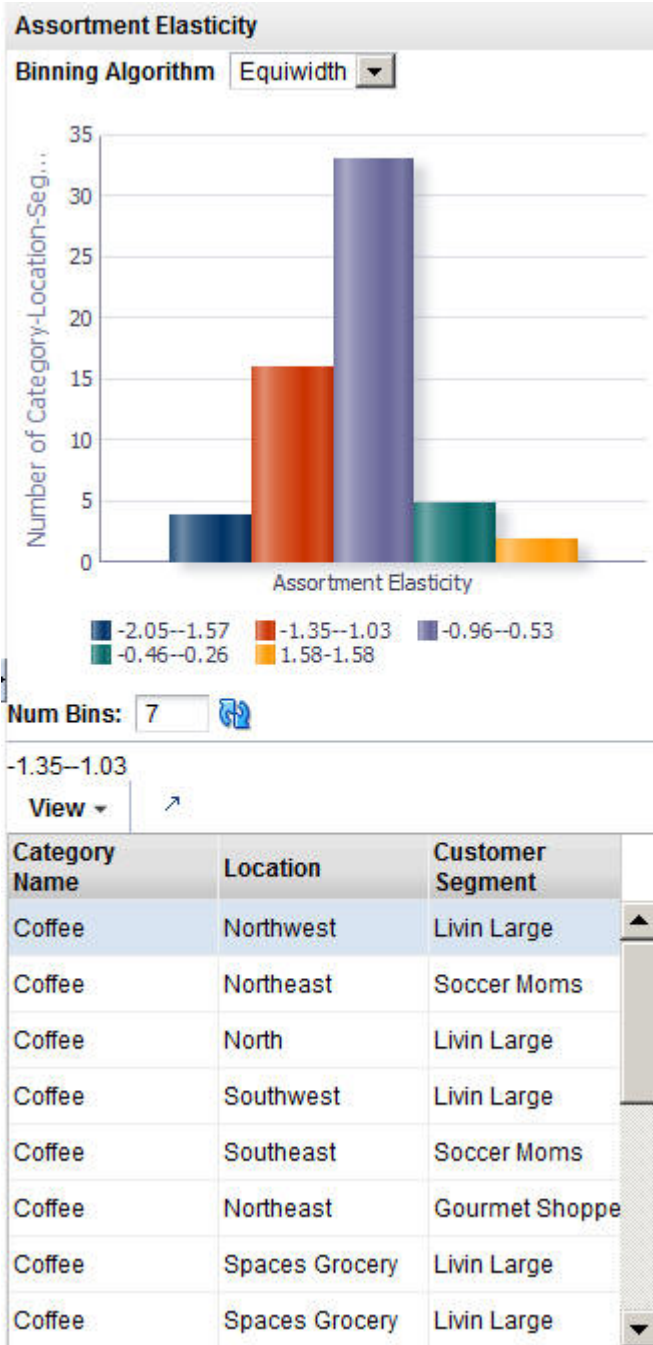
Table 3-18 Pruning Report Fields

Field	Description
Number of Models Generated	The number of DT models produced by the calculation.
Number of Models Pruned	The number of DT models pruned by the calculation.
Categories with All Models Pruned	The names of the categories for which all DT models have been pruned.
Positive or Null Assortment Elasticity	The Assortment Elasticity (AE) value is a negative number used in calculating substitutable demand percentages and demand transference effects. A positive AE value may be produced as a result of missing or unreliable input data for some partitions. Such meaningless transference effects must be pruned. In addition, if a null AE value is generated, it must also be pruned.
Substitutable Demand	Substitutable demand is a measure of how much demand is retained by the rest of the assortment when an item that is removed. When the item is removed, a portion of its demand is transferred to the remainder of items in the assortment. These values are populated when you set up the time intervals in the Manage Models tab and run the calculation there.

Assortment Elasticity Histogram

Figure 3-16 shows the DT Assortment Elasticity Histogram.

Figure 3-16 DT Assortment Elasticity Histogram



Escalation

The Escalation stage is used to fill in the holes for partitions whose DT models were removed during pruning by setting up a search path through the customer segment hierarchy and the location hierarchy. The DT models used to fill in the holes are not used by Manage Models calculations.

Process

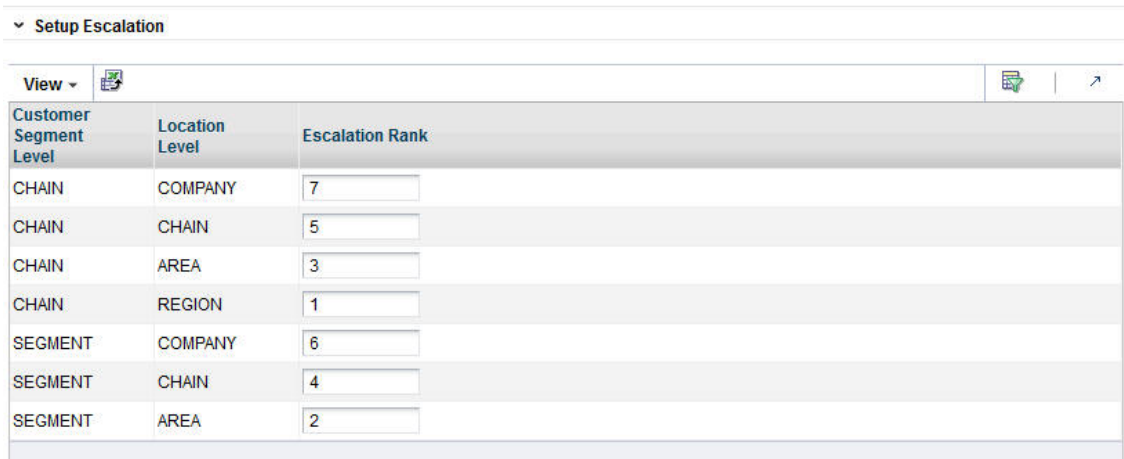
Here is the high-level process for setting up an escalation.

1. Enter a series of numbers to indicate the escalation rank, which determines the order in which the escalation occurs.
2. Click **Run** to start the escalation process.
3. Review the escalation results in the Escalation Report.
4. After reviewing the results, if necessary, make changes to the escalation ranks and re-run the stage.
5. When you are satisfied with the results, you can complete the version and make the version active so that it is available for other applications to use.

Setup Escalation

Escalation occurs along the customer segment hierarchy and the location hierarchy. Here is an example of an escalation path:

Figure 3-17 DT Setup Escalation



Customer Segment Level	Location Level	Escalation Rank
CHAIN	COMPANY	7
CHAIN	CHAIN	5
CHAIN	AREA	3
CHAIN	REGION	1
SEGMENT	COMPANY	6
SEGMENT	CHAIN	4
SEGMENT	AREA	2

The following fields are required to set up the escalation.

Table 3-19 Setup Escalation

Field	Description
Customer Segment Level	Identifies the customer segment level in the escalation.
Location Level	Identifies the location level in the escalation.
Escalation Rank	Used to assign the ranks for the escalation, which determines the order in which the escalation occurs.

Here is an example of an escalation path.

Table 3-20 Example of Escalation Path

Segment Level	Location Level	Escalation Rank
Segment chain	Location chain	8
Segment chain	Region	7

Table 3-20 (Cont.) Example of Escalation Path

Segment Level	Location Level	Escalation Rank
Segment chain	Location area	6
Segment chain	Store cluster	5
Segments	Location chain	4
Segments	Region	3
Segments	Location area	2
Segments	Store cluster	1

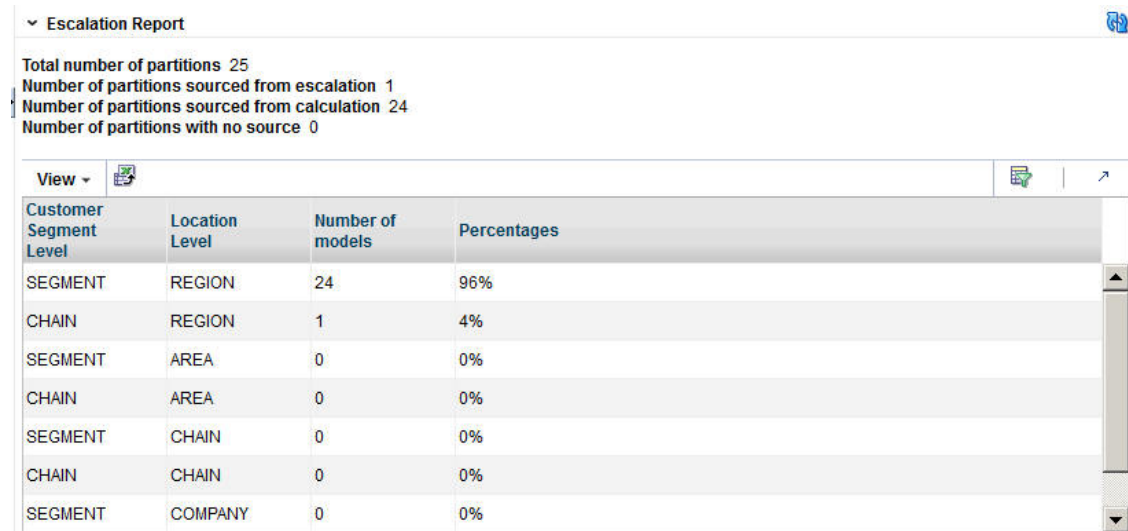
You fill in the order of numbers. Every row must have an ordering number, and no ordering number can be re-used.

The escalation path is specific to the user and the current version that the user is working on.

The default ordering is to go up the location hierarchy first, and then up the segment hierarchy, as shown in the example above. The reason is that the segment hierarchy has only two levels, and so its top level is very general.

Escalation Report

The Escalation Report breaks down the numbers to provide counts for the number of positions filled with higher-level DT models and the number of partitions that have not been changed by escalation. In addition, the fraction of DT models for each partition is displayed.

Figure 3-18 DT Escalation Report


▼ Escalation Report

Total number of partitions 25
 Number of partitions sourced from escalation 1
 Number of partitions sourced from calculation 24
 Number of partitions with no source 0

Customer Segment Level	Location Level	Number of models	Percentages
SEGMENT	REGION	24	96%
CHAIN	REGION	1	4%
SEGMENT	AREA	0	0%
CHAIN	AREA	0	0%
SEGMENT	CHAIN	0	0%
CHAIN	CHAIN	0	0%
SEGMENT	COMPANY	0	0%

Table 3-21 Escalation Report

Field Name	Description
Total Number of Partitions	The number of partitions in the version.

Table 3-21 (Cont.) Escalation Report

Field Name	Description
Number of Partitions Sourced from Escalation	The number of partitions removed during escalation.
Number of Partitions Sourced from Calculation	The number of partitions removed during calculation.
Number of Partitions with No Source	A partition that does not have a model assigned to it because all models related to the partition have been pruned.
Customer Segment Level	Identifies the customer segment level.
Location Level	Identifies the location level.
Number of Models	The number of partitions that are trying to have a model assigned. This is generally the number of customer segments by the number of locations.
Percentages	The percentage of partitions that have been assigned a model from a given escalation level.

Completion of Process

When a version is complete, the results for the version are activated so that other applications can use the information. The similarity data that has been calculated during the generation process is also activated for use.

After the completion of this step, the intermediate results from each stage are removed from the database and can no longer be used.

Be aware that once a version is completed, it cannot be completed again unless a different version is completed first. Changes made to the version's data after completing it will not be copied to the relevant output tables.

Manage Models Tab

You can set up various time intervals to use in the evaluation of a version of a DT and configure the value for maximum substitutable demand and see how different maximum values affect the substitutable demand. This allows you to change the maximum value to one you find more suitable. You can see the percentage of demand of a SKU that is retained when the SKU is deleted from the stores where it is selling. This is the substitutable demand percentage. In this way you can evaluate the accuracy and usability of the elasticity calculation.

Substitutable demand is a measure of how much demand is retained by the rest of the assortment when an item is removed. When the item is removed, a portion of its demand is transferred to the remainder of items in the assortment. This portion is considered the retained demand. If the magnitude of the assortment elasticity is larger, then the amount retained will be higher. By examining the retained demand, you can evaluate the assortment elasticity value to see if its magnitude is too large. The key value to examine is the maximum substitutable demand percentage. For a given category, you may decide that this value is too large.

Process

Here is the high-level process for determining suitable substitutable demand values and thus suitable DT models.

- Set up the time intervals you are interested in.

- Select the versions you want to evaluate.
- Click the **Calculate** icon to obtain an initial set of percentages.
- Enter various values for maximum substitutable demand and use the **Edit** icon to enter override values for Maximum Substitutable Demand Percent and the **Calculate** icon to determine the impact.
- You can use the **Revert** icon to restore the original percentage values.
- When you are satisfied with the results, you can choose which version to make active using the **Set Version as Complete** icon.

Time Interval Setup

The time interval defines the span of time for the sales history to be used to determine the amount of history that is retained when SKUs are dropped. A group of intervals can be defined. Gaps between intervals are permitted; however, intervals cannot overlap.

Figure 3-19 DT Setup Time Interval

You should select a time interval for which the historical assortments are reasonably representative of the assortments that will be used in the CMPO application. Because the time interval is used to calculate the substitutable demand information, selecting a representative interval provides substitutable demand information that is highly relevant to the actual application of demand transference in CMPO. Typically, the most representative time period is a recent time interval, since that is generally when assortments are most similar to the current assortments. If you use a time period that is not recent, you run the risk of using assortments that are not as similar to the current ones. You should also make sure not to select an interval that is too large, because a large interval necessarily includes several assortment changes within that interval. An interval size of approximately four weeks is recommended.

The fields that define a time interval are:

Table 3-22 Setup Time Interval: Fields

Field Name	Field Description
Fiscal Year	The fiscal year for the time interval.
Fiscal Period	The fiscal period within the fiscal year (Fiscal Quarter, Fiscal Period, or fiscal Week).
Start	The time unit when the time interval specified in Fiscal Period begins.
End	The time unit when the time interval specified in Fiscal Period ends.

Calculate Substitutable Demand Percentages

You can vary the value for the maximum substitutable demand percentage and see the impact on selected categories or versions.

Figure 3-20 DT Calculate Substitutable Demand Percentages

▼ Calculate Substitutable Demand Percentages

Browse Search

By Category Names By Versions

View

Category	Creation Date	Created By User	Min Substitutable Demand	Avg Substitutable Demand	Max Substitutable Demand	Agg Min Substitutable Demand	Agg Av Substit Demand
> Coffee Attr2							
> Coffee Smok			7%	41.66%	60%		
> Coffee Txn			0.57%	2.3%	30%		

Browsing and Searching

You can browse by Category Names or by Versions. You can also search by name or by creation user. You see the following DT model data displayed:

Table 3-23 Browsing

Field Name	Description
Category/Version	The name of the category.
Creation Date	The date when the version was created.
Created By User	The user name of the person who created this version.
Min Substitutable Demand	The percentage value for the minimum substitutable demand.
Avg Substitutable Demand	The percentage value for the average substitutable demand.
Max Substitutable Demand	The percentage value for the maximum substitutable demand.
Agg Min Substitutable Demand	The aggregated value for the minimum substitutable demand.
Agg Avg Substitutable Demand	The aggregated value for the average substitutable demand.
Agg Max Substitutable Demand	The aggregated value for the maximum substitutable demand.
Calculation Status	Indication of whether or not (Yes/No) the calculation is complete.
Completion Status	Indication of whether or not (Yes/No) the status is active.
Completion Date	The date when the status became active.
Completion User	The user name of the person who activated the version.

Once you make a selection, click the **Edit** icon and enter an override value between 0% and 100% for the Maximum Substitutable Demand Percent. Click the **Calculate** icon to initiate the calculation. To revert the calculation, click the **Revert** icon.

Once you have determined the substitutable demand value you want, you can click the **Complete** icon to make the version active.

Escalation Report

The Escalation Report breaks down the numbers to provide counts for the number of positions filled with higher-level DT models and the number of partitions that have not been changed by escalation. In addition, the fraction of DT models for each partition is displayed.

Figure 3-21 DT Escalation Report

Escalation Report Total number of partitions 25 Number of partitions sourced from escalation 25 Number of partitions sourced from calculation 0 Number of partitions with no source 0			
View			
Customer Segment Level	Location Level	Number of models	Percentages
SEGMENT	REGION	0	0%
CHAIN	REGION	0	0%
SEGMENT	AREA	0	0%
CHAIN	AREA	0	0%
SEGMENT	CHAIN	0	0%
CHAIN	CHAIN	0	0%
SEGMENT	COMPANY	0	0%

Table 3-24 Escalation Report

Field Name	Description
Total Number of Partitions	The number of partitions in the version.
Number of Partitions Sourced from Escalation	The number of partitions removed during escalation.
Number of Partitions Sourced from Calculation	The number of partitions removed during calculation.
Number of Partitions with No Source	A partition that does not have a model assigned to it because all models related to the partition have been pruned.
Customer Segment Level	Identifies the customer segment level.
Location Level	Identifies the location level.
Number of Models	The number of partitions that are trying to have a model assigned. This is generally the number of customer segments by the number of locations.
Percentages	The percentage of partitions that have been assigned a model from a given escalation level.

Histogram

The Substitutable Demand Distribution histogram displays the distribution of the substitutable demand values for SKU/stores.

4

Advanced Clustering

This chapter describes the Advanced Clustering Cloud Service module.

Introduction

Advanced Clustering is an enterprise-specific clustering solution that uses data mining to create store groupings at different product levels using a variety of inputs. These inputs include performance data (sales dollars, sales units, and gross profit), product attributes (brand, color, and size/fit), store attributes (climate, store format, size, and servicing distribution center), third-party data such as demographics (income, ethnicity, and population density), and customer segments.

The application's embedded science and automation helps you to identify unique patterns within your data that you can use to create the necessary customer-centric and targeted clusters. These can be used by the assortment planning, allocation and replenishment, pricing, and promotion processes.

It optimizes clusters in order to determine the minimum number of clusters that best describes the historical data used in the analysis and that best meets your business objectives, which you define during the design of your clusters.

You can use Advanced Clustering to execute localized or customer-centric assortments and for pricing. In addition, the application can help you when forecasting, for example, if you want to cluster stores based on similar seasonal patterns. You can also use the application for allocation, by clustering stores based on similar selling patterns.

Features

The key features of Advanced Clustering Cloud Service include:

- Scenario-based cluster generation, based on store or product attributes, customer segment profiles, or performance.
- Three-step cluster-generation process.
- What-if capabilities that can be used to create multiple clustering scenarios and then measure them against one another. This can help ensure that the most appropriate clusters are used by the applicable planning and execution processes.
- Automatic ranking of cluster scenarios to support what-if comparisons. Recommendations for the optimal cluster scenario and number of clusters are provided.
- Dynamic nesting of clusters, in which nested or mixed attribute clusters are created based on multiple attributes, performance data, and customer segments.
- Two types of algorithms are used.
 - Proprietary BaNG (Batch Neural Gas) algorithm for convergent cluster parameters
 - K-means approach for creating clusters in a hierarchical manner, which automatically determines the best attributes to split into an additional cluster.

- A variety of distance metrics that are suitable for real-value attributes, categorical attributes, profile-based measurements, and time-based performance.

Overview of Advanced Clustering Process

To use Advanced Clustering, follow this general process to create and manage clusters, working in the Generate Store Clusters tab and the Manage Store Clusters tab:

- **Cluster Criteria.** View all available clusters for specified merchandise, location, and calendar. Review cluster criteria or scenario details for each cluster. Use existing cluster as the basis for creating a new cluster.
- **Explore Data.** Examine the input data for the cluster. Review multiple data points and significant attributes using the contextual information.
- **Cluster Setup.** Define multiple what-if scenarios. Such scenarios can be compared with one another throughout the clustering process.
- **Cluster Results.** View the scenario results and compare scenarios.
- **Cluster Insights.** Gain an understanding about cluster results and cluster performance prior to approval by examining the contextual information.
- **Manage Store Clusters.** Manage existing cluster criteria. Perform manual overrides and approve clusters.

Cluster Criteria Overview Tab

The Cluster Criteria Overview tab displays a list of the most recently defined cluster criteria and provides the status, clustering criteria, applicable merchandise, location, and calendar nodes. You can click on the criteria name in order to access it within the Generate Store Clusters tab.

Figure 4-1 Cluster Criteria Overview Tab

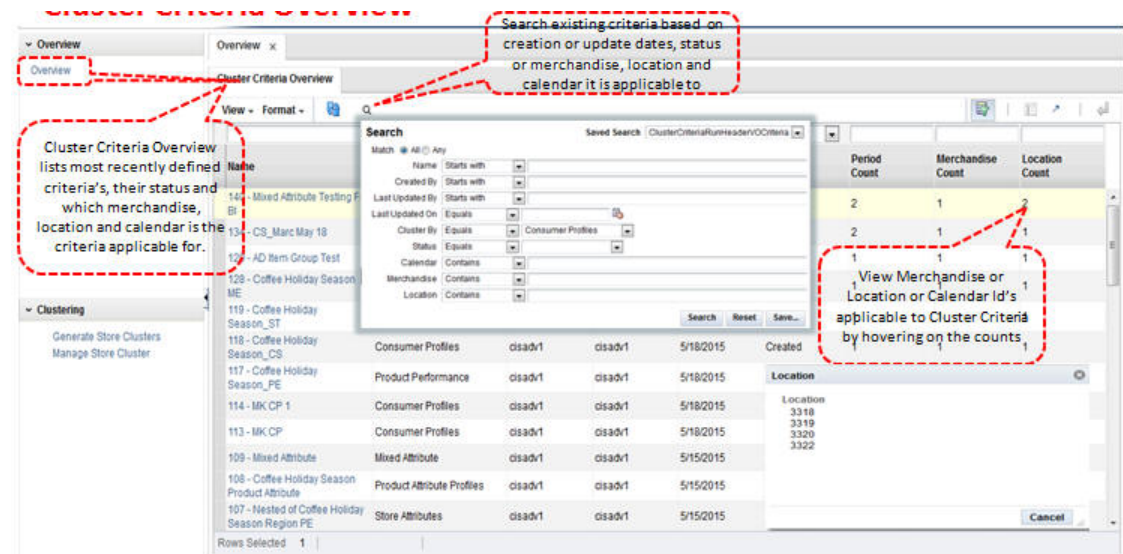


Table 4-1 Cluster Criteria Overview Tab

Field	Description
Name	The criteria ID and user-assigned name of the cluster.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Created By	The name of the user who created the cluster.
Last Updated By	The name of the user who most recently updated the cluster.
Last Updated On	The date when the cluster was most recently updated.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
Period Count	The number of calendar nodes defined for the criteria. Hover over the count in order to see a list of the calendar keys associated with the criteria.
Merchandise Count	The number of merchandise nodes defined for the criteria. Hover over the count in order to see a list of the merchandise keys associated with the criteria.
Location Count	The number of location nodes defined for the criteria. Hover over the count in order to see a list of the location keys associated with the criteria.

Clustering Criteria

The following clustering criteria (which are also called "Cluster by") are the defaults:

Consumer Profile

Cluster stores based on the similarities in the customer profile mix whose members shop in the stores or trading areas. These clusters form the basis for additional analysis that can provide an understanding of which customers shop in which stores and how they shop. Information from market research firms such as the Nielsen Corporation can help retailers develop customer profiles. Such information can be provided via a data interface.

Location Attributes

Cluster stores based on how shopping behavior varies by store attribute. In combination with the profile mix, this provides an understanding of demographic details such as income level, ethnicity, education, household size, and family characteristics. Such knowledge can help the retailer to make assortment and pricing decisions. By analyzing cluster composition and studying business intelligence, the retailer can make informed decisions based on shopper demographics.

Product Attributes

Store share is generated based on product attributes. The store clusters produced can be used in an assortment. In this type of cluster, stores with a similar share of sales for one or more attributes are grouped together. For example, for the product coffee, stores can be differentiated by the sales patterns for premium, standard, and niche brands. The percentage of each store contribution is calculated using Sales Retail \$ for each product attribute value to

the total sales retail for the category or subcategory in a specified location. Product attributes can only be configured at the category or subcategory level.

Performance Criteria

Cluster stores based on the historical sales metrics by performance at various merchandise levels. Determine how shopping behavior varies by category. This information can be helpful in identifying low, medium, and high-volume stores that all have similar sales patterns.

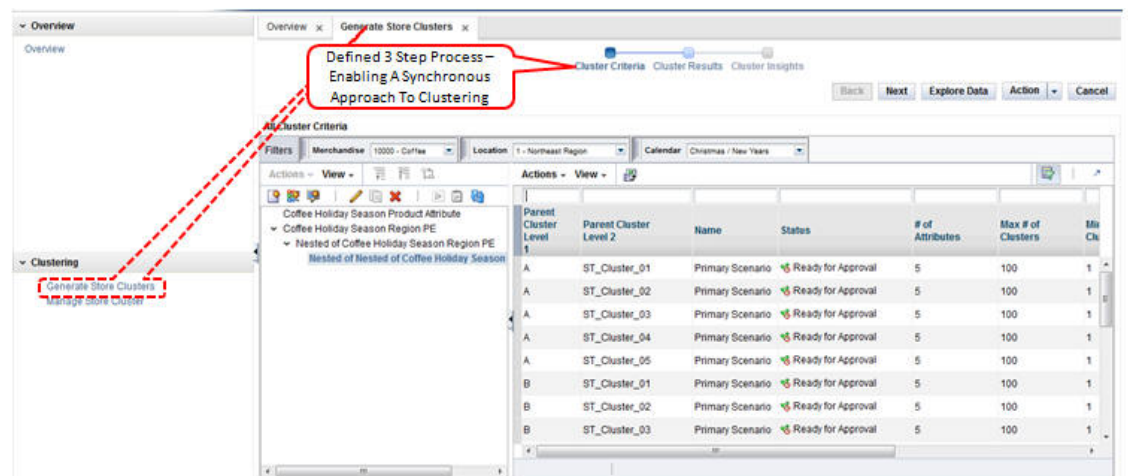
Mixed Criteria

Mixed criteria combine discrete and continuous attributes together. This allows a retailer to cluster stores using attributes from all the first four listed cluster criteria at the same time.

Generate Store Clusters Tab

The Generate Store Clusters tab is used to create clusters and then model the clusters with various scenarios in order to determine the best clusters. It consists of three stages: Cluster Criteria, Cluster Results, and Cluster Insights.

Figure 4-2 Generate Store Clusters Tab



Cluster Criteria Stage

In this stage, you can view summary data about existing clusters and define the characteristics of new clusters.

Process

Here is the high-level process for defining a cluster.

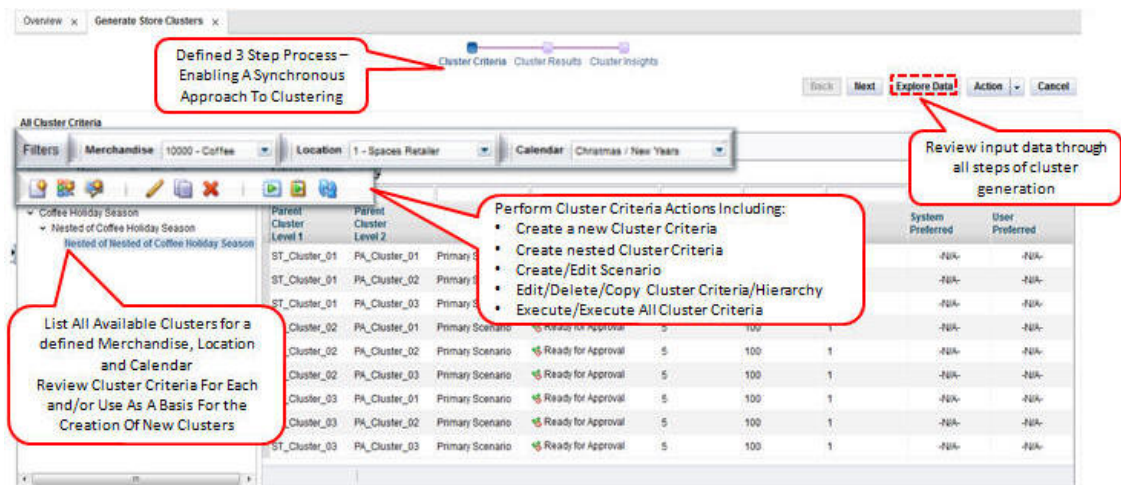
1. Provide a unique name for the cluster.
2. Define the type of data used to characterize the cluster.
3. Select merchandise and location nodes.
4. Define the time period for the cluster.
5. Define the historical time period for the data.

All Cluster Criteria

In this area of the page you can view information about existing clusters.

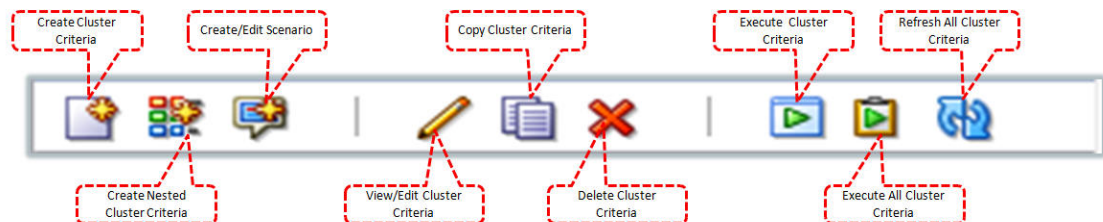
Use the View list to select existing cluster criteria. You can tailor your search for existing clusters by Merchandise, Location, and Calendar. Once you select a cluster, the defining details for that cluster are displayed in the Worksheet area.

Figure 4-3 All Cluster Criteria



In addition, you can use the toolbar buttons to:

Figure 4-4 All Cluster Criteria Toolbar



- Create a cluster criteria. You can define an initial cluster. The criteria include cluster name, the category for the cluster, the effective date for the cluster, and the history to use.
- Created a nested cluster criteria. In this way you can subdivide an existing cluster in order to analyze it further. Once you create a nested cluster, the name "Nested of <name of original cluster>" appears in the Cluster Criteria area. You can then define its characteristics in the same way you define any cluster.
- Create or edit a scenario. Modify the configured primary scenario or create another scenario to perform what-if analysis for a selected cluster criteria.
- View or edit a cluster criteria. The characteristics of the cluster are displayed in the Cluster Criteria pop-up.

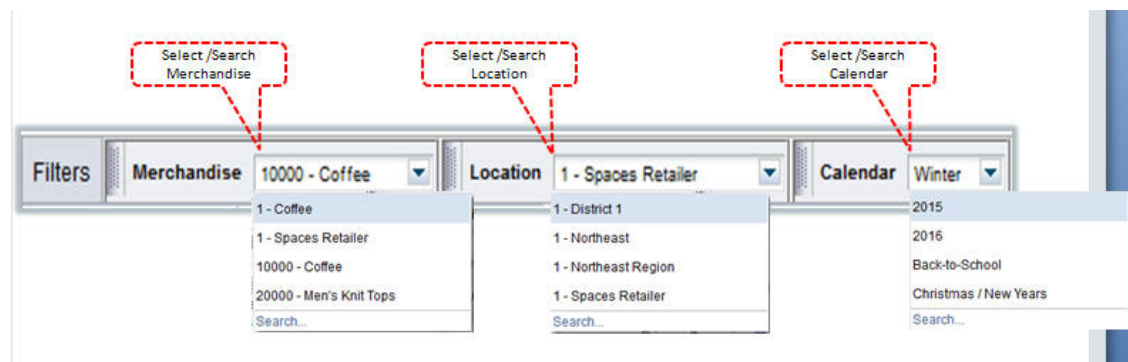
- Copy a cluster criteria. Once you have copied it, you can modify it.
- Delete a cluster criteria. Delete the selected cluster criteria.
- Execute a cluster criteria. Execute all non-executed scenarios for the selected criteria.
- Execute all cluster criteria. Execute the entire cluster hierarchy criteria for the selected criteria at once.
- Refresh all. Refresh all cluster criteria in order to view any updates to the existing cluster criteria.

All Cluster Criteria Filter

The All Cluster Criteria filter provides the following:

- Merchandise allows the user to filter the existing cluster criteria by searching for or selecting the merchandise for the supported hierarchies.
- Location allows the user to filter the existing cluster criteria by searching for or selecting the location for the supported hierarchies.
- Calendar allows the user to filter the existing cluster criteria by searching for or selecting the calendar for the supported hierarchies.

Figure 4-5 All Cluster Criteria Filter



All Cluster Criteria Summary

Once you have highlighted a cluster criteria to examine, details about that cluster criteria are displayed in a pop-up. The details include information about the cluster criteria and the scenarios created for that cluster criteria.

Table 4-2 Pop-Up Details

Field Name	Description
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Shared Criteria	A check mark indicates that more than one merchandise or location node is used in the cluster criteria.

Table 4-2 (Cont.) Pop-Up Details

Field Name	Description
Merchandise Type	The merchandise type.
Scenario Created	The number of scenarios created for the cluster.
Scenario Executed	The number of scenarios executed for the cluster.
Location Type	The location type.
Parent Cluster Level	The name of the ancestor cluster that has been further clustered.

All Cluster Criteria Scenario List

This displays the scenarios for the selected cluster criteria in the All Cluster Criteria tree.

Table 4-3 Scenario List

Field Name	Description
Name	The name assigned to each scenario that has been created for the cluster.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
User Preferred	Indicates whether or not the user prefers the cluster.
System Preferred	Indicates whether or not the system prefers the cluster.
# of Attributes	The number of attributes that were used in the cluster.
Max. # of Clusters	A user-provided value for the maximum clusters centers that the clustering process should consider.

Cluster Criteria

In this pop-up, you define the initial clustering parameters for the cluster criteria of a new cluster. Note that multiple hierarchies are supported in order to facilitate comparisons between clusters. For example, you can compare clusters for the market and retail location hierarchy.

[Figure 4-6](#) illustrates how to use a simple approach to clustering by selecting attributes from a Cluster by. For example, you can select the performance Cluster by and generate clusters using store sales units or revenue.

Figure 4-6 Cluster Criteria

The screenshot shows the 'New Cluster Criteria' dialog box. Annotations include:

- Define What Attribute Type Should Be Leveraged:** Points to the 'Cluster by' dropdown menu, which is set to 'Product Performance'.
- Determine the Location Hierarchy / Locations Included Within The Clustering Process:** Points to the 'Location' dropdown menu, which is set to 'COMPANY'.
- View Cluster by hierarchy its configured attributes and primary scenario by each Cluster by:** Points to the 'Summarization' section, which shows 'Select Level' set to 'Merchandise' and 'Period' set to 'Fiscal Year'.
- Define Initial Cluster Criteria Including:** A list of steps:
 - Creating A Cluster Name
 - Selecting What Category To Create Clusters For
 - Identifying the Cluster Effective Dates
 - Identify What History Should Be Leveraged

The right side of the dialog shows a table of attributes and weights:

Attribute	Weight (%)
PE	100
Sales Unit	20
Sales AUR	20
Sales Retail (\$)	20
Gross Margin R (\$)	20
Gross Margin %	20

At the bottom, there is a 'Planning Period - Holiday Season Time Period' section with 'Start Date' 01-11-14 and 'End Date' 31-12-14.

Figure 4-7 illustrates the use of a nested approach to clustering. Select a Cluster by hierarchy using the dynamic hierarchy pop-up or the pre-configured template hierarchies. For example, you can first create a cluster using the performance Cluster by and then further cluster using location attributes.

Figure 4-7 Cluster Criteria - Selection

The screenshot shows the 'New Cluster Criteria' dialog box with two pop-up windows open:

- Define Cluster by Hierarchy:** A pop-up window showing 'Criteria Level 1: Product Performance', 'Criteria Level 2: Store Attributes', and 'Criteria Level 3: Consumer Profiles'.
- Search and Select: Clustering Template:** A pop-up window showing a list of templates with columns 'Name', 'Merchandise', and 'Merchandise Hierarchy'. The 'MAIN_DEPT_STORE' template is selected.

The main dialog box shows 'Cluster by' set to 'Product Performance' and 'Location' set to 'COMPANY'. The 'Summarization' section shows 'Select Level' set to 'CMP' and 'Period' set to 'Fiscal Year'. The 'Source Time Period' section shows 'Period Level' set to 'Fiscal Year', 'Start Period' 2015, and 'End Period' 2015.

The following information defines a cluster:

Table 4-4 New Cluster Definition

Field Name	Description
Name	A unique name to identify the cluster.

Table 4-4 (Cont.) New Cluster Definition

Field Name	Description
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Merchandise	Once you choose the merchandise level for the cluster, you must select the hierarchy type, the hierarchy level, and the hierarchy node. These are specific to the merchandise level you select.
Location	Once you choose the location level for the cluster, you must select the hierarchy type, the hierarchy level, and the hierarchy node. These are specific to the location level you select.
Template	Select by name a predefined template that can be used to create a cluster hierarchy.

Effective Period

You can define a time interval for the cluster by either choosing a period from the list provided or by selecting a start date and an end date.

To define the Effective Period, you select either Planning Period, Fiscal Period, or Select Date:

Table 4-5 Effective Period

Option	Description
Fiscal Period	If you select this option, choose the period and the subdivisions of that period from the drop-down lists.
Planning Period	Select from the range of values provided for the period. Planning periods are user-defined buying periods for a season or a season subset.
Select Dates	If you select this option, choose the start and end dates using the calendar pop-up.

Summarization

Data summarization is available when you select the product performance Cluster by. Select the dimensions of the hierarchy (merchandise or calendar) to summarize the data and consider the dimension position in the clustering process. For example, when you use the category/ week sales data to generate store clusters, you can select the week dimension in the calendar hierarchy summarization. The clustering process considers all weeks (week1, week2 ,... week52) as attributes and clusters stores based on their weekly sales patterns.

Figure 4-8 Summarization

Cluster Criteria

New Cluster Criteria

Criteria

- Name: Coffee Sales Trend
- Cluster by: Product Performance
- Merchandise: Product Hierarchy
- CMP: 1 - Spaces Retailer
- Templates: Coffee_Consumer Profiles
- Location: Location Hierarchy
- COMPANY: COMPANY
- 1 - Spaces Retailer

Effective Period

- Fiscal Period: 2015

Summarization

Select Level

- Merchandise: CMP
- Period: Fiscal Week

Source Time Period

Actions: Format

Period Level	Start Period	End Period	Weights (%)
Fiscal Week	2014WEEK3	2016WEEK1	100

Cluster by - Product Performance

- PE
- Sales Unit
- Sales AUR
- Sales Retail (\$)
- Gross Margin R (\$)
- Gross Margin %

Primary Scenario - Product Performance

Name: Primary Scenario

Status: Created

Max # of Clusters: 100

Min # of Clusters: 1

Attribute: Sales Retail (\$)

Weight (%): 100

Source Time Period

Select historical sales data for clustering and view contextual data to analyze cluster performance. You can specify more than one time period and assign different weights to different periods in order to place more or less emphasis on different periods.

Source time periods are available for all cluster criteria. With product and performance or mixed criteria, when performance metrics are used for clustering, these define the historical data used for the calculation. This time period also defines the historical data used to display BI when sales metrics are shown.

Table 4-6 Source Time Period

Field	Description
Period Level	Select from Fiscal Year, Fiscal Quarter, Fiscal Period, or Fiscal Week.
Start Period	Once you select the Period Level, you select the starting subdivision within that period.
End Period	Once you select the Period Level, you select the ending subdivision within that period.
Weight (%)	Used to define the weight given to the historical data from the defined time period.

Contextual Area

When you are creating a new cluster criteria, you can see details about the following parameters that can help you understand the cluster you are creating.

Cluster By Hierarchy

The following information is displayed when you select a template or use the icon to select the Cluster by hierarchy.

Template

Table 4-7 Template Display

Property	Description
Template Name	Name of template configured during deployment.
Description	Description of template.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.

Hierarchy

A dynamic Cluster by hierarchy is displayed. For example, the template PE-ST-ST has a Cluster by hierarchy of performance/store attribute/store attribute.

Cluster By Primary Scenario

You see this when you select Cluster by in the Criteria panel when you are setting the cluster parameters or when you select Cluster by in the contextual area for the hierarchy.

The attributes configured and the primary scenario properties defined for the selected cluster are displayed. The attributes listed are those that are significant for the clustering defined during deployment.

The primary scenario is the default scenario defined during deployment. The following information is displayed.

Table 4-8 Primary Scenario

Property	Description
Name	The name of the primary scenario.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
Maximum # clusters	The maximum number of clusters. The default value is 100. This is used for analyzing the clusters.
Minimum # clusters	The minimum number of clusters. The default value is 1. This is used for analyzing the clusters.
Attribute	A list of the attributes configured during clustering.
Attribute weight	The weights associated with each attribute. This is used to calculate distance.

Planning Period

This list displays the time period you selected for the cluster definition. This information is available only for planning periods, where it provides the start and end dates of the planning period. This content changes whenever planning period is selected in Effective Period when you are setting cluster parameters.

Figure 4-9 Contextual Information

The screenshot shows the 'Cluster Criteria' configuration window. It includes sections for 'Criteria', 'Effective Period', 'Summarization', and 'Source Time Period'. Callouts provide context for specific parts of the interface:

- View Cluster by Hierarchy based on Cluster by selected by users:** Points to the 'Cluster by' dropdown menu.
- Select criteria to view relevant attributes configured for each Cluster by:** Points to the 'Merchandise' dropdown menu.
- Select criteria to view Primary Scenario, for each Cluster by, to view attributes and scenario properties:** Points to the 'Primary Scenario' dropdown menu.

The 'Criteria' section shows 'Coffee Holiday Season PE' as the Name, 'Product Performance' as the Cluster by, 'Product Hierarchy' as the Merchandise, and '1 - Spaces Retailer' as the CMP. The 'Effective Period' section shows 'Fiscal Year' as the Fiscal Period and 'All' as the Plan. The 'Summarization' section shows 'Merchandise' as the Select Level and 'CMP' as the Period. The 'Source Time Period' section shows 'Fiscal Year' as the Period Level, '2015' as the Start Period, '2015' as the End Period, and '100' as the Weights (%).

Explore Data

Use the Explore Data pop-up to examine data for the cluster you defined. You can view the store that provides input into the clustering process.

Process

In this pop-up you can only view the data, so the only actions you can perform are drilling down through the data in the table and altering the arrangement of the table.

Summary

This area lists the criteria you initially selected to define the cluster.

Figure 4-10 Cluster Criteria Summary

The screenshot shows the 'Cluster Criteria Summary' window. It displays the following information:

- Name:** Coffee Holiday Season Region PE
- Merchandise:** Product Hierarchy, CLS, 10000 - Coffee
- Planning Period:** Christmas / New Years
- Cluster by:** Product Performance
- Location:** Location Hierarchy, REGION, 3 - Southeast Region, 2 - Northwest R...
- Is Nested:** X

A callout box states: "Cluster Criteria Summary is Available Throughout The Entire Clustering Process, for user to review the initial clustering parameters for the current run."

Table 4-9 Explore Data: Summary

Field	Description
Name	The name you provided for the cluster in the Cluster Criteria stage.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Merchandise	The merchandise level and nodes for the cluster.
Location	The location level and nodes for the cluster.
Fiscal Period	The time period for the cluster.
Is Nested	Indicates whether or not the cluster is nested within another cluster.
Merchandise Hierarchy Type	Provides details about which type of hierarchy the cluster criteria have been created for.

View Stores

This area displays a nested list of the stores in the cluster you have defined and data for each store for each of the relevant attributes for the Cluster by option you selected to define the cluster. You can see data at the aggregated level as well as at the individual level. Filters are provided so that you can filter the display, for example, by category. You can see aggregated data at a higher level as well as at the store level.

Figure 4-11 Explore Data

The screenshot displays the 'Explore Data' interface with a table of store data. The table includes columns for Store ID, Attribute, Sales Unit, Sales AUR, Sales Retail (\$), Gross Margin R (\$), and Gross Margin %. The data is organized into a nested list of stores, with each store having its own set of attributes and values. Red callouts highlight specific features: 'Export All Stores and its attributes to Excel or selected data' points to the 'Export' button; 'View Sales Data, Location Attributes, Product Attributes Shares, Consumer Profile data for each stores' points to the 'Summary' tab; 'By Leveraging The Explore Data Functionality Users Are Able To Review Multiple Data Points Presented In A Contextual Manner' points to the table headers; and 'The Explore Data View Allows Users To Review Key KPIs / Associated Attributes (Both Product & Location) In A Quick & Easy Manner' points to the table content.

STORE	Attribute	Sales Unit	Sales AUR	Sales Retail (\$)	Gross Margin R (\$)	Gross Margin %
141 - 11	1. Services	170,159	9.50	\$4,544,546.85	\$1,780,844.57	
		350	9.50	\$4,223,215.26	\$1,662,360.61	
		885	9.63	\$4,633,149.07	\$1,941,718.78	
		8,036	11.35	\$6,933,646.09	\$3,018,652.03	
14 - 1061 Aurora		878,312	11.35	\$9,969,960.82	\$4,340,546.06	43.5%
83 - 1050 Rapid City		2,017,241	9.57	\$19,296,867.77	\$7,674,836.78	39.8%
110 - 1118 New Orleans		871,969	11.32	\$7,604,856.36	\$3,089,849.51	40.6%
48 - 1175 Davenport		1,130,309	9.42	\$10,717,904.36	\$4,157,435.01	38.8%
37 - 1084 Norfolk		2,692,523	9.61	\$25,062,674.00	\$10,346,305.26	40.0%
99 - 1107 Jacksonville		1,526,415	11.10	\$16,943,734.62	\$7,282,940.77	43.0%
60 - 1027 Denver		1,600,997	11.21	\$17,951,157.01	\$7,760,991.20	43.2%
8 - 1055 Mankato		1,978,106	11.04	\$21,847,595.34	\$9,363,372.76	42.9%
51 - 1187 Watertown		526,456	9.50	\$5,003,591.99	\$1,969,535.94	39.4%
62 - 1029 Eugene		1,606,753	11.10	\$17,835,510.12	\$7,666,253.44	43.0%
104 - 1112 Myrtle Beach		372,594	11.35	\$4,229,677.33	\$1,841,443.61	43.5%
54 - 1190 Harrisburg		490,709	9.42	\$4,620,641.98	\$1,792,316.33	38.8%
6 - 1007 Minneapolis		2,002,359	11.16	\$22,336,343.33	\$9,629,727.39	43.1%
80 - 1047 Grand Forks		2,747,472	9.61	\$26,390,483.67	\$10,559,495.18	40.0%
7 - 1054 Duluth		2,133,717	11.35	\$24,219,941.78	\$10,544,453.30	43.5%

Product Performance

This section displays stores, store sales metrics, location attributes, customer profiles, and product attribute profiles.

Table 4-10 Product Performance

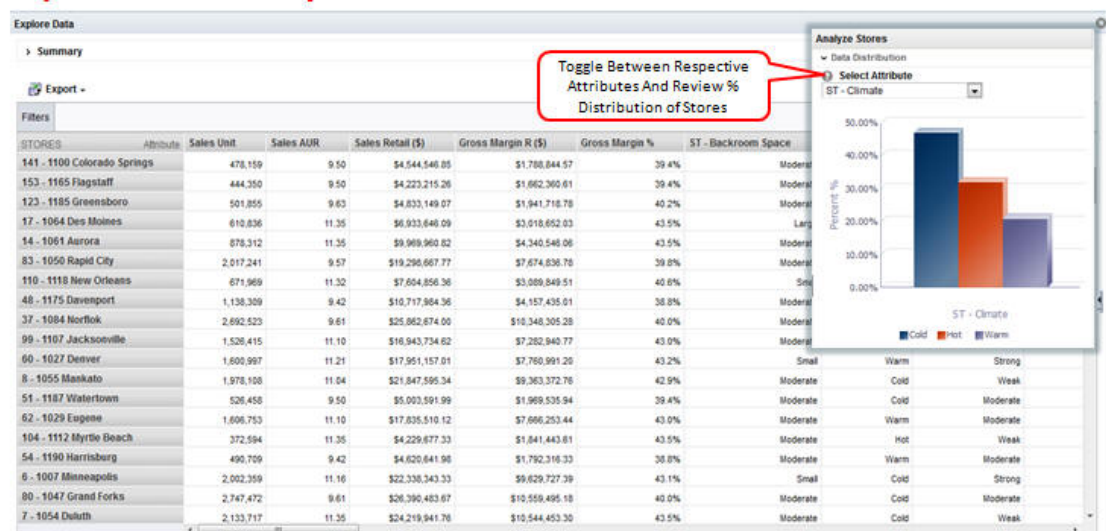
Field	Description
Sales Unit	The sales units for the merchandise, location, and source time period selected when setting up clustering parameters.
Sales Average Unit Retail	The average unit retail sales for the merchandise, location, and source time period selected when setting up clustering parameters.
Sales Retail	The sales revenue for the selected merchandise, location, and source time period.
Gross Margin	The retail sales minus the cost of goods sold for the merchandise, location, and source time period selected when setting up clustering parameters.
Gross Margin Percent	The retail sales minus the cost of goods sold divided by the retail sales for the merchandise, location, and source time period selected when setting up clustering parameters.
Location Attribute	The retailer-configured location attributes.
Customer Profile	The retailer-configured customer profiles.
Product Attribute	The retailer-configured product attributes.

Contextual Area

This area provides a graphical illustration of the detailed data distribution about the cluster.

Analyze Stores

In Explore Data, the BI displays the data distribution of the location by each participating attribute as well as other configured informational attributes. Advanced Clustering identifies the bins based on the underlying data and displays the histograms. It provides the percentage of stores that are present in a location. For example, a company may have 45 percent of stores in cold regions.

Figure 4-12 Clustering Analyze Stores

Category Variability

By analyzing store variability, you can determine if it is worth creating store clusters for the selected categories in the selected location. Three sections are displayed.

A grid is displayed for the selected categories and the sales contribution for a selected location.

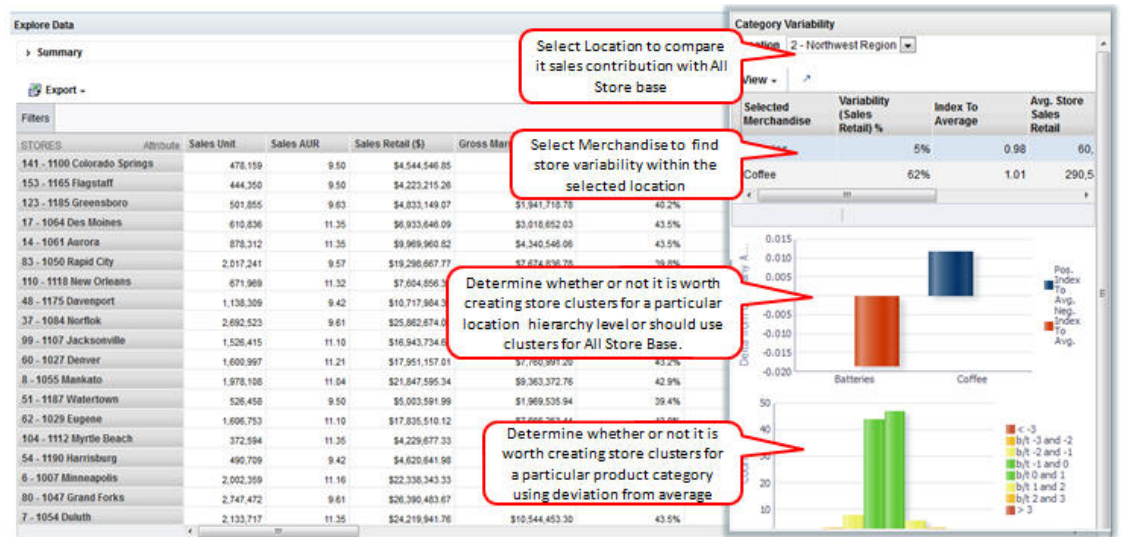
Table 4-11 Category Variability

Property	Description
Categories	A list of the selected categories that are used for store variability analysis.
Variability	The relative standard deviation of the stores in the category. A larger value for the standard deviation indicates greater store variability for the category. Such a category is a possible candidate for store clustering.
Index to average	For a selected location, an indication of how the store performs compared to the all store base. A value close to 1 indicates that the selected location is similar to the all store base. If the value is lower or higher, it indicates that the sales averages for the stores in the selected location are different from the all store base and that you should consider creating store clusters for the selected location.
Average store retail	Average store retail \$ for the category for the selected location.
Average store unit	Average store units for the category for the selected location.
Positive/negative index to average	The difference in value for the index to average for the all store base to selected location. For example, a value of 1-index to average < 1 or a value of index to average -1 > 1.

A graph is displayed for the index to average. This shows how the selected location performs compared to the all store base if the average sales metric is below, above, or the same when compared to the all store base average. A red color indicates a value below the all store base average. A blue color indicates a value above the all store base average.

A graph for standard deviation is displayed. This shows the standard deviation for the selected category. If the store value is greater than two standard deviations, then store clustering should be considered for the selected merchandise because the stores sales variability is sufficient.

Figure 4-13 Category Variability



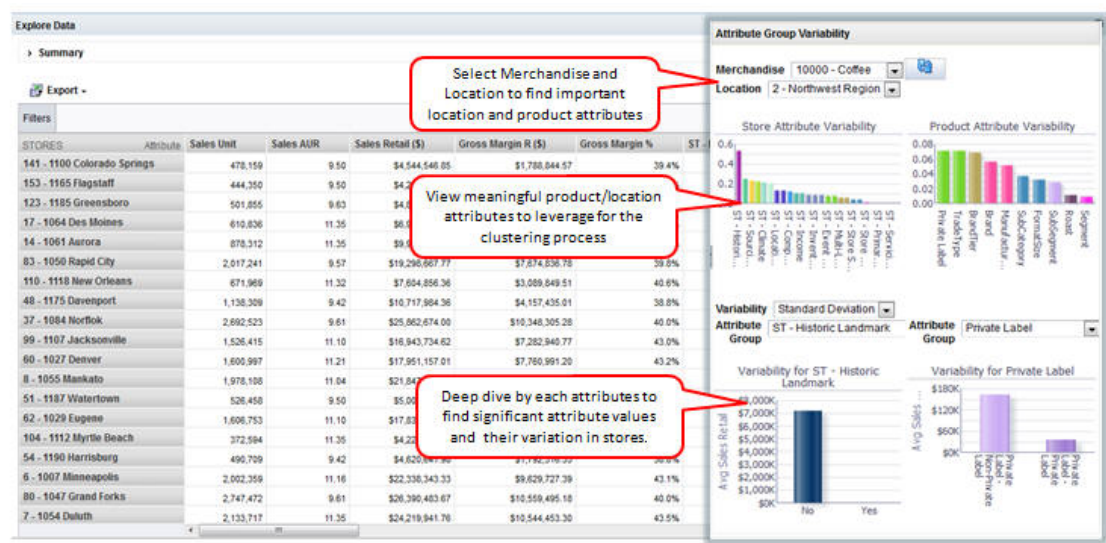
Attribute Group Variability

This is used to analyze the most significant attributes (product or location) for a specific merchandise in a selected location.

The attribute group variability section shows attribute graphs for location and product, indicating the key attributes that are driving sales performance.

The attribute variability section, for each attribute group, shows the sales variability for each attribute value in the selected stores. It calculates the index for the attribute group, indicating attribute significance.

Figure 4-14 Attribute Group Variability



Cluster Setup Stage

You can use this stage to perform what-if analysis by defining one or more scenarios that are based on a specified number of clusters and attributes. You can select one or more attributes and assign different weights to the attributes. The attributes and weights you assign are then fed to the clustering analytics to calculate the weighted distance. Using these scenarios, you can experiment with different numbers of clusters, participating attributes, and their weights. You can either define the maximum number or the minimum number of clusters or alternatively define a specific number of clusters that you want to be generated. Once the scenarios are generated, different scenarios can be compared. You can also use other features in this stage to copy or delete scenarios.

Process

Here is the high-level process for setting up scenarios.

1. Either select the name of a scenario you want to modify or enter a name for the new cluster you want to create.
2. If you want the application to optimize the number of clusters, enter minimum and maximum values for the number of clusters.
3. If you want the application to generate a specific number of clusters, enter that value. In this case, the application generates the exact number of clusters and provides the optimal number of clusters as informational data.
4. Optionally, configure the weights assigned to the attributes. The total must add up to 100 percent. Use a value of 0 percent if you do not want a specific attribute to be part of the clustering process.
5. Click the **Execute** icon to execute the scenario. Once the processing is complete, you see the results in the Cluster Results stage.
6. To see a list of all scenarios and the status for each, go to the Scenario List tab.
7. To compare the defining characteristics of two different scenarios, go to the Scenario Compare tab.

Summary

This lists the criteria you initially selected to define the cluster.

Figure 4-15 Cluster Criteria Summary

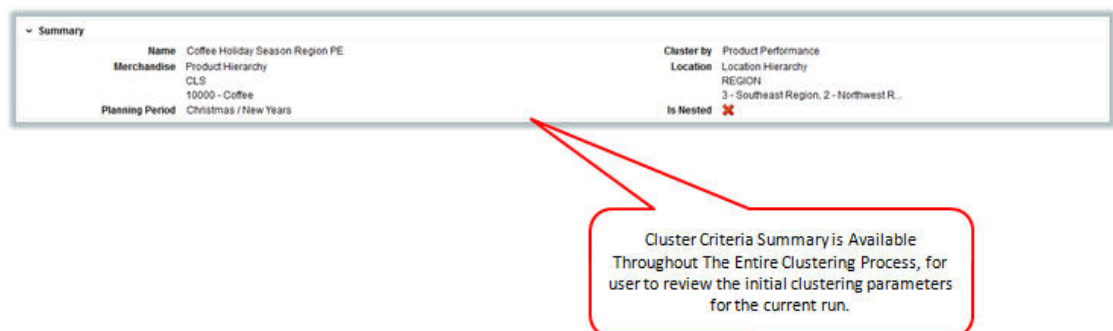


Table 4-12 Cluster Criteria Summary

Field	Description
Name	The name you provided for the cluster in the Cluster Criteria stage.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Merchandise	The merchandise level and nodes for the cluster.
Location	The location level and nodes for the cluster.
Fiscal Period	The time period for the cluster.
Is Nested	Indicates whether or not the cluster is nested within another cluster.
Merchandise Hierarchy Type	Provides details about which type of hierarchy the cluster criteria have been created for.

Scenario Definition Section

This area has three tabs: Scenario Definition, Scenario List, and Scenario Compare.

Scenario Definition Tab

Figure 4-16 Clustering Scenario Definition

The following information is needed to define a scenario.

Table 4-13 Scenario Definition

Field Name	Description
Select Scenario	Select an existing scenario if you want to modify it.
Name	A unique name that identifies the scenario being defined.

Table 4-13 (Cont.) Scenario Definition

Field Name	Description
Max. # of Clusters	Set the maximum number for the total number of clusters that can be generated. The application determines the optimal number of clusters during the generation process.
Min. # of Clusters	Set the minimum number for the total number of clusters that can be generated. The application determines the optimal number of clusters during the generation process.
Exact # of Clusters	Indicates that the exact number of clusters should be generated. The application does not determine the optimal number of clusters.

Attributes

The Attributes table is used to define which attributes are included in the cluster criteria and the weights that should be assigned to each participating attribute. You can

- search by attribute, attribute value, and attribute weight
- assign equal weight to the selected attribute
- assign weight to the selected attribute or attribute value
- reset weights to default values

The following information defines the attributes that are participating or non-participating.

Table 4-14 Attributes

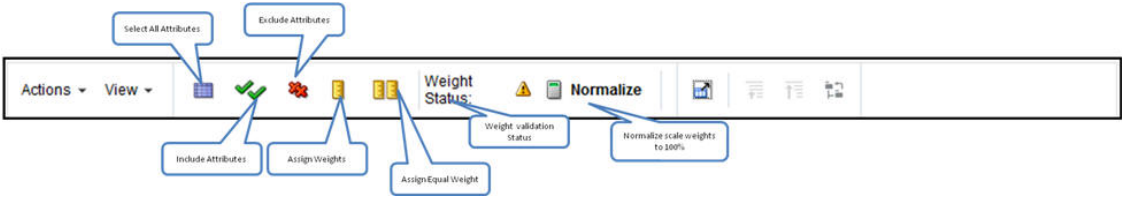
Field Name	Description
Participating	A check in this column indicates that the attributes participate in the cluster criteria.
Groups	Identifies the group.
Attributes	A description of the attribute.
Weights	The weight assigned to the attribute. All participating attributes can have the same weight or each participating attribute can have a unique weight. The total of all the weights must add up to 100 percent.

The Attributes toolbar, shown in [Figure 4-17](#), includes the following functionality:

Table 4-15 Attribute Toolbar

Function	Description
Action menu	Resets the weights to the default value overrides that the user provided during configuration.
Weight status	Provides the weight validation status. If the weights do not add up to 100 percent, then a warning is displayed and the scenario cannot be executed.
Include or exclude attributes	Any attribute with a weight equal to zero is not included in the clustering process.
Normalize	Scaling attribute weights to ensure that weights are valid. User-provided weights are normalized by applying a weighting average that adds up to 100 percent.

Figure 4-17 Attribute Toolbar



Contextual Area

The contextual business intelligence lists a set of attributes and weights that the current scenario includes as the participating attributes for the clustering process.

Figure 4-18 Scenario Attributes

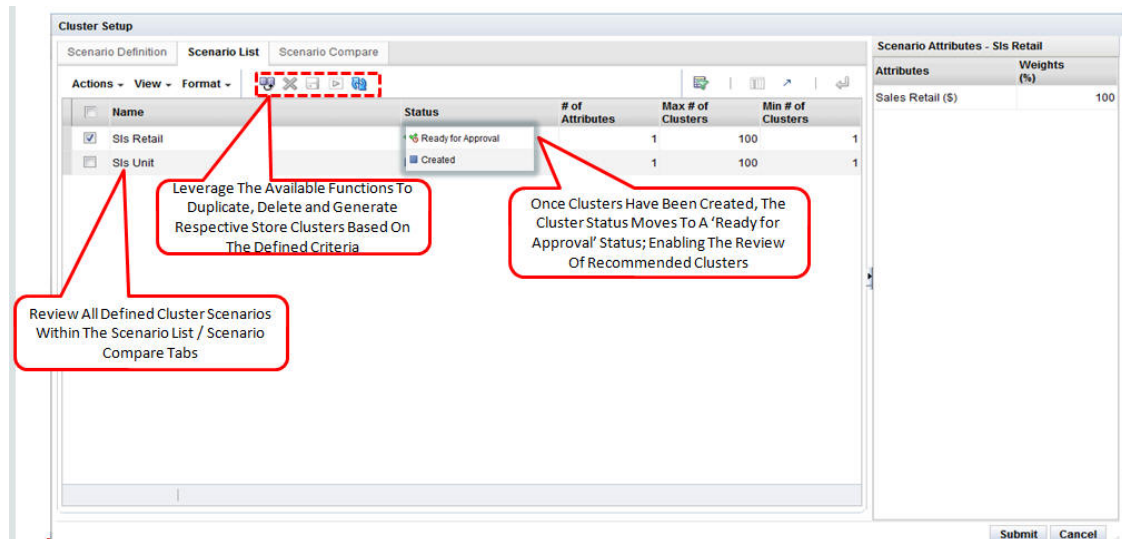
Detached View

Actions	View				Weight Status:		Normalize				
Attribute Group	Attribute Values	Weight (%)									
▶ ✓ Performance		70									
▶ ✓ Forecast		33.33									
▶ ✓ Consumer Profile		33.33									
▶ ✗ Customer Profile		0									
▶ ✗ Location Attribute		0									

Rows Selected 1

Scenario List Tab

The Scenario List summarizes the characteristics for each scenario.

Figure 4-19 Scenario List

You can make a copy of a specific scenario in order to modify it in some way, delete a specific scenario, execute a specific scenario, or save a specific scenario. You can also refresh the scenario list in order to view the updated scenario status.

Table 4-16 Scenario List

Field Name	Description
Name	The unique name that identifies the scenario.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
# of Attributes	The number of attributes is defined by the Cluster by option you select and the weights you optionally assign.
Max. # of Clusters	If you provided a value for this in the scenario definition, that number is displayed here.
Min. # of Clusters	If you provided a value for this in the scenario definition, that number is displayed here.

Scenario Compare Tab

You can select two scenarios from the list to compare. The scenarios you select from the Scenario list are shown side-by-side to facilitate the comparison.

Figure 4-20 Scenario Compare

Scenario Definition | Scenario List | **Scenario Compare**

Select Scenario: Site Unit

Max # of Clusters: 100
Min # of Clusters: 1

Actions: View Format

Attributes	Weight (%)
PE - Sales Unit	100.0
PE - Sales AUR	0.0
PE - Sales Retail (\$)	0.0
PE - Gross Margin R (\$)	0.0
PE - Gross Margin %	0.0

Select Scenario to Compare: Site Retail

Max # of Clusters: 100
Min # of Clusters: 1

Actions: View Format

Attributes	Weight (%)
PE - Sales Retail (\$)	100.0
PE - Sales Unit	0.0
PE - Sales AUR	0.0
PE - Gross Margin R (\$)	0.0
PE - Gross Margin %	0.0

OK Cancel

Cluster Results Stage

After you select a scenario and execute it, you can see the results in this stage. The application uses the data and the parameters you defined in order to group stores together that are most similar according to the characteristics you selected and to separate stores that are most dissimilar. You can also use this stage to rename a cluster.

Process

You use this stage to review clusters, their composition, and the cluster hierarchy, using the grid view and the graph view. This includes

- Reviewing a cluster to see the goodness of fit by using the scores. Determine if any clusters are outliers that warrant further analysis.
- Rank the scenarios (cluster sets) to see how well they are separated and how compact the stores are within each cluster.
- View the optimality of the clusters recommended by the application to determine if increasing the number of clusters beyond the optimal number is significant.
- Rename the cluster after analyzing the centroids and before the cluster is approved.

Summary

This lists the criteria you initially selected to define the cluster.

Figure 4-21 Cluster Criteria Summary

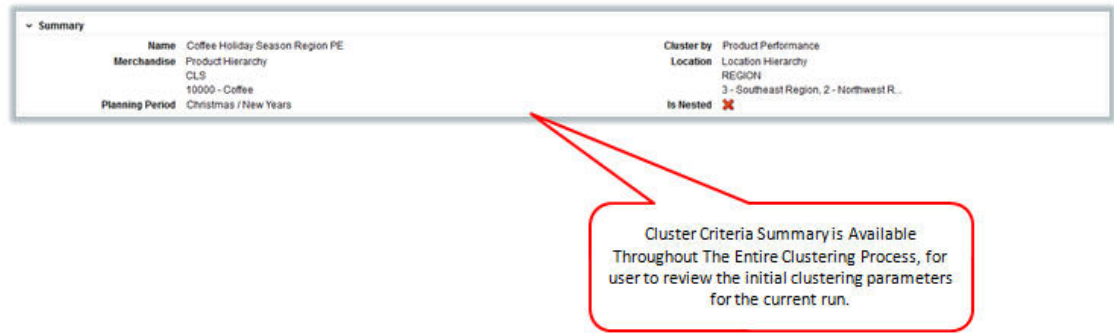


Table 4-17 Cluster Criteria Summary

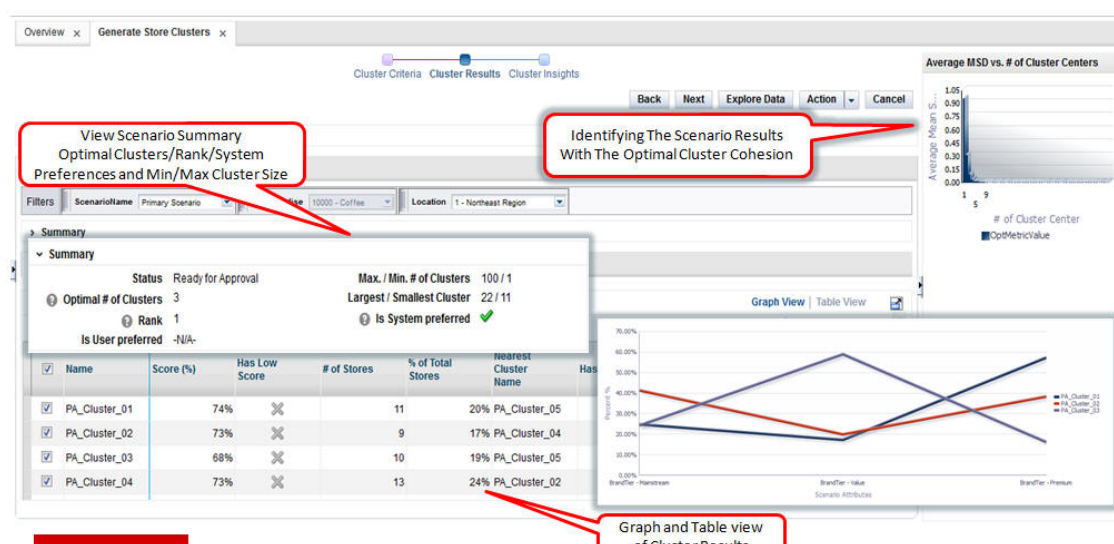
Field	Description
Name	The name you provided for the cluster in the Cluster Criteria stage.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Merchandise	The merchandise level and nodes for the cluster.
Location	The location level and nodes for the cluster.
Fiscal Period	The time period for the cluster.
Is Nested	Indicates whether or not the cluster is nested within another cluster.
Merchandise Hierarchy Type	Provides details about which type of hierarchy the cluster criteria have been created for.

Scenario Results Section

The Scenario Results section displays the following:

- The Scenario Summary, which provides key cluster set attributes for the executed scenario as well as its status.
- The Scenario Results, which has three tabs: Clusters, Cluster Composition, and Cluster Hierarchy.

Figure 4-22 Clustering Scenario Results



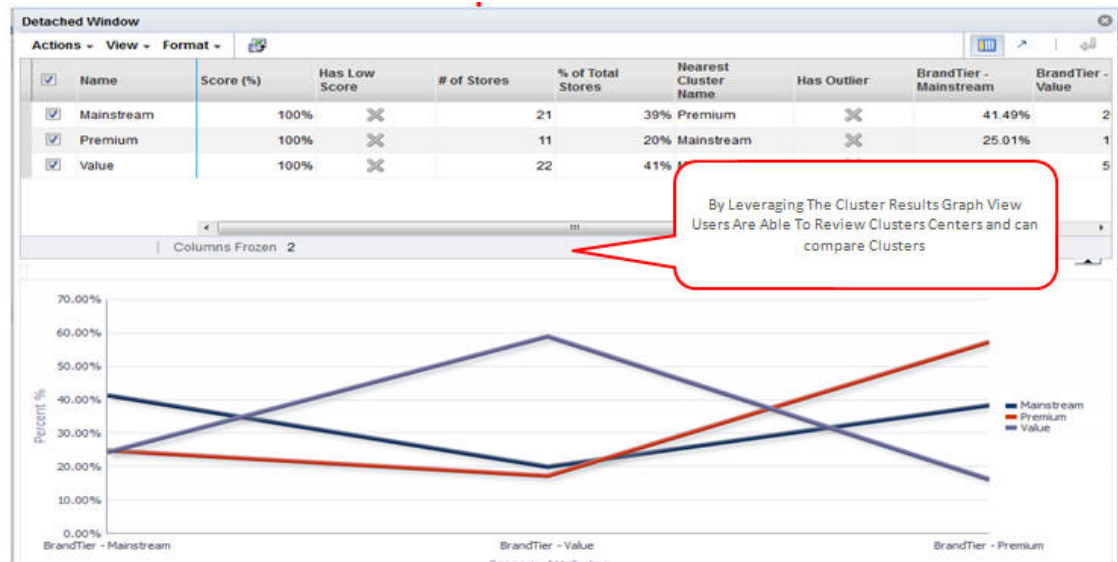
The Summary section provides an overview of the characteristics of the clusters.

Table 4-18 Scenario Results Summary

Field	Description
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
Optimal # of Clusters	The optimal number of clusters determined by the optimization.
Rank	The application compares executed scenarios and ranks them. A value of 1 indicates the best scenario.
Max./Min # of Clusters	The number you provided for the maximum and minimum number of clusters to calculated.
Largest/Smallest Cluster	Provides the sizes of the largest cluster and the smallest cluster in order to show the range of values.
Is System Preferred	Indicates whether or not the system prefers the scenario.
Is User Preferred	Indicates whether or not the user prefers the scenario.

The Clusters section provides the cluster results for each individual cluster in the scenario in either a Graph View or a Table View. The attributes displayed depend on the Cluster by option chosen in the Cluster Criteria stage.

The Graph View shows the percentage for each attribute in the cluster.

Figure 4-23 Cluster Results Graph View

The Table View provides details that can help you analyze the cluster.

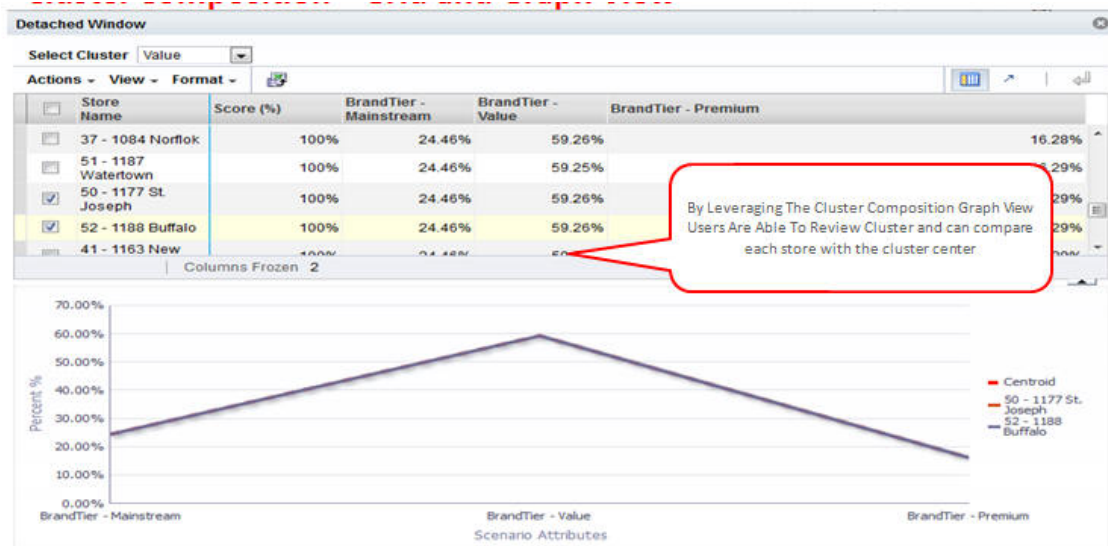
Table 4-19 Scenario Results - Clusters: Table View

Field	Description
Name	The name you assigned to the cluster.
# of Stores	The number of stores in the cluster.
% of Total Stores	The percentage of the total stores that the number of stores represents.
Nearest Cluster Name	The name of the cluster that is most similar to this cluster.
Score %	This value is calculated at the level of store and then averaged to the cluster. The probability, expressed as a percentage, of a store being present in this cluster rather than any of the other clusters.
Has Outlier	Indicates a cluster with the number of stores below a threshold. For example, the number of stores are below certain percentage of the number of stores in a cluster.
Has Low Score	The score threshold can be defined in two ways. The default threshold is calculated as a probability that a store exists in any one of the clusters. The user can further override this threshold at the time of deployment by each Cluster by.
Attributes and their %	For each attribute specific to the Cluster by option, the value indicates the percentage that attribute represents within the total cluster.

The Clusters Composition sub-tab breaks down the cluster into its component parts and shows the percentages for each attribute.

The Table View, shown in [Figure 4-24](#), shows attributes and the score percent.

Figure 4-24 Cluster Composition Table View



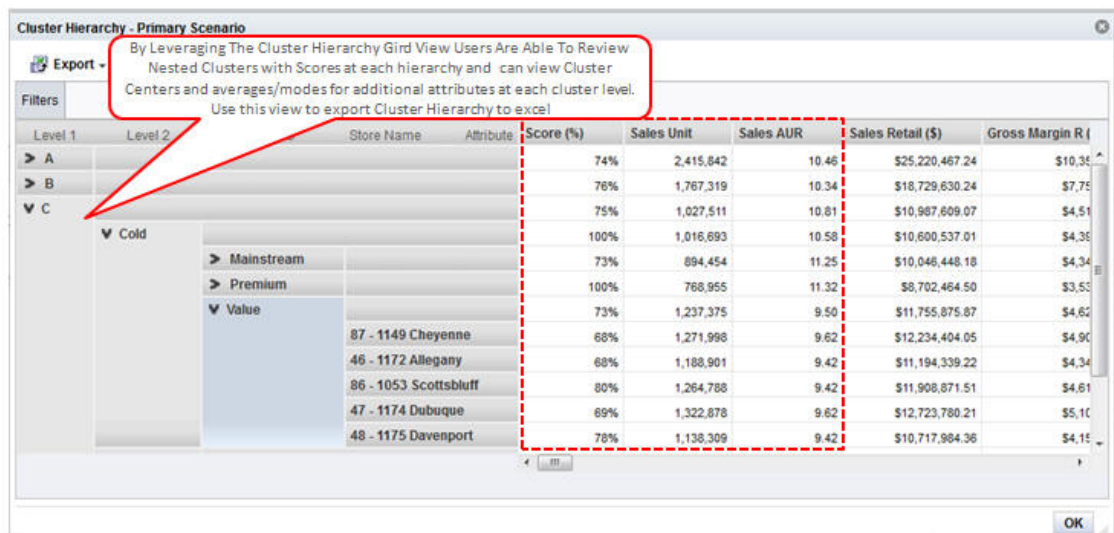
The Graph View shows the centroid of a cluster and allows the user to compare each store with the cluster centroid.

Cluster Hierarchy

The cluster hierarchy shows the parent-to-child cluster relationship with the cluster centers. Any additional store attributes are rolled up as averages or modes for each cluster level. You can view the cluster hierarchy for each scenario.

The cluster hierarchy is displayed for each scenario. In the case of nested hierarchies, the cluster hierarchy is displayed in tree format. You can select the attributes to view and export the selected attributes with a cluster hierarchy tree in Excel format.

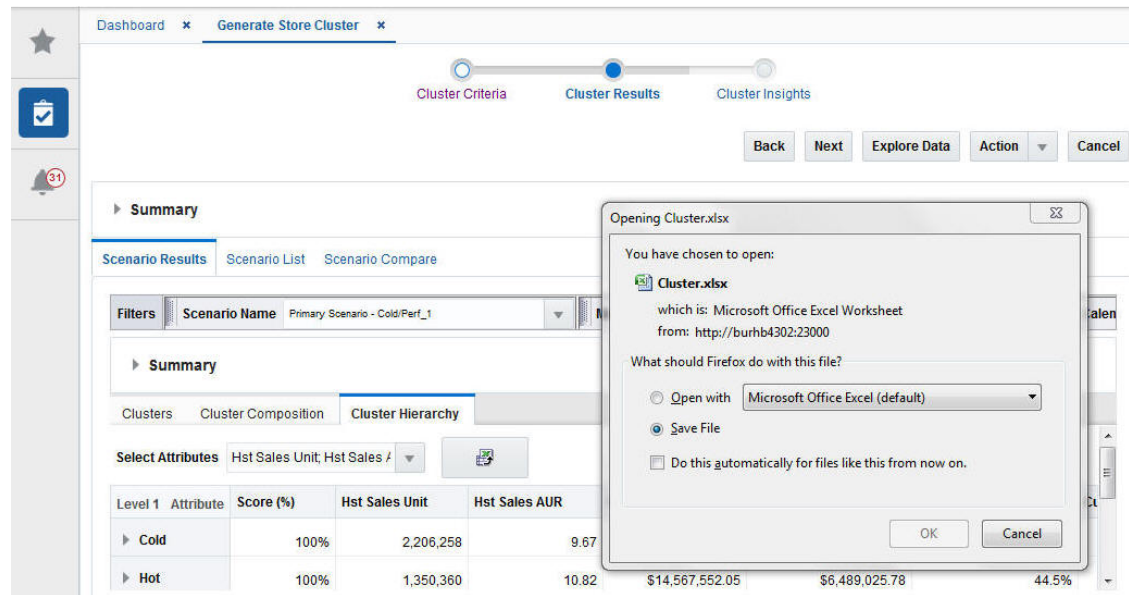
Figure 4-25 Cluster Hierarchy Grid View



Export to Excel

You can select attributes to view data in Pivot and Excel to Export. On selecting icon export to excel user can open or save excel sheet. See excel format below to review cluster hierarchy and their aggregate.

Figure 4-26 Save as Excel File



The Excel-generated file can be then used by external visualization tools to generate graphs not supported in the application.

Figure 4-27 Excel File

	A	B	C	D	E	F	G	H	I	J
	LEVEL1	LEVEL2	LEVEL3	Store Name	Score (%)	Hst Sales Unit	Hst Sales AUR	Hst Sales Retail	1st Gross Margin	1st Gross Margin
1	Cold				100%	2,206,258	9.67	\$20,994,088.41	\$8,488,147.56	40.6%
2	Cold	Cold/Perf_3			81%	571,643	10.13	\$5,781,374.03	\$2,490,862.27	42.8%
3	Cold	Cold/Perf_4	CP_Cluster_01		100%	571,643	10.13	\$5,781,374.03	\$2,490,862.27	42.8%
4	Cold	Cold/Perf_5	CP_Cluster_02	68 - 1035 Spokane	100%	299,051	11.01	\$3,293,860.63	\$1,555,842.29	47.2%
5	Cold	Cold/Perf_6	CP_Cluster_03	22 - 1069 Detroit	100%	323,853	11.07	\$3,583,657.79	\$1,692,901.38	47.2%
6	Cold	Cold/Perf_7	CP_Cluster_04	51 - 1187 Watertown	100%	606,559	8.71	\$5,285,405.82	\$2,002,515.98	37.9%
7	Cold	Cold/Perf_8	CP_Cluster_05	76 - 1043 Casper	100%	342,003	10.19	\$3,484,737.64	\$1,361,867.45	39.1%
8	Cold	Cold/Perf_9	CP_Cluster_06	89 - 1151 Vail	100%	592,923	8.83	\$5,237,635.10	\$2,019,730.73	38.6%
9	Cold	Cold/Perf_10	CP_Cluster_07	66 - 1033 Great Falls	100%	813,199	10.89	\$8,854,491.61	\$4,056,034.53	45.8%
10	Cold	Cold/Perf_11	CP_Cluster_08	18 - 1065 Omaha	100%	589,169	11.31	\$6,661,449.26	\$3,174,290.53	47.7%
11	Cold	Cold/Perf_12	CP_Cluster_09	21 - 1068 Lansing	100%	305,039	10.98	\$3,348,926.53	\$1,587,049.30	47.4%
12	Cold	Cold/Perf_13	CP_Cluster_10	20 - 1067 South Bend	100%	275,063	10.96	\$3,014,701.44	\$1,419,485.37	47.1%
13	Cold	Cold/Perf_14	CP_Cluster_11	16 - 1063 Cedar Rapids	100%	709,508	11.33	\$8,035,512.33	\$3,837,476.49	47.8%
14	Cold	Cold/Perf_15	CP_Cluster_12	91 - 1197 Pierre	100%	607,093	8.75	\$5,313,445.67	\$2,025,722.48	38.1%
15	Cold	Cold/Perf_16	CP_Cluster_13	14 - 1061 Aurora	100%	701,834	11.32	\$7,943,662.79	\$3,796,386.44	47.8%
16	Cold	Cold/Perf_17	CP_Cluster_14	52 - 1188 Buffalo	100%	572,589	8.76	\$5,015,910.56	\$1,906,445.48	38.0%
17	Cold	Cold/Perf_18	CP_Cluster_15	17 - 1064 Des Moines	100%	496,015	11.22	\$5,563,602.56	\$2,652,263.81	47.7%

Scenario List

The Scenario List section contains one table with details about each cluster. Here, you can approve or reject a cluster.

After a cluster is approved, it is available for other applications.

Figure 4-28 Clustering Scenario List

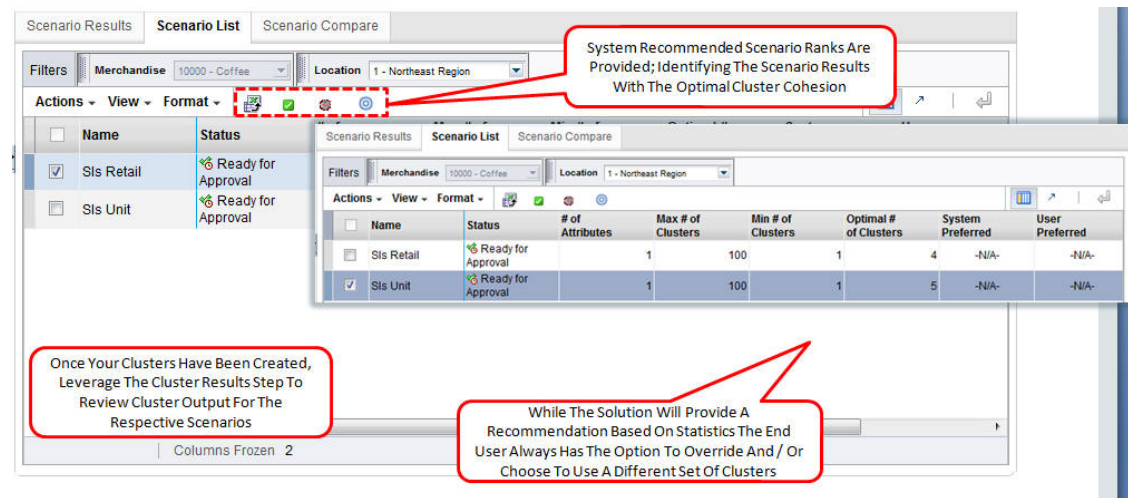


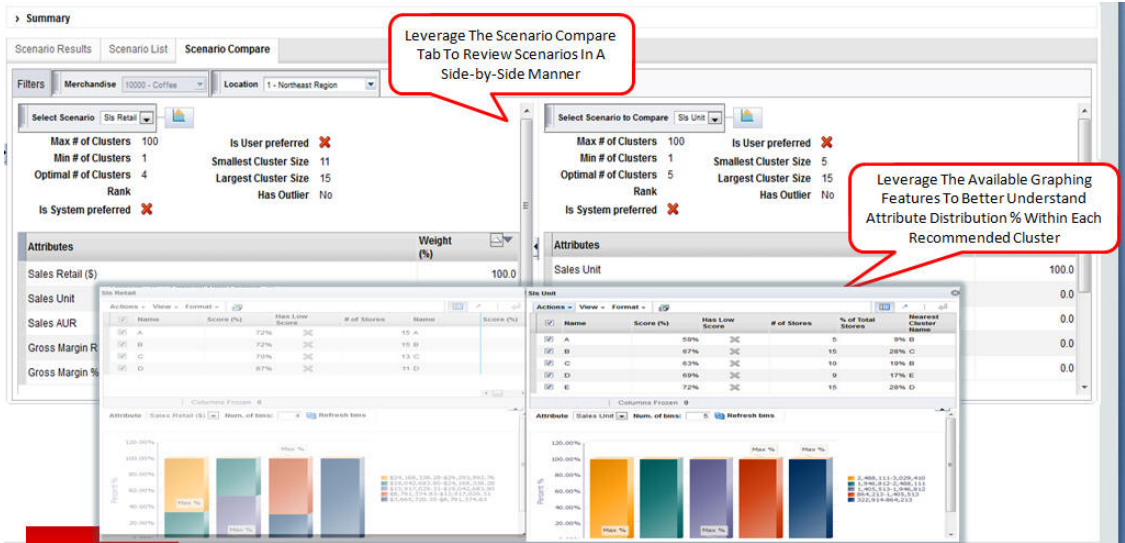
Table 4-20 Scenario List

Field	Description
Name	Name assigned to the scenario.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
Parent Cluster Level #	The parent cluster name to which the scenario results apply if nested cluster criteria is selected.
# of Attributes	The total number of attributes used, as determined by the weight assigned to each attribute.
Max. # of Clusters	The value used for the maximum in the scenario execution, if this option used.
Min. # of Clusters	The value used for the minimum in the scenario execution, if this option used.
Optimal # of Clusters	The value used for the optimal number of clusters in the scenario execution, if this option used.
System Preferred	Indicates whether the scenario is the one the application prefers.
User Preferred	Indicates whether the scenario is one the user prefers.
Rank Sequence	Indicates the ranking the scenario is given by the application.

Scenario Compare

The Scenario Compare section shows two clusters of your choosing side by side so that you can compare the main results of each, using the same characteristics used in Scenario Results and Scenario List.

Figure 4-29 Compare Scenarios



The information displayed includes:

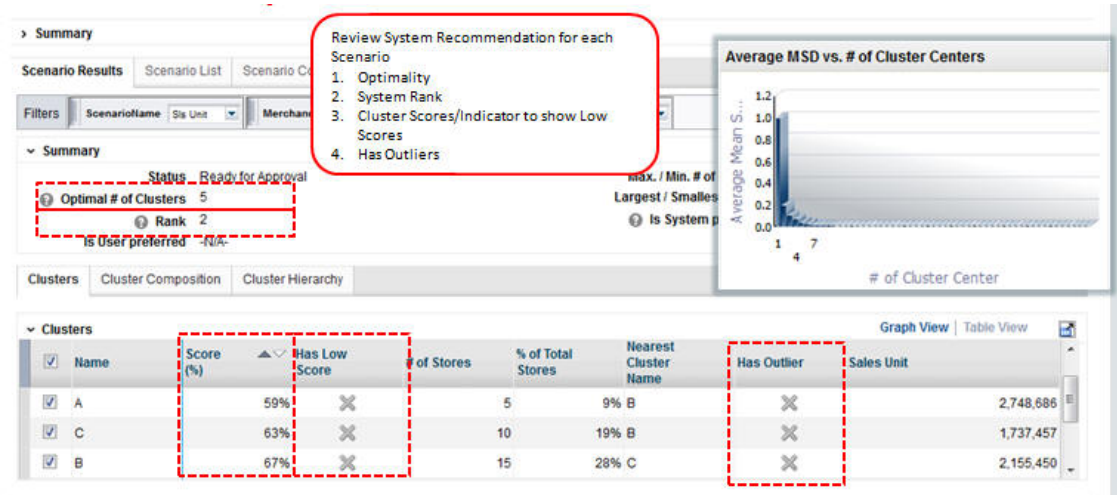
Table 4-21 Scenario Compare

Field Name	Description
Max. # of Clusters	The value used for the maximum in the scenario execution, if this option used.
Min. # of Clusters	The value used for the minimum in the scenario execution, if this option used.
Optimal # of Clusters	The value used for the optimal number of clusters in the scenario execution, if this option used.
Rank	The value for the rank.
Is System Preferred	Indicates whether the scenario is the one the application prefers.
Is User Preferred	Indicates whether the scenario is the one the user prefers.
Smallest Cluster Size	The size of the smallest cluster.
Largest Cluster Size	The size of the largest cluster.
Has Outlier	Indicates a cluster with the number of stores below a threshold. For example, the number of stores are below certain percentage of the number of stores in a cluster.
Attributes	A list of relevant attributes.

Scenario System Recommendations

The application provides the following recommendations at the scenario (cluster set), cluster, and store levels.

Figure 4-30 Scenario Recommendations



Scenario Optimality

This graph indicates how the system identifies the best number of clusters for a given data set. It starts with a small number of cluster centers and searches for the number beyond which there is little improvement in the mean squared distance (MSD). At this point, increasing the number of cluster centers any more only decreases the MSD by a small amount, and the marginal improvement is small.

Scenario Rank

You can see the ranking of all scenarios in the Cluster Results step. The scenario with the highest rank is designated as System Preferred. The ranking is based on the following:

- How many similar stores are contained in the cluster.
- How well separated the clusters are from each other.

Outlier Indicator

This provides an outlier indicator in the cluster list if the cluster has an outlier store. Two outlier rules are supported. The distance from the centroid indicates that if a store is beyond a certain limit for the configuration threshold from the centroid, then the cluster to which the store belongs is marked as an outlier. When the size of a cluster is compared with the total stores, if the number of stores in the cluster is below a certain configured percentage of the total stores, then the cluster is marked as an outlier.

Cluster Scores

The application provides scores for clusters, based on the calculated threshold score. The score is based on the assumption that each store has an equal chance of being a member of the cluster. A high score indicates that the store is close to the centroid. A low score indicates that the store is an outlier.

New Stores and Stores with a Poor History

Advanced Clustering supports post-processing rules in order to allocate stores that are new or that have a poor history. These rules can be configured for each criterion and can be changed during deployment.

- **Like Stores.** This rule allocates new stores or stores with a poor history to the same clusters that the like location belongs to. It requires data to be provided to Advanced Clustering that defines the mapping between the location and like locations. This mapping can be configured by merchandise, and one location can be mapped to multiple locations with different weights. For example, a like location can be used to correct a store with poor history or to allocate a new store to a valid performance cluster.
- **Largest Clusters.** This rule allocates new stores or stores with a poor history to the largest cluster identified by Advanced Clustering. Stores can be allocated to a bigger group of stores. For example, a store that has not yet formed a customer base can be allocated to the largest cluster.
- **Cohesive Clusters.** This rule allocates new stores or stores with a poor history to the most compact cluster identified by Advanced Clustering. Stores can be allocated to a compact group of stores. For example, stores can be assigned to a cluster that has not been affected because of outliers.

Insights Stage

Use the Insights stage to analyze a scenario, its clusters, and its hierarchy, based on performance and attribute contributions, prior to the approval of the scenario. This stage includes the following tasks:

- Approve a cluster scenario
- Create a new cluster within a scenario
- Rename clusters within a scenario
- Rank scenarios, if not completed earlier
- Flag a cluster scenario as "system preferred"
- Review a cluster hierarchy in a nested cluster

Select from the following views in this stage:

- **Criteria view.** Displays the parent cluster, if it exists, or the scenario for root-level clusters.
- **Parent cluster.** Displays any child clusters.
- **Cluster.** Displays the stores under the selected cluster.

Each cluster is identified by the following information:

Table 4-22 Insights Stage

Field Name	Description
Name	The name assigned to the cluster.
Nearest Cluster Name	The name of the cluster that is most similar to the named cluster.
# of Stores	The number of stores in the cluster.
Is Outlier	Whether or not the cluster is considered an outlier. If it is an outlier, you may want to review that store.

Table 4-22 (Cont.) Insights Stage

Field Name	Description
All Sales Metric	Financial information about the store.
Score %	This value is calculated at the level of store and then averaged to the cluster. The probability, expressed as a percent, of a store being present in this cluster rather than any of the other clusters.
Has Low Store	Indicates a cluster that falls below a defined threshold.
% Total Stores	The percentage of the total stores that the number of stores represents.
Sales Retail	The sales revenue for the cluster or store. The merchandise and the source time period are selected when the cluster parameters are set up.
Sales Unit	The sales units for the cluster or store. The merchandise and the source time period are selected when the cluster parameters are set up.
Sales Average Unit Retail	The average unit retail sales for the cluster or store. The merchandise and the source time period are selected when the cluster parameters are set up.
Gross Margin Retail	The retail sales minus the cost of goods sold for the cluster or store. The merchandise and the source time period are selected when the cluster parameters are set up.
Gross Margin Percent	The retail sales minus the cost of goods sold divided by the retail sales for the cluster or store. The merchandise and the source time period are selected when the cluster parameters are set up.
Cluster Centers	Additional attributes for each cluster.

You use this stage to view all scenarios, examine and compare sales metrics for the various clusters, and manage clusters by approving, rejecting, merging, or deleting clusters.

Figure 4-31 Clustering Insights

The screenshot displays the 'Cluster Insights' stage of the 'Generate Store Clusters' process. The interface includes a breadcrumb trail: Overview > Generate Store Clusters > Cluster Insights. Below this, there are tabs for 'Cluster Criteria', 'Cluster Results', and 'Cluster Insights', with 'Cluster Insights' being the active tab. A summary section at the top shows filters for 'Merchandise' (10000 - Coffee) and 'Location' (1 - Northeast Region). The main table lists various cluster scenarios with columns for 'Score (%)', 'Has Low Score', '# of Stores', '% of Total Stores', 'Nearest Cluster Name', 'Has Outlier', 'Sales Unit', 'Sales AUR', 'Sales Retail (\$)', and 'Gross Margin (\$)'.

Annotations in red boxes highlight key features:

- Left Annotation:** "Leverage The Available Cluster Insights Step To Better Understand Cluster Performance Prior To Approval." This points to the 'Actions' menu in the table header.
- Right Annotation:** "Leverage The 'Actions' Menu To:
 - Approve a Cluster Scenario
 - Create A New Cluster (w/in a Given Scenario)
 - Rank Scenarios (If This Has Not Been Completed)
 - Identify A Cluster Scenario As 'User Preferred'
 - Review A Cluster Hierarchy (In The Case Of Nested Clusters)

Summary

This lists the criteria you initially selected to define the cluster.

Figure 4-32 Cluster Criteria Summary

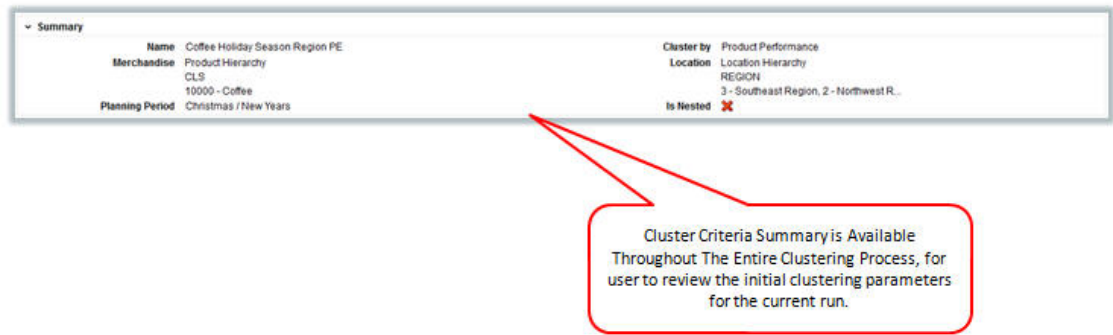


Table 4-23 Cluster Criteria Summary

Field	Description
Name	The name you provided for the cluster in the Cluster Criteria stage.
Cluster By	A predefined group of attributes that include Consumer Profile, Product Performance, Store Attribute, Product Attribute, and Mixed Attribute. These criteria types are sets of attributes. For example, store attributes are the properties of a store. These properties can include ethnicity, store format, and store size.
Merchandise	The merchandise level and nodes for the cluster.
Location	The location level and nodes for the cluster.
Fiscal Period	The time period for the cluster.
Is Nested	Indicates whether or not the cluster is nested within another cluster.
Merchandise Hierarchy Type	Provides details about which type of hierarchy the cluster criteria have been created for.

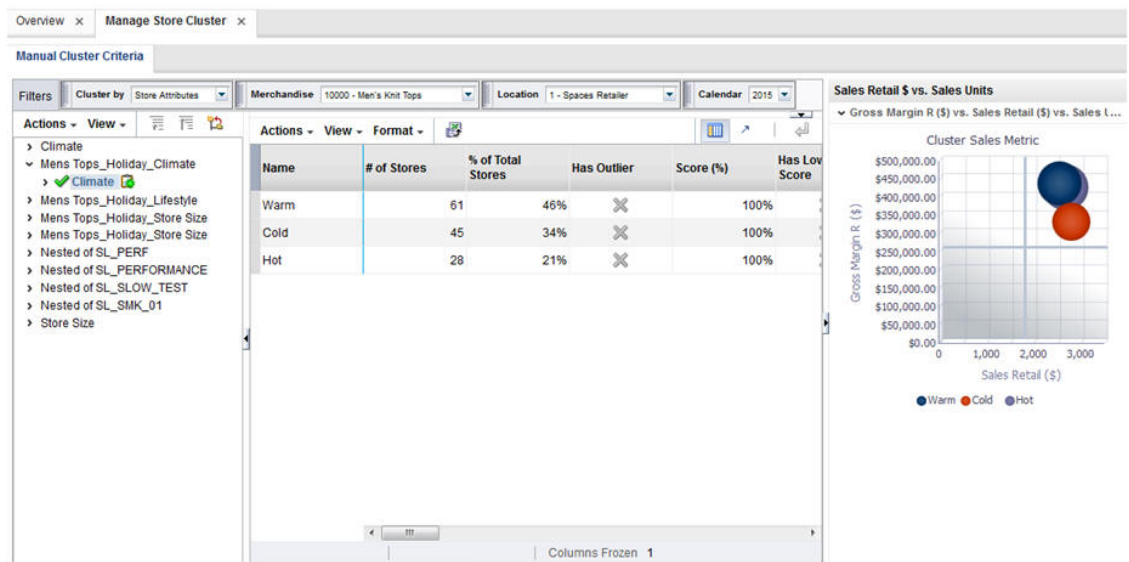
Contextual Information

The graphs displayed in the Clustering Insights stage are also displayed in the Manage Store Clusters tab. For a discussion, see [Contextual Information](#).

Manage Store Clusters Tab

You can use the Manage Store Clusters tab to view a list of the already executed cluster criteria and associated summary details. You can create manual clusters in a scenario, rank/ approve/reject scenario, mark a scenario as user preferred, rename clusters, and override any cluster composition within a scenario.

Figure 4-33 Clustering Manage Cluster Criteria



The following information is displayed.

Table 4-24 Manage Store Clusters

Field	Description
Is Nested	Indicates whether or not the cluster is nested within another cluster.
Is Deployed	Indicates that the cluster has been deployed.
Is Shared	A check mark indicates that more than one merchandise or location node is used in the cluster.
Scenario Created	The number of scenarios that were created.
Scenario Executed	The number of scenarios that were executed.
Name	The name of the scenario.
Status	Created, Ready for Approval, Completed with Errors, Approved, Rejected.
# Attributes	The total number of attributes used, as determined by the weight assigned to each attribute.
Max # Clusters	The value used for the maximum number of cluster centers in the scenario execution, if this option used.
Min # Clusters	The value used for the minimum number of cluster centers in the scenario execution, if this option used.
Optimal # Clusters	The value used for the optimal number of clusters in the scenario execution, if this option used.
System Preferred	Indicates whether the scenario is the one the application prefers.
Rank Sequence	Indicates the ranking the scenario is given by the application.

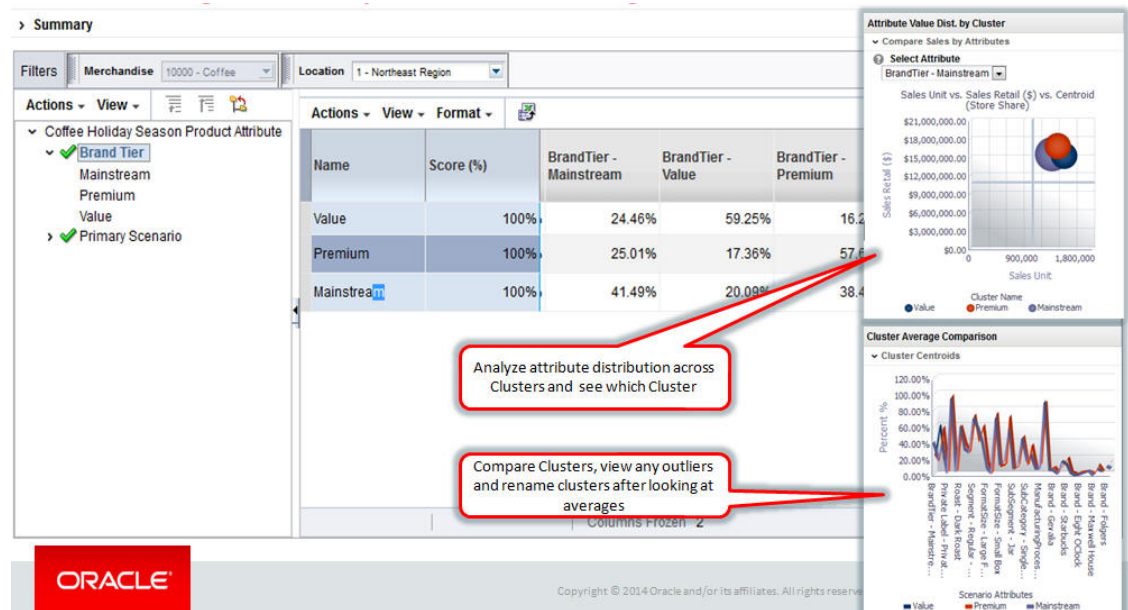
Contextual Information

The following charts are available.

Attribute Value Dist By Cluster

The chart shows a comparison of sales with the average value distribution by clusters. The y axis is sales retail and the x axis is sales units. The z bubble size shows the average value for the selected attribute for the cluster.

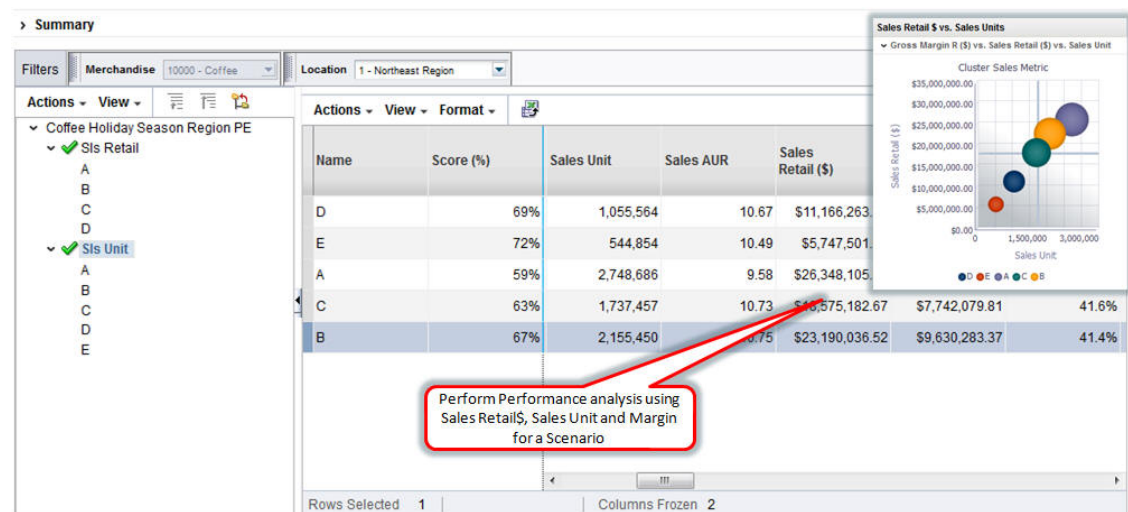
Figure 4-34 Attribute Value Dist. by Cluster



Sales Retail vs. Sales Units

The chart shows a comparison of sales retail and sales unit. The y axis is sales retail and the x axis is sales unit. The z bubble size shows the gross margin retail for a cluster.

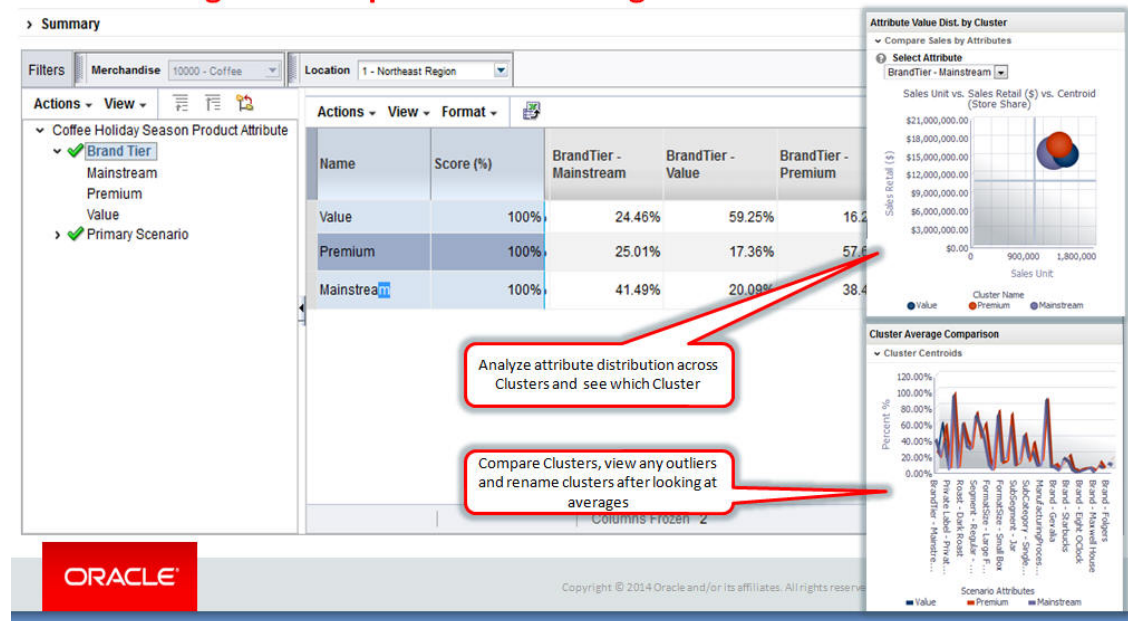
Figure 4-35 Sales Retail vs. Sales Units



Cluster Average Comparison

The chart overlays the centroid of the cluster and provides a comparison of cluster averages so that you can rename the clusters based on the information in the graph.

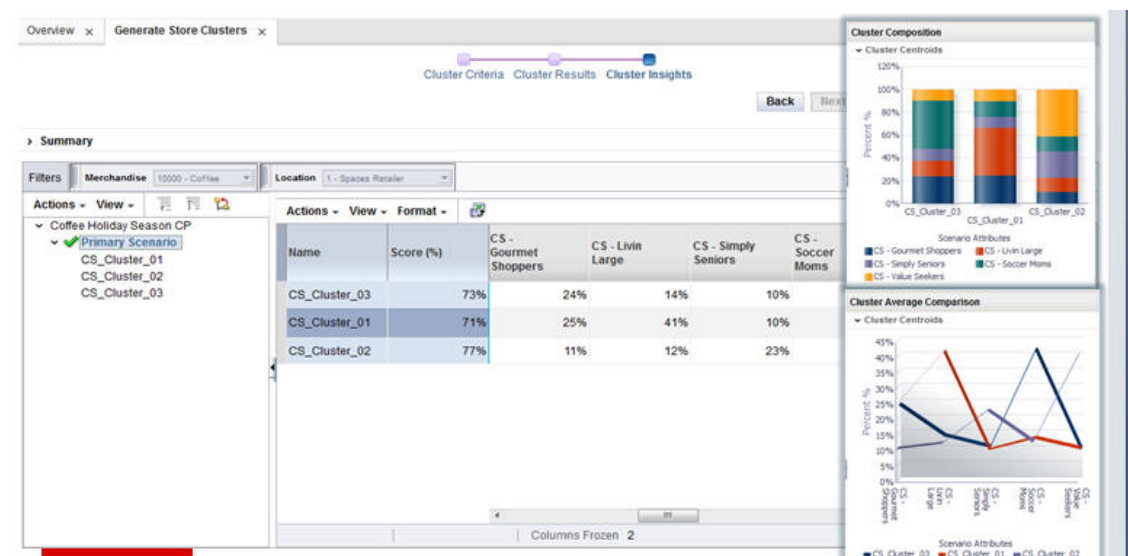
Figure 4-36 Cluster Average Comparison



Cluster Comparison

The chart shows the stacked contribution of each attribute by percentage for each cluster. You can use this chart to determine which cluster contributes the most for an attribute by viewing the clusters side by side.

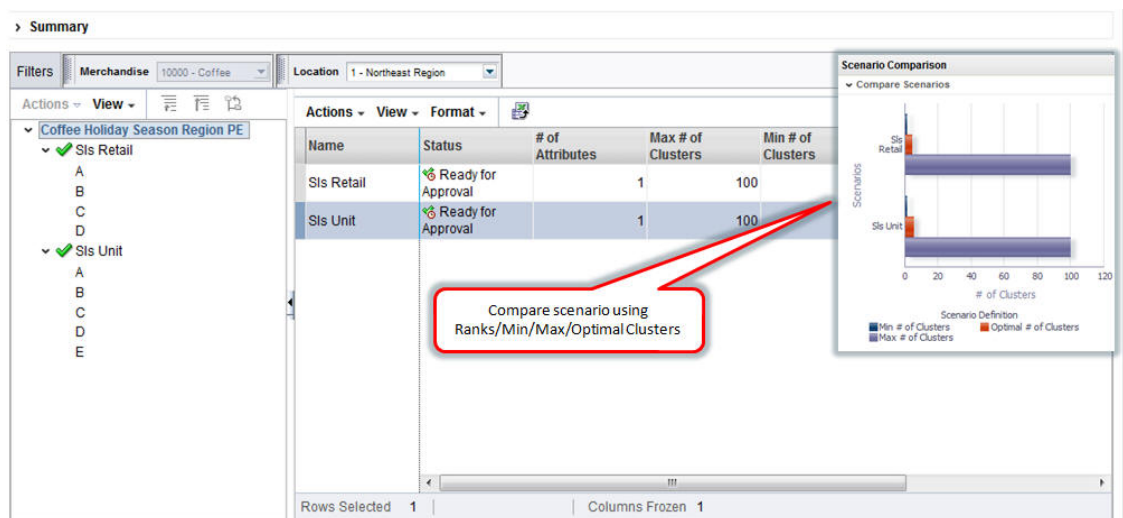
Figure 4-37 Cluster Comparison



Scenario Compare

Multiple scenarios are compared using optimality and scenario rank. This chart is displayed when multiple scenarios for the criteria are available. The following properties are used by the chart: minimum number of clusters, maximum number of clusters, optimal number of clusters, and the rank of the scenarios, from top to bottom.

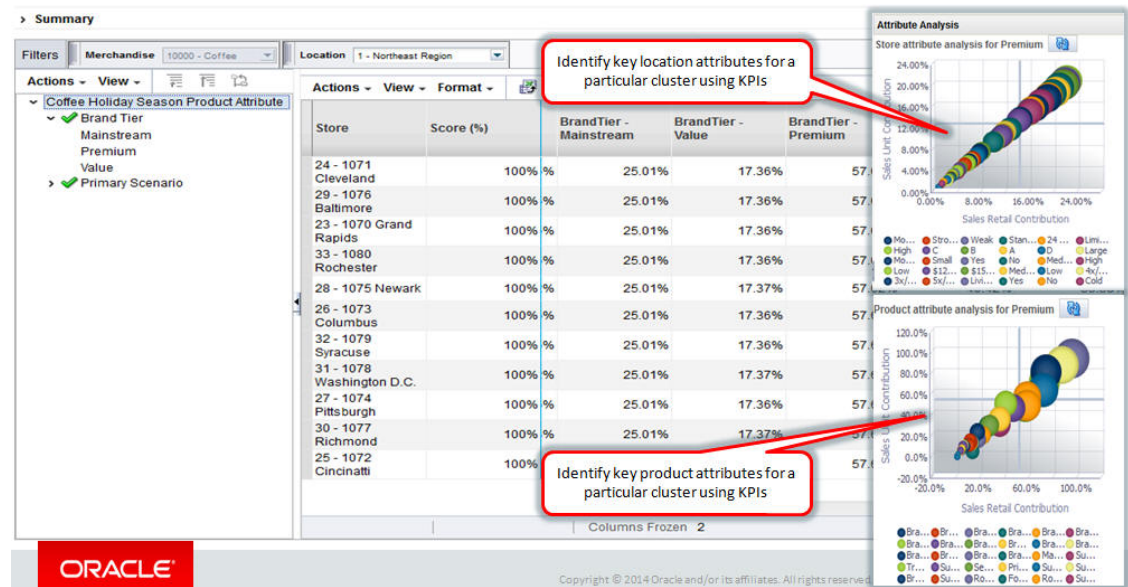
Figure 4-38 Scenario Compare



Attribute Analysis

Stores and product attributes are analyzed and compared to identify the most prominent selling attributes within a cluster. This indicates how the store and product attributes are correlated and what each attribute in the specified cluster contributes to sales. You can make inferences about which attributes in the cluster contribute to significant sales and the potential attributes that should be considered for assortment planning in order to improve sales even more. With both store and product attribute graphs, you can see which location attributes drive the product attribute sales.

Figure 4-39 Attribute Analysis



The following properties are displayed by the graph. Note that the store and product attributes are only displayed when they are configured as part of the Cluster by process.

Table 4-25 Properties

Axis	Description
x-axis	Sales Retail \$ contribution, calculated using the sales revenue share of each attribute in the cluster with respect to the total cluster sales revenue.
y-axis	Sales Unit \$ contribution, calculated using the sales unit share of each attribute in the cluster with respect to the total cluster sales units.
z-axis	Total Sales Retail \$ of each attribute in the selected cluster, indicating, via the bubble, the magnitude of the sales contribution.

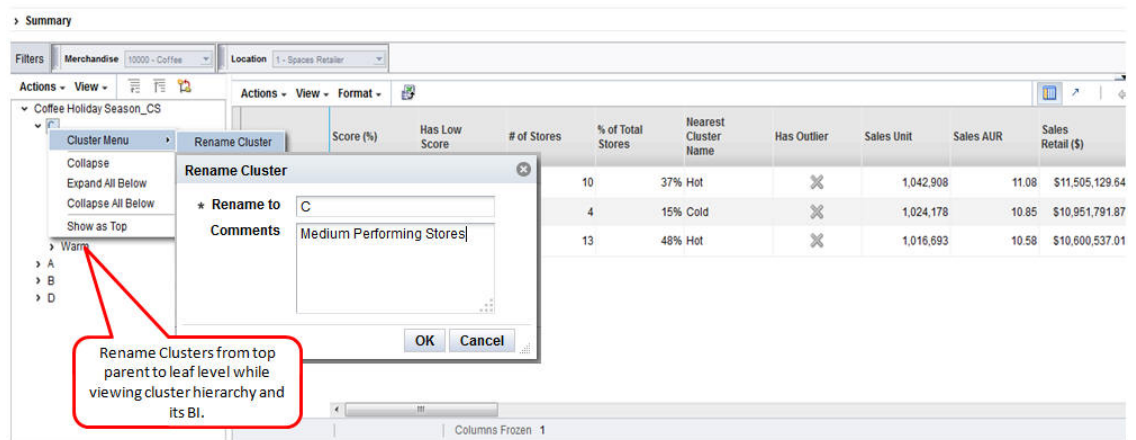
Cluster Overrides

Both Cluster Insights and Manage Store Cluster can be used to override clusters manually. The following tasks, to be completed before the approval process, are available.

Rename Cluster

To complete this on a nested cluster, select the parent or child clusters in the tree. With the contextual information provided, you have the necessary details to understand the cluster across the hierarchy. This task can be performed using the Cluster Contextual menu.

Figure 4-40 Rename Cluster



Create New Manual Cluster

You can create a new manual cluster, describe it, and tag the cluster as Inactive, Flagship, or Manual. This task can be performed using the Scenario Contextual menu.

Inactive

Inactive stores are allocated to these types of clusters. Such stores are either closed, tagged as invalid, or in construction for a specific effective period.

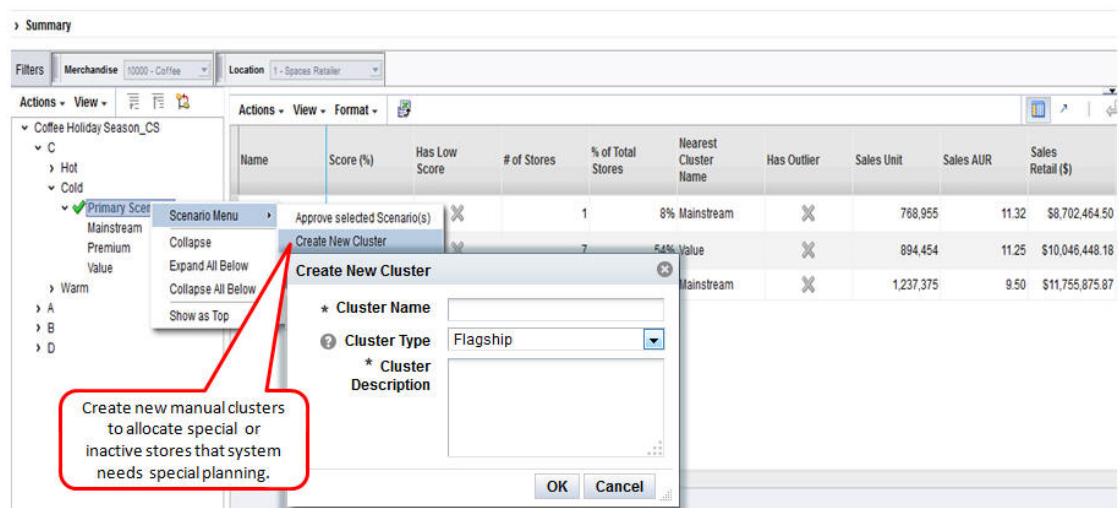
Flagship

Special clusters in which only certain stores reside.

Manually Created

A user manually creates an empty cluster and allocates stores to the cluster using the drag and drop feature. The application automatically re-calculates the cluster centers after the cluster composition changes.

Figure 4-41 Create Manual Cluster



Delete Cluster

You can delete an empty cluster. Prior to deleting the cluster you must move the already allocated stores to another cluster. This can help you to merge clusters at the same level. The application automatically re-calculates the cluster centers after the cluster composition changes. This task can be performed using the Cluster Contextual menu.

Figure 4-42 Delete Cluster

> Summary

Filters: Merchandise 10000 - Coffee Location 1 - Spaces Retailer

Actions View Format

Cluster Menu

Move Stores Between Clusters By Simply Dragging Them To A New/Different Cluster—Cluster Level KPIs Will Re-Calculate In A Real Time Manner

Delete clusters or Move stores from one cluster to another to Merge them, using Drag n Drop

Store	Score (%)	Sales Unit	Sales AUR	Sales Retail (\$)	Gross Margin R (\$)	Gross Margin %
18 - 1065 Omaha	67%	733,004	11.35	\$8,320,375.31	\$3,622,382.44	43.5%
19 - 1066 Fort Wayne	69%	878,312	11.35	\$9,969,960.82	\$4,340,546.06	43.5%
66 - 1033 Great Falls	64%	975,902	11.35	\$11,077,734.24	\$4,822,828.96	43.5%
	87%	888,071	11.35	\$10,080,738.16	\$4,388,774.35	43.5%
	70%	1,058,429	10.99	\$11,631,968.86	\$4,970,601.45	42.7%
		719,429	11.35	\$8,166,294.28	\$3,555,301.28	43.5%
			10.99	\$11,078,065.58	\$4,733,906.14	42.7%

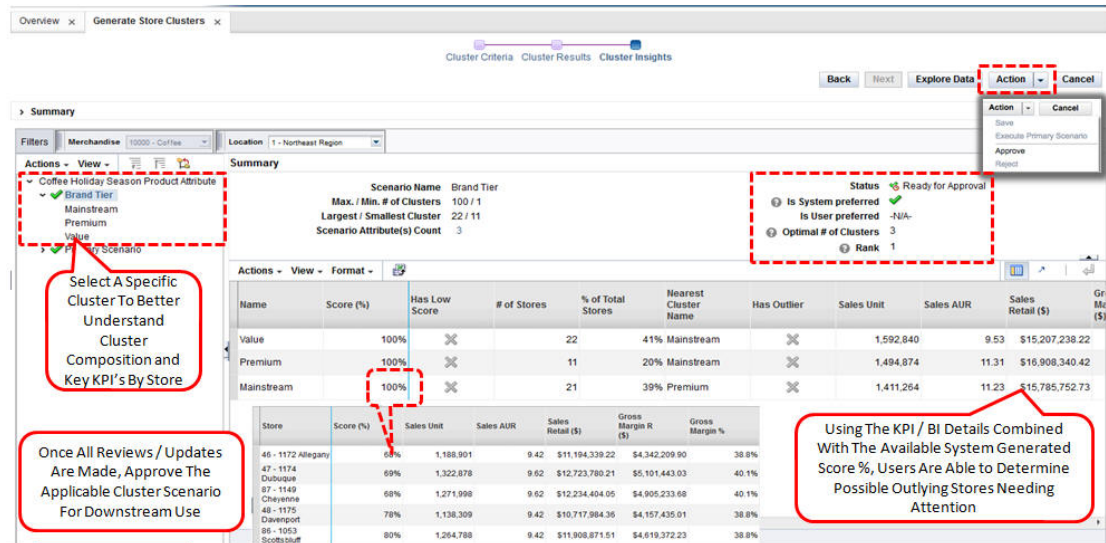
Move Stores to Clusters

Stores can be moved from one cluster to another using drag and drop. The application automatically re-calculates the cluster centers after a cluster composition changes.

Cluster Review, Approve, and Adjust

The approval step is the last step after the review and any manual overrides for the scenario are completed. The scenario results are a set of clusters that are effective for a merchandise, location, and calendar combination. The batch export process selects the last updated approved cluster to deploy to the subscribing applications using an interface file. You can reject an already approved cluster and deploy it if the selected scenario results are better. You are notified of any manual overrides in which approved clusters are modified. They are automatically redeployed.

Figure 4-43 Cluster Review, Approve, and Adjust



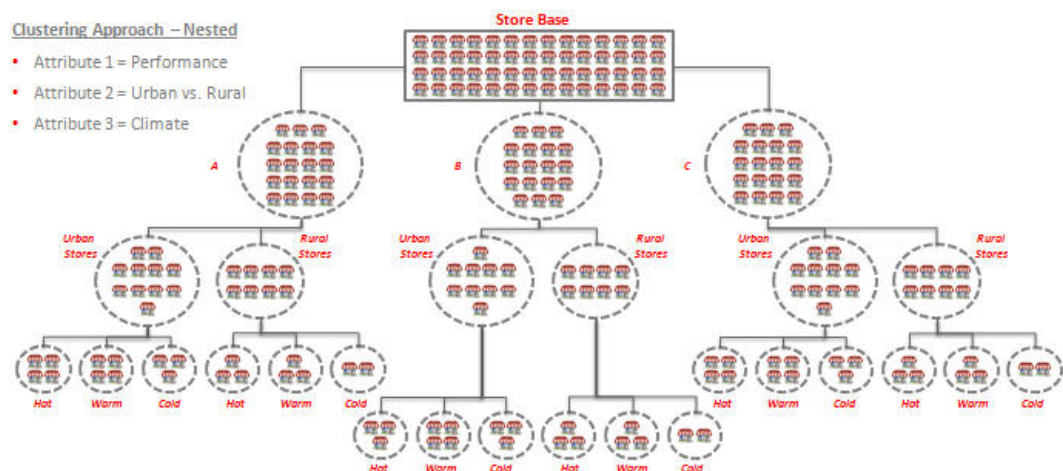
Nested vs. Mixed Attribute

This section describes nested attributes as compared to mixed attributes.

Nested

By default, all Cluster by except mixed attributes can have nested hierarchies. Performance attributes can be further clustered by location attributes, which can be further clustered by location attributes. This approach facilitates dynamic hierarchies in clusters. Nesting can be configured to be enabled or disabled.

Figure 4-44 Nested Hierarchies

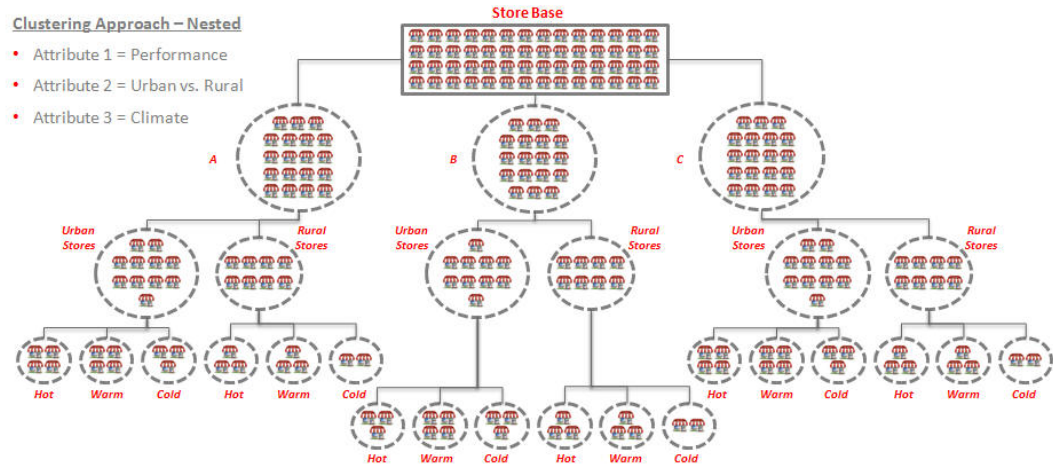


Nested clusters can be created by

- Dynamic hierarchy. Select the Cluster by for each level of a hierarchy while creating a cluster criteria.

- **Templates.** Select a predefined Cluster by hierarchy while creating a cluster criteria.
- **Manual nesting.** Create a single cluster criteria, review the results, and then determine whether or not to further cluster. The number of clusters using this approach is granular. The cluster results are hierarchical.

Figure 4-45 Nested Clusters



Mixed Attributes

The following mixed attributes are supported by default: performance, customer segment, location attributes, and product attributes. You can combine attributes from different Cluster by and generate a cluster using sales revenue and customer segment distributions. The number of clusters that are generated using mixed attributes are usually limited, as compared to nested clusters. This approach generates flat clusters with no hierarchy, as attributes are scaled based on the weights you provide.

Figure 4-46 Mixed Attribute Clusters



Figure 4-47 Create Cluster Using Mixed Attributes

Cluster Criteria

New Cluster Criteria

Criteria

Name: Coffee Holiday Season Mixed

Cluster by: Mixed Attribute

Merchandise: Product Hierarchy

CLS: 10000 - Coffee

Templates: Coffee_Consumer Profiles

Location: Location Hierarchy

COMPANY: 1 - Spaces Retailer

Effective Period

Fiscal Period: Fiscal Year

Planning Period: Christmas / New Years

Select Dates

Source Time Period

Period Level: Fiscal Year

Start Period: 2015

End Period: 2015

Weights (%): 100

Cluster by - Mixed Attribute (10000 - Coffee)

CS

Roast

BrandTier

Mainstream

Value

Premium

Segment

Primary Scenario - Mixed Attribute (10000 - Coffee)

Name: Primary Scenario

Status: Created

Max # of Clusters: 100

Min # of Clusters: 1

Attribute: Weight (%)

Sales Retail (\$) 50

CS - Gourmet Shoppers 10

CS - Livin Large 10

CS - Simply Seniors 10

Planning Period - Christmas / New Years

Start Date: 28-11-16

End Date: 02-01-17

Submit Cancel

Store Are Grouped Based on Assigned Weights, Combined With Attribute Value Details

Figure 4-48 Renaming Mixed Attribute Cluster Results

Summary

Filters: Merchandise: 10000 - Coffee Location: 1 - Spaces Retailer

Actions View Format

Coffee Holiday Season ME

Primary Scenario

ME_Cluster_01

ME_Cluster_02

ME_Cluster_03

ME_Cluster_04

ME_Cluster_05

ME_Cluster_06

Store Are Grouped Based on Assigned Weights, Combined With Attribute Value Details

Store	Sales Retail (\$)	Gross Margin R (\$)	Gross Margin %	CS - Gourmet Shoppers	CS - Livin Large	CS - Simply Seniors
94 - 1001 Atlanta	\$27,247,869.33	\$11,746,150.99	43.1%	27%	17%	9%
12 - 1059 Milwaukee	\$18,669,203.29	\$8,071,430.84	43.2%	23%	13%	13%
60 - 1027 Denver	\$17,951,157.01	\$7,760,991.20	43.2%	24%	14%	11%
136 - 1095 San Diego	\$19,213,311.90	\$8,364,754.95	43.5%	27%	17%	9%
135 - 1094 Tucson	\$17,592,133.87	\$7,605,771.37	43.2%	29%	17%	9%
57 - 1024 Portland	\$24,547,630.03	\$10,582,118.01	43.1%	20%	17%	9%
95 - 1008 St. Louis	\$18,192,220.33	\$7,819,578.51	43.0%	27%	17%	9%
7 - 1054 Portland	\$24,210,044.76	\$10,544,452.20	43.5%	29%	17%	9%

Leverage The Available Mixed Attribute Functionality To Minimize The Number Of Store Clusters Being Created While Accounting For Multiple Attributes (ie, Consumer Segment and Performance)

Columns Frozen 1

5

Customer Segmentation

This chapter describes the Customer Segmentation module.

Introduction

Customer segmentation is an enterprise-specific solution that uses data mining to group customers based on customer attributes and customer transactions. The retailer can use this information to describe and predict customer behavior. It provides the retailer with a vehicle to target customers with offers, pricing, assortment, and experience.

Retailers understand that shoppers are heterogeneous in nature, that they possess different wants and needs, and that it is impossible to satisfy them all. Retailers can differentiate themselves from their competitors by specializing and offering goods and services that are tailored to one or more market segments.

Customer Segmentation can be used to group customers and to discover hidden customer segments based on the contents of customer shopping baskets and the number of shopping trips they make. Loyalty card data is used to determine if these customer segments differ in terms of socio-demographic or lifestyle characteristics and whether these characteristics can be used to target different customer segments with more relevant product offers.

Retailers can create localized assortments and use customer insights to determine which products to offer by location or channel. This provides insights into the importance of a product to key customer segments and helps when making drop or keep decisions about products within an assortment.

This science-driven tool helps to automate segmentation in a repeatable process and bridges the gap between targeted marketing to targeted assortments.

Features

The key features of Customer Segmentation include:

- Scenario-based segment generation, based on customer attributes, customer behavior, and transactions.
- Attribute importance and correlation mining to identify significant attributes and their associations.
- The ability to generate granular customer segments via the UI. These customer segments include departments such as men, women, and children, health and beauty, or groceries.
- A three-step segment-generation process.
- What-if capabilities that can be used to create multiple segmentation scenarios and then measure them against one another. This can help ensure that the most appropriate segments are used by the applicable planning and execution processes.
- Automatic ranking of segment scenarios to support what-if comparisons.
- Recommendations for the optimal segment scenario and number of segments.

- Descriptions of the main characteristics of the data assigned to each segment using segment rules.
- The use of Oracle data mining hierarchical segmentation and an enhanced version of the k-means algorithm.

Overview of the Customer Segmentation Process

To use Customer Segmentation, follow this general process to create segments, working in the Generate Customer Segment tab:

- **Versions** – Perform preprocessing actions such as filter and sample a customer's shopping-specific categories or departments. Also identify important attributes that are specific to merchandise and location for customer segmentation.
- **Segment Criteria** – View all available segments for the specified merchandise, location, and calendar. Review the segment criteria or scenario details for each segment. Use an existing segment as the basis for creating a new segment.
- **Explore Data** – Examine attributes and their summaries for the segment. Review multiple significant attributes and their correlations using the contextual information.
- **Segment Setup** – Define multiple what-if scenarios. Such scenarios can be compared with one another throughout the segmentation process.
- **Segment Results** – View the scenario results and compare scenarios.
- **Segment Insights** – Gain an understanding about segment results and segment performance prior to approval by examining the contextual information.

Customer Segmentation Overview Tab

The Customer Segmentation Overview tab displays a list of the most recently defined segment criteria and provides the status, segmentation criteria, and applicable merchandise, location, and calendar nodes. You can click on the criteria names in order to access them within the Generate Customer Segments tab.

Figure 5-1 Customer Segmentation Overview Tab

Name	Segment By	Created By	Last Updated By	Last Updated On	Status	Period Count	Merchandise Count	Location Count
18 - Category Purchase	Category Purchase Behavior	segadv1	segadv1	11/4/2015	Created	1	1	1
17 - RFM and Customer Behavior	RFM and Customer Behavior	segadv1	segadv1	11/4/2015	Created	1	1	1
15 - Customer Demographics	Customer Demographics	segadv1	segadv1	11/4/2015	Execution in Progress	1	1	1

Rows Selected: 1

Table 5-1 Cluster Criteria Overview Tab

Field	Description
Name	The criteria ID and user-assigned name of the segment.
Segment By	The Segment By option used for the segment.
Created By	The name of the user who created the segment.
Last Updated By	The name of the user who most recently updated the segment.
Last Updated On	The date when the segment criteria were most recently updated.
Status	The most recent, up-to-date status across the scenarios for the segment criteria. Value include Created, Ready for Preview, Ready for Approval, Approved, and Rejected.
Period Count	The number of calendar nodes defined for the criteria. Hover over the count in order to see a list of the calendar keys associated with the criteria.
Merchandise Count	The number of merchandise nodes defined for the criteria. Hover over the count in order to see a list of the merchandise keys associated with the criteria.
Location Count	The number of location nodes defined for the criteria. Hover over the count in order to see a list of the location keys associated with the criteria.

Segmentation Criteria

The following segmentation criteria are supported by default:

Customer Demographics

This descriptive segmentation technique leverages customer loyalty programs and demographic information (such as residence, profession, age, gender, ethnicity, marital status, and education) about customers to generate demographics based on customer segments.

RFM and Customer Behavior

Segmentation based on purchase behavior aims at discovering groups of customers who exhibit similar purchasing behavior. However, the definition of behavior in this context includes many factors. For example, retailers may want to distinguish between light and heavy users, regular stock-up shoppers versus emergency top-up shoppers, lunchtime shoppers versus evening shoppers, home and daytime shoppers versus work and weekend shoppers, or fast-checkout customers versus regular checkout customers. The two important behavioral dimensions for understanding customer motivations are visit behavior (identified by the time of day and the day of week that the visits take place) and shopping behavior (identified by the customer's spend dispersion across categories purchased during the trip).

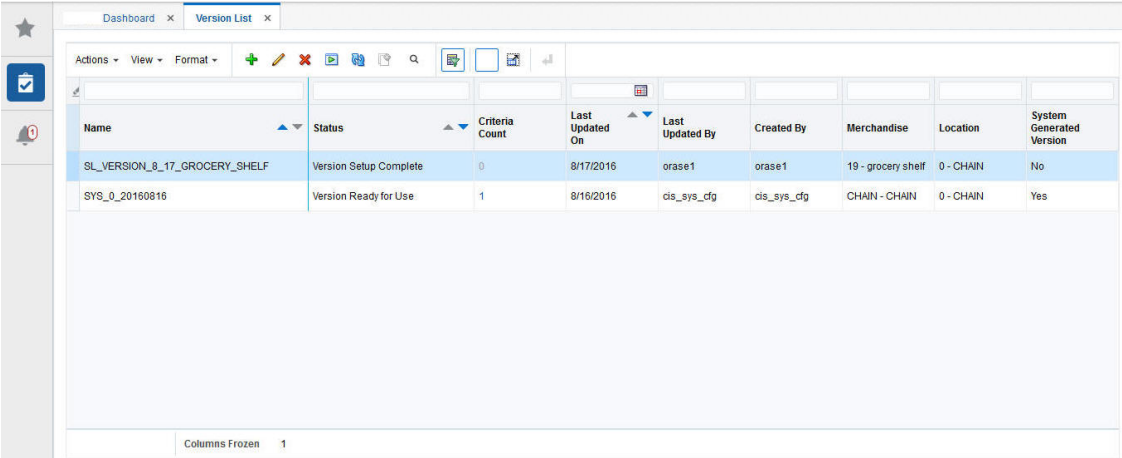
Category Purchase Behavior

Another type of behavior segmentation aims at segmenting the customers who seek similar benefits when evaluating and choosing or purchasing products. These benefits can be measures such as economical price, bulk products, durability, or free shipping. Here, the segment process considers factors that capture customer sensitivity to price and promotions for each category. This can help retailers to segment customers by distinguishing predicted customer responses to the targeted or general promotion of products.

Version List Tab

The Version List tab is used to review, define, and execute preprocessing criteria for customer segments. Version criteria allow users to define versions for merchandise and location combinations. These preprocessed versions can be used to generate customer segments at global or granular levels for merchandise and location. The user can then perform version actions such as creating, updating, and deleting versions and can use selected versions to define new segment criteria.

Figure 5-2 Version List Tab



Name	Status	Criteria Count	Last Updated On	Last Updated By	Created By	Merchandise	Location	System Generated Version
SL_VERSION_8_17_GROCERY_SHELF	Version Setup Complete	0	8/17/2016	orase1	orase1	19 - grocery shelf	0 - CHAIN	No
SYS_0_20160816	Version Ready for Use	1	8/16/2016	dis_sys_cfg	dis_sys_cfg	CHAIN - CHAIN	0 - CHAIN	Yes

The Version List, which, by default, lists the global segment version, is defined as part of the batch process. This version is defined for all merchandise and all locations. The version has three key components: filtering, sampling, and attribute mining. It helps when performing the preprocessing of granular customer segments for departments such as men/women/children or segments such as health and beauty, because customers who are shopping for such categories can differ from customers who are shopping for groceries. These segments can be used by applications such as CMPO for planning at the global level or for promotion planning for granular level segments. The version list is sorted by last update, in descending order. The version status is sorted in descending order. The name is sorted in ascending order. Searching, using QBE and a search panel option, is provided for both basic and advanced searches.

Version Actions

The following actions are available.

Figure 5-3 Actions



- Create, edit, and delete a version. If a version has a status of Ready for Use and at least one segment is associated with the version, then edit and delete are not available.

- Execute version. This is available when the setup is complete.
- Create a customer segment using an existing version. This opens the Generate Customer Segment tab. The New Segment Criteria pop-up is displayed, and the default values are filled in. (See the defaults that are selected on selection of the version in segment criteria.) This option is only available if the version has a status of Ready for Use.

Table 5-2 Version Details

Name	Description
Name	The name of the version.
Criteria Count	The number of criteria associated with the version. When you click the link, a pop-up is displayed that lists the segment criteria details that are associated with the version.
Last Updated By	The name of the user who updated the version most recently.
Last Updated On	The date when the version was last updated.
Created By	The name of the user who created the version.
Status	The current status of the version. Values include Version Setup Complete, Filtering Completed, Sampling Completed Successfully, Attribute Mining Completed Successfully, Version Ready for Use.
Merchandise	The merchandise node defined for the version.
Location	The location node defined for the version.
System Generated Version	This column provides a flag indicating whether or not the version has been created using a batch process and is set up with a default configuration.

Version Criteria Pop-up

This section describes the Version Criteria pop-up, shown in [Figure 5-4](#).

Figure 5-4 Version Criteria Pop-Up

Version Criteria

New Version Criteria

Name

Merchandise

Product Hierarchy

COMPANY

0 - CHAIN

Location

Location Hierarchy

COMPANY

0 - CHAIN

Source Time Period

Format

+

×

Period Level	Start Period	End Period
Fiscal Year	2010	2011

Top Categories

Save

Cancel

Merchandise

Once you choose the merchandise level for the version, you must select the hierarchy node. The merchandise defined as part of the version is then used for creating segments.

Location

Once you choose the location level for the version, you must select the hierarchy node. These are specific to the location level you select. The location defined as part of the version is then used for creating segments.

Source Time Period

Select historical sales data for the version. You can specify more than one time period. Source time periods selected as part of the version are then applicable for the segments.

Table 5-3 Source Time Period

Time Period	Description
Period Level	Select from Fiscal Year, Fiscal Quarter, Fiscal Period, or Fiscal Week.
Start Period	Once you select the Period Level, select the starting subdivision within that period.
End Period	Once you select the Start Period, select the End Period.

Top Categories

Use this pop-up to select top categories by reviewing category KPIs, such as Sales Share, Revenue, and Margin. The system selects the top categories by each department. You can

override these top categories further while defining versions for merchandise. By default, the top categories in the selected merchandise are driven based on the sales share for each category. You can remove categories to reduce processing time and storage, using the user interface and adding emerging to the top category list.

Version Status

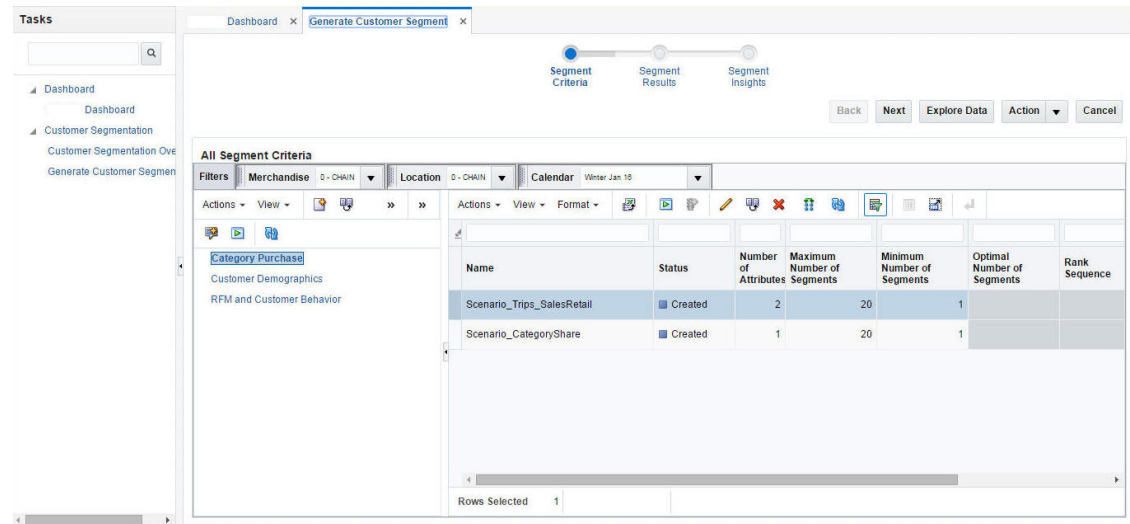
The version status has one of the following values.

Table 5-4 Version Status

Status	Description
Version Setup Complete	Indicates that version setup is complete.
Filtering Completed with Errors	Indicates that version filtering has completed with errors.
Filtering Execution in Progress	Indicates that version filtering is in progress.
Filtering Completed Successfully	Indicates that version filtering has completed successfully.
Sampling Completed with Errors	Indicates that sampling has completed with errors.
Sampling Execution in Progress	Indicates that sampling execution is in progress.
Sampling Completed Successfully	Indicates that sampling has completed successfully.
Attribute Mining Completed with Errors	Indicates that attribute mining has completed with errors.
Attribute Mining Execution in Progress	Indicates that attribute mining execution is in progress.
Attribute Mining Completed Successfully	Indicates that attribute mining has completed successfully.
Version Ready for Use	Indicates that all three execution phases (filtering, sampling, and attribute mining) have completed successfully. Once the version is ready for use, it is ready for the creation of segment criteria.

Generate Customer Segments Tab

The Generate Customer Segments tab is used to create segments and then model the segments with various scenarios in order to determine the best set of segments. It consists of three stages: Segment Criteria, Segment Results, and Segment Insights.

Figure 5-5 Generate Customer Segments Tab

Segment Criteria Stage

Use the Segment Criteria stage to view summary data about existing segments and define the characteristics of new segments.

Process

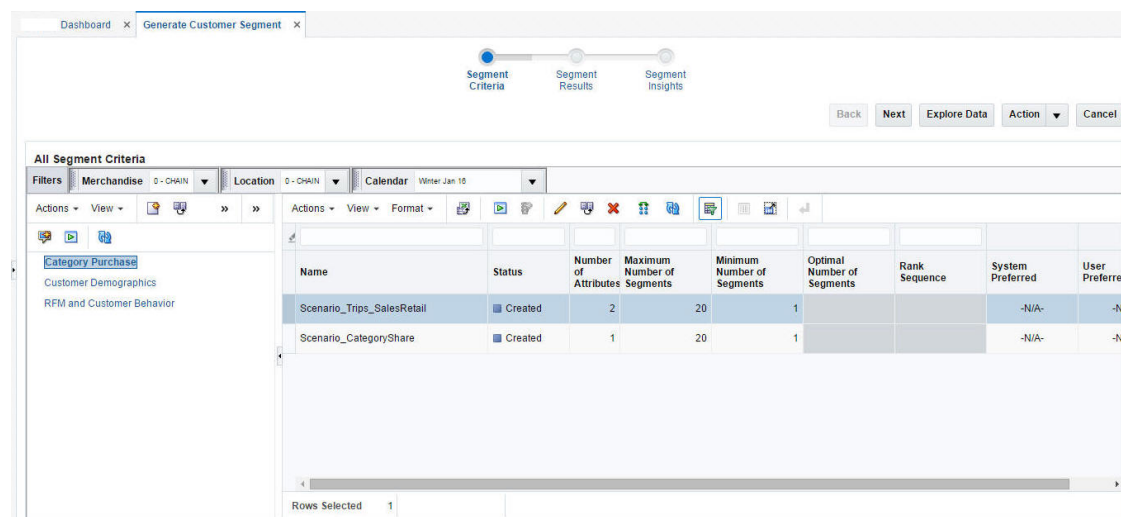
Here is the high-level process for defining a segment.

1. Provide a unique name for the segment.
2. Define the type of data used to characterize the segment.
3. Select the merchandise and location nodes.
4. Define the time period for the segment.
5. Define the historical time period for the data.

All Segment Criteria

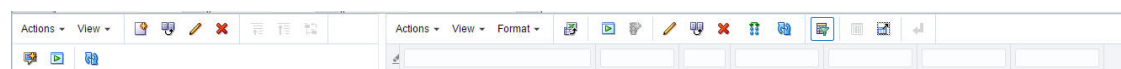
In this area of the page you can view information about existing segments.

Use the View list to select existing segment criteria. You can tailor your search for existing segment criteria by Merchandise, Location, and Calendar. Once you select the segment criteria, the defining details for the segment criteria are displayed in the Worksheet area.

Figure 5-6 All Segment Criteria

Toolbar Buttons

The Toolbar buttons are shown in [Figure 5-7](#).

Figure 5-7 Toolbar

You can use the Toolbar buttons to:

- Create segment criteria. You can define an initial segment. The criteria include segment name, the merchandise for the segment, the effective date for the segment, and the history to use.
- View or edit segment criteria. The characteristics of the segment are displayed in the Segment Criteria pop-up.
- Copy segment criteria. Once you have copied the criteria, you can modify them.
- Delete segment criteria. Delete the selected segment criteria.
- Execute segment criteria. Execute all non-executed scenarios for the selected criteria.
- Evaluate KPIs after the execution of the scenario is complete.
- Refresh all. Refresh all segment criteria in order to view any updates to the existing segment criteria.

All Segment Criteria Filter

Once you have highlighted the segment criteria to examine, details about the segment criteria are displayed in a pop-up.

Figure 5-8 All Segment Criteria Filter

All Segment Criteria

Filters

Merchandise0 - CHAIN▼

Location0 - CHAIN▼

CalendarWinter Jan 18▼

The details include information about the segment criteria and the scenarios created for segment criteria.

- Merchandise allows the user to filter the existing segment criteria by searching for or selecting the merchandise for the supported hierarchies.
- Location allows the user to filter the existing segment criteria by searching for or selecting the location for the supported hierarchies.
- Calendar allows the user to filter the existing segment criteria by searching for or selecting the calendar for the supported hierarchies.

All Segment Criteria Summary

Once you have highlighted the segment criteria to examine, details about the segment criteria are displayed in a pop-up.

Figure 5-9 Segment Criteria Details

NameCustomer Demographics

Segment ByCustomer Demographics

Shared Criteria✖

Is Nested✖

Merchandise TypeProduct Hierarchy

Scenario Created3

Location TypeLocation Hierarchy

Scenario Executed3

The details include information about the segment criteria and the scenarios created for the segment criteria.

Table 5-5 Pop-Up Details

Field Name	Description
Name	The name of the segment criteria.
Shared Criteria	A check mark indicates that more than one merchandise or location node is used in the segment criteria.
Merchandise Type	The merchandise type.
Location Type	The location type.
Segment By	A set of attributes to be used in the creation of the segment criteria: Customer Demographics, RFM and Customer Behavior, Category Purchase Driven.
Scenario Created	The number of scenarios created for the segment.

Table 5-5 (Cont.) Pop-Up Details

Field Name	Description
Scenario Executed	The number of scenarios executed for the segment.

All Segment Criteria Scenario List

This displays the scenarios for the selected segment criteria in the All Segment Criteria tree.

Table 5-6 Scenario List

Field Name	Description
Name	The name assigned to each scenario that has been created for the segment.
Status	Created, Ready for Preview, Ready for Approval, Completed with Errors, Approved, Rejected.
Rank	The system-calculated rank for the segment.
Optimal # of Segments	The system-calculated optimal number of segment centers.
User Preferred	Indicates whether or not the user prefers the segment.
System Preferred	Indicates whether or not the system prefers the segment.
# of Attributes	The number of attributes that were used in the segment.
Max. # of Segments	A user-provided value for the maximum segment centers that the segmenting process should consider.
Min. # of Segments	A user-provided value for the minimum segments centers that the segmenting process should consider.

Segment Criteria

In this pop-up, you define the initial segmenting parameters for the segment criteria of a new segment. Note that the hierarchy type supported can be configured at the time of deployment.

[Figure 5-10](#) illustrates how to use a simple approach to segmenting by selecting attributes from a Segment by. For example, you can select the RFM and Customer Behavior Segment by and generate segments using the total number of trips and the amount spent by customer.

Figure 5-10 New Segment Criteria Pop-Up

The following information defines a segment:

Table 5-7 New Segment Definition

Field Name	Description
Name	A unique name to identify the segment.
Version	Select a predefined version to use for creating segment criteria. When the version is selected, the merchandise and location are selected, based on the version.
Segment By	A predefined group of attributes that include Customer Demographics, RFM and Customer Behavior, Category Purchase Driven. These criteria types are sets of attributes. For example, customer demographics are the properties of a customer. These properties can include ethnicity, income, and age.
Merchandise	Merchandise is selected based on the version selected for the segment criteria.
Location	Location is selected based on the version selected for the segment criteria.
Template	Template is selected based on the version selected for the segment criteria.

Effective Period

You can define a time interval for the segment by either choosing a period from the list provided or by selecting a start date and an end date.

To define the Effective Period, you select either Planning Period, Fiscal Period, or Select Date.

Table 5-8 Effective Period

Option	Description
Fiscal Period	If you select this option, choose the period and the subdivisions of that period from the drop-down lists.
Planning Period	Select from the range of values provided for the period. Planning periods are user-defined buying periods for a season or a season subset.
Select Dates	If you select this option, choose the start and end dates using the calendar pop-up.

Summarization

Data summarization is available by default and set to either Category or Sub Category. It is applied to Category Purchase Driven Segment by. The segmentation process considers the top selected categories and their attributes and groups customers based on their sales patterns.

Source Time Period

Source time periods are selected based on the version selected for the segment criteria.

Table 5-9 Source Time Period

Field	Description
Period Level	Select from Fiscal Year, Fiscal Quarter, Fiscal Period, or Fiscal Week.
Start Period	Once you select the Period Level, you select the starting subdivision within that period.
End Period	Once you select the Period Level, you select the ending subdivision within that period.

Contextual Area

When you are creating new segment criteria, you can see details about the following parameters that can help you understand the segment you are creating.

Segment By Hierarchy

The following information is displayed when you select a template or use the icon to select the Segment by.

Table 5-10 Template Display

Property	Description
Template Name	Name of template configured during deployment.
Description	Description of template.

Table 5-10 (Cont.) Template Display

Property	Description
Segment By	A predefined group of attributes that include Customer Demographics, RFM and Customer Behavior, Category Purchase Driven. These criteria types are sets of attributes. For example, customer demographics are the properties of a customer. These properties can include ethnicity, income, and age.

Segment By Primary Scenario

You see this when you select Segment by in the Criteria panel when you are setting the segment criteria parameters or when you select Segment by in the contextual area for the hierarchy.

The system displays the primary scenario, its preconfigured properties, and the significant attributes identified during the attribute importance process for each segment by.

The following information is displayed.

Table 5-11 Primary Scenario

Property	Description
Name	The name of the primary scenario.
Status	Created, Ready for Preview, Ready for Approval, Completed with Errors, Approved, Rejected.
Maximum # segments	The maximum number of segments. The default value is 20. This is used for analyzing the segments.
Minimum # segments	The minimum number of segments. The default value is 1. This is used for analyzing the segments.
Attribute	A list of the attributes configured during segmentation.
Attribute importance	The weighted average across attributes and importance index for each attribute.

Planning Period

This list displays the time period you selected for the segment criteria. This information is available only for planning periods, where it provides the start and end dates of the planning period. This content changes whenever the planning period is selected in Effective Period when you are setting segment criteria parameters.

Explore Data

Use the Explore Data pop-up to examine data for the segment criteria you defined. You can view the customer and attribute summary that provides input into the segmentation process.

Process

In this pop-up you can view criteria and attribute summaries as well as their related contextual BIs.

Summary

The Summary lists the criteria you initially selected to define the segment.

Table 5-12 Explore Data: Summary

Field	Description
Name	The name you provided for the segment in the Segment Criteria stage.
Segment By	A predefined group of attributes that include Customer Demographics, RFM and Customer Behavior, Category Purchase Driven. These criteria types are sets of attributes. For example, customer demographics are the properties of a customer. These properties can include ethnicity, income, and age.
Merchandise	The merchandise level and nodes for the segment.
Location	The location level and nodes for the segment.
Fiscal Period	The time period for the segment.
Merchandise Hierarchy Type	Details about which type of hierarchy the segment criteria have been created for.

Attribute Mining

This screen provides you with insights about the attribute mining process, which lists the attributes' significance and their correlations. The attributes required for the customer segmentation process come from different dimensions such as customers, their households, demographics, and purchasing behaviors. This process helps to eliminate redundant attributes and to identify the attributes that may have the most influence on generating customer segment. The attribute summary displays information about data availability and data quality by providing the attributes' distinct values, percentage of nulls, and statistics summaries, such as mean, median, and standard deviation.

Attribute Importance

Along with attribute summaries, the system generates an attribute importance index that sums up data quality, data distribution, and its representation of each attribute in the data. See [Figure 5-11](#).

Figure 5-11 Attribute Importance

Dashboard

Generate Customer Segment

Explore Data

Summary

Attribute Importance

Attribute Correlation

Actions

View

Format

Freeze

Detach

Wrap

Group Name	Name	Importance Indicator	Percent Null	Distinct Values	Mode	Average	Median	Minimum Value	Maximum Value	Standard Deviation	Variance
Purchase Behavior	Total Sales Retail	2.321171	0%	12662		\$18.1	\$10.2	\$0.3	\$240.0	\$21.4	
Purchase Behavior	Total Sales Margin	1.672736	0%	60198		\$1.4	\$0.8	\$0.0	\$30.0	\$1.7	
Purchase Behavior	Total Sales Unit	0.970595	0%	173		10	6	1	247	12.1	
Purchase Behavior	Total Number of Skus	0.824024	0%	96		7.7	5	1	128	8.6	
Purchase Behavior	Customer Average Number of Trips	0.712726	0%	44		1.5	1	0.3	11	1.4	
Purchase Behavior	Total Number of Trips	0.712726	0%	44		5.8	4	1	44	5.8	
Product Purchase	Category Average Number of Trips	0.646593	26.1%	44		1.1		0.3	11		
Product Purchase	Category Number of Trips	0.646593	26.1%	44		4.3		1	44		

Columns Frozen 3

The system indicates the relative importance of attributes, based on upper and lower threshold values.

Table 5-13 Attribute Importance Values

Category	Range
Low Importance	Minimum value for the lower threshold, indicated in red.
Average Importance	Values between the lower threshold and the upper threshold, indicated in yellow.
High Importance	Values above the upper threshold are indicated in green and are the best candidates for mining attributes.

The following attributes are displayed in Attribute Importance.

Table 5-14 Attributes

Attribute Name	Description
Group Name	The attribute group name (attributes such as demographics, purchase behavior, or product profile).
Name	The name of the attribute (for example, income, ethnicity, or total sales retail)
Histogram	The spark chart for displaying the attribute distribution. This corresponds to the current data distribution graph.
Importance Indicator	The attribute importance index with an image to indicate if attribute has high, average, or low importance.
Percent Null	The percentage of data that is null for the attribute.
Distinct Value	The distinct value applicable to discrete attributes. If no value is available, this is empty.
Mode	The most common value of the discrete attributes. If no value is available, this is empty.

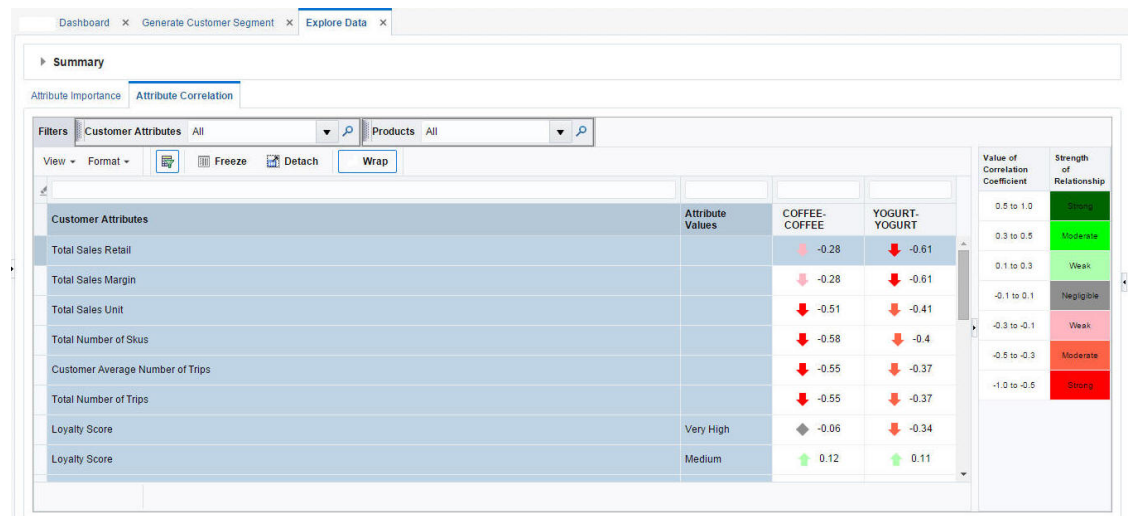
Table 5-14 (Cont.) Attributes

Attribute Name	Description
Average	The mean value of the numeric attributes. If no value is available, this is empty.
Median	The median value of the numeric attributes. If no value is available, this is empty.
Minimum Value	The minimum value of the numeric attributes. If no value is available, this is empty.
Maximum Value	The maximum value of the numeric attributes. If no value is available, this is empty.
Standard Deviation	The standard deviation indicates the deviation from the average for the numeric attributes. If no value is available, this is empty.
Variance	The variance indicates the dispersion from the average for the numeric attributes. If no value is available, this is empty.

Attribute Correlation

The attribute mining process generates a correlation between customer attributes and products. This information can help you understand which combination of customer attributes may drive product purchase behavior.

Figure 5-12 Attribute Correlation



Filter

You can use customer and product filters to reduce the number of customer and product attributes that are displayed in the correlation matrix.

Figure 5-13 Customer and Product Filter



Correlation Matrix

The correlation matrix displays attributes, attributes values (in the case of discrete attributes), and correlations between customer and products. Each cell in the matrix provides a visual indication of how attributes are correlated, along with the correlation value. Various colors indicate the strength of the correlation among attributes, with -1 and 1 indicating strong association.

[Table 5-15](#) shows the strength of the correlation for the different ranges of values for the correlation coefficient.

Table 5-15 Correlation Coefficient Values

Correlation Coefficient Value	Strength of Relationship
1.0 to 0.5	Strong
0.3 to 0.5	Moderate
0.1 to 0.3	Weak
-0.1 to 0.1	None or very weak
-0.3 to -0.1	Weak
-0.5 to -0.3	Moderate
-1.0 to -0.5	Strong

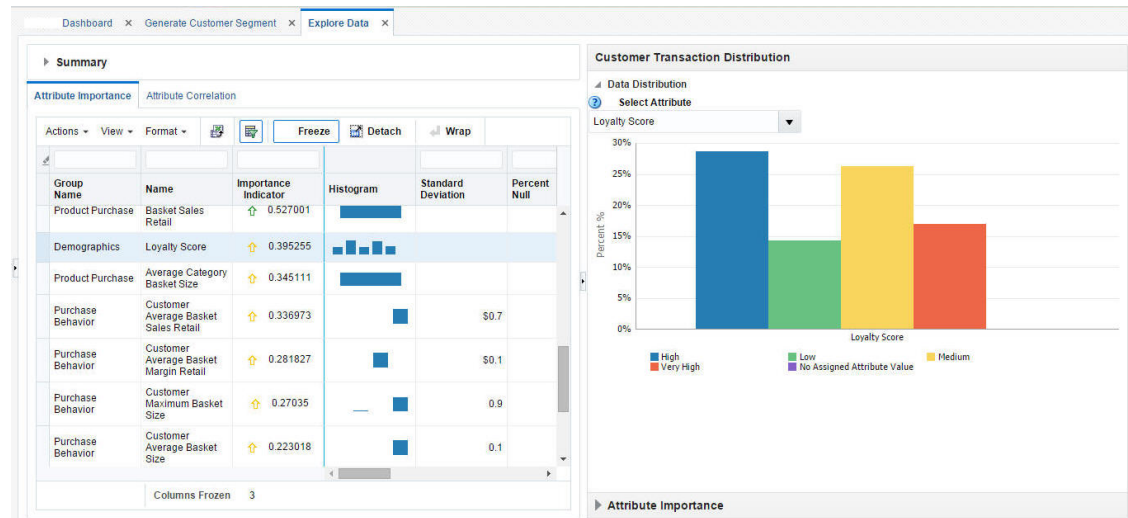
Contextual Area

This area provides graphical illustrations of the detailed data distribution about the customers and their attribute importance.

Analyze Customers

In Explore Data, the BI displays the data distribution of the customers by each participating attribute as well as other configured informational attributes. Customer Segmentation identifies the bins based on the underlying sample data and displays the histograms. It provides the percentage of customers that are present in a selected location. For example, a company may have ten percent of premium customers who are high spenders and who shop frequently.

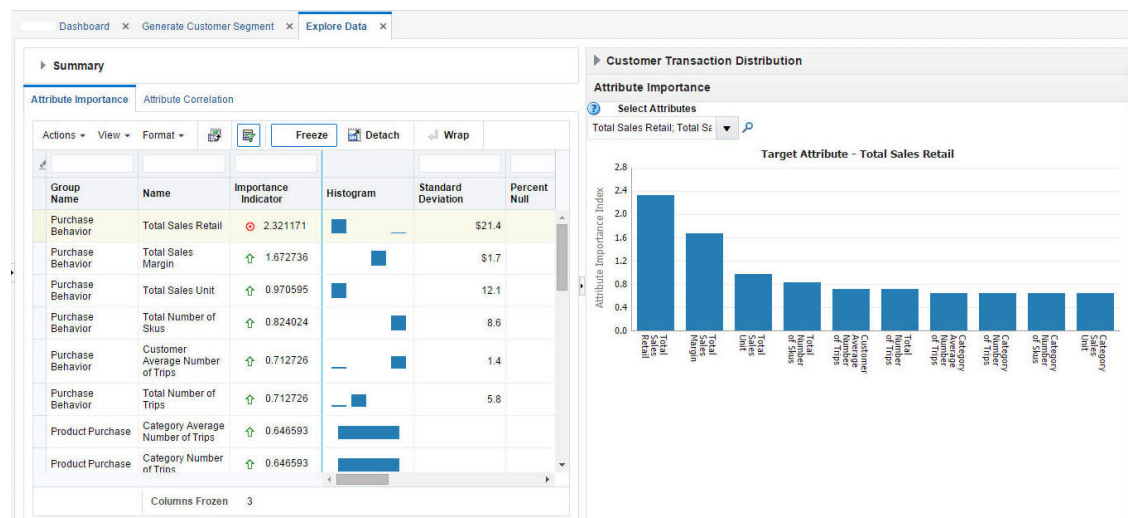
Figure 5-14 Analyze Customers



Attribute Importance

The attributes are ranked in order of their significance in predicting a target (the default is set to Customer Total Spent) and by analyzing the quality and variability of the data. The results in [Figure 5-15](#) shows that loyalty score and income have the most effect on whether or not the customer spends more shopping at the retailer.

Figure 5-15 Attribute Importance



Segment Setup Stage

You can use this stage to perform what-if analysis by defining one or more scenarios that are based on a specified number of segments and attributes. You can select one or more attributes based on the attribute importance index. The attribute importance index guides you when you are defining the scenario setup. Using these scenarios, you can experiment with different numbers of segments and participating attributes. You can either define the maximum number

or the minimum number of segments or alternatively define a specific number of segments that you want to be generated. Once the scenarios are generated, different scenarios can be compared. You can also use other features in this stage to copy or delete scenarios.

Figure 5-16 Segment Setup

Segment Setup

Scenario Definition | Scenario List | Scenario Compare

Select Scenario: Scenario_Purchase_Behav

Name: Scenario_Purchase_Behav

Maximum Number of Segments: 20

Minimum Number of Segments: 1

Exact Number of Segments: ☐

Search:

Attribute Group	Attributes	Importance
Purchase Behavior		0.953
	Total Sales Retail	2.321171
	Total Sales Margin	1.672736

OK Cancel

Process

Here is the high-level process for setting up scenarios.

1. Either select the name of a scenario you want to modify or enter the name for the new segment criteria you want to create.
2. If you want the application to optimize the number of segments, enter the minimum and maximum values for the number of segments.
3. If you want the application to generate a specific number of segments, enter that value. In this case, the application generates the exact number of segments and provides the optimal number of segments as informational data.
4. Optionally, review the attribute importance assigned to the attributes and select an attribute if you want a specific attribute to be part of the segmentation process.
5. Click the **Execute** icon to execute the scenario. Once the processing is complete, you see the results in the Segment Results stage.
6. To see a list of all scenarios and the status for each, go to the Scenario List tab.

Scenario Definition Tab

This section describes the Scenario Definition tab.

Figure 5-17 Scenario Definition Tab

Segment Setup

Scenario Definition | Scenario List | Scenario Compare

Select Scenario: Scenario_Purchase_Behav

Name: Scenario_Purchase_Behavior

Maximum Number of Segments: 20

Minimum Number of Segments: 1

Exact Number of Segments: ☐

Search [Advanced]

Attribute Group	Attributes	Importance
Purchase Behavior		0.953
	Total Sales Retail	2.321171
	Total Sales Margin	1.672736

OK Cancel

The following information defines a scenario.

Table 5-16 Scenario Definition

Field Name	Description
Select Scenario	Select an existing scenario if you want to modify it.
Name	A unique name that identifies the scenario being defined.
Max. # of Segments	Set the maximum number for the total number of segments that can be generated. The application determines the optimal number of segments during the generation process.
Min. # of Segments	Set the minimum number for the total number of segments that can be generated. The application determines the optimal number of segments during the generation process.
Exact # of Segments	Indicates that the exact number of segments should be generated. The application does not determine the optimal number of segments.

Attributes

The Attributes table is used to define which attributes are included in the segment criteria. You can

- search by attribute, attribute value, or attribute importance
- select and deselect attributes

The following information defines the attributes that are participating or non-participating.

Table 5-17 Attributes

Field Name	Description
Participating	A check in this column indicates that the attribute participates in the segment criteria.
Attribute Group	A logical grouping of attributes such as demographics or purchase behavior.
Attributes	Attributes that are potential candidates for generating segments.
Importance	System-generated attribute importance index that indicates the significance of each attribute.

The Attributes toolbar includes the following functionality:

Figure 5-18 Attribute Toolbar



Table 5-18 Attribute Toolbar

Function	Description
Action menu	Resets the attribute selection to the default selection that system identified using attribute importance thresholds.
Include or exclude attributes	Any attribute beyond a certain threshold is not included in the segmentation process.

Contextual Area

The contextual business intelligence lists a set of attributes that the current scenario includes as the participating attributes for the segmentation process.

Figure 5-19 Scenario Definition: Contextual Area

Segment Setup

Scenario Definition | Scenario List | Scenario Compare

Select Scenario: Scenario_Purchase_Behav

Name: Scenario_Purchase_Behavior

Maximum Number of Segments: 20

Minimum Number of Segments: 1

Exact Number of Segments:

Search [Advanced]

Actions View [Icons]

Attribute Group	Attributes	Importance
Purchase Behavior		0.953
	Total Sales Retail	2.32
	Total Sales Margin	1.67

Scenario Attributes - Scenario_Purchase_Behavior

Attributes	Importance
Purchase Behavior - Total Sales Retail	2.321171
Purchase Behavior - Total Sales Margin	1.672736
Purchase Behavior - Total Sales Unit	0.970595
Purchase Behavior - Total Number of Skus	0.824024
Purchase Behavior - Customer Average Number of Trips	0.712726
Purchase Behavior - Total Number of Trips	0.712726
Purchase Behavior - Customer Average Basket Sales Retail	0.336973
Purchase Behavior - Customer Average Basket Margin Retail	0.281827
Purchase Behavior - Customer Maximum Basket Size	0.27035
Purchase Behavior - Customer Average Basket Size	0.223018
Purchase Behavior - Customer Minimum Basket Size	0.014307
Purchase Behavior - Customer Promo Sales Share	0.005804
Purchase Behavior - Total Promo Sales Retail	0.005804

OK Cancel

Scenario List Tab

The Scenario List summarizes the characteristics for each scenario.

Figure 5-20 Scenario List Tab

Segment Setup

Scenario Definition | Scenario List | Scenario Compare

Actions View Format [Icons]

Name	Status	Number of Attributes	Exact Number of Segments	Maximum Number of Segments	Minimum Number of Segments
Scenario_AmountSpent	Assessment in Progress	1	✗	20	1
Scenario_AmountSpent_Trips	Assessment in Progress	2	✗	20	1
Scenario_NumberOfTrips	Ready for Preview	1	✗	20	1

OK Cancel

You can make a copy of a specific scenario in order to modify it in some way, delete a specific scenario, execute a specific scenario, or save a specific scenario. You can also refresh the scenario list in order to view the updated scenario status.

Table 5-19 Scenario List

Field Name	Description
Name	The unique name that identifies the scenario.
Status	These include Created, Ready for Preview, Ready for Approval, Completed with Errors, Approved, Rejected.
# of Attributes	The number of attributes is defined by the Segment by option you select.
Max. # of Segments	If you provided a value for this in the scenario definition, that number is displayed here.
Min. # of Segments	If you provided a value for this in the scenario definition, that number is displayed here.

Scenario Compare Tab

You can select two scenarios from the list to compare. The scenarios you select from the Scenario list are shown side-by-side to facilitate this.

Figure 5-21 Scenario Compare Tab

The screenshot shows the 'Segment Setup' dialog box with the 'Scenario Compare' tab selected. The dialog is divided into two main sections for comparing scenarios. The left section, 'Select Scenario' (Scenario_NumberOfTrips), shows a table with 6 rows of attributes and their importance. The right section, 'Select Scenario to Compare' (Scenario_AmountSpent_Trips), shows a similar table with 6 rows, including a checked row for 'Purchase Behavior - Total Number of Trips'. Both sections have a 'View' and 'Format' dropdown and a 'Select Scenario' dropdown. The bottom right of the dialog has 'OK' and 'Cancel' buttons.

Attributes	Importance
Purchase Behavior - Total Sales Retail	2.321171
Purchase Behavior - Total Sales Margin	1.672736
Purchase Behavior - Total Sales Unit	0.970595
Purchase Behavior - Total Number of Skus	0.824024
Purchase Behavior - Customer Average Number of Trips	0.712726
✓ Purchase Behavior - Total Number of Trips	0.712726

Segment Results Stage

After you select a scenario and execute it, you can see the results in this stage. The application uses the data and the parameters you defined in order to group customers together that are most similar according to the characteristics you selected and to separate customers that are most dissimilar. You can also use this stage to rename a segment.

Process

You use this stage to review segments and their composition, using the grid view and the graph view. This includes

- Review a segment to see the goodness of fit by using the scores. Determine if any segments are outliers that warrant further analysis.
- Rank the scenarios (segment sets) to see how well they are separated and how compact the customers are within each segment.
- View the optimality of the segments recommended by the application to determine if increasing the number of segments beyond the optimal number is significant.
- Rename the segment after analyzing the centroids and before the segment is approved.

Summary

This lists the criteria you initially selected to define the segment.

Figure 5-22 Results Summary

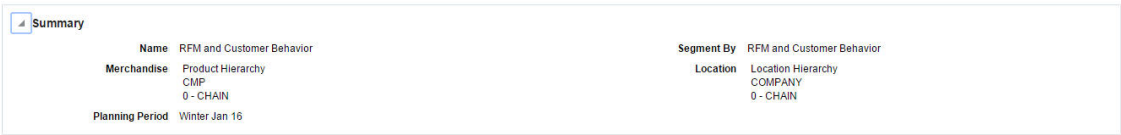


Table 5-20 Segment Criteria Summary

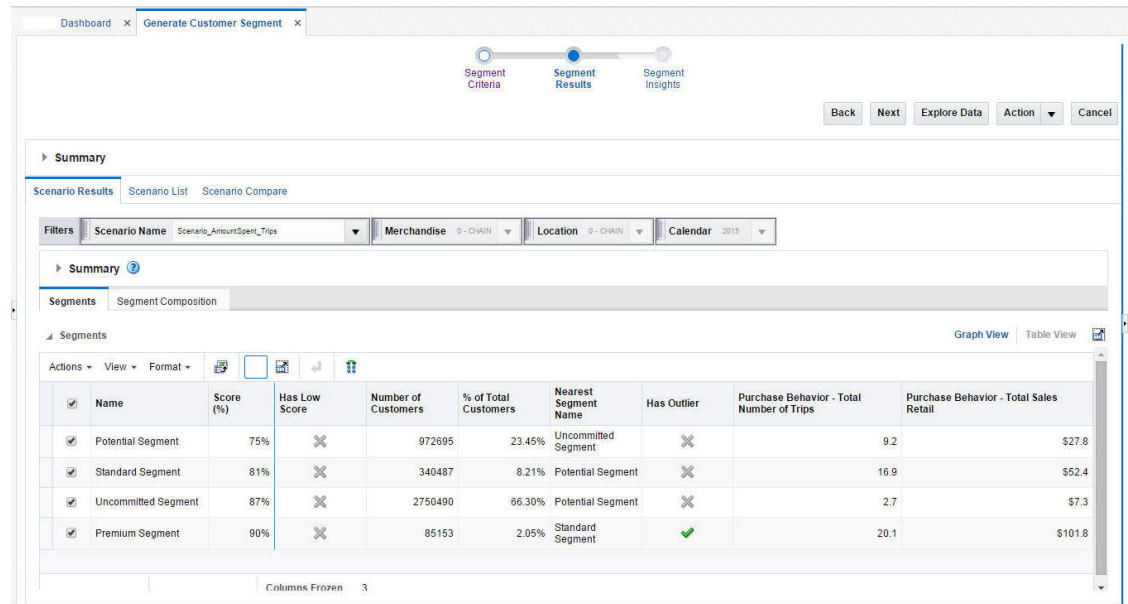
Field	Description
Name	The name you provided for the segment in the Segment Criteria stage.
Segment By	A predefined group of attributes that include Customer Demographics, RFM and Customer Behavior, and Category Purchase Driven. These criteria types are sets of attributes. For example, customer demographics are the properties of a customer. These properties can include ethnicity, income, and age.
Merchandise	The merchandise level and nodes for the segment.
Location	The location level and nodes for the segment.
Fiscal Period	The time period for the segment.
Merchandise Hierarchy Type	Provides details about which type of hierarchy the segment criteria have been created for.

Scenario Results Section

The Scenario Results section displays the following:

- The Scenario Summary, which provides key segment set attributes for the executed scenario as well as its status.
- The Scenario Results, which has two tabs: Segments and Segment Composition.

Figure 5-23 Customer Segmentation Scenario Results



The Summary section provides an overview of the characteristics of the scenario.

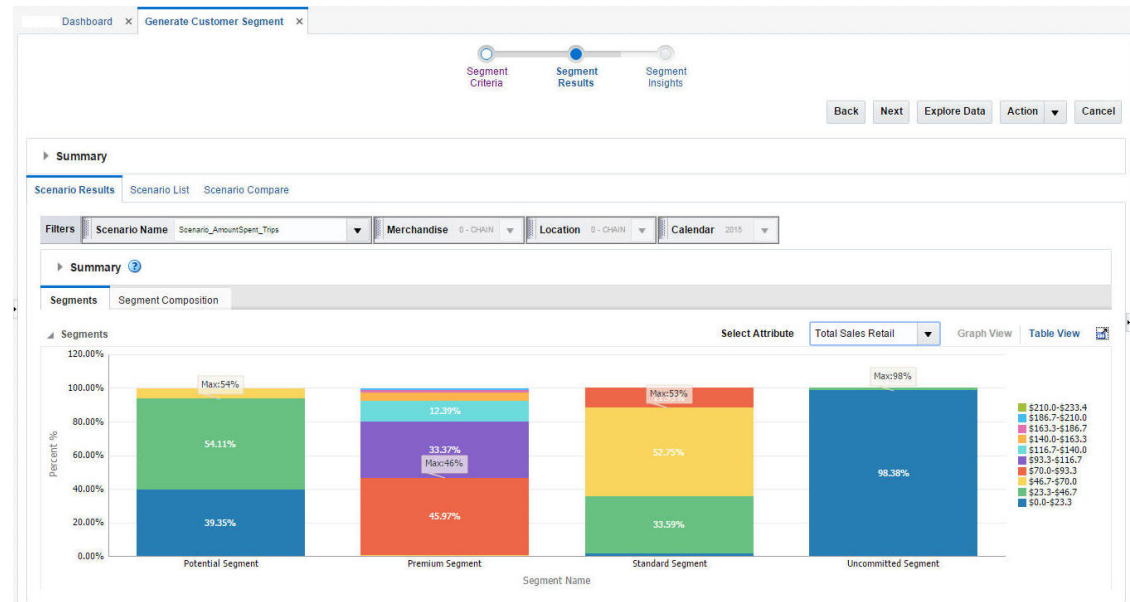
Table 5-21 Scenario Results Summary

Field	Description
Status	Ready for Preview, Ready for Approval, Approved, Rejected.
Optimal # of Segments	The optimal number of segments determined by the optimization.
Rank	The application compares executed scenarios and ranks them. A value of 1 indicates the best scenario.
Max./Min # of Segments	The number you provided for the maximum and minimum number of segments to calculated.
Largest/Smallest Segment	Provides the sizes of the largest segment and the smallest segment in order to show the range of values.
Is System Preferred	Indicates whether or not the system prefers the scenario.
Is User Preferred	Indicates whether or not the user prefers the scenario.

The Segments section provides the segment results for each individual segment in the scenario in either a Graph View or a Table View. The attributes displayed depend on the Segment by option chosen in the Segment Criteria stage.

The Graph View shows the percentage for each attribute in the segment.

Figure 5-24 Segments Graph View



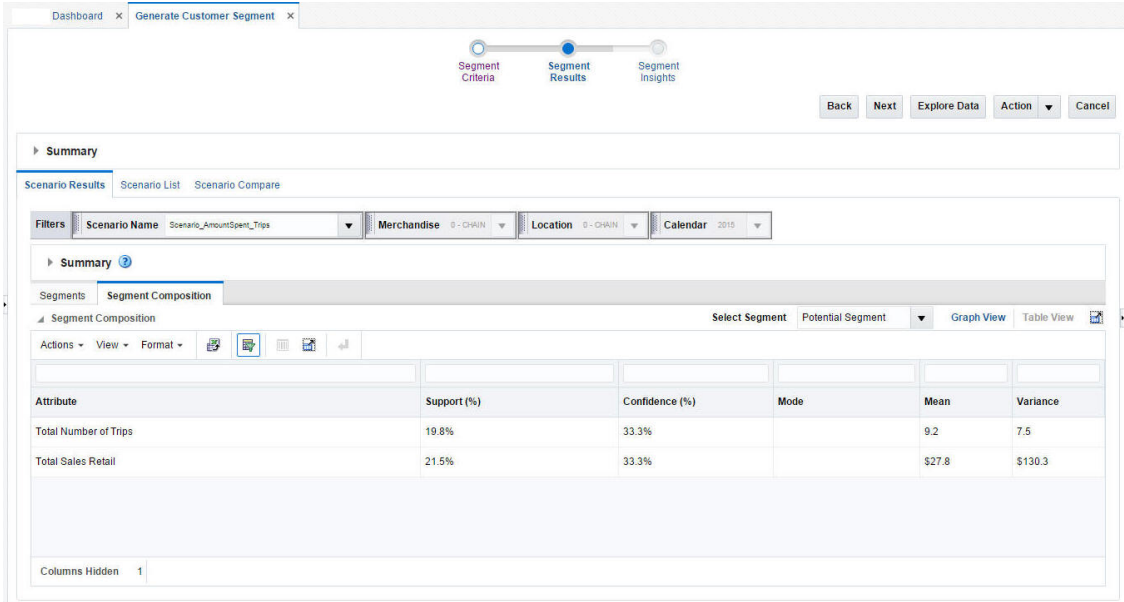
The Table View provides details that can help you analyze the segment.

Table 5-22 Scenario Results - Segments: Table View

Field	Description
Name	The name you assigned to the segment.
# of Customers	The number of customers in the segment.
% of Total Customers	The percentage of the total customers that the number of customers represents.
Nearest Segment Name	The name of the segment that is most similar to this segment.
Score %	This value is calculated at the level of customer and then averaged to the segment. The probability, expressed as a percent, of a customer being present in this segment rather than any of the other segments. See Segment Scores .
Has Outlier	Indicates a segment with the number of customers below a threshold. For example, the number of customers are below certain percentage of the number of customers in a segment. See Outlier Indicator .

The Segment Composition sub-tab breaks down the segment into its component parts and shows the percentages for each attribute.

Figure 5-25 Segment Composition



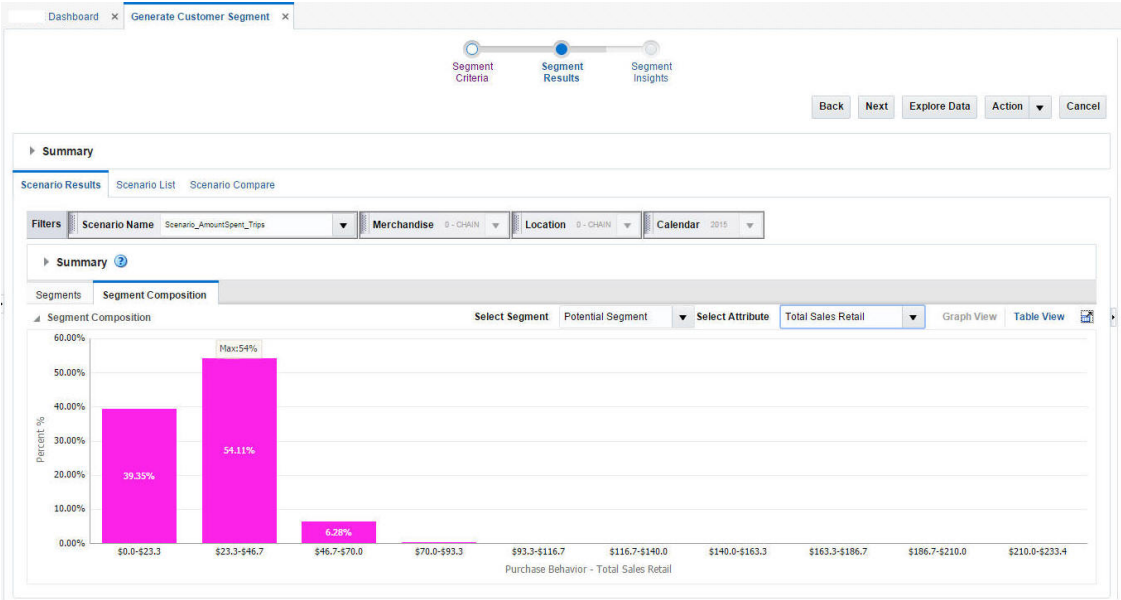
The Table View shows attributes, their confidence, and summary statistics within each segment.

Table 5-23 Segments Composition Table View

Field	Description
Attribute	The name of the attribute that was used in generating the segment.
Category	The category name, which is only available for Category Purchase Driven segment by.
Support	The percentage of the customers that are concentrated within the segment according to the attribute.
Confidence	Measures the goodness of match between the distribution of the data points for the attribute, indicating the power in recognizing a new pattern in data. An attribute with a higher confidence number plays a more important role in that segment.
Mean	The average value of the numeric attribute within the selected segment. If no value is available, this is empty.
Mode	The most common value of the discrete attributes within the selected segment. If no value is available, this is empty.
Variance	This explains the dispersion from the average for the numeric attributes within the selected segment. If no value is available, this is empty.

The Graph View shows the segment composition by attribute.

Figure 5-26 Segment Composition Graph View



Scenario List

The Scenario List section contains one table with details about each segment. Here, you can evaluate KPIs and approve or reject a segment.

Figure 5-27 Segment Results Scenario List

Name	Status	Number of Attributes	Maximum Number of Segments	Minimum Number of Segments	Optimal Number of Segments	System Preferred	User Preferred	Rank Sequence
Primary Scenario	Approved	1	20	1	4			

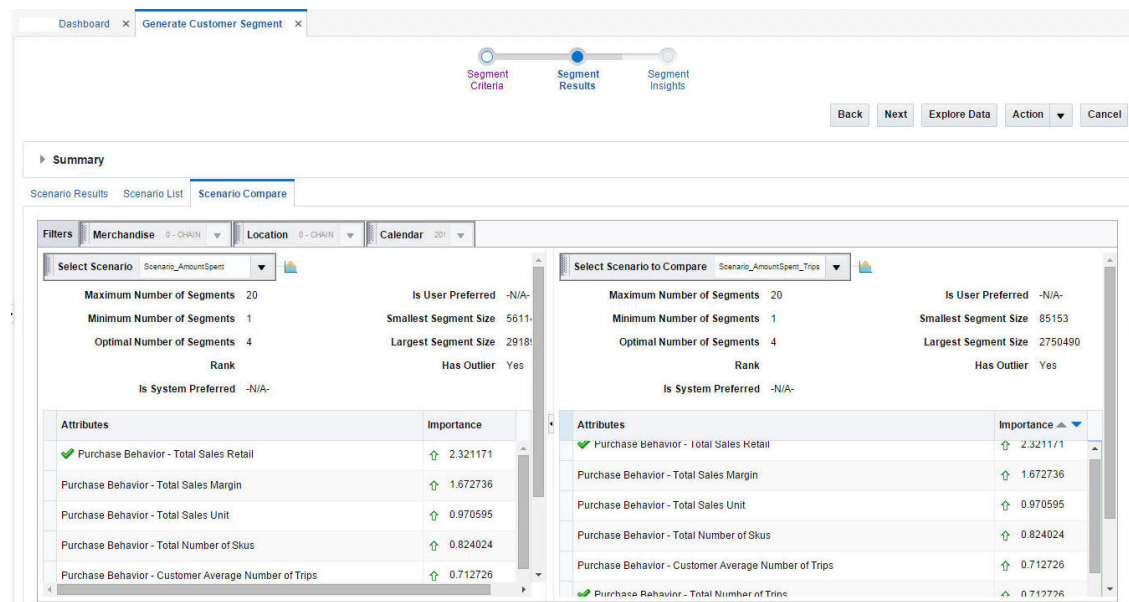
After a segment is approved, it is available for other applications.

Table 5-24 Scenario List

Field	Description
Name	The name assigned to the scenario.
Status	Ready for Preview, Ready for Approval, Approved, Rejected.
# of Attributes	The total number of attributes used in the segmentation process.
Max. # of Segments	The value used for the maximum in the scenario execution, if this option used.
Min. # of Segments	The value used for the minimum in the scenario execution, if this option used.
Optimal # of Segments	The value used for the optimal number of segments in the scenario execution, if this option used.
System Preferred	Indicates whether the scenario is the one the application prefers.
User Preferred	Indicates whether the scenario is one the user prefers.
Rank Sequence	Indicates the ranking the scenario is given by the application.

Scenario Compare

The Scenario Compare section shows two clusters of your choosing side by side so that you can compare the segment results of each, using the same characteristics used in Scenario Results and Scenario List.

Figure 5-28 Segment Results Scenario Compare

The information displayed includes:

Table 5-25 Scenario Compare

Field Name	Description
Max. # of Segments	The value used for the maximum in the scenario execution, if this option used.
Min. # of Segments	The value used for the minimum in the scenario execution, if this option used.
Optimal # of Segments	The value used for the optimal number of segments in the scenario execution, if this option used.
Rank	The value for the rank.
Is System Preferred	Indicates whether the scenario is the one the application prefers.
Is User Preferred	Indicates whether the scenario is the one the user prefers.
Smallest Segment Size	The size of the smallest segment.
Largest Segment Size	The size of the largest segment.
Has Outlier	Indicates a segment with the number of customers below a threshold. For example, the number of customers is below a certain percentage of the number of customers in a segment.
Attributes	A list of relevant attributes.

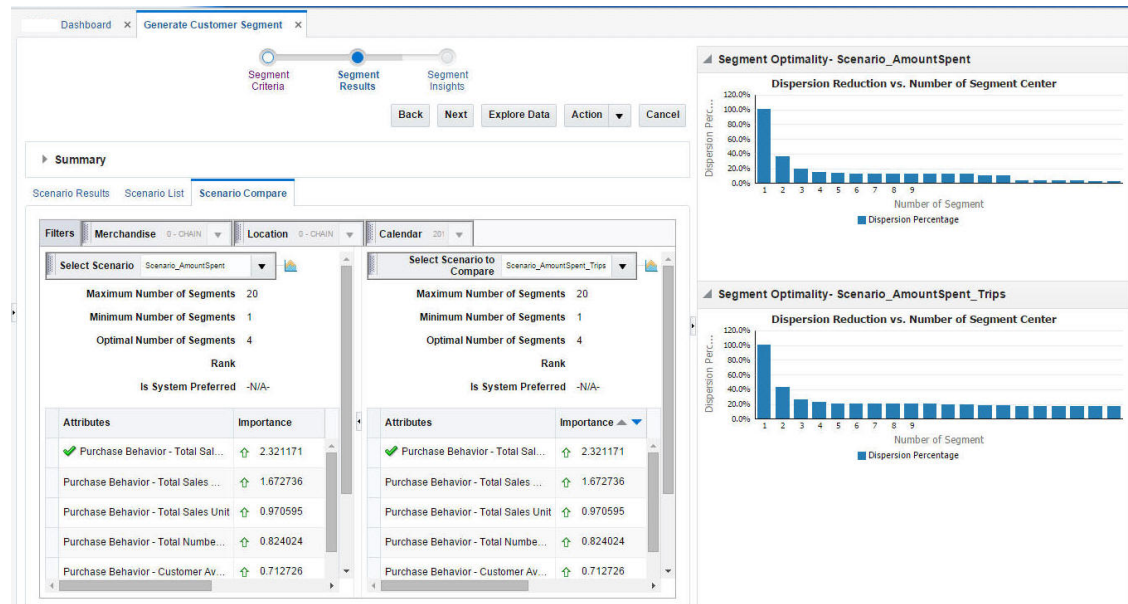
Scenario System Recommendations

The application provides the following recommendations at the scenario (segment set), segment, and customer levels.

Scenario Optimality

This graph indicates how the system identifies the best number of segments for a given data set. It starts with a small number of segment centers and searches for the number beyond which there is minimal dispersion. At this point, increasing the number of segment centers any more only reduces dispersion by a small amount, and the marginal improvement is small.

Figure 5-29 Scenario Optimality



Scenario Rank

You can see the ranking of all scenarios in the Segment Results step. The scenario with the highest rank is designated as System Preferred. The ranking is based on the following:

- How many similar customers are contained in the segment.
- How well separated the segments are from each other.

The rank for a scenario is calculated by taking the average of the probability of all the data points in that scenario. A higher probability value for a customer is an indication of the goodness of fit of the segment.

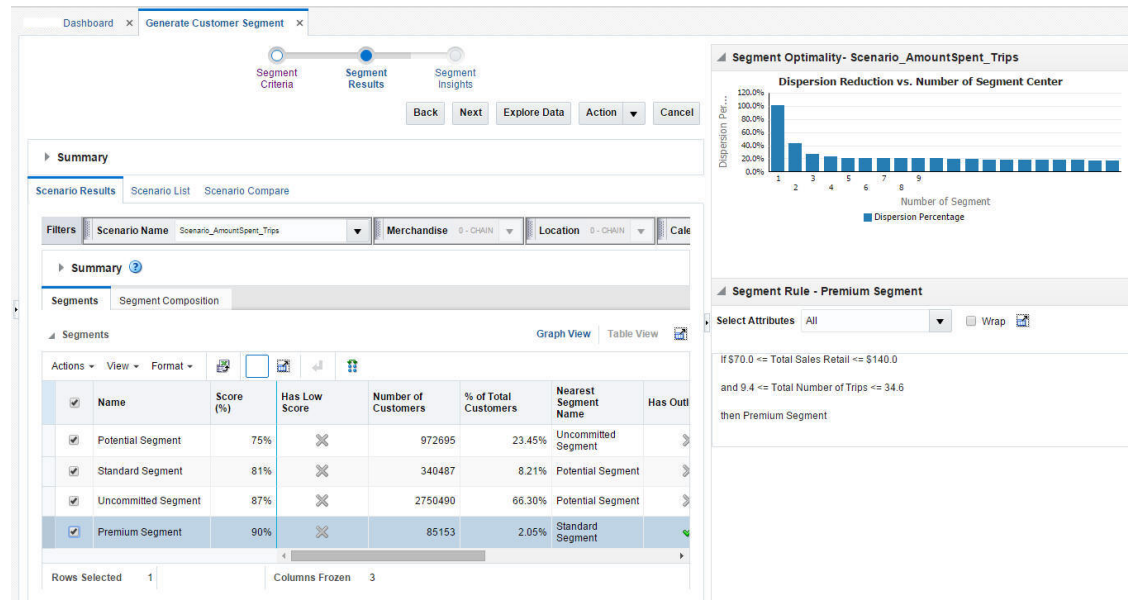
Outlier Indicator

This provides an outlier indicator in the segment list if the segment has an outlier customer. Two outlier rules are supported. The distance from the centroid indicates that if a customer is beyond a certain limit for the configuration threshold from the centroid, then the segment to which the customer belongs is marked as an outlier. When the size of a segment is compared with the total customers, if the number of customers in the segment is below a certain configured percentage of the total customers, then the segment is marked as an outlier. The distance from the centroid is the outlier rule that is configured by default.

Segment Rules

Segment rules describe the data in each segment where most of the data is concentrated. A rule is a conditional statement that captures the logic of how the system generates the hierarchy of segments and what conditions it uses for further splitting a segment. Each rule describes the conditions for a customer to be assigned with some probability to a segment. [Figure 5-30](#) provides an example of rules.

Figure 5-30 Segment Rules



Segment Scores

The application provides scores for segments, based on the threshold score. The scoring measures the goodness of a segment. A score for a particular segment is calculated using the average of the probability scores of the customers in a segment. The score is based on the assumption that each customer has an equal chance of being a member of the segment. A high score indicates that the customer is close to the centroid. A low score indicates that the customer is an outlier. The low score indicator is turned on and off.

New Customers

Customer Segmentation supports periodic processing rules in order to allocate customers who are new. If a customer over time has built enough sales history, the system begins to consider customers and allocates them to segments based on the probability scores.

Generate Store Profile

This allows the user to calculate the sales share of customer segments for each store. These store profiles can be generated by the user from the user interface for the approved customer segments. The store profiles can then be consumed by RI or a subscribing application to be used in generating business reports. The profiles are also consumed in Advanced Store Clustering and used to generate customer-centric store clusters.

Segment Insights Stage

Use the Insights stage to analyze a scenario, its segments, and its hierarchy, based on performance and attribute contributions, prior to the approval of the scenario. This stage includes the following tabs:

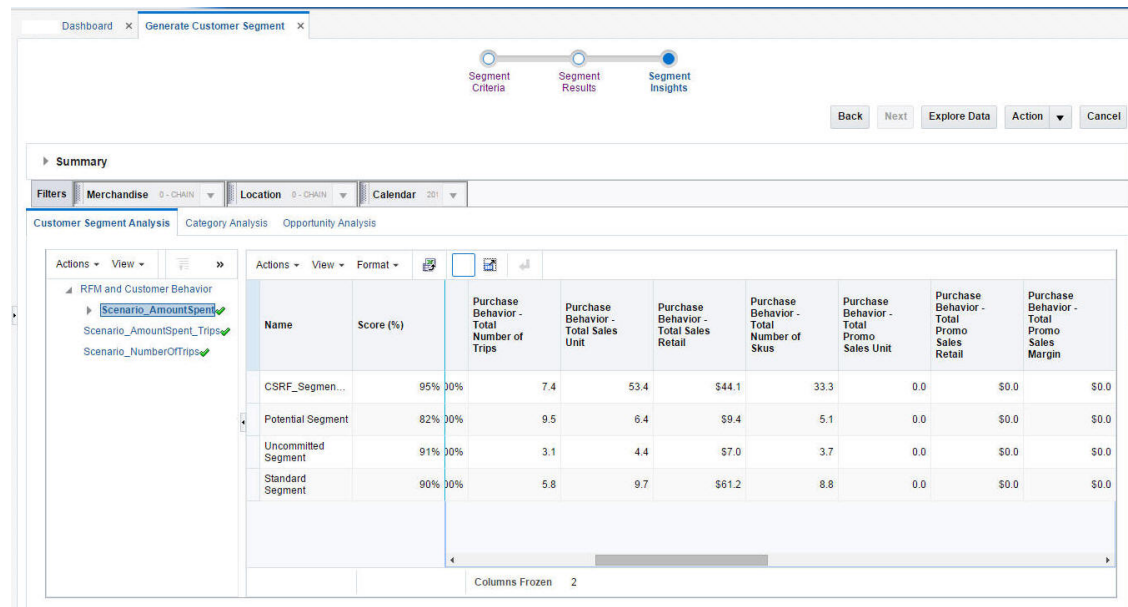
- Customer Segment Analysis
- Category Analysis

- Opportunity Analysis

Customer Segment Analysis

The Customer Segment Analysis tab lists all the scenarios, the customer segments for each scenario, and the related KPIs. Aggregates (mean and mode) of the attributes are displayed for each segment. The attributes by default are included in the grids customer purchase behavior and customer demographics.

Figure 5-31 Customer Segment Analysis



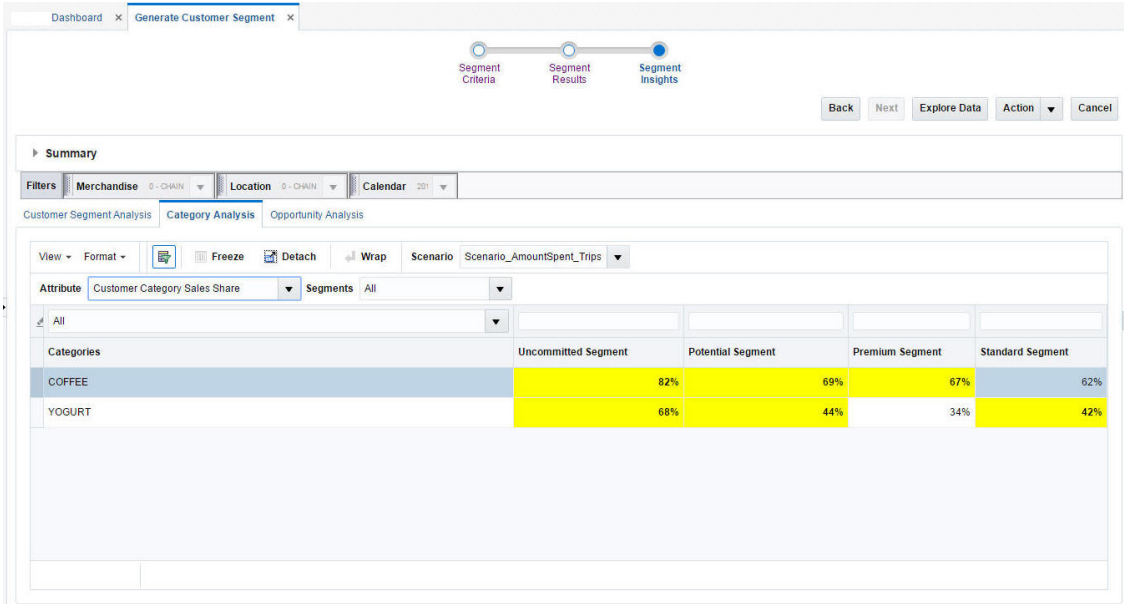
This tab includes the following tasks:

- Evaluate the KPIs for a scenario, if it has not been completed earlier
- Approve a scenario
- Rename segments within a scenario
- Rank scenarios, if not completed earlier
- Flag a segment scenario as system preferred
- Generate store profile for an approved scenario

Category Analysis

The Category Analysis tab lists the top categories vs. the customer segment matrix. You can analyze the segment performance in each category using different sets of attributes such as sales share or number of trips.

Figure 5-32 Category Analysis



The system highlights the top three performing segments for each category, and you can compare category performance across segments. You can filter categories or select a set of segments while comparing the results.

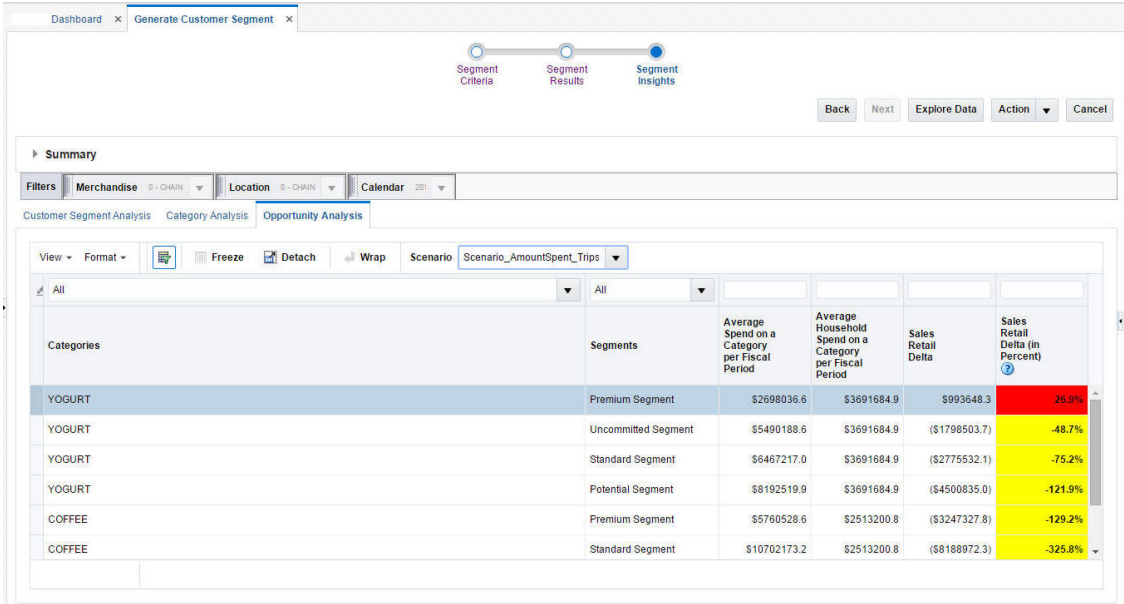
Table 5-26 Axis

Field	Description
Columns	The segments for the selected scenario.
Rows	The top identified categories in the preprocessing.
Cell	The KPI values based on the attribute selected.

Opportunity Analysis Tab

The Opportunity Analysis tab provides a comparison of the retailer to market data analysis for the category and provides an analysis about where there is an opportunity for the retailer to grow for each segment.

Figure 5-33 Opportunity Analysis



You can compare where the retailer is performing better by comparing the average sales retail spend per <configurable time period>.

Table 5-27 Opportunity Analysis

Field Name	Description
Segment	The segments for the selected scenario.
Category	The top identified categories in the preprocessing.
Average spend on a category per <configurable time period>	The average amount spent for a segment.
Average household spend on a category per <configurable time period>	The average household amount spent for a segment.
Sales retail delta	The difference in sales retail between retailer and market data.
Sales retail delta as a percent	The percentage difference in sales retail between retailer and market data.

The color indicators listed in the following table help you see if the difference in sales retail is above or below a certain threshold or within an acceptable range. This grid is sorted with the sales retail difference as negative or highlighted as red, so that you can review the values below threshold first.

Color	Value
Red	X percent below
Green	Y percent above
Yellow	In between X below and Y above

This grid provides a filter for customer segment and category, so that you can review the category for each segment or vice versa.

Summary

This lists the criteria you initially selected to define the segment.

Figure 5-34 Summary

Summary	
Name	RFM and Customer Behavior
Merchandise	Product Hierarchy CMP 0 - CHAIN
Planning Period	Winter Jan 16
Segment By	RFM and Customer Behavior
Location	Location Hierarchy COMPANY 0 - CHAIN

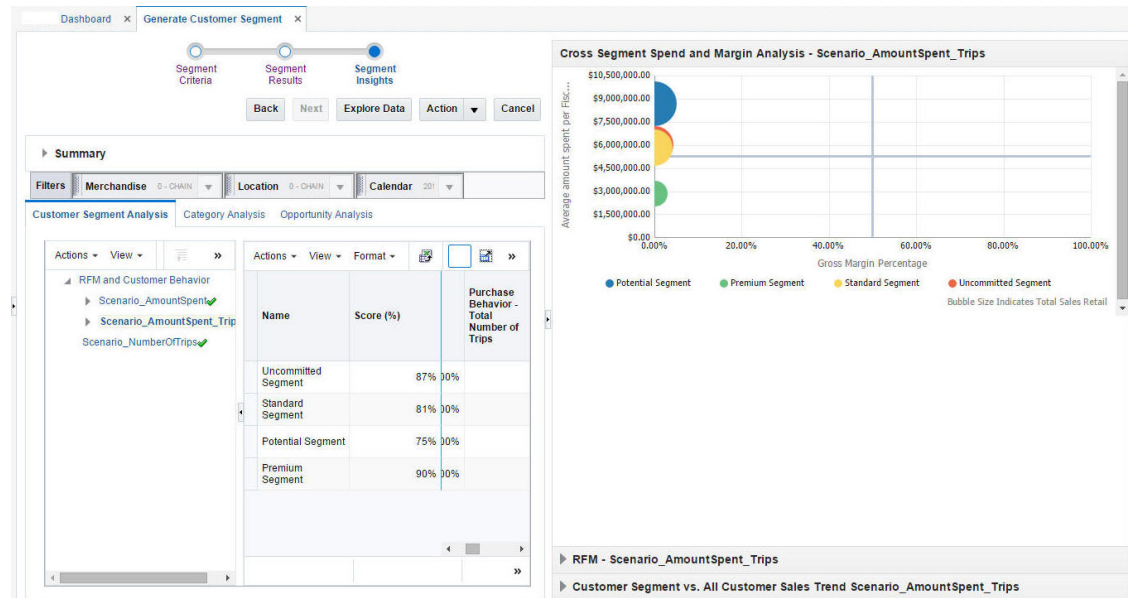
Table 5-28 Summary

Field Name	Description
Name	The name you provided for the segment in the Segment Criteria stage.
Segment by	A predefined group of attributes that include Customer Demographics, RFM and Customer Behavior, Category Purchase Driven. These criteria types are sets of attributes. For example, customer demographics are the properties of a customer. These properties can include ethnicity, income, and age.
Merchandise	The merchandise level and nodes for the segment.
Location	The location level and nodes for the segment.
Fiscal period	The time period for the segment.
Merchandise hierarchy type	This provides details about which type of hierarchy the segment criteria have been created for.

Cross Segment Spend and Margin Analysis BI

This BI compares how segments vary by Gross Margin% (x axis), Average Amount Spent <per configuration period> (y axis), and Total Sales Retail (z axis) for the customer segment. This can help you understand which segments are underperforming and have the potential for growth. The segments in the middle of the chart are the segments that have growth potential, as compared to the premium segments to the top right.

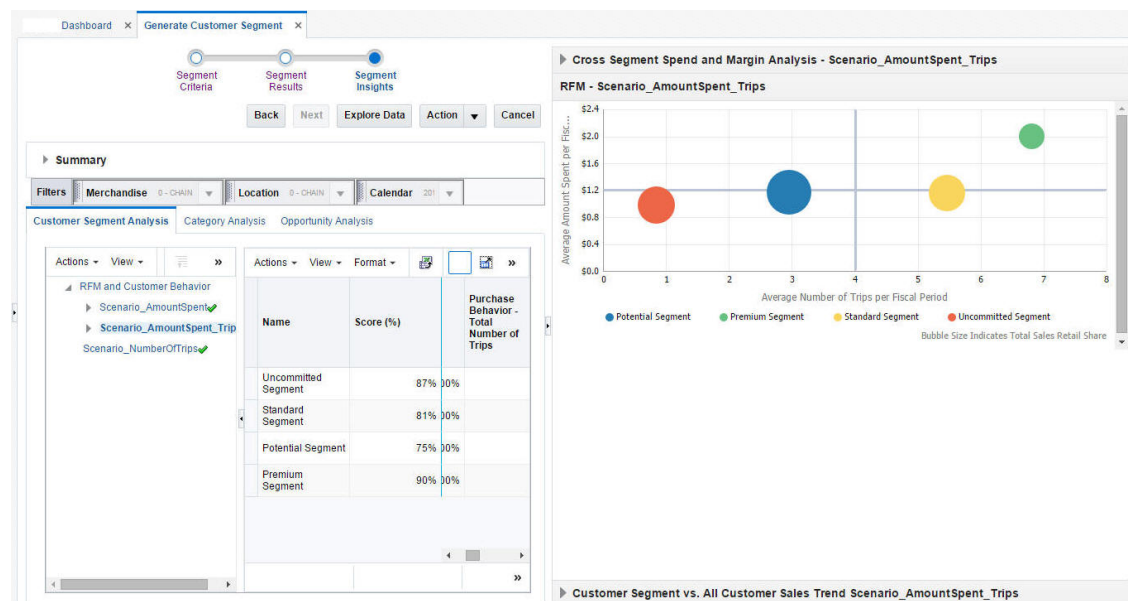
Figure 5-35 Cross Segment Spend Analysis



RFM Analysis BI

This BI provides analysis of segments based on frequency and amount spent. The more frequent customers tend to have a significantly better response and average spend than those who have shopped less recently or less frequently. This indicates customers that are high spender and frequent shoppers are premium segments, vs. low spender and infrequent shopper are uncommitted customers. Figure 5-36 shows how the premium customer segment is in the top right corner, the potential customer segments are close to the center, and the uncommitted shoppers are in the bottom left quadrant. This helps in planning how potential and uncommitted customers can be attracted by certain offers and how existing committed customers can be satisfied.

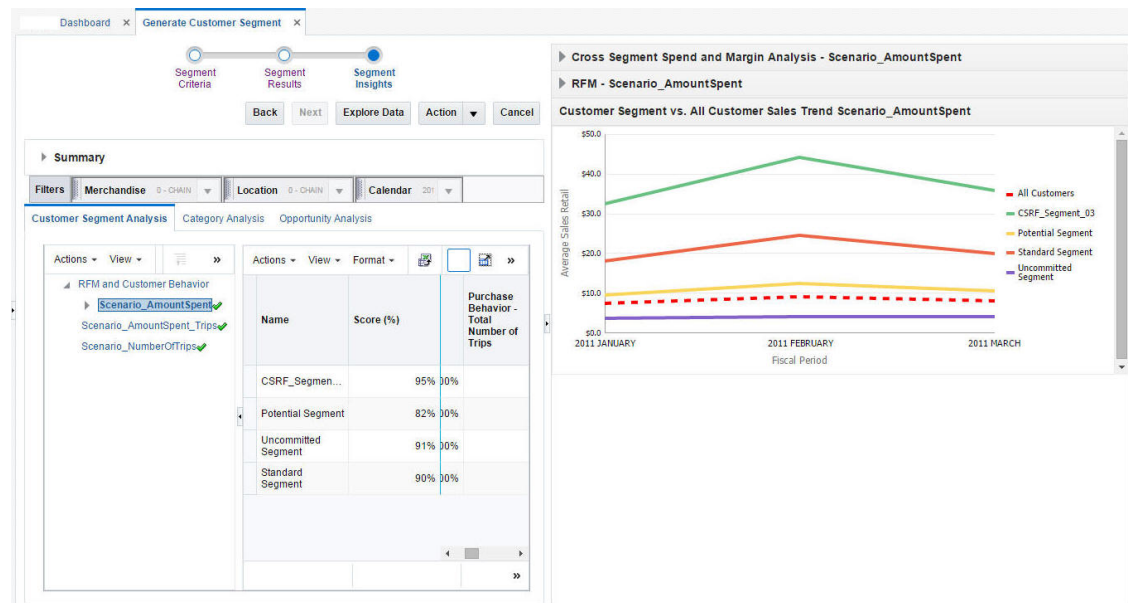
Figure 5-36 RFM Analysis



Customer Segment vs. All Customer Sales Trends BI

This BI shows a customer segment's sales trends by comparing Average Sales Retail per Segment vs. Average Sales Retail for all customers for the selected criteria time period. You can then see if sales retail has decreased for a specific customer segment and for which customer segment it has remained consistent for the defined quarters. This can help you determine if certain customers are migrating from one customer segment to another over the time period. [Figure 5-37](#) shows how, for each segment, sales increased in 2011 February and the average sales of entire customer base, compared to the segments created.

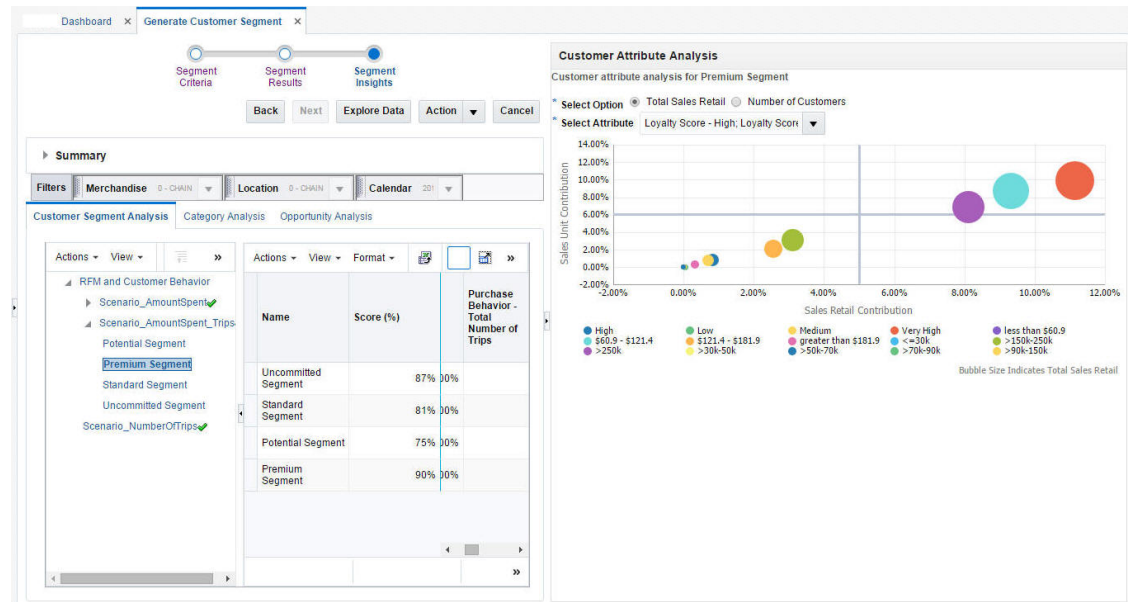
Figure 5-37 Customer Segment vs. All Customer Sales Trends



Customer Attribute Analysis BI

Customer attributes are analyzed and compared to identify the most prominent selling attributes within a segment. This indicates how the customer attributes are correlated and what each attribute in the specified segment contributes to sales. You can make inferences about which attributes in the segment contribute to significant sales and the potential attributes that should be considered for assortment planning in order to improve sales even more. This chart also provides you with the option to see the number of customers in each segment instead of total sales retail, thus providing insights about how many customers with certain attributes and attribute values are present in certain segments. [Figure 5-38](#) shows how customers with high income and high loyalty score contribute to most of the sales in the segment.

Figure 5-38 Customer Attribute Analysis



The following properties are displayed by the graph. Note that the customer attributes are only displayed when they are configured as part of the Cluster by process.

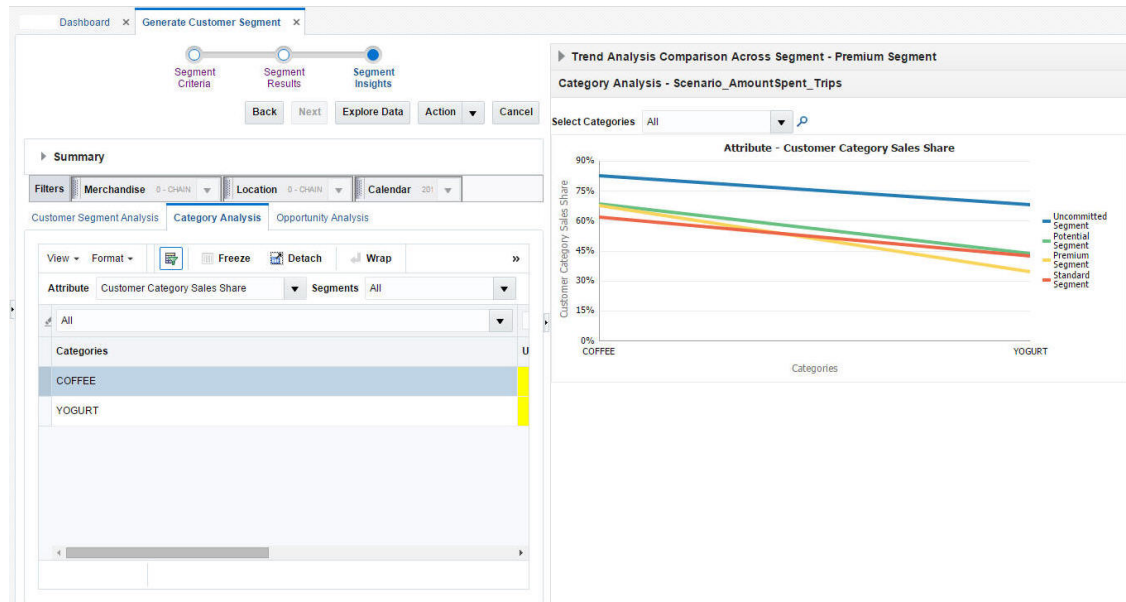
Table 5-29 Properties

Axis	Description
x-axis	Sales Retail \$ contribution, calculated using the sales revenue share of each attribute in the segment with respect to the total segment sales revenue.
y-axis	Sales Unit \$ contribution, calculated using the sales unit share of each attribute in the segment with respect to the total segment sales units
z-axis	Total Sales Retail \$ or number of customers of each attribute in the selected segment, indicating, via the bubble, the magnitude of the sales contribution.

Category Analysis BI

You can perform category/segment analysis by comparing categories using a selected attribute (such as category sales share, category promotion sales share, average amount spent per month, or number of trips). This can indicate the segments and categories that customers are shopping frequently.

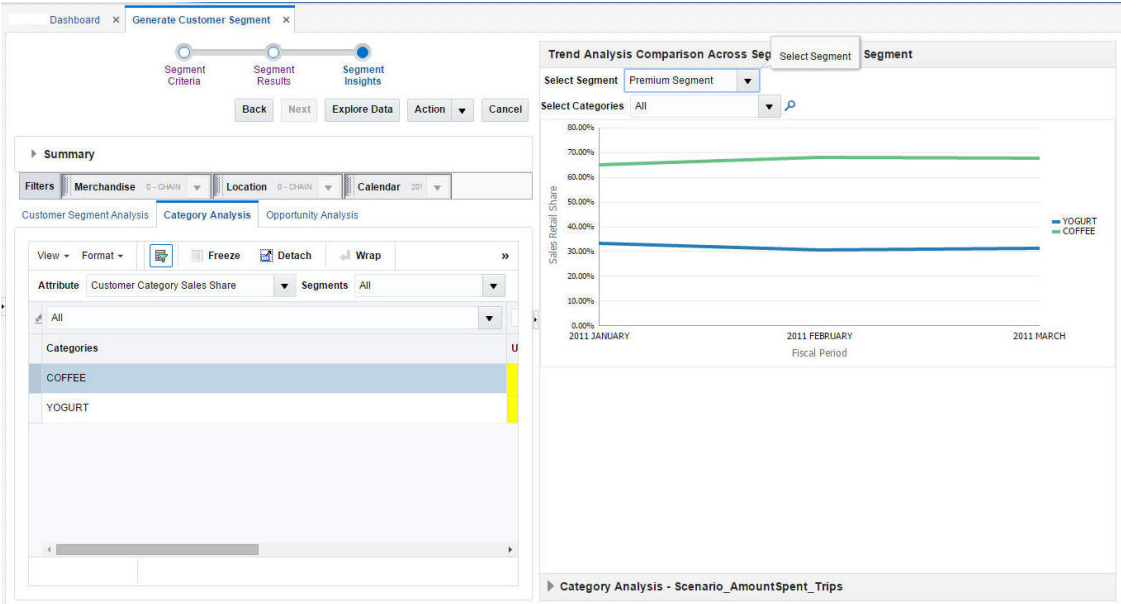
Figure 5-39 Category Analysis



Trend Category Analysis BI

This BI compares sales for selected categories in a segment. You can compare sales by <Configurable Period (Period or Quarter)> to view trends for each category. You can limit the number of categories by selecting a subset of the categories in the drop-down list. You can use this information to plan certain categories for certain seasons by comparing sales with previous periods or by modifying a category plan that is underperforming for a segment in a certain season. The time period displayed is driven by the selection you make in the Segment Criteria. If you select a source time period to include two years' worth of data then you will also see the data for the previous year.

Figure 5-40 Trend Category Analysis



6

Attribute Extraction

This chapter describes the Attribute Extraction Cloud Service module.

Introduction

Attribute Extraction (AE) is an enterprise-specific solution that uses machine learning to extract product attributes from free-form product description strings.

The application's embedded science and automation helps you to extract the attributes (such as brand, color, flavor, and so on) of each product in a particular category and to normalize the attribute values by correcting short forms, misspellings, and other inconsistencies. The product attributes can be used by Demand Transference, Customer Decision Trees, Advanced Clustering, and other retail applications that require product attributes in a structured format.

The AE Cloud Service module consists of the following tabs: Overview, Edit Labels, Annotation, Errors, Normalization, and Results. You use the Overview tab to select one of the previously added product categories or to add a new category. You use the Edit Labels to define category-specific attributes that you want to extract. In the Annotation and Errors tabs, you follow an iterative process to extract attributes and correct any mislabeled attributes. In the Normalization tab, you can use the embedded List of Values (LOV) or create your own LOV to standardize the attribute values. You use the Results tab to review and export the table of attributes.

Overview Tab

The Overview tab displays general information about the product categories previously added by you and other users. You can view this information to determine which user has created each category, when it was last updated, and whether or not the attribute extraction process is complete.

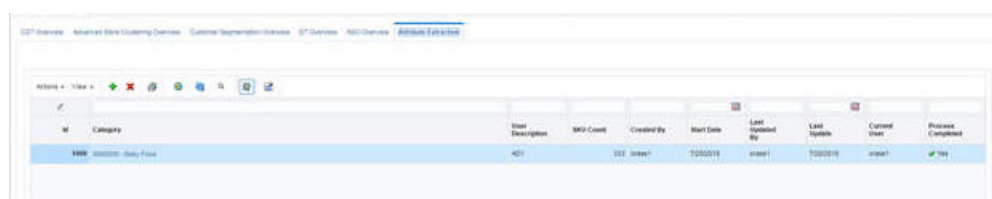
To use the attribute extraction process, you can either select one of the existing categories or you can add a new category. Note that only one copy of each category can exist at any time.

To add a new category, click the **Add** icon. In the pop-up screen, select a category from the list and enter a description. Then click **OK** to return to the Overview tab.

To select a category and start the attribute extraction process, simply click on its name in the overview table.

The AE overview tab is shown in [Figure 6-1](#).

Figure 6-1 Attribute Extraction Overview Tab



The screenshot shows the 'Attribute Extraction' tab in a software interface. It features a table with columns for 'ID', 'Category', 'Item Description', 'SKU Count', 'Created By', 'Start Date', 'Last Updated By', 'Last Update', 'Current User', and 'Process Completed'. A single row is visible with the following data: ID: 1000, Category: Grocery - Dairy Food, Item Description: Milk, SKU Count: 400, Created By: JEE JAMES, Start Date: 7/25/2018, Last Updated By: JAMES, Last Update: 7/25/2018, Current User: JAMES, and Process Completed: 100%.

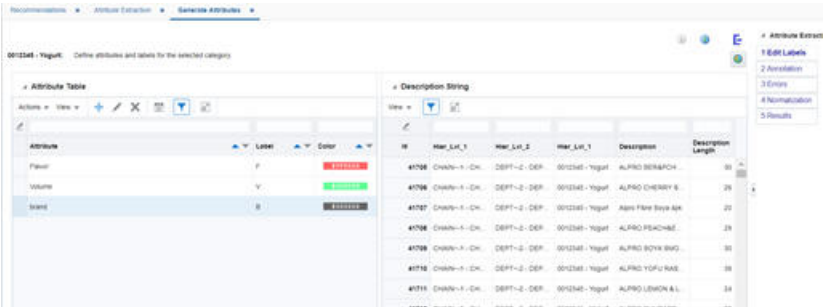
ID	Category	Item Description	SKU Count	Created By	Start Date	Last Updated By	Last Update	Current User	Process Completed
1000	Grocery - Dairy Food	Milk	400	JEE JAMES	7/25/2018	JAMES	7/25/2018	JAMES	100%

Edit Labels Tab

The Edit Labels tab is used to define category-specific attributes and their labels for the selected category. Defining attributes and labels is the first step in the attribute extraction process. You can return to this tab at any time to add, remove, or modify the attributes.

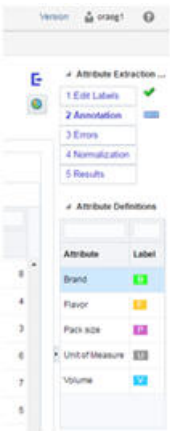
On the right-hand side of the tab, you can view the description strings of the products in the selected category as well as three levels of hierarchy for the products. The hierarchy that is shown in the Attribute Extraction tables is based on the product hierarchy data that was loaded for the AE application. (See the Implementation Guide for further information about the hierarchy.) To add an attribute, click the **Add** icon. In the pop-up screen, enter the attribute name and attribute label and select a color. The attribute label must be a single character (the characters "o" or "O" are not permitted) and must be unique for each attribute.

Figure 6-2 Edit Labels Tab



The attributes, labels, and colors that you define in the Edit Labels tab are displayed on the right-hand side of all other screens for your reference.

Figure 6-3 Attribute Definitions



Annotation Tab

The Annotation tab is used to assign labels to a single token (referred to as a unigraph) or combination of two adjacent tokens (referred to as a digraph). A token is defined as an

alphabetic or numeric sequence of characters in a description string. For example, the string "ABC vanilla yogurt 500gr" is a description that consists of the following five tokens (or unigraphs): "ABC", "vanilla", "yogurt", "500" and "gr". At the same time, it consists of the following digraphs: "ABC vanilla", "vanilla yogurt", "yogurt 500" and "500 gr".

The Annotation tab provides two screens to annotate unigraphs and digraphs.

Unigraphs

In the Unigraph screen in Annotation tab, you can assign attribute labels to tokens, run the machine learning algorithm to find new attribute labels, and review and approve machine-recommended labels.

Assigning User Labels and Reviewing Machine Labels

On the top left of Unigraph screen, you see the Annotation section that contains a table listing all tokens along with the following fields:

Table 6-1 Annotation Fields

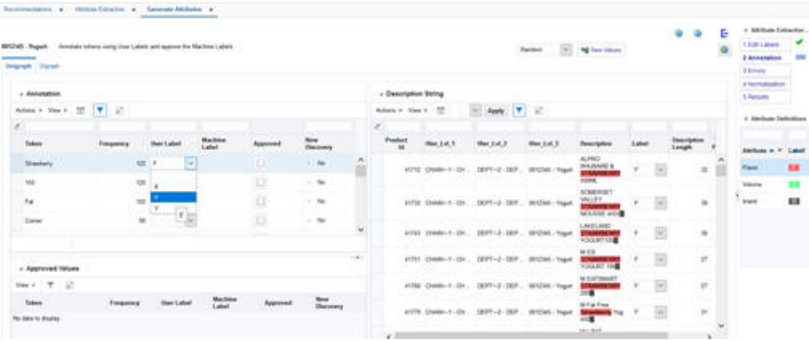
Field	Description
Frequency	The number of times the token appears across all product description strings
User Label	The label you have assigned to the token
Machine Label	The label recommended by the machine learning algorithm
Approved	A check box used to approve and apply the machine label to the token
New Discovery	A Yes/No flag that indicates whether or not the machine-recommended label is a new discovery from the most recent run

In the Annotation section, shown in [Figure 6-4](#), you can perform one of the following tasks for each token:

Table 6-2 Annotation Section Tasks

Task	Description
Change/assign the user label	Select a value from the drop-down menu to change the label or assign a label to a token. (Values in the drop-down menu are the attribute labels that you defined in the Edit Labels tab.) The user label is applied to all instances of the token across all product description strings.
Approve a machine label	Check the Approve check box to assign the machine-recommended value to a token. Once you check the box, the token with the approved machine label is moved from the top tables to the bottom table (the Approved Values section).

Figure 6-4 Annotation Tab with Label Tokens in Unigraph Screen



The Approved Values section on the bottom left displays the tokens that you have approved so far. You can uncheck the Approve check box in this section to remove the approved machine label and move the token back to the top table.

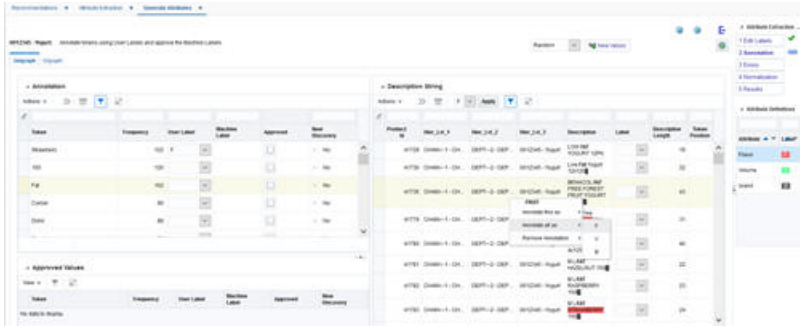
The Description String section on the right side of the Unigraph screen displays all description strings that contain a token selected on the left, along with the length of the strings and position of the selected token in the string, as well as the product hierarchy. The Label column is populated based on the user label or approved machine label for the token. All labeled tokens are colored based on the colors you assigned in the Edit Labels tab. The token selected on the left (in the Annotation section) is shown using a bold font.

You can perform one of the following tasks in the Description Strings section:

Table 6-3 Description Strings Section Tasks

Task	Description
Change or remove the label for one instance of the selected token	Use the inline drop-down menu in the label column to change or remove the label of the token in a particular description string. Alternatively, right click on any token and use the first option in the menu (Annotate this as) to assign a label to a particular instance. Use the third option in the menu (Remove Annotation -> Remove this label) to remove the label for a particular instance
Change or remove the label for multiple instances of any of the tokens	Select multiple rows using the Ctrl or Shift keys. Then, change the label using the drop-down list at the top of the table and click Apply . To remove the label for multiple rows, change the label to NULL by selecting the first option in the drop-down list at the top of the table. Alternatively, to change or remove the label for ALL instances of a token, right click on any token and use the second option in the menu (Annotate all as) to assign a label to all instances, or use the third option in the menu (Remove Annotation -> Remove all labels) to remove the label for all instances. Example: if you wish to change the label of a token for all products that belong to a certain department, you can first filter the hierarchy columns based on department. Then, select all of the rows using the Shift key and change the label for all selected rows using the drop-down list at the top of table and click Apply .

Figure 6-5 Description Strings Tasks



Finding New Values

Once you assigned labels to some of the tokens in Unigraph screen, you may use the New Values button to run the machine learning algorithm that finds new attributes and recommends labels based on the labels that you have assigned and approved so far. Alternatively, you may go to the Digraph screen and label some digraphs before running the algorithm. Note that assigning and approving unigraph and digraph labels and running the algorithm to find new values is an iterative process; you can repeat these two steps as frequently as you want until you are satisfied with the quality of the results and number of attributes extracted. If the machine learning algorithm does not find enough new values, it is an indication that it requires more information to discover the patterns and be able to recommend new values, and you might want to label some more unigraphs and digraphs before re-running the algorithm.

To run the machine learning algorithm, first select a mode from the drop-down menu next to the New Values button on the top right. You can select from the following three modes:

Table 6-4 Machine Learning Algorithm Modes

Mode	Description
Random	Randomly partitions the data into a training set and a test set to be used by machine learning algorithm.
By attribute	If you select this mode, you will be prompted to select one attribute. The data is then partitioned in such way that all description strings that have one or more tokens labeled as the selected attribute are used as the training set. The remaining descriptions strings are used as test set.
By annotation	The description strings that are 80% labeled are used as training set. The remaining descriptions strings are used as test set.

The By Attribute mode is most effective in the early stages, where very few attribute values have been identified.

Note that after you click the New Values button, it may take few seconds for the machine learning algorithm to run and find new attributes. Then a pop-up message shows how many new values were found. The Machine Label and New Discovery columns in the Annotation section on the top left will be populated to show the new labels and indicate which tokens were labeled by the machine in the most recent run.

Digraphs

The Digraph is used for labeling two adjacent tokens (as opposed to a single token) with the same attribute. The Digraph screen consists of an Annotation section on the top left for labeling digraphs, an Approved Values section on the bottom left, and a Description String section on the right for labeling individual instances of a digraph.

Assigning User Labels to Digraphs

On the top left of Digraph screen, you see the Annotation section that contains a table listing all combinations of adjacent tokens (labeled as "token1" and "token2") where exactly one of the two tokens has been labeled and the other token has no label assigned or approved. The token that already has a label is shown using a bold font.

Other fields in this section are as follows:

Table 6-5 Digraph Fields

Field	Description
Frequency	The number of times that the two tokens are adjacent to one another across all product description strings.
Label	The label you have assigned to or approved for one of the tokens. (The token that is shown in bold font already has this label.)
Approved	A check box used to approve and apply the label of labeled token to the unlabeled token.

If you think the two tokens are of the same attribute type indicated by the label, check the Approved check box to apply the label to both tokens. Once you check the box, the approved row is moved from the top table to the bottom table (the Approved Values section).

The Approved Values section on the bottom left displays the adjacent tokens that you have approved so far. You can uncheck the approve check box in this section to remove the approved row and return it to the top table.

The Description String section on the right side of the Digraph screen displays all description strings that contain the adjacent tokens selected on the left, as well as the product hierarchy. All labeled tokens are colored based on the colors you assigned in the Edit Labels tab. The two tokens selected on the left (in the Annotation section) are shown using a bold font.

You can do one of the following in the Description Strings section:

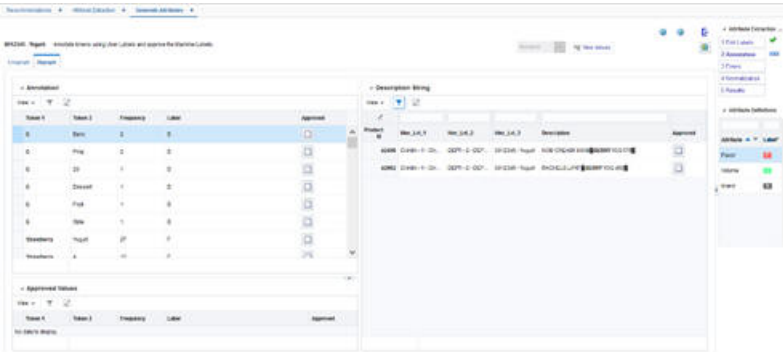
Table 6-6 Description Strings Section Tasks

Task	Description
Remove the label of the originally unlabeled token for one instance	If you believe the combination of two tokens must not be labeled the same in one or few description strings, un-check the Approved check box to remove the label for the token that was not originally labeled. Note that the token that was originally labeled (i.e., the token displayed in bold font in the Annotation section on the left) remains as labeled and is not affected.

Table 6-6 (Cont.) Description Strings Section Tasks

Task	Description
Change or remove the label for one or all instances of any of the tokens	As with the Unigraph screen, you can use the right click menu on any token and use the Annotate this as option to assign a label to a particular instance or use the Annotate all as option to assign a label to all instances of the token. To remove the label for a particular instance or all instances of the token, use Remove annotation -> Remove this label and Remove annotation -> Remove all labels.

Figure 6-6 Annotation Tab Diagram Screen



Errors Tab

The Errors tab is used to review the instances where the current attribute type assigned to a token is different from the attribute type recommended by the machine. You can review these potential user errors and fix them if needed. For each instance, you can take one of the following actions:

Table 6-7 Error Tab Actions

Action	Description
Approve the Recommended Label	Check the Approved check box to approve the Recommended Label. The approved instance will be moved from the top table to the bottom table. You can use the check box in the bottom table to undo the approval.
Change the Current Label	If neither the Current Label nor the Recommended Label is correct, use the drop-down list to change the Current Label. Do not check the Approved check box in this case. If the Current Label is correct, no action is needed.

It is recommended that you review the errors after you complete the annotation step and extract the attributes. However, you can navigate to the Error tab at any time to review the errors and change or approve the labels for some or all instances.

Figure 6-7 Errors Tab

Product ID	Item ID	Item Name	Item Description	Status	Token Position	Current Label	Recommended Label	Approved
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	1	ALMOND	ALMOND	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	2	CHOCOLATE	CHOCOLATE	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	3	ALMOND	ALMOND	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	4	CHOCOLATE	CHOCOLATE	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	5	ALMOND	ALMOND	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	6	CHOCOLATE	CHOCOLATE	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	7	ALMOND	ALMOND	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	8	CHOCOLATE	CHOCOLATE	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	9	ALMOND	ALMOND	☐
41710	13499-1-1-124	0012401-Flavor	ALMOND CHOCOLATE & STRAWBERRY ICE CREAM	Error	10	CHOCOLATE	CHOCOLATE	☐

Normalization Tab

After you extract the attributes, you can use the Normalization tab to correct mis-spellings, sort forms, and other inconsistencies in the attribute values to make sure that each attribute value is displayed in a consistent form across all product descriptions. For example, strawberry is a flavor that may appear in many different forms such as "sberry", "strawb", and ""strberry" across description strings. The purpose of using the Normalization screen is to convert all these different forms to the correct form (i.e., strawberry).

To run the spell-correcting algorithm, you can use one of the pre-defined List of Values (Global LOVs) or you can create your own LOV (Run LOVs) specific to one attribute. To use either of the LOVs, click the List of Values button on the top right.

To select a Global LOV, check the Active check box next to it. There are two Global LOVs: flavor (list of all different flavors) and general (a comprehensive list of English words). You can click the row for each LOV to see all the values in the list. If you select the flavor LOV, it will only be used to correct the values of the flavor attribute. If you select the general LOV, it will be used for correcting the values of all attribute types.

Figure 6-8 Normalization Tab with Global List of Values

Token	Normalized Token	Status
ALMOND	ALMOND	Error
CHOCOLATE	CHOCOLATE	Error
ALMOND	ALMOND	Error
CHOCOLATE	CHOCOLATE	Error
ALMOND	ALMOND	Error
CHOCOLATE	CHOCOLATE	Error
ALMOND	ALMOND	Error
CHOCOLATE	CHOCOLATE	Error
ALMOND	ALMOND	Error
CHOCOLATE	CHOCOLATE	Error

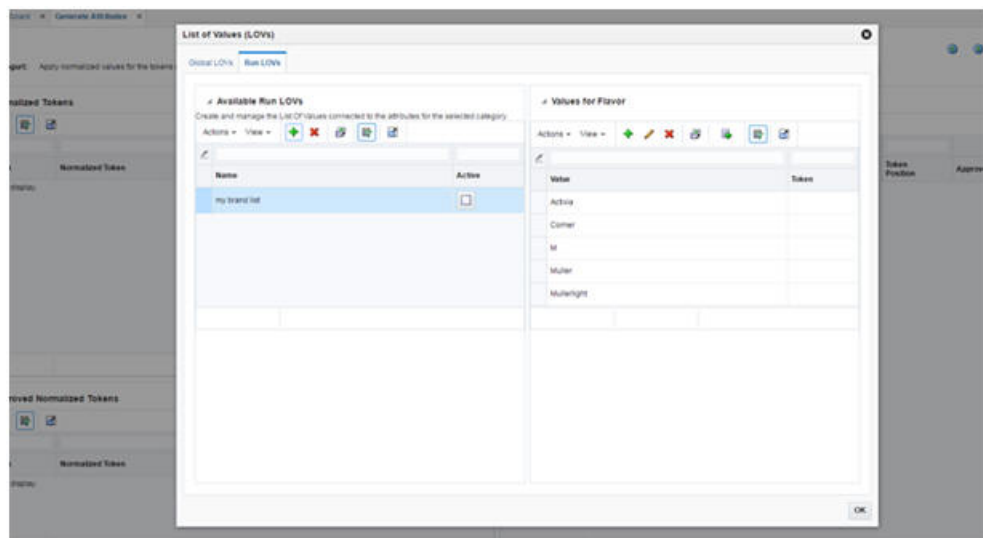
To create a new Run LOV or select an existing Run LOV, navigate to the RUN LOVs tab in the pop-up screen. To create a new list, click the Add button on the left table (Available Run LOVs). Then select the attribute that you want to create the list for and assign a name to the LOV. You can also pre-populate the list with tokens that are labeled as the selected attribute and appear more than a certain number of times across all description strings. The reason for this option is that usually the tokens with high frequency have the correct form and spelling. For example, there may be few instances of "sberry" and "strawb", but most certainly there are many instances of "strawberry". So the high frequency tokens are likely to have the correct form and can be used by the spell correcting algorithm.

After you create a Run LOV, you can edit or remove the values in the list or add new values. To edit or remove values, select a row in the right table and use the Edit or Delete button. To add a new value, click the Add button on the top of table on the right.

In addition to adding a new value to the list (to be used by the spelling correction algorithm), you can define a value/token pair so that all instances of the token across all description strings are replaced by the defined value. This is a useful option when the data has lots of abbreviations and short forms that may be difficult to correct using a spelling correction algorithm. For example if the name "Hello Kitty" is a brand that appears as "HK" in many of the description strings, then you can define a pair as "Hello Kitty|HK" to have all instances of "HK" replace by "Hello Kitty". (Note that the correct value and the token must be separated by a pipe delimiter (|)).

Once you are done adding the Run LOV and editing the values, make sure to check the Active check box on the left table to select the list.

Figure 6-9 Normalization Tab with Run List of Values



After you select a Global or Run LOV, click the OK button to close the pop-up screen and return to the Normalization tab. You can see the active LOVs on the bottom right of the screen.

To run the spell correcting algorithm, click the Normalize button. It may take few seconds for the algorithm to run. When the run is complete, the recommended corrections are displayed in the Normalized Tokens table on the top left. This table has the following fields:

Table 6-8 Normalized Tokens

Field	Description
Token	The token identified by the algorithm as misspelled.
Normalized token	The recommended correct value for the token or the value that you defined for replacement (i.e., the value/token pair).
Frequency	The number of times the token appears across all product description strings.
Approved	A check box used to approve and apply the recommended correct value.

You can perform one of the following in Normalization tab:

Table 6-9 Normalization Tab Tasks

Task	Description
Edit the normalized token	If you do not agree with the recommended correction and want to edit the normalized token, you can edit the text in the Normalized Token column before approving it.
Approve/reject the normalized token for all instances	Check the Approved check box to replace all instances of the token with a normalized token. The approved rows will be moved from top table to the bottom table (Approved Normalized Tokens). To undo the approval, uncheck the check box in the bottom table.
Approve/reject the normalized token for one instance	When you click on a row in the Normalized Token table, all descriptions that contain the selected token will be displayed in the description strings table on the right. You can approve or reject individual instances of the normalization by checking or un-checking the Approved check box in the right table.
Clear all recommended corrections	To clear all recommended normalized tokens, click the Reset button on top of the Normalized Tokens table on the top left.
Refresh	It is recommended that you click the Refresh button on the top right after you make changes to a LOV or select/deselect a LOV.

Results Tab

The Results tab is used to view the table of attributes. You can export the results into a spreadsheet. You can click the Complete button on the top right to change the status of the category in the overview tab to a value of "complete". This indicates that the attribute extraction process for this category is complete. Other users who log in to the application may decide to work on incomplete categories.

Figure 6-10 Results Tab

SE1345 - Input: Review attribute extraction results and flag the categories as complete

Completed: 7 / 8 Complete

+ Product Attributes

Product External Key	Product External Code	Product Description	Brand	Flavor	Pack Size	Unit of Measure	Volume	Extracted Description
0012345100001	100000004	MULLER LITE Strawberry & Peach 5 x 10g	Muller		0.0	g		MULLER'S g
0012345100004	100000005	M. PH. Berry Mix Car Input/Disk 6x10g	M		0.0	g	100	M-10 100 g
0012345100009	1000000021	JPN Bst 0% N.Cat Input/Disk 6x10g			0.0	g	100	B-0 100 g
0012345100005	100000007	MULLERLIGHT VANILLA YOGURT 6PK	MULLERLIGHT	VANILLA				MULLERLIGHT VAN
0012345100002	100000070	MULLERLIGHT FRUIT YOGURT 6PK	MULLERLIGHT	Fruit				MULLERLIGHT Fru
0012345100006	100000007	MULLERLIGHT CHEESECAKE YOG 6PK	MULLERLIGHT					MULLERLIGHT C
0012345100140	100140000	MULLERLIGHT CHOCOLATE YOG 6PK	MULLERLIGHT					MULLERLIGHT c
0012345100101	100100000	MULLERLIGHT CITRUS YOGURT 6PK	MULLERLIGHT					MULLERLIGHT e
0012345100204	100204070	Mullinglight Vanilla & Toffee Input/pt	Mullinght	Tofee				Mullinght Vanilla
0012345100204	100204000	Mullinglight Pink Lips	Mullinght					Mullinght
0012345100204	100204002	Mullinght Vanilla Peach Input/gts	Mullinght					Mullinght
0012345100009	100000007	MULLER ADULT FRUIT CORNER 6PK	MULLER CORNER	Fruit				MULLER FRUIT CO.
0012345100140	100140000	MULLER PINKED FRUIT CORNER 6PK	MULLER CORNER	Fruit				MULLER FRUIT CO.
0012345100107	100100000	MULLER CORNER RED FRUIT 6X100	MULLER CORNER	Fruit		g	100	MULLER CORNER
0012345100009	100000000	MULLER CORNER FRUIT YOGURT 6PK	MULLER CORNER	Fruit				MULLER CORNER
0012345100000	100000000	MULLER CORNER CHOCOLATE SPRINKLES 6X100	MULLER CORNER			g		MULLER CORNER

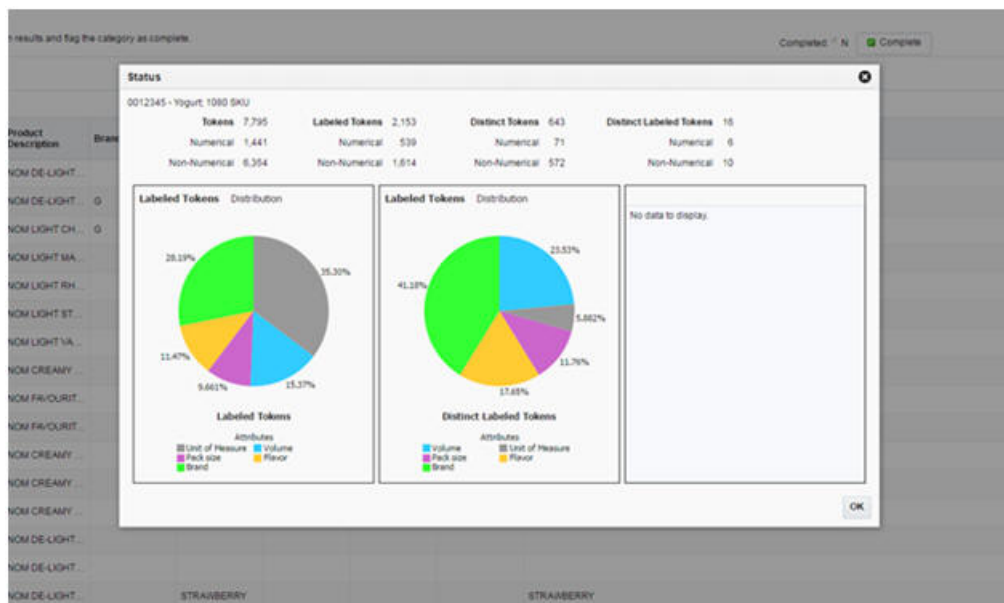
Status

The Status screen is accessible from every tab. To open, click the pie chart button on the top right.

In the Status screen, you can see the progress of the attribute extraction process. It displays different statistics, including total number of tokens, number of distinct tokens, and number of labeled tokens.

You can also see the breakdown of labeled tokens by attribute type. To see the list of all distinct values for a certain attribute, click the respective section of the attribute in any of the pie charts.

Figure 6-11 **Status Screen**



Affinity Analysis

This chapter describes the use of the Affinity Analysis (AA) Cloud Service module.

Introduction

Market basket analysis involves the use of data mining techniques to search for sales patterns between products within a given group of transactions. The output of that analysis provides a rule that defines the association found between products at the subclass or class level of the merchandise hierarchy.

A rule consists of one to three antecedents (IF attributes) and a single consequent (THEN attribute). For example:

IF (milk) and (juice), THEN (cereal)

In other words, if a customer purchases an item from the subclasses milk and juice, the customer will also purchase an item from subclass cereal. After a rule is defined, a user can use the AA interface to understand how strong the affinity is, using rule confidence and support. The probability that a customer will buy milk, juice, and cereal is known as the *support percentage*, while the conditional probability that they will buy cereal when they buy milk and juice is known as *confidence*. Rules with a very high support value occur frequently in your transaction history, while rules with a high confidence value represent a strong affinity between products.

After users have identified selling patterns, they can begin to take action based on those patterns, as well as the needs and goals of their product category. Suppose that a merchant is tasked with bringing in more margin dollars to the cereal category. Using the affinity rule in the preceding example, the merchant might work with the dairy category on a milk promotion to increase sales of milk. This in turn increases the sales of cereal, without sacrificing margin dollars on a cereal promotion. Note that this can require cross-category planning in some cases, as product affinities can sometimes occur between seemingly unrelated products (such as pet food and beer).

Another component of market basket analysis relates to the product assortments being sold in stores. Using product affinities and sales history, AA provides assortment recommendations that improve the revenue or margin of a category by suggesting product additions or removals. Products may be recommended for removal if they are found to be too similar to other products in the assortment (and thus cannibalize the sales of those products). Conversely, products that are not similar to any other items in the assortment may be candidates for inclusion, as they will not divert sales from the existing assortment.

Market basket rules are used to improve the assortment recommendation by showing the potential lift (or halo effect) on your overall sales due to any known affinities on recommended item additions. For example, if AA is analyzing an assortment for Coffee, and a particular item is part of a market basket rule that drive sales for Milk, then that item has a greater potential value for the lift it brings to the Milk category. AA may then recommend that item over other items in the category, because including it will bring in additional revenue to other assortments without changing those assortments directly.

User Interface

The AA user interface consists of several screens that help the user analyze and take action on the results of the market basket analysis and assortment recommendation processes. The following list summarizes the main purpose of each screen:

- Assortment Recommender - Review the product assortment recommendations made by AA, including the expected halo effects from items in the optimized assortment.
- Top N Class Affinities - Review the market basket affinity rules identified by AA between different product classes, including insights around the frequency and profitability of the top rules.
- Top N Subclass Affinities - Review the market basket affinity rules identified by AA between different product subclasses, including insights around the frequency and profitability of the top rules.
- Top N Promotion Affinities - Review the market basket affinity rules identified by AA between different product subclasses under the effects of a promotion, which can be used to identify the effects promoting a category has on other non-promoted products.
- Top N Customer Segment Affinities - Review the market basket affinity rules identified by AA between different product subclasses under the effects of a promotion and separated by customer segment, which provides insights into the top promoted product affinities for a targeted group of customers.

The way that you interact with the AA user interface depends on your business role and which insights you want to take action on. For example, a category planner looking to make changes to their assortment to increase margin dollars might start from the Assortment Rec screen. The planner might select the category and one of the top-selling locations, and then review the added or dropped items AA has recommended. From there, the planner can choose to move forward with the recommendations and make the necessary adjustments to the assortment plan or dive deeper into the Product Affinities screens to better understand why certain recommendations are being made.

Regardless of which screen you are examining, a set of global prompts determines the data displayed throughout the application.

On first accessing the application, you make selections from the prompts and click on the **Submit** button, which will load the remaining application screens based on your selections. Modifying and submitting the prompt values after that time will refresh the screens with new data.

Table 7-1 AA Global Prompts

Prompt Name	Description
Top 10 By	Select the primary metric used to rank the market basket results in all places where affinity rules are displayed.
Fiscal Week From	Select the starting week from which results must be displayed. The values displayed are the week of the Fiscal Calendar.
To	Select the ending week that results must be displayed for.
Department	Select the department from the merchandise hierarchy that results must be displayed for. All of the classes or subclasses on the THEN side of an affinity rule will be from the selected Department.
Location	Select the location from the location hierarchy that results should be displayed for.

The Top 10 By prompt allows you to select from the following metrics, which are used to determine which affinity rules are displayed and how to sort the results that are shown.

Table 7-2 Top 10 By Options

Metric Name	Description
Net Sales	Chooses the top N rules in each screen, based on the net sales retail amount (e.g., Avg Sales from If Items)
Net Quantity	Chooses the top N rules in each screen, based on the net sales quantity (e.g., Avg Sales Quantity from If Items)
Net Profit	Chooses the top N rules in each screen, based on the net sales profit (e.g., Avg Profit from If Items)

Although this prompt indicates "Top 10", you have the ability to select more than 10 results by changing the Top selection in the Market Basket Filters area of the screen, as discussed later in this chapter.

The Fiscal Week From and To prompts allow you to select a range of dates for which the results are returned. Market basket affinity rules may change over time as new sales transactions are processed, so selecting the weeks to review ensures that only the rules that are applicable for that period of time are displayed.

The Department prompt displays a list of departments from the merchandise hierarchy. Selecting a department will limit the data in all screens such that the consequent (or THEN components) of an affinity rule will be from that department.

After all selections are made and the Submit button is clicked, the interface will refresh and display results. Each section of the application is organized under an informational tile that describes the purpose of the screen, along with summarization metrics.

Figure 7-1 Info Tiles



Each tile has the following general properties.

Table 7-3 Info Tile Components

Component	Description
Title	A descriptive name for the data contained below the selected tile.
Primary Metric	A key measure that highlights important data, such as the number of affinity rules available for review for a given set of prompt selections.
Secondary Metrics	Additional measures that describe the underlying data available when clicking on the info tile.

Clicking on any info tile's title or primary metric will display the associated data in the lower section of the screen. The data shown in each tile in the application is described in the following Table.

Table 7-4 Info Tile Metrics

Tile Name	Primary Metric Description	Secondary Metric Description
Assortment Rec	The number of assortment recommendations available for the selected global prompt values.	For the assortments in the department, the percentage the sales amount changed and the amount the sales changed.
Class	The number of class level market basket affinity rules available for the selected global prompt values.	The share of sales profit and sales amount that is represented by all discovered association rules out of the total sales profit and sales amount processed.
Sub Class	The number of subclass level market basket affinity rules available for the selected global prompt values.	The share of sales profit and sales amount that is represented by all discovered association rules out of the total sales profit and sales amount processed.
Promotion	The number of promoted subclass level market basket affinity rules available for the selected global prompt values.	The share of sales profit and sales amount that is represented by all discovered association rules out of the total sales profit and sales amount processed.
Customer Segment	The number of customer segment promoted subclass level market basket affinity rules available for the selected global prompt values.	The share of sales profit and sales amount that is represented by all discovered association rules out of the total sales profit and sales amount processed.
All	The total number of market basket affinity rules available for the selected global prompt values.	The last date that market basket insights were executed on.

Assortment Recommender

The assortment recommender screen provides insights on ways to improve the mix of products in a store assortment, using a combination of data from Demand Transference and Affinity Analysis. This section describes the data shown in the screen, as well as how to use the results to take action within your business. For more information on Demand Transference, refer to [Demand Transference](#).

Figure 7-2 Assortment Recommender

Store10-1057 Green Bay

Assortment10000-Coffee

SKUs Added2

Amount % Variance24.63%

SKUs Dropped2

Units % Variance13.48%

4 Optimized Assortment

ActionsViewHaloCannibalizationDetach

Item	Description	Base Sales Units	Halo Sales Units	Base Sales Amount
1234762	Folgers Breakfast Roast - Caffeinated 12 oz Can	Add13.041	15.65	\$23.47
1234753	Folgers Supreme Dark Roast - Caffeinated 12 oz Can	Add13.12	15.088	\$19.68

The first step in using the assortment recommender screen is to select a store and assortment to review. The stores listed in the drop-down menu are limited to those stores that have completed an assortment recommendation calculation for the selected department in the selected period. The assortment drop-down menu is limited to those assortments with a completed assortment recommendation calculation for the date range, department, and location previously selected, and align with the level of the product hierarchy that assortment-planning operations occur at. For example, if we process Coffee on Week 1, Yogurt on Week 2, and Milk on Week 3, and we pick a date range of Weeks 1-3 in the global prompts, we will show results for those three categories.

After selecting a store and an assortment, the screen displays data showing the system-optimized product list and the original product list, along with several summary metrics.

Table 7-5 Assortment Optimization Summary Metrics

Field Name	Description
SKUs Added	The number of SKUs added to the assortment by the optimization process.
SKUs Dropped	The number of SKUs removed from the assortment by the optimization process.
Amount % Variance	The change in sales retail amount for the assortment after SKUs are added and dropped by the optimization, based on average weekly sales.
Units % Variance	The change in sales units for the assortment after SKUs are added and dropped by the optimization, based on average weekly sales.

The following table lists the summary metrics that the optimized assortment table displays insights into expected product performance if the recommendations are applied to your assortment.

Table 7-6 Optimized Assortment Table

Field Name	Description
Item	The item number and description of the SKU in the assortment.
Description	The recommended change for a SKU in the assortment. This may either be to keep an existing SKU or add a SKU that was not previously in the assortment.
Base Sales Units	The average weekly sales units of the SKU at the selected location.
Halo Sales Units	The average weekly sales units of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.
Base Sales Amount	The average weekly sales amount of the SKU at the selected location.
Halo Sales Amount	The average weekly sales amount of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.
Base Sales Profit Amount	The average weekly sales profit of the SKU at the selected location.
Halo Sales Profit Amount	The average weekly sales profit of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.
Incremental Demand	The number of sales units of the SKU that do not transfer to any other SKU in the assortment if it were to be deleted from the assortment.

Table 7-6 (Cont.) Optimized Assortment Table

Field Name	Description
Substitutable Demand	The number of sales units of the SKU that can transfer to other SKUs in the assortment if it were to be deleted from the assortment.

The primary purpose of the recommendations is to highlight the optimal mix of products, based on a pre-defined optimization target (which can be sales units, amount, or profit). The optimization process takes into account the product similarities and assortment elasticity (as generated by Demand Transference) to determine which products are candidates for addition or removal from the current assortment. It also uses the market basket affinity rules to identify additional sales generated by the SKUs in the assortment in other product categories. For example, a SKU that belongs to Subclass A, which has a strong affinity with sales of Subclass B, is effectively generating a certain number of additional sales outside of the assortment itself just by being included.

This combination of inputs into the optimization process may result in SKUs being added or dropped from the assortment. A SKU that has been dropped from the assortment may have been found to be too similar to other existing SKUs (thus its removal will transfer the majority of the demand for that SKU to other similar items). A dropped SKU may also have had a low contribution to sales in that assortment, either due to a lack of affinity rules generating additional halo effects, or because other SKUs available for addition provided better results and were swapped in. The system may recommend product additions when it has identified SKUs that will improve the optimization target, such as sales profit. It may also recommend adding a SKU when there are no similar SKUs currently in the assortment, so adding the new SKU will not cannibalize much demand from other items.

If you want to analyze the recommendations further, the system provides pop-up windows displaying Halo and Cannibalization effects relating to the selected item from the Optimized Assortment table. Select a row in the table, and then click the Halo or Cannibalization buttons on the task bar to review the data.

Figure 7-3 Halo Effects Pop-Up

The screenshot shows a window titled "Halo" with a subtitle "Subclass 100000 - Ground". It contains a table with the following data:

Subclass Ext Code	Subclass Name	Parent Ext Code	Parent Name	Halo Amount	Halo Profit Amount	Halo Units
300000	Single Serve	10000	Coffee	\$5.51	\$2.76	5.51
400000	Whole	10000	Coffee	\$5.49	\$2.75	5.49
200000	Instant	10000	Coffee	\$5.49	\$2.74	5.49

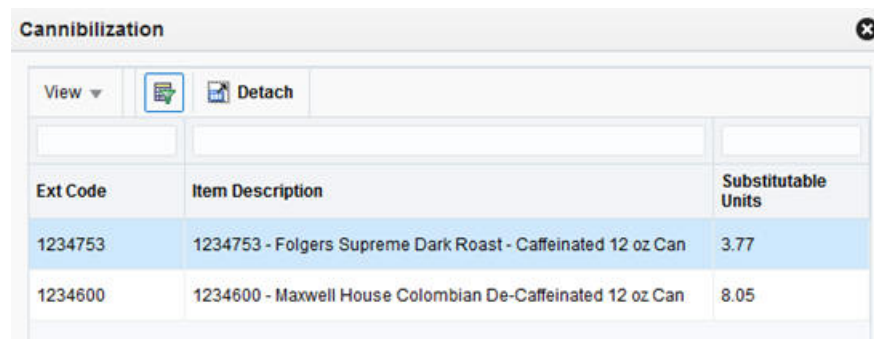
The window also includes a "View" dropdown, a "Detach" button, and a "Done" button at the bottom right.

Table 7-7 Halo Effects

Field Name	Description
Subclass Ext Code	The numeric identifier for a subclass with a halo effect from the SKU.
Subclass Name	The descriptive name for a subclass with a halo effect from the SKU.
Parent Ext Code	The numeric identifier of the parent class for a subclass.
Parent Name	The descriptive name for the parent class for a subclass.
Halo Amount	The calculated halo effect on the subclass's sales amount.
Halo Profit Amount	The calculated halo effect on the subclass's sales profit.
Halo Units	The calculated halo effect on the subclass's sales units.

The Halo pop-up window provides insights into the secondary effect of a SKU on other products. Products with strong market basket affinities may generate large halo effects and thus be good candidates for your assortment.

When evaluating the additions and removals on your assortment, it can also be helpful to understand cannibalization effects. These effects are based on the product similarities and assortment elasticities obtained from Demand Transference. Products that are very similar to each other tend to split up the customer demand for this kind of product, since the customer is not likely to buy two similar products. Conversely, products that are not very similar will not have as much overlapping demand. The Cannibalization pop-up window provides some of these insights.

Figure 7-4 Cannibalization Effect Pop-Up


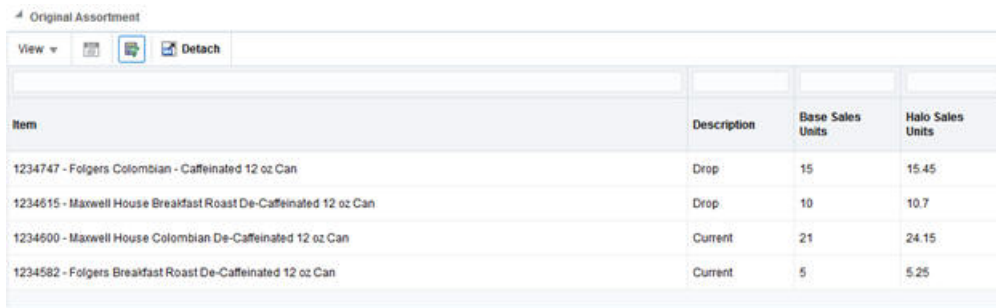
View ▾		 Detach
Ext Code	Item Description	Substitutable Units
1234753	1234753 - Folgers Supreme Dark Roast - Caffeinated 12 oz Can	3.77
1234600	1234600 - Maxwell House Colombian De-Caffeinated 12 oz Can	8.05

Table 7-8 Cannibalization Effects

Field Name	Description
Ext Code	The numeric identifier for a SKU that is cannibalized by the selected assortment SKU.
Item Description	The descriptive value for the SKU.
Substitutable Units	The calculated number of sales units that can be cannibalized from other SKUs when the assortment SKU is added, or the number of units transferred to these SKUs when the assortment SKU is dropped.

At the bottom of the screen, you can also see the original assortment, along with any SKUs from the assortment that have been dropped in the recommendation.

Figure 7-5 Original Assortment



Item	Description	Base Sales Units	Halo Sales Units
1234747 - Folgers Colombian - Caffeinated 12 oz Can	Drop	15	15.45
1234615 - Maxwell House Breakfast Roast De-Caffeinated 12 oz Can	Drop	10	10.7
1234600 - Maxwell House Colombian De-Caffeinated 12 oz Can	Current	21	24.15
1234582 - Folgers Breakfast Roast De-Caffeinated 12 oz Can	Current	5	5.25

Table 7-9 Original Assortment

Field Name	Description
Item	The item number and description of the SKU in the assortment.
Description	The recommended change for a SKU in the assortment. This may either be to keep an existing SKU or drop a SKU that was in the assortment.
Base Sales Units	The average weekly sales units of the SKU at the selected location.
Halo Sales Units	The average weekly sales units of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.
Base Sales Amount	The average weekly sales amount of the SKU at the selected location.
Halo Sales Amount	The average weekly sales amount of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.
Base Sales Profit Amount	The average weekly sales profit of the SKU at the selected location.
Halo Sales Profit Amount	The average weekly sales profit of the SKU at the selected location, after adjusting for demand as a result of Halo sales due to market basket affinity rules involving the SKU.

Using Assortment Recommender Results

The assortment recommendations provided within AA aim to achieve the maximum possible value for the chosen target sales measure, such as profit or revenue. Assortment planners may use the results of this process while preparing for the next selling season or fiscal period in order to adjust their current assortments based on their business strategy. Planners may choose to accept the recommendations as-is, or choose a subset of changes in order to see how that will affect their financial targets and assortment plan. This modified assortment can then be provided to AA and reprocessed in the future to refine the recommendations.

The following example describes the workflow of an assortment planner (Anne) working to improve sales in the Coffee category.

1. Anne starts with the existing assortment of coffee items available in stores, along with current performance measures describing how each item is selling. She knows that certain items are performing poorly and wants to mark them for removal from the assortment. She also has a list of new items that can be added to the assortment. All of this information is provided as inputs to AA prior to performing the optimization process.

2. After AA has been provided with the assortments and lists of possible changes that Anne wants to make, the system will schedule and execute the optimization process using pre-defined business rules (such as the maximum number of items that can be added or dropped by the system).
3. Knowing the process executed over the weekend, Anne logs into AA on Monday morning to review the results. She selects a location and her Coffee assortment in the UI prompts, and then begins to analyze the recommendations.
4. AA has selected three items in the current assortment to be dropped and another four items that should be added. Anne first looks at the dropped items and compares them to the other items she was thinking about removing. She notes that the dropped items are not the worst-selling ones she had chosen, but AA shows them as contributing very little to halo effects in other areas, so they may have very weak market basket affinities that contribute to their removal.
5. Anne next reviews the recommendation for items to add to the assortment. Of the four items that AA has chosen, three of them have significant halo effects driven by the market basket affinities. Anne is not as sure about the last item, so she selects it and clicks on the Cannibalization button. She notes that the item has relatively low substitutable demand from other items, suggesting it is not very similar to anything in her current assortment. This makes it a good candidate for addition, as it can bring in new demand that the assortment may not have today.
6. Anne decides to accept all of the recommendations made by AA for this assortment, exports the results to Excel for later reference, and then exits the system to make the necessary changes to her assortment plan.

Market Basket Analysis

The market basket analysis screens of the application all relate to the market basket affinity rules generated by AA. The tiles and screens provide a way to view different sets of data, depending on the configurations used for your business.

Market basket rules and their associated metrics are a key insight into product demand and customer buying behaviors. Understanding which products are more likely to sell together allow your business to coordinate targeted offers and promotions for products that have strong affinities elsewhere, without having to promote those other categories. It is also possible to understand market basket differences between customer segments, allowing you to further refine your sales and promotion strategies to target specific groups of customers that will bring in the most value to your business.

There are five screens available for viewing the AA results, each containing a different subset of affinity rules with certain characteristics as described below.

Table 7-10 Market Basket

Field Name	Description
Class	Displays market basket affinities between different classes, without any consideration for whether the items were on promotion or not.
Subclass	Displays market basket affinities between different subclasses, without any consideration for whether the items were on promotion or not.
Promotion	Displays market basket affinities between different subclasses when the antecedent (if) components are promoted and the consequent (then) components are not promoted.

Table 7-10 (Cont.) Market Basket

Field Name	Description
Customer Segment	Displays market basket affinities between different subclasses when the antecedent (if) components are promoted and the consequent (then) components are not promoted, further separated by customer segments.
All	Displays a searchable list of all available affinity rules for all types.

After you select one of the five info tiles at the top of the screen, you will be presented with additional filter prompts and a data table for displaying results.

Figure 7-6 Market Basket Filters

The screenshot shows a user interface for market basket filters. It includes several dropdown menus and checkboxes. The 'Top' dropdown is set to '10'. The 'All' checkbox is checked. The 'Sub Classes' dropdown is set to '200001 - Healthy Snacks'. The 'Customer Segments' dropdown is set to 'Value Seekers'. Below these, there are two more controls: 'Select Product Hierarchy' with a 'Sub Clas' dropdown, and 'Show only Affinities with Promotions' with a dropdown menu.

The filters above the table allow you to limit the data displayed in the table. AA can generate a large number of rules, and usually only the most common rules supported by the largest number of sales transactions are used in analyses. Which filters are displayed will depend on the current screen being examined. The following table provides an explanation of how all the filters impact the displayed results.

Table 7-11 Market Basket Filters

Filter Name	Description
Top	Selecting a different number will change how many market basket rules are displayed in the results table.
All	Selecting the check box overrides the Top filter to instead display all available market basket rules.
Classes/Subclasses	Select specific classes or subclasses for which market basket rules should be displayed. This filter will be applied as an OR condition for either the IF components or the THEN components. If there are multiple IF components, then a match is only required for one of the components.
Customer Segments	Select specific customer segments for which market basket rules should be displayed.
Select Product Hierarchy	(All Screen Only) This prompt is used to choose which level of the hierarchy you are entering search criteria for.
Show only Affinities with Promotions	(All Screen Only) This prompt allows you to choose whether the results should be limited to promoted subclass affinities.

Once you have selected your desired filter settings, you may begin to review the market basket affinities. The main table on each screen describes the product affinities that were found when analyzing the market basket data, sorted in descending order by your chosen performance metric (the Top 10 By global prompt described earlier in this chapter). In addition to the product affinities, numerous metrics are provided to describe the market basket data that contains these products.

Figure 7-7 Market Basket Affinities

	Customer Segment	Promotion	If	Then	Baskets	Avg Sales from "If" Items	Avg Profit from "If" Items	Avg Sales Quantity from "If" Items	Avg Sales from Affinity Items	Avg Profit from Affinity Items	Avg Sales Quantity from Affinity Items
			Ground	Single Serve	115	\$562.81	\$14.59	192.571	\$485.06	\$62.28	176.288
			Single Serve	Ground	115	\$485.06	\$62.28	176.288	\$562.81	\$14.59	192.571

Table 7-12 Market Basket Affinities

Field Name	Description
Customer Segment	(Customer Segment screen only) Displays the customer segment for which the product affinity was found.
Promotion	(All affinities screen only) Displays whether the rule represents IF components that were on promotion.
If	Displays the classes or subclasses containing items that were purchased in the market baskets for a given product affinity. All market baskets that contributed to a rule will contain items from these product categories.
Then	Displays the class or subclass that was found to have an affinity with the IF components of the market basket rule. Market baskets containing the IF categories were found to contain items from the THEN category enough times to establish a product affinity between the IF and THEN components.
Baskets	The number of market baskets that contain items from both the IF and THEN components of the rule.
Avg Sales from If Items	The average sales retail amount from items belonging to the IF classes or subclasses.
Avg Profit from If Items	The average sales profit from items belonging to the IF classes or subclasses.
Avg Sales Quantity from If Items	The average sales units from items belonging to the IF classes or subclasses.
Avg Sales from Affinity Items	The average sales retail amount from items belonging to the THEN class or subclass.
Avg Profit from Affinity Items	The average sales profit from items belonging to the THEN class or subclass.
Avg Sales Quantity from Affinity Items	The average sales units from items belonging to the THEN class or subclass.

The purpose of these summary metrics is to provide a quick view of the sales and profitability of the market baskets described by each rule. Even though a market basket affinity is present in a large number of baskets, it may not generate much profit or be of particular interest to the business user at this time. The summary metrics allow the user to quickly identify market basket affinities that are worth analyzing in more detail. Once the user has selected a rule to investigate, clicking that row in the table generates additional information about it in a panel to the right side of the screen.

Figure 7-8 Market Basket Affinity Details**Table 7-13 Market Basket Affinity Details**

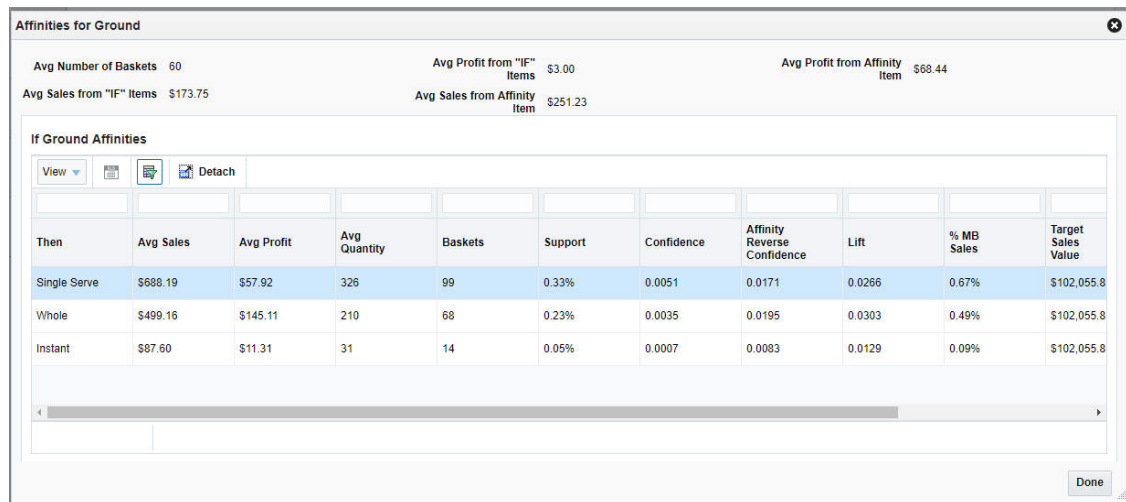
Field Name	Description
Support	The percent of market baskets that contain items from the IF and THEN components of the rule. Written as a formula: Rule Transaction Count/Total Transaction Count
Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing IF items. Written as a formula: Rule Transaction Count/Total IF Transaction Count
Reverse Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing THEN items. If a rule has a higher Reverse Confidence than its own Confidence value, then it indicates that the rule is better represented by the reversal of the IF and THEN components. Written as a formula: Rule Transaction Count / Total THEN Transaction Count
Lift	A statistical measure of how strong the product affinity is, as compared to random chance for the rule (higher is better). Written as a formula: Rule Transaction Count * Total Transaction Count / Total IF Transaction Count/Total THEN Transaction Count
Sales Amt Pct Of Total	The percent of total sales retail amount that the rule represents. Written as a formula: Rule Sales Amount/Average Weekly Total Sales
Avg Rule Sales Amt	The average weekly sales retail amount across all transactions containing the rule.
Avg Rule Sales Profit Amt	The average weekly sales profit across all transactions containing the rule.
Avg Rule Sales Qty	The average weekly sales units across all transactions containing the rule.
Avg Total Sales Amt	The average weekly sales retail amount across all transactions.
Avg Tot Sales Profit Amt	The average weekly sales profit across all transactions.
Avg Tot Sales Qty	The average weekly sales units across all transactions.
Avg Tot Txn Cnt	The average weekly transaction count across all transactions.

The detailed metrics for a rule provide more ways to evaluate if the rule is going to be useful for your business purpose. For example, a rule that has both high support and high confidence represents a strong product affinity that is purchased by many of your customers. Any action

taken on the categories in such a rule, such as promoting a subclass on the IF side of the rule, can have significant benefits for the THEN components of the rule. Another way to use these metrics is to consider the average sales or profit that a rule brings in relative to total sales over the same period. Rules that represent a significant profit amount may be a more valuable target for your efforts than rules with lower profitability.

Another way to view the market basket affinities is to click the button found to the left of each row in the data table. This button displays a pop-up window with all of the product affinities that have been found for the IF components of the rule. This can be especially useful when your goal is to find any relationships with a specific product category, rather than seeing all of the relationships between different products.

Figure 7-9 Targeted Product Affinities Pop-Up



This screen is split into two main sections: the top section displays summary metrics for all rules associated with the IF components, and the bottom section displays all of the product affinities found for the IF components and a selection of detailed metrics for them.

Table 7-14 Targeted Product Affinities Summary Metrics

Field Name	Description
Avg Number of Baskets	The average number of baskets found on a rule containing the IF items.
Avg Sales from IF Items	The average sales retail amount for the IF items in the rules.
Avg Profit from IF Items	The average sales profit for the IF items in the rules.
Avg Sales from Affinity Item	The average sales retail amount for the THEN items in the rules.
Avg Profit from Affinity Item	The average sales profit for the THEN items in the rules.

Table 7-15 Targeted Product Affinities Detail Metrics

Field Name	Description
Then	Displays the class or subclass that was found to have an affinity with the IF components of the market basket rule.

Table 7-15 (Cont.) Targeted Product Affinities Detail Metrics

Field Name	Description
Avg Sales	The average weekly sales retail amount for the IF and THEN items in the rules.
Avg Profit	The average weekly sales profit for the IF and THEN items in the rules.
Avg Quantity	The average weekly sales units for the IF and THEN items in the rules.
Baskets	The number of market baskets that contain items from the IF and THEN components of the rule.
Support	The percent of market baskets that contain items from the IF and THEN components of the rule.
Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing IF items.
Affinity Reverse Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing THEN items.
Lift	A statistical measure of how strong the product affinity is, as compared to random chance for the rule (higher is better).
% MB Sales	The percent of total sales retail amount that the rule represents.
Target Sales Value	The average weekly total sales retail amount across all transactions in the selected periods.
Target Profit	The average weekly total sales profit across all transactions in the selected periods.
Target Sales Quantity	The average weekly total sales units across all transactions in the selected periods.

This view of market basket affinities provides powerful insight into the relationships between different product categories, as it may expose affinities even between seemingly unrelated categories that your customers tend to purchase together. This screen allows you to see how actions taken on the target (IF) products will impact other areas within your business. For example, any action taken to increase the sales of an IF category can lift the sales of all other products with a strong affinity to those items. Conversely, if you have a category that is performing poorly on the THEN side of a rule, you may be able to take action on the IF products to boost that category's sales indirectly.

Using Market Basket Rules

There are a variety of ways to take action within your business based on the insights that AA provides. The most common use is to develop a promotion strategy that takes advantage of product affinities to maximize halo effects across other categories. By reducing the amount spent on promotions while increasing the effect of those promotions, you can realize additional revenue and boost profit margins. For example, by analyzing the AA results, it is possible to identify multiple product categories with affinities on a target category, where some categories are more profitable than others. This can provide alternatives for promoting items that will yield more in sales or profit than a more obvious affinity like Hot Dogs and Hot Dog Buns.

Another common practice is for store planners and planogrammers to take advantage of product affinities when deciding how to arrange the products on the shelf or for adding aisle end-caps for strongly associated product categories. AA can show obvious relationships like Bread and Peanut Butter, but it may also reveal previously unknown associations like Pet Food and Beer. Using market basket rules to inform store layouts allows you to place commonly

purchased groups of products close together in the store, increasing the chance of customers purchasing more from those categories.

Combining market basket analysis with customer segments further enhances the potential benefits of AA. Customer behavior information is obtained from mining transaction history, and it is correlated with customer segment attributes to inform your promotion strategies. The ability to understand market basket affinities allows marketers to calculate, monitor, and build promotion strategies based on critical metrics such as customer profitability and preferred categories.

As an example, consider a marketer that is planning promotions for the Soda and Chips categories. While analyzing the data in Affinity Analysis, the marketer finds that a particular customer segment, College Singles, has a very strong affinity for buying Soda any time they purchase Chips. Armed with this knowledge, the marketer may decide to create a targeted offer for this customer segment only on the Chips category, knowing that they are likely to also buy Soda in the same basket. This kind of offer is more cost effective than a company-wide promotion on both the chips and soda categories, but may yield almost the same results, because the offer has focused in on the customers that will generate the most revenue in these categories.

Affinity Analysis

This section addresses MBI analysis. The functionality described here includes creating custom runs and comparing the results of multiple runs.

System runs are executed automatically once a week as part of the weekly batch cycle using settings that have been configured for a specific level of the location hierarchy. Since system runs occur weekly, they can be used to examine results over a long period of time.

User runs can be run at any time by an individual user who specifies the settings for the run.

Two types of comparison are available: Compare Runs and Compare Results.

Use Compare Runs to select specific runs to compare. This comparison is useful for straightforward runs such as comparing the results of two different months.

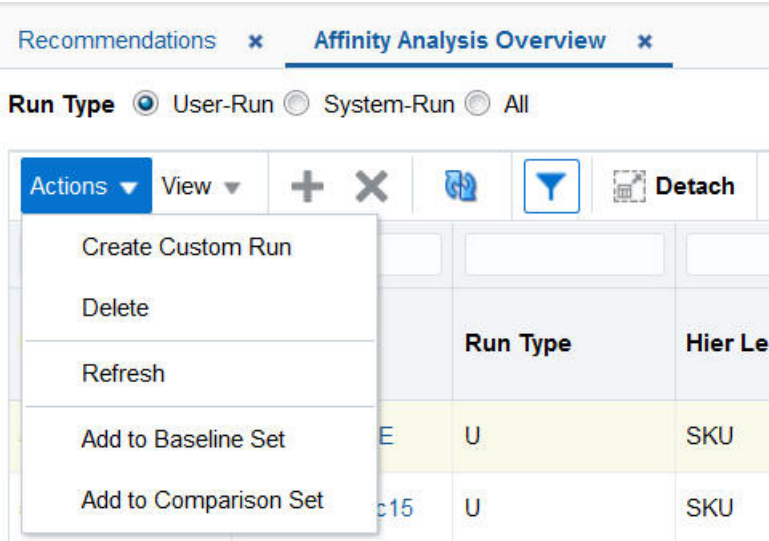
Use Compare Results to compare system runs only, with specified dates and other filters. In this case, take care in selecting runs that overlap, as some runs may be represented in the results more than once.

Affinity Analysis Overview

The Affinity Analysis Overview screen provides the tools in the following images. In addition to the standard application functionality, you can also

- Select from the following functionality using the Action drop-down menu:
 - Create Custom run
 - Delete
 - Refresh
 - Add to Baseline Set
 - Add to Comparison Set
- Select the type of run to view in this screen: User-Run, System-Run, or all runs.

Figure 7-10 Affinity Analysis Overview Functionality



The Affinity Analysis Overview table, shown in the following figure, displays the list of completed runs and contains the following fields.

Figure 7-11 Affinity Analysis Overview Table

Recommendations x Affinity Analysis Overview x																		
Run Type ☒ User-Run ☐ System-Run ☐ All																		
Actions View + X Refresh Filter Detach																		
Batch Id	Run Name	Run Type	Hier Level	Batch Status	Created By	Created	Updated	From	To	Promo Detail	Location Ext Code	Location	Customer Seg Ext Code	Customer Segment	Transaction Count	Total Sales Amount	Total Sales Profit Amount	Total Sales Quantity
503	Item_Jan1_NE	U	SKU	Completed	mbauser	1/30/19	1/30/19	1/1/16	1/1/16	N	1	North A...			5982	\$27,750.55	\$3,813.24	7543
501	Item_NE_Dec15	U	SKU	Completed	mbauser	1/30/19	1/30/19	12/1/15	12/31/15	N	1	Northea...			138931	\$650,641....	\$94,496.49	196830
465	Item_stores_1...	U	SKU	Completed	mbauser	1/29/19	1/29/19	11/1/15	1/31/16	N					9392	\$38,342.72	\$4,538.56	11858
464	Item_holiday_2...	U	SKU	Completed	mbauser	1/29/19	1/29/19	12/1/15	12/30/15	N					58876	\$282,561....	\$42,760.69	81573

Table 7-16 Affinity Analysis

Field Name	Description
Batch ID	Identifies the run.
Run Name	User-provided name for the run.
Run Type	U = User -Run; S = System-Run.
Hier Level	Hierarchy level.
Batch Status	Indicates the status of the run. Helps to determine if the run has completed, encountered any errors, or has not yet completed.
Created By	User name of person who created the run.
Created	Date when run created.

Table 7-16 (Cont.) Affinity Analysis

Field Name	Description
Updated	Date when run last updated.
From	Beginning date for run data collection.
To	Ending date for run data collection.
Promo Detail	Y indicates that the market basket affinities between different subclasses are displayed when the antecedent (if) components are promoted and the consequent (then) components are not promoted. N indicates that no consideration is given to whether or not the items are promoted.
Location Ext Code	The numeric identifier for the location.
Location	The external identifier for the location.
Customer Seg Ext Code	The external identifier for the customer segment.
Customer Segment	The name of the customer segment which the results are for. Values include Soccer Mom, Simply Seniors, Value Seekers, Gourmet Shoppers, Livin Large.
Transaction Count	Total number of transactions processed for this run.
Total Sales Amount	Total sales amount processed for this run.
Total Sales Profit Amount	Total sales profit amount processed for this run.
Total Sales Quantity	Total sales quantity processed for this run.

When you click on a specific **Run Name**, you see a pop-up that displays Filter Results and Affinities Search Results.

Filter Results

The following figure shows the Filter Results and Affinities Search Results, which are displayed when you click on a specific Run Name. The fields are described in following tables. **Search** button to initiate the filtering process and use the **Reset** button to clear the filter fields.

Figure 7-12 Filter Results and Affinities Search Results Table

Recommendations * Affinity Analysis Overview * Results : 503 *

Filter Results

Department

Class

Sub Class

Item

Top Results By

Net Sales

Top Results Displayed

10

All

Search

Reset

Affinities Search Results

View

Detach

Run	If	Then	Baskets	Avg Sales from "If" Items	Avg Profit from "If" Items	Avg Sales Quantity from "If" Items	Avg Sales from Affinity Items	Avg Profit from Affinity Items	Avg Sales Quantity from Affinity Items	Support	Confidence	Affinity Reverse Confidence	Lift	% MB Sales	Avg Sales	Avg Profit	Avg Quantity	Target Sales Value	Target Sales Profit	Target Sales Quantity	Total Basket Sales Volume
12356...	12356...	12356...	9.00	\$35.09	\$2.46	11.00	\$41.47	\$2.28	13.00	0.15%	0.0570	0.0214	0.8113	0.28%	\$76.56	\$4.74	24.00	\$27.75...	\$3.81...	7,543...	5,982.00
12356...	12356...	12356...	9.00	\$41.47	\$2.28	13.00	\$35.09	\$2.46	11.00	0.15%	0.0214	0.0570	0.8113	0.28%	\$76.56	\$4.74	24.00	\$27.75...	\$3.81...	7,543...	5,982.00
12362...	12347...	12347...	5.00	\$20.40	\$2.14	5.00	\$54.08	\$3.79	13.00	0.08%	0.0087	0.0435	0.4539	0.27%	\$74.48	\$5.93	18.00	\$27.75...	\$3.81...	7,543...	5,982.00

The following table describes the options you can use to filter the results that will be displayed.

Table 7-17 Filter Results

Field	Description
Department	Select one or more departments for which the results should be filtered.
Item	Select the item within the department from the drop-down list.
All	Select to prevent any other filters from being used.
Class	Select one or more classes for which the results should be filtered.
Top Results By	Select a metric to see the top results by: Net Sales, Net Quantity, of Net Profit.
Sub Class	Select one or more subclasses for which the results should be filtered.
Top Results Displayed	Select a value (10, 20, 30...970, 980) to limit the number of results displayed.

Affinities Search Results

The Affinities Search Results section of the pop-up provides details about the observed associations (affinities) between sales transactions. It is expressed as "If a customer buys X, then that customer may also buy Y." The table describes the relevant values associated with the If/Then transactions and contains the following fields:

Table 7-18 Affinities Search Results

Field	Description
Customer Segment	(Customer Segment screen only) Displays the customer segment for which the product affinity was found.
Promotion	(All affinities screen only) Displays whether the rule represents IF components that were on promotion.
If	Displays the classes or subclasses containing items that were purchased in the market baskets for a given product affinity. All market baskets that contributed to a rule will contain items from these product categories.
Then	Displays the class or subclass that was found to have an affinity with the IF components of the market basket rule.
Baskets	The number of market baskets that contain items from both the IF and THEN components of the rule.
Avg Sales from "If" Items	The average sales retail amount from items belonging to the IF classes or subclasses.
Avg Profit from "If" Items	The average sales profit from items belonging to the IF classes or subclasses.
Avg Sales Quantity from "If" Items	The average sales units from items belonging to the IF classes or subclasses.
Avg Sales from Affinity Items	The average sales retail amount from items belonging to the THEN class or subclass.
Avg Profit from Affinity Items	The average sales profit from items belonging to the THEN class or subclass.
Avg Sales Quantity from Affinity Items	The average sales units from items belonging to the THEN class or subclass.

Table 7-18 (Cont.) Affinities Search Results

Field	Description
Support	The percent of market baskets that contain items from the IF and THEN components of the rule.
Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing IF items.
Affinity Reverse Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing THEN items.
Lift	A statistical measure of how strong the product affinity is, as compared to random chance for the rule (higher is better).
% MB Sales	The percent of total sales retail amount that the rule represents.
Avg Sales	The average weekly sales retail amount for the IF and THEN items in the rules.
Avg Profit	The average weekly sales profit for the IF and THEN items in the rules.
Avg Quantity	The average weekly sales units for the IF and THEN items in the rules.
Target Sales Value	The average weekly total sales retail amount across all transactions in the selected periods.
Target Sales Profit	The average weekly total sales profit across all transactions in the selected periods.
Target Sales Quantity	The average weekly total sales units across all transactions in the selected periods.
Total Basket Sales Volume	The average weekly transaction count across all transactions.

Results Pop-up

Click the right-hand icon for a specific row in the Results table to see If/Then Affinities for...pop-up. The pop-up shows all the other rules that have been discovered for the same If item. You can use this to compare the rules. In this way, you may discover another product with a stronger affinity for the item.

Figure 7-13 Affinities For

Affinities for 1235629 - Newmans Own Nells Breakfast Blend - Caffeinated 12 oz Bag

Avg Number of Baskets	8	Avg Profit from "IF" Items	\$2.46	Avg Profit from Affinity Item	\$1.14
Avg Sales from "IF" Items	\$35.09	Avg Sales from Affinity Item	\$31.90		

If 1235629 - Newmans Own Nells Breakfast Blend - Caffeinated 12 oz Bag Affinities

Then	Avg Sales	Avg Profit	Avg Quantity	Baskets	Support	Confidence	Affinity Reverse Confidence	Lift	% MB Sales	Target Sales Value	Target Sales Profit	Target Sales Quantity
1236811 - Gov...	\$76.58	\$4.74	24.00	9.00	0.15%	0.0570	0.0214	0.8113	0.28%	\$27,750.55	\$3,813.24	7,543.00
1235014 - Ne...	\$57.42	\$2.46	18.00	6.00	0.10%	0.0380	0.0870	3.2922	0.21%	\$27,750.55	\$3,813.24	7,543.00

The pop-up has the following fields.

Table 7-19 Affinities For

Field	Description
Avg Number of Baskets	The average number of baskets across the runs for the combination of the If and Then items.
Avg Sales from "If" Items	The average sales retail amount from items belonging to the IF classes or subclasses.
Avg Profit from "If" Items	The average sales profit from items belonging to the IF classes or subclasses.
Avg Sales from Affinity Item	The average sales retail amount from item belonging to the THEN class or subclass.
Avg Profit from Affinity Item	The average sales retail amount from item belonging to the THEN class or subclass.
Then	Displays the class or subclass that was found to have an affinity with the IF components of the market basket rule.
Avg Sales	The average weekly sales retail amount for the IF and THEN items in the rules.
Avg Profit	The average weekly sales profit for the IF and THEN items in the rules.
Avg Quantity	The average weekly sales units for the IF and THEN items in the rules.
Baskets	The number of market baskets that contain items from both the IF and THEN components of the rule.
Support	The percent of market baskets that contain items from the IF and THEN components of the rule.
Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing IF items.
Affinity Reverse Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing THEN items.
Lift	A statistical measure of how strong the product affinity is, as compared to random chance for the rule (higher is better).
% MB Sales	The percent of total sales retail amount that the rule represents.
Target Sales Value	The average weekly total sales retail amount across all transactions in the selected periods.
Target Sales Profit	The average weekly total sales profit across all transactions in the selected periods.
Target Sales Quantity	The average weekly total sales units across all transactions in the selected periods.

Panel

The side panel has two sections. To display the side panel, you must first select a row in the table. The top section reports some of the most useful values that are also displayed in the table. The bottom section explains the details regarding the run you are reviewing.

Figure 7-14 Panel Top

If 1234816 - Tully's French Roast Dar	
Support	0.13%
Confidence	0.0741
Reverse Confidence	0.0945
Lift	5.4780
Sales Amt Pct Of Total	0.45%
Avg Rule Sales Amt	\$174.42
Avg Rule Sales Profit Amt	\$0.00
Avg Rule Sales Qty	70.00
Avg Total Sales Amt	\$38,342.72
Avg Tot Sales Profit Amt	\$4,538.56
Avg Tot Sales Qty	11,858.00
Avg Tot Txn Cnt	9,392.00

Figure 7-15 Panel Middle

► If 1234816 - Tully's French Roas	
Results Parameters	
Minimum Support	0.02%
Minimum Confidence	0.0000
Minimum Reverse Confidence	0.0000
Minimum Lift	0.0001
Minimum Transactions	2.00
Maximum Number of Rules	9,999.00
Maximum Rule Size	2.00
Date From	11/1/2015
Date To	1/31/2016

Figure 7-16 Panel Bottom

Item Selection

Department	Class	Sub Class
1000-Co...	10000-C...	

Location Selection

Locations

141 - 1100 Colorado Springs

153 - 1165 Flagstaff

123 - 1185 Greensboro

Segment Selection

Customer Segments

No data to display

Compare Results

To compare results, select the two runs you want to compare. Highlight one run and click **Add to Baseline Set**. Highlight the second run and click **Add to Comparison Set**. You see these selections in the Compare Results right panel.

Figure 7-17 Panel Showing Run Selection

Hier Level SKU

Baseline Set

503 - Item_Jan1_NE

Comparison Set

501 - Item_NE_Dec15

Click **View** to see the comparison. the View Results pop-up displays, which can be filtered by a combination of Department Item, Class, Top Results By, Subclass, and Top Results Displayed.

The results are displayed as a pair of rows for each item, a baseline row followed by a comparison row.

Table 7-20 Compare Results

Field	Description
If	Displays the classes or subclasses containing items that were purchased in the market baskets for a given product affinity. All market baskets that contributed to a rule will contain items from these product categories.
Then	Displays the class or subclass that was found to have an affinity with the IF components of the market basket rule.
Set	Indicates whether the row of data is for the baseline runs or the comparison runs.
Set Size	The number of Item/Then components in the affinity rule. For example, "If Coffee and Creamer Then Sugar" has a Set Size of 3.
Baskets	The number of market baskets that contain items from both the IF and THEN components of the rule.
Avg Sales from Affinity Items	The average sales retail amount from items belonging to the THEN class or subclass.
Avg Profit from Affinity Items	The average sales profit from items belonging to the THEN class or subclass.
Avg Sales Quantity from Affinity Items	The average sales units from items belonging to the THEN class or subclass.
Avg Sales from "If" Items	The average sales retail amount from items belonging to the IF classes or subclasses.
Avg Profit from "If" Items	The average sales profit from items belonging to the IF classes or subclasses.
Avg Sales Quantity from "If" Items	The average sales units from items belonging to the IF classes or subclasses.
Support	The percent of market baskets that contain items from the IF and THEN components of the rule.
Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing IF items.
Affinity Reverse Confidence	The ratio of the number of transactions where the entire rule is present, compared to all transactions containing THEN items.
Lift	A statistical measure of how strong the product affinity is, as compared to random chance for the rule (higher is better).
% MB Sales	The percent of total sales retail amount that the rule represents.
Avg Sales	The average weekly sales retail amount for the IF and THEN items in the rules.
Avg Profit	The average weekly sales profit for the IF and THEN items in the rules.
Avg Quantity	The average weekly sales units for the IF and THEN items in the rules.
Target Sales Value	The average weekly total sales retail amount across all transactions in the selected periods.
Target Sales Profit	The average weekly total sales profit across all transactions in the selected periods.

Table 7-20 (Cont.) Compare Results

Field	Description
Target Sales Quantity	The average weekly total sales units across all transactions in the selected periods.
Total Basket Sales Volume	The average weekly transaction count across all transactions.

Create Custom Run

To create a custom run, select **Create Custom Run** from the Action drop-down. You see the Create Custom Run pop-up with two pages - Item Selection and Results Parameters. Need more info about recommendations to create a run.

Use the Item Selection page to select the items to include in the results, including the level of the results and the hierarchy nodes to include.

Provide a meaningful name for the **Run Name** that can help identify the run.

The **Results Level** defines the level of the hierarchy that the data is created for. Lower levels can require lower thresholds on the Results Parameters page (in order to find results), while higher levels can include too many results if the settings are not increased on the Results Parameters page.

The **Filter Data Level** is used to define rules regarding how to filter data. For example, if the results are only required for specific departments, then select Departments as the level and then select the departments.

A Promotion value of **Yes** only includes results in which the If component was on a promotion. A value of **No** is used when there is no concern about whether a promotion was present or not.

After entering item criteria, click **Add Item Selection**. The bottom section of the screen is populated with the results of the selection. You can also see this information in the right panel.

Figure 7-18 Item Selection Tab

1 Item Selection

2 Results Parameters

Item Selection

Run Name

Results Level

Sub Class

Filter Data Level

Filter Results By Department

Filter Results By Class

Filter Results By Sub Class

Promotion

No

The Results Parameters page, which is shown in [Figure 7-19](#), is displayed in the right panel. The minimum value for transactions is used to prevent a situation in which there are too many results because so many transactions have been used in the calculations.

Figure 7-19 Results Parameters Tab

1 Item Selection

2 Results Parameters

Results Parameters

Minimum Support

0.00001

Minimum Confidence

0.00001

Minimum Reverse Confidence

0.00001

Minimum Lift

0.0001

Date From

Date To

Segments

Locations

Minimum Transactions

2

Maximum Number of Rules

9999

Maximum Rule Size

2

[Table 7-21](#) explains how to interpret these values.

Table 7-21 Results Parameters

Field	Description
Minimum Support	The minimum percent of total transactions required to have this rule expressed as a decimal value. (0 - 1 range)
Minimum Confidence	The minimum confidence ratio required for a rule expressed as a decimal value. (0 - 1 range)
Minimum Reverse Confidence	The minimum confidence ratio required for the reverse rule definition, expressed as a decimal value. (0 - 1 range)
Minimum Lift	The minimum lift value required for a rule.
Minimum Transactions	The minimum value for transactions are used to prevent a situation in which there are too many results because too many transactions have been used in the calculations. This value also helps ensure some consistency if the transaction volume varies enough for Minimum Support to be used.
Maximum Number of Rules	The limit on the top number of rules to be saved from the results. Used to reduce data volume and remove the less significant rules.
Maximum Rule Size	The number of components to be included in a rule. The value of 2 is only supported for rules that include promotion or item results; otherwise, the value of 3 is supported. The additional components are always on the If side of the rule.
Dates From and To	The date range for processing sales data. This value must not span an excessive length of time, as the amount of data processed can become too large to manage reasonably.
Segments	Select any customer segments that should be included when determining the sales transactions to process.
Location	Limit the locations that should be included when determining the sales transactions to process. This can be done by selecting any hierarchy level and then multi-selecting any locations at that level.

Manage Affinity Analysis

Use the Manage Affinity Analysis screen to view the results from all system created runs. Set the filters, select a range of calendar dates, and click **Submit**. The Info Tiles are displayed.

Figure 7-20 Manage Affinity Analysis Filters

Recommendations x Manage Affinity Analysis x

Top 10 By Net Sales

Department

From

To

Location 1-Spaces Grocery

Submit

Info Tiles

The Info Tiles display the results from all system runs. Once you specify the filters to indicate what runs you want to use, the Info tiles display an aggregate view of the results for different

hierarchy levels and the types of processing that were executed during the run. Select an Info Tile and use the filters below the tiles to view the affinities for your selection.

Figure 7-21 Info Tiles

Recommendations

Manage Affinity Analysis

Top 10 By

Net Profit

From

1/1/2019

To

1/31/2019

Department

4000-Produce

Location

1-Spaces Grocery

Submit

Class

0

Profit Share

0%

Sales Share

0%

Sub Class

0

Profit Share

0%

Sales Share

0%

Promotion

0

Profit Share

0%

Sales Share

0%

Customer Segment

0

Profit Share

0%

Sales Share

0%

All

0

Each tile has specific filters. Here is an example of the filters for the All tile.

Figure 7-22 All Info Tile Filters

Select Product Hierarchy

Class

Classes

Customer Segments

Show only Affinities with Promotions

Top

10

All

Search

Reset

Compare Results

You can use Compare Results to compare system runs only, using the dates and filters you specify, as shown in [Figure 7-23](#).

Figure 7-23 Compare Results

Compare Results

Hierarchy Level

Class

▼

Department

▼

Class

▼

Sub Class

▼

Baseline Set

Comparison Set

Date Ranges

▼

To

▼

vs.

▼

To

▼

Customer Segments

None

▼

vs.

None

▼

Locations

▼

vs.

▼

Promotions

☐ Yes ☒ No

vs.

☐ Yes ☒ No

View

Cancel

Click **View**. [Table 7-20](#) describes the results of the Compare Results functionality.

Size Profiles

This chapter describes the Size Profiles Cloud Service module.

Overview

The Size Profiles (SP) is a module under Retail Profile Sciences and is used to estimate the distribution of demand across different sizes (size profile) for different merchandise and location levels.

Size profile is estimated at different levels of merchandise and location. The lowest level of estimation is style-color (for merchandise) and store (for location). Size profiles may also be estimated at higher levels of aggregation on both the merchandise and location dimensions (for example, at subclass-store or style/color-region), depending on the retailer's requirements.

At a high level, the workflow for SP consists of creating a run, reviewing the size profiles, and submitting and approving them. The approved profiles are exported once the export process runs.

All Runs

The All Runs screen lists all previously created runs, regardless of their status.

Figure 8-1 All Runs

All Runs							
	Status	Run Name	All Profiles	Run Description	Loc. Node	Merch. Node	Esc. Attribute
132	Setup	RUN @ 06/05/25, 11:43:11 AM			District-AU - New South Wales	Sub Class-Ground Coffee	None
128	Setup	RUN @ 06/04/25, 5:36:51 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
124	Setup	RUN @ 06/04/25, 2:01:33 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
115	Setup	RUN @ 05/30/25, 8:45:59 AM			District-AU - New South Wales	Sub Class-Ground Coffee	None
114	Setup	RUN @ 05/29/25, 9:31:54 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
113	Setup	RUN @ 05/29/25, 9:31:37 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
112	Setup	RUN @ 05/29/25, 9:02:21 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
111	Setup	RUN @ 05/29/25, 8:43:22 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
110	Setup	RUN @ 05/29/25, 3:32:42 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
109	Setup	RUN @ 05/29/25, 3:31:30 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
108	Setup	RUN @ 05/29/25, 3:22:27 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
107	Setup	RUN @ 05/29/25, 1:18:52 PM			District-AU - New South Wales	Sub Class-Ground Coffee	None
106	Setup	RUN @ 05/29/25, 10:38:47 AM			District-AU - New South Wales	Sub Class-Ground Coffee	None
105	Setup	RUN @ 05/29/25, 10:37:13 AM			District-AU - New South Wales	Sub Class-Ground Coffee	None

Click the **Run Name** with a status of Successful to see the size profiles as well as the inputs of that run. If the run is in Failed status, only the run inputs will be shown. If the run is in Setup status, the edit run pop-up opens.

The Recent Successful Run list is displayed in the contextual area on the right. You can also click a run in this list in order to open it.

Creating a Run

To estimate size profiles, you create a run and specify the settings to be used for the estimation. To begin the process, either click the **Add** icon at the top of the table or select a row in the overview table and click the **Duplicate** icon to duplicate a run. Then click the link of the duplicated run in Run Name column. In either case, the Create Run screen is displayed.

Figure 8-2 Create Run Showing Information Tab

The screenshot shows the 'Size Profiles - Create Run' interface with the 'Information' tab selected. The 'Run Details' section includes a 'Run Name' field with the value 'RUN gp 01/14/24, 2:40:25 PM' and an empty 'Run Description' field. The 'Setup' section contains various dropdown menus: 'Area' (selected 'US-Australia Brick and Mortar'), 'Region' (selected 'US-AU - Australia East'), 'District' (selected 'US-AU - New South Wales'), 'Location' (selected 'AU'), 'Historical Season' (selected 'No season'), 'Run Season' (selected 'No season'), 'Department' (selected '240-APPLIANCES'), 'Class' (selected '5-SMALL APPLIANCE'), 'Sub-Class' (selected '2-COFFEE MACHINES'), 'Style' (selected 'AR'), and 'Attribute' (selected 'None'). A 'United States B' button is located next to the 'Area' dropdown. At the bottom right, there are 'Cancel', 'Save', and 'Submit' buttons.

The Create Run screen has the following features:

- Three tabs: the "[Information Tab](#)", the "[Size Ranges Tab](#)", and the "[Parameters Tab](#)".
- The **Save** button, which saves the changes made in any of the tabs.
- The **Cancel** button, which discards the changes in the current tab and closes the Create Run screen.
- The **Submit** button, which saves all changes, begins the execution of the run, and closes the screen. At this point, the status of the run changes from Setup to In Progress.
- The contextual area on the right, which displays a summary of user selections in each of the three tabs.

Information Tab

Use the Information tab, to provide the run name and description in the Run Details section. Use the selectors to select merchandise and location nodes that the size profile should be generated for. The highest/lowest level of selection and the lowest level that multi-select is allowed are controlled by global configurations. These configurations are explained in the *Oracle Retail AI Foundation Cloud Services AI Foundation Implementation Guide*.

Select the historical season to filter the historical data based on the start/end date of that season as well as limit the items to the ones that are mapped to that season. If item-season mapping is not available for a season, no data will be found for processing and no profiles will be generated. You can also select no season. In that case, the start/end of the historical period will be defaulted to the values indicated by SPO_NO_SEASON_START_DATE/SPO_NO_SEASON_END_DATE in RSE_CONFIG. If those values are null, then the start/end of the historical period will be defaulted to the min/max weeks in the calendar hierarchy data (RSE_CAL_HIER table). In either case, you can override the start/end of historical period in the third tab of the Create Run screen.

In addition to the historical season, you can also select a run season. This is simply linking the run to the selected season. This is a feature which is used by the RMS Allocation system to link the profiles to the upcoming seasons.

If you want to use a product attribute in the escalation, select an attribute value. In the Parameters tab, you can set the escalation path as desired. Lastly, select the option for warehouse profiles, if desired.

Size Ranges Tab

A size range consists of a set of all available sizes for each style-color. For example, the size range for the style-color of Men's Pullover Black and Store of Boston Downtown is S, M, L, XL. The size range data is provided by the retailer.

Size range data is required for estimating the size profiles. Once you navigate from the Information tab to any of the other tabs, a process runs at the back end to extract size range data for the selected merchandise/location nodes and to populate relevant tables. This process can take some time to complete, depending on the size of data. You will see a pop-up message in the UI to indicate that the process is in progress. While the process is in progress, the merchandise/location filters will be disabled and cannot be modified. You can see the status of this process in the notifications on the left menu in the screen.

In the Size Ranges tab, shown in [Figure 8-3](#), size range data is shown for each style-color and each store. If a certain size is not available in a size range, it will be shown as greyed out. If a size has been specified as an expected Kink Size (which means it is an odd size that may have significantly fewer or more sales than other sizes), it will be shown in blue.

Figure 8-3 Create Run Showing Size Ranges Tab

Information

Size Ranges

Parameters

Size Ranges

Available Sizes are in **Bold**
Kink Sizes are in **Blue**

Actions

View

Detach

Department	Class	Sub Class	Style	Style Color	Sizes	Area	Region	District	Store
Womens Acc...	Active Appa...	Shorts	SQUADRA S...	SQUADRA S...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	CAMO SHO...	CAMO SHO...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	SQUADRA S...	SQUADRA S...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	JUMP SHOR...	JUMP SHOR...	S, M, L, XL	America	US Central ...	Illinois	Schaumburg
Womens Acc...	Active Appa...	Shorts	SQUADRA S...	SQUADRA S...	S, M, L, XL	America	US Central ...	Illinois	Schaumburg
Womens Acc...	Active Appa...	Shorts	SQUADRA S...	SQUADRA S...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	KNIT SHORTS	KNIT SHORT...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	PLAY UP SH...	PLAY UP SH...	S, M, L, XL	America	US Central ...	Illinois	Chicago
Womens Acc...	Active Appa...	Shorts	PLAY UP SH...	PLAY UP SH...	S, M, L, XL	America	US Central ...	Illinois	Galena
Womens Acc...	Active Appa...	Shorts	PLAY UP SH...	PLAY UP SH...	S, M, L, XL	America	US Central ...	Illinois	Schaumburg
Womens Acc...	Active Appa...	Shorts	KNIT SHORTS	KNIT SHORT...	S, M, L, XL	America	US Central ...	Illinois	Galena

Cancel

Save

Submit

To edit the available sizes and kink size flags, select a row and click the **Edit** icon. This opens a pop-up, shown in [Figure 8-4](#)

Figure 8-4 Edit Available Sizes

i Edit sizes: Womens Activewear/Active Apparel/Shorts/CAMO SHORTS/CAMO SHORTS ✕

Size	Availability	Expected Kink Size
S	☒	☐
M	☒	☐
L	☒	☐
XL	☒	☐

Parameters Tab

The Parameters tab displays the parameters that are used by the size profile generation algorithm. The escalation path is used to cluster data and estimate profiles at different levels (that is, merchandise/location or merchandise/location/attribute) and find the optimal size profiles that best represent the expected demand pattern and is most robust to stock out periods, imbalanced stock across sizes and other factors. When a size profile at a given level of the escalation path does not meet the post-processing criteria, it automatically gets rejected and the size profile associated with a higher level is examined. This process continues until a valid size profile is found at one of the levels along the escalation path.

The lowest level of the escalation path in a run defines the level of the profiles generated in that run. For example, if the escalation path consists of department-region, department-location, subclass-region, and subclass-location, the size profiles will be generated at subclass-location level, that is one profile for each subclass/location/size range. In addition, for all runs at any level, size profiles will also be generated at the lowest level (style-color/location).

The parameters of the size profiles estimation algorithm fall into two categories: pre-processing and post-processing.

You can edit the values for these parameters, as shown in [Figure 8-5](#). The default values of the parameters are defined in SPO_DFLT_PARAMETER. You can modify the default values using the Manage System Configuration screen under the Control & Tactical Center. The table below shows the name, description, and default value of the parameters.

Figure 8-5 Create Run Showing Parameters Tab

Size Profiles - Create Run

Information Size Ranges **Parameters**

▼ Pre-Processing Settings

SKU/Store Start and End Dates

Minimum Sales: 1.0 ☒ Default Value (1)

Minimum Inventory and Sales: 1.0 ☒ Default Value (1)

Percent Maximum: 0.05 ☒ Default Value (0.05)

SKU-Parent/Store Eligibility

Minimum Sales: 4.0 ☒ Default Value (4)

Minimum SKUs: 2.0 ☒ Default Value (2)

Minimum Weeks: 2.0 ☒ Default Value (2)

SKU/Store Eligibility

Minimum Sales: 1.0 ☒ Default Value (1)

SKU-Store Eligible Fraction: 0.1 ☒ Default Value (0.1)

Minimum Season Length: 1.0 ☒ Default Value (1)

SKU-Parent/Store/Week Eligibility

Minimum SKUs: 2.0 ☒ Default Value (2)

Valid Sizes Percentage: 0.41 ☒ Default Value (0.41)

SKU/Store/Week Eligibility

Minimum Sales: 1.0 ☒ Default Value (1)

Minimum Inventory and Sales: 1.0 ☒ Default Value (1)

Percent Maximum: 0.05 ☒ Default Value (0.05)

Size Profile Generation

History Start Date: 01/30/2021 ☒ Default Value

History End Date: 05/12/2023 ☒ Default Value

☐ Add Date Range 2

History Start Date 2: 01/30/2021 ☒ Default Value

History End Date 2: 05/12/2023 ☒ Default Value

PARAMETER_NAME	PARAMETER_TYPE	UI_PARAMETER_LABEL	PARAMETER_VALUE	DESCRIPTION
SPO_MIN_SALES	SKU/Store Start and End Dates	Minimum Sales	1	Minimum Sales for determining start and end dates.
SPO_MIN_INV_SALES	SKU/Store Start and End Dates	Minimum Inventory and Sales	1	Minimum Inventory and Sales for determining start and end dates.
SPO_PCT_MAX	SKU/Store Start and End Dates	Percent Maximum	0.05	Percent Maximum for determining start and end dates.
SPO_MIN_SALES_SKU_STR	SKU/Store Eligibility	Minimum Sales	1	Minimum Sales SKU-Store for determining SKU-Store Eligibility.
SPO_ELIG_FRACTION_SKU_STR	SKU/Store Eligibility	SKU-Store Eligible Fraction	0.1	Eligible Fraction SKU-Store for determining SKU-Store Eligibility.

PARAMETER_NAME	PARAMETER_TYPE	UI_PARAMETER_LABEL	PARAMETER_VALUE	DESCRIPTION
SPO_MIN_SEASON_LEN_SKU_STORE	SKU/Store Eligibility	Minimum Season Length	1	Minimum Season Length SKU-Store for determining SKU-Store Eligibility.
SPO_MIN_SALES_SKU_STORE_WEEK	SKU/Store/Week Eligibility	Minimum Sales	1	Minimum Sales for determining SKU/Store/Week Eligibility.
SPO_MIN_INV_SALES_SKU_STORE_WEEK	SKU/Store/Week	Minimum Inventory and Sales	1	Minimum Inventory and Sales for determining SKU/Store/Week Eligibility.
SPO_PCT_MAX_SKU_STORE_WEEK	SKU/Store/Week Eligibility	Percent Maximum	0.05	Percent Max SKU-Store-Week for determining SKU/Store/Week Eligibility.
MIN_SLS_PRNT_STORE_WEEK	SKU-Parent/Store Eligibility	Minimum Sales	4	Minimum sales units for determining SKU-Parent/Store Eligibility.
MIN_SKUS_PRNT_STORE_WEEK	SKU-Parent/Store Eligibility	Minimum SKUs	2	Minimum SKUs for determining SKU-Parent/Store Eligibility.
MIN_WKS_PRNT_STORE_WEEK	SKU-Parent/Store Eligibility	Minimum Weeks	2	Minimum Weeks for determining SKU-Parent/Store Eligibility.
SPO_MIN_SKU_STORE_WEEK	SKU-Parent/Store/Week Eligibility	Minimum SKUs	2	Minimum SKUs for determining SKU-Parent/Store Eligibility.
SPO_PCT_SIZE_RANGE_PRNT_STORE_WEEK	SKU-Parent/Store/Week Eligibility	Valid Sizes Percentage	0.41	Percent Size Range for determining SKU-Parent/Store Eligibility.
SPO_SIZE_PROFILE_GENERATION_METHOD	Size Profile Generation	Size Profile Generation Method	Optimization	The size profile generation method (Optimization or Normalized).
SPO_SKU_PRNT_STORE_WEEK	Postprocessing	Valid Sample Threshold	2	Post Processing threshold: Minimum number of SKU-parent/store/weeks with at least one valid sale.

PARAMETER_NAME	PARAMETER_TYPE	UI_PARAMETER_LABEL	PARAMETER_VALUE	DESCRIPTION
SPO_TOT_UNIT_LS	Postprocessing	Valid Sales units Threshold	2	Post Processing threshold: Min number of valid sales units that each size in the partition should have.
SPO_TOT_UNIT_LS_PCT_SIZES	Postprocessing	Valid Sizes Percentage	0.4	Post Processing threshold: Min Percent of sizes.
SPO_SALE_PROF_CORR_THRESHOLD	Postprocessing	Threshold for correlation with Sales Profile	0.9	This parameter provides the correlation threshold between size profiles and sales profile.
SZ_PROF_OVER_CORR_THRESHOLD	Postprocessing	Threshold for size profiles compared with historical sales profile	2	Indicates size profiles are compared with historical sales profile and if the ratio between size profile and sales profile exceeds this value for at least one size, profile is flagged and is shown in UI under over-correction tile in run output
SPO_KINK_INNER_RATIO	Kink Size Analysis	Kink Inner Ratio	1.1	The default value for kink inner ratio.
SPO_KINK_OUTER_RATIO	Kink Size Analysis	Kink Outer Ratio	1.03	The default value for kink inner ratio.
SPO_CORR_LOW_SELL_FLG	Low Seller Correction	Correct Size Profiles for Low Sellers	Y	The flag (Yes or No) to indicate whether to apply post processing to correct size profiles of low sellers
SPO_LOW_SELL_AVG	Low Seller Correction	Average Weekly Sales of SKU	1	Average weekly sale units across a season, below which deems a SKU (Size) to be a low seller.

PARAMETER_NAME	PARAMETER_TYPE	UI_PARAMETER_LABEL	PARAMETER_VALUE	DESCRIPTION
ENABLE_OVER_CORR_FILTER_FLG	Postprocessing	Enable size profiles over-correction filter flag	Y	Y/N flag which indicates whether the profiles that have over-correction should be removed during post-processing (Y) or should be kept in the final set of profiles and just be flagged as over-corrected (N).

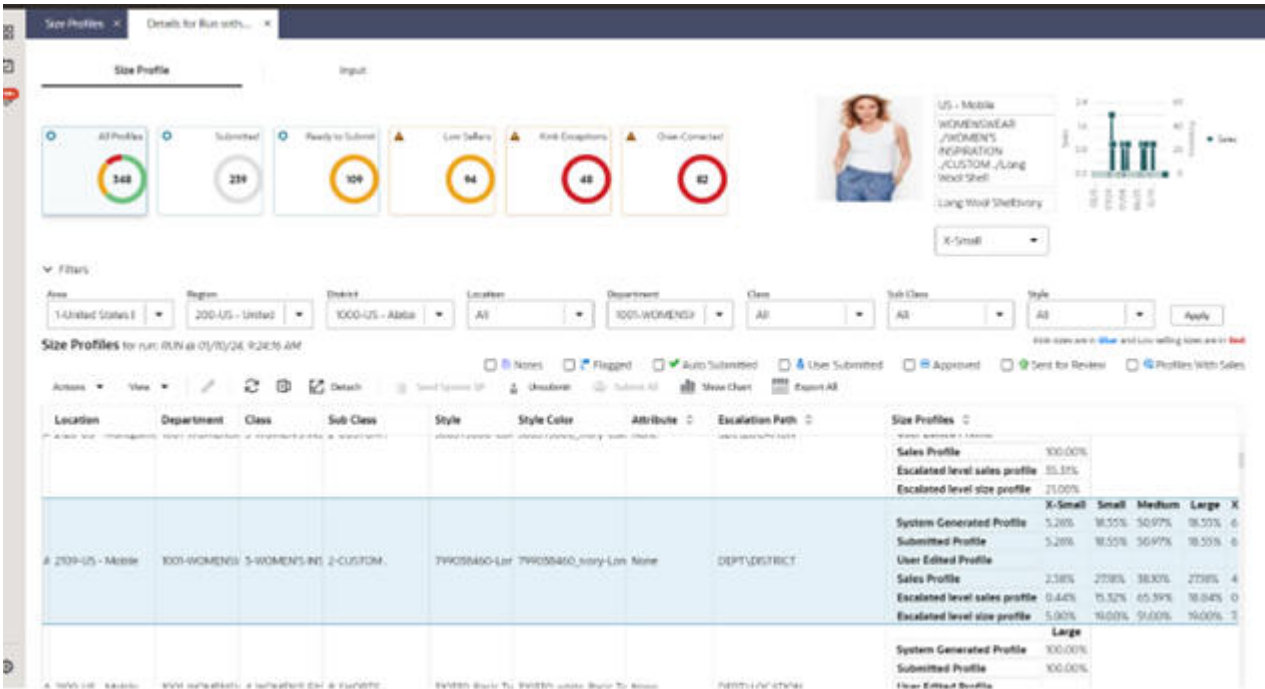
Reviewing a Run

Once the run has completed successfully, you can use various options to filter the profiles and review the size profile output. You can also override and submit/un-submit size profiles.

Run Output

To open a run with a status of Complete, click the **Run Name** in either the All Runs table or from the list of recent runs. The Run Output screen opens in a new tab. This screen has two tabs, Size Profiles and Inputs.

Figure 8-6 Run Output



Size Profiles Tab

The Size Profiles tab displays the generated size profiles for each merchandise/location combination at the run level. You can filter the profiles based on their submitted and alert status using the five tiles at the top of the screen for All Profiles, Submitted, Ready to Submit, Low Sellers, Kink Exceptions, and Over-corrected.

Below the tiles, you can use the collapsible filter section to filter the size profiles based on the merchandise and location hierarchies. You can also use the check-box filters above the table to further filter profiles by status (auto/user, submitted, approved, sent for review) as well as profiles with notes/flag. Lastly, you can filter profiles to show/hide the profiles that had any sales during the historical period.

The size profiles table is multi-row selectable, using the Ctrl and Shift buttons. This table has the following columns:

- The first column (with no header) shows the status of the profile. Values are user submitted (👤), auto submitted (✅), and approved.
- The action column has the note and flag icons. Values are some notes have been added (📝), no notes added yet (📄), flagged (🚩), not flagged (🚩).

You can click on the note icon to view or edit the notes in a pop-up. You can also click the flag icon to flag or un-flag a size profile.

- The columns that show the merchandise and location hierarchy (for example, Region, District, Location, Department, Class, Subclass, and so on) and another column to show attributes. If an attribute is not selected when setting up the run, this column will have value of None.
- The escalation path that indicates the level at which the size profile has been generated.

The size profiles column that shows the following values:

- System: the size profile generated by the system (using the estimation algorithm). This profile will be identical to the “escalated level size profile” unless the merchandise/location at the run level has fewer sizes than the merchandise/location at the escalation level. In that case the escalation level profile will be normalized based on the sizes available for the merchandise/location at the run level such that the system generated profile sums to 1.
- User: the values edited by the user. If the user has not edited the values or has not seeded system values to populate user values, this row will be empty.
- Approved: the approved values, if the size profile was approved. If the size profile has not been approved, this row will be empty.
- Sales Profile: shows the profile of the observed sales (without correcting for the lost sales and any other post-processing) at the profile level.
- Escalated level sales profile: shows the profile of the observed sales (without correcting for the lost sales and any other post-processing) at the escalation level.
- Escalated level size profile: shows the estimated profile at the escalation level.

The following actions can be done in the Size Profiles table:

- Seed the user values with the System size profile by selecting one, or multiple, rows and clicking on the Seed System SP button at the top of the table.
- Edit a profile in the edit pop-up by selecting a single row and clicking on the Edit icon at the top of the table. If a size profile is submitted, edit is not allowed. To edit, the user must first un-submit the profile. The edit pop-up is shown in [Figure 8-7](#). The edited values must sum

up to 100 percent. If they do not, you will not be able to save. To normalize the values, you can use one of the two options (Normalize All or Normalize Edited). The first option adjusts all values so that they sum up to 100 percent. The second option adjusts only the edited values so that the sum of all the values becomes 100 percent. In the edit profile pop-up, you can also override the profile with the sales profile.

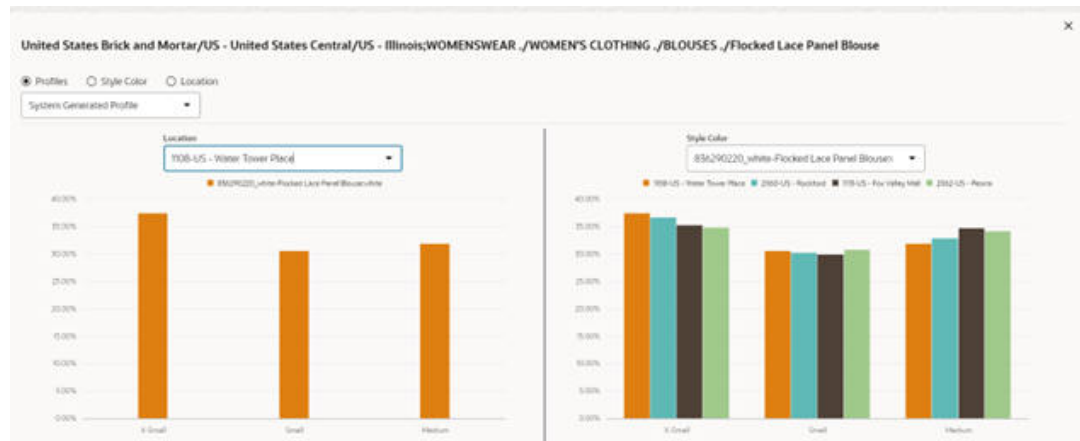
Figure 8-7 Edit Size Profiles

	Small	Medium	Large	X-Large
System Generated Profile	7.30%	31.52%	61.99%	0.00%
Submitted Profile				
User Edited Profile	7.00%	29.00%	55.00%	9.00%
Sales Profile	0.00%	50.00%	50.00%	0.00%

Buttons: Normalize All, Normalize Edited, Override with Sales Profile, Save, Cancel

- Submit or un-submit a profile by selecting one or multiple rows and clicking on the Submit/Un-submit button at the top of the table. Alternatively, use the Submit All button to submit all the profiles that match the selected filters.
- Export the output to Excel using the export button above the table. This will export the profiles that match the selected filters. The maximum number of profiles that gets exported is controlled by the configuration `SPO_UI_FETCH_SIZE` in `RSE_CONFIG`. To export all profiles that match the selected filters, use the Export All button above the table. This option will export all the profiles even if number of them exceeds the configuration `SPO_UI_FETCH_SIZE`. In that case the export process may take longer and user will be notified once the process is complete and the Excel file is downloaded.
- View and edit the notes on each profile using the Note icon in the Action column, which opens a pop-up.
- Flag or un-flag a profile by clicking on the Flag icon in the Action column.
- View the graphs for each profile by selecting a row and clicking the “Show Chart” button above the table. This will open the pop-up that is shown in [Profiles View](#). There are three different views:
 - Profiles view: In this view on the left side you can see the profiles of multiple merchandise nodes (at the run level) for a specific location node (at the run level). Similarly, on the right side you can see the profiles of multiple location nodes (at the run level) for a specific merchandise node (at the run level).
 - Merchandise view (for example style-color): In this view you can see the system profile, sales profile and user profile for the selected profile merchandise and the location that is selected from the drop-down list.
 - Location view (for example region): In this view you can see the system profile, sales profile and user profile for the selected profile location and the merchandise that is selected from the drop-down list.

Figure 8-8 Profiles View



- View the weekly sales and inventory and product image at the top of the screen for a selected row in the table. This view is available only for the runs that are at lowest level (style-color/location).

Note

If a profile (for a given merchandise/location/attribute/size range) has already been approved or sent for review, the seed, submit/un-submit, and edit actions are not available. None of these actions can be performed for the profile. Note and flag can still be modified.

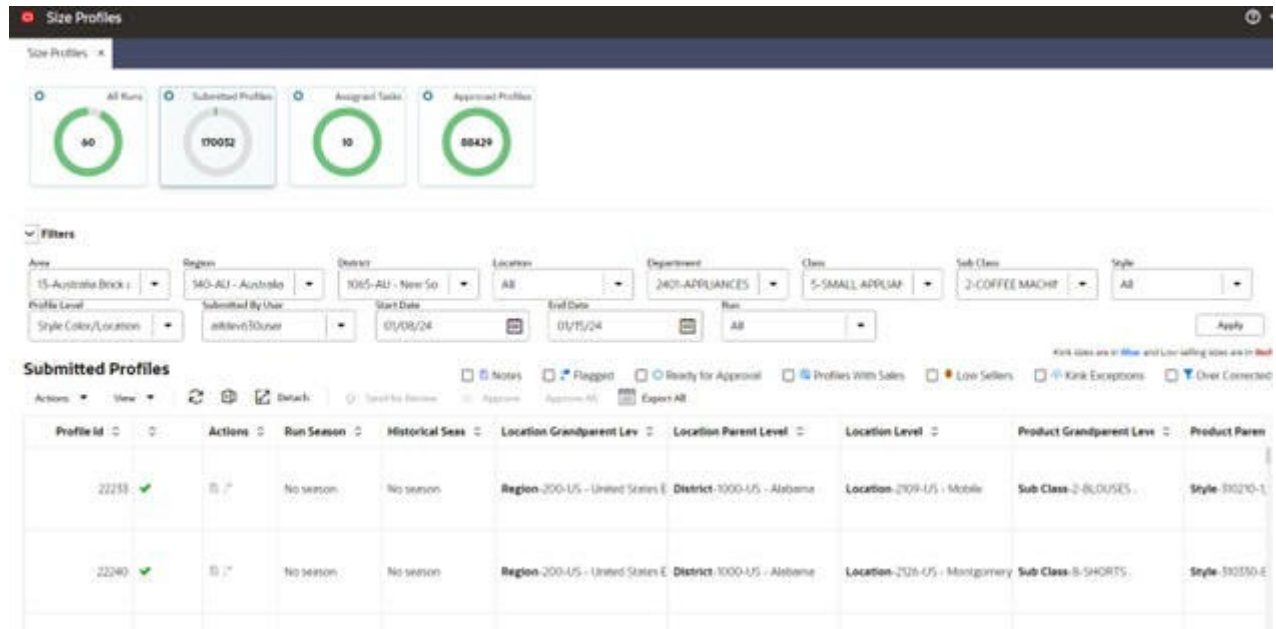
Input Tab

The input tab shows a summary of all inputs for the run in read-only mode.

Submitted Profiles

You can see the submitted profiles across all runs in the Submitted Profiles screen. You can send profiles for review to your own user or another user. You can approve selected profiles or bulk approve all profiles. The approved profiles will get exported out once the nightly export process runs.

Figure 8-9 Submitted Profiles

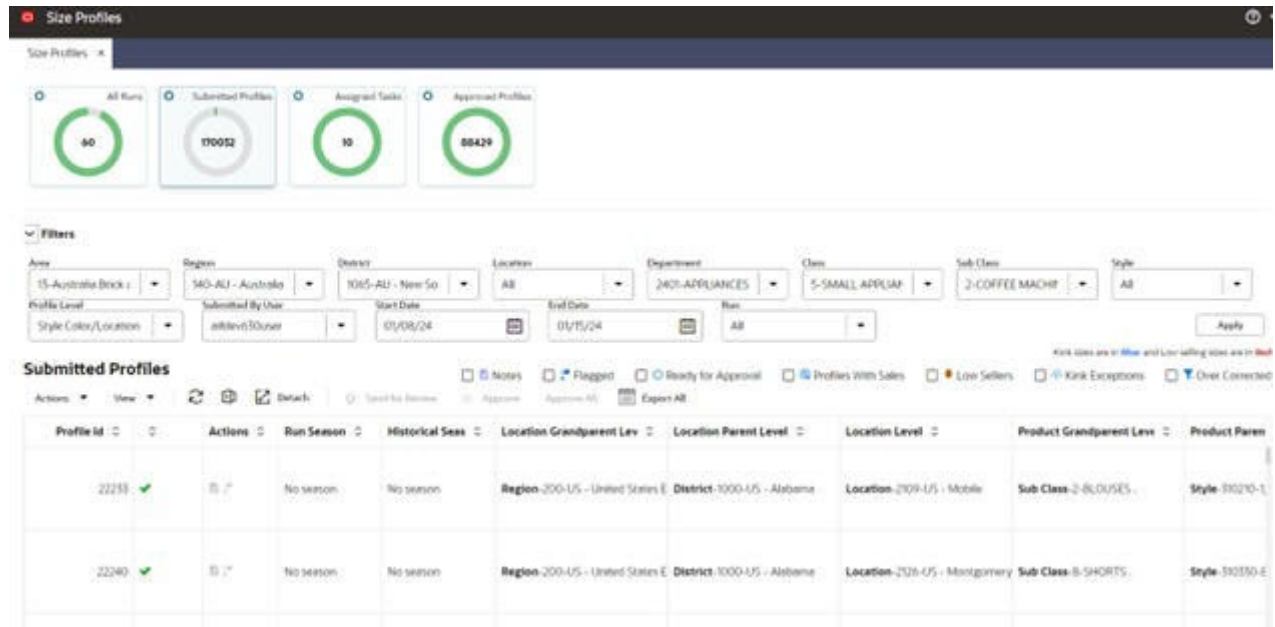


The Filters section is similar to the filters in the Run Output screen. You can use it to filter the size profiles based on product and location hierarchies. Using the profile level filter, you can view either the profiles at lowest level (style-color/location) or the profiles at higher levels. Using the user filter, you can filter the profiles based on the user who submitted the. Using the date filters, you can filter the profiles based on the date that they were submitted. Using the run filter, you can limit the profiles to a certain run. You can also use the check-box filters above the table to further filter profiles by ready for approval status, as well as having notes or flags. Lastly, you can filter profiles to show/hide the profiles that had any sales during the historical period, are low sellers, have kink exception, or have over-correction alert.

Approved Profiles

In the approved profiles screen, shown in [Figure 8-10](#), you can view approved profiles across all runs.

Figure 8-10 Approved Profiles



The Filters section is the same as the one in the Run Output screen. You can use it to filter the size profiles based on product and location hierarchies. You can also use the check-box filters above the table to filter profiles by status (auto/user approved, submitted, and sent for review) as well as a notes/flag.

Submitted Profiles Table

The submitted profiles table is multi-row selectable, using the Ctrl and Shift buttons. This table has the following columns:

- The first column (with no header) shows the status of the profile: Value are user submitted (👤), auto submitted (✅), approved (👍), sent for review (📝).
- The action column has the note and flag icons. Values are some notes have been added (📝), no notes added yet (👤), flagged (🚩), not flagged (👤).
- You can click on the Note icon to view or edit the notes in a pop-up. You can also click the Flag icon to flag or un-flag a size profile.
- The run season and historical seasons are the values that are selected when the run was created.
- Columns that show three levels of hierarchy for the merchandise and location of the profile. For example, if the profile is at style-color/location level, the three location hierarchy columns will show the region, district and location. The three merchandise hierarchy columns will show the subclass, style and style-color. Note that the submitted profiles can belong to different runs with different levels. Therefore, the profiles in submitted table are not necessarily at the same level.
- Attribute columns that show the attribute that was selected when creating the run. If attribute was not selected when setting up the run, this column will have value of None.
- The escalation path that indicates the level at which the size profile has been generated.
- Submitted by, Submitted on, and Run (on which the profile was submitted).

- Size profiles shows the submitted profile.

The following actions can be performed in this screen:

- View and edit the notes on each profile, using the Note icon in the Action column that opens a pop-up.
- Flag or un-flag a profile by clicking on the Flag icon in the Action column.
- Send a profile for review to own user or another user, using the **Send for Review** button above the table. It will open a pop-up in which you can select the reviewer role.
- Approve the profile by selecting one or multiple profiles and using the Approve button above the table. To approve all profiles that match the selected filters, use the Approve All button. The approved profiles will be exported out once the nightly or ad-hoc export process runs. .

Note

Once a profile is approved, it will no longer be shown in the submitted profiles screen and table. It will be only available to see in the Approved Profiles screen after the export process runs.

- Export the output to Excel using the export button above the table. This will export the profiles that match the selected filters. The maximum number of profiles that gets exported is controlled by the configuration SPO_UI_FETCH_SIZE in RSE_CONFIG. To export all profiles that match the selected filters, use the Export All button above the table. This option will export all the profiles even if number of them exceeds the configuration SPO_UI_FETCH_SIZE. In that case the export process may take longer and user will be notified once the process is complete and the Excel file is downloaded.

Assigned Tasks

In the Assigned Tasks screen, shown in [Figure 8-11](#), you can see any profile that has been assigned to your user for review.

Figure 8-11 Assigned Tasks

Profile ID	Run Session	Historical Tests	Location Group/Parent Level	Location Level	Product Group/Parent Level	Product Level	Attribute	Escalate
22152	No session	No session	Region-200-US - United States E. States-1000-US - Alabama	Location-2104-US - Mobile	Sub Class-1-BAGS	Style-100280-Chain Top Handle Sacchar Tare B	Style Color-100280_jean-Chain Top Handle Sac	DEPT-US
22177	No session	No session	Region-200-US - United States E. States-1000-US - Alabama	Location-2124-US - Montgomery	Sub Class-2-DRUGS	Style-100280-Tarred Long Malt Dress	Style Color-100280_jean-Tarred Long Malt Dress	GLD-US
22126	No session	No session	Region-200-US - United States E. States-1000-US - Alabama	Location-2124-US - Montgomery	Sub Class-2-BLUSSES	Style-100210-LA Shave Ruched Top	Style Color-100210_jean-LA Shave Ruched	DEPT-US

The filters section is similar to the filters in the Run Output screen. You can use it to filter the size profiles based on product and location hierarchies. Using the profile level filter, you can view either the profiles at lowest level (style-color/location) or the profiles at higher levels. You can also use the check-box filters above the table to further filter profiles by ready for approval status, as well as having notes or flags. Lastly, you can filter profiles to show/hide the profiles that had any sales during the historical period, are low sellers, have kink exception, or have over-correction alert.

Assigned Tasks Table

The assigned tasks table is multi-row selectable using the Ctrl and Shift buttons. This table has the following columns:

- The first column (with no header) shows the status of the profile: Values are user submitted (👤) and auto submitted (✅).
- The action column has a note icon and a flag icon. Values are some notes have been added (📝).
- You can click on the Note icon to view or edit the notes in a pop-up. You can also click the Flag icon to flag or un-flag a size profile.
- Columns that show three levels of hierarchy for the merchandise and location of the profile. For example, if the profile is at style-color/location level, the three location hierarchy columns will show the region, district and location. The three merchandise hierarchy columns will show the subclass, style and style-color. Note that the submitted profiles can belong to different runs with different levels. Therefore, the profiles in submitted table are not necessarily at the same level.
- Attribute column to show the attribute that was selected when creating the run. If attribute was not selected when setting up the run, this column will have value of None.
- The escalation path which indicates the level at which the size profile has been generated.

Size profiles chart that shows the following values:

- System: the size profile generated by the system (using estimation algorithm)
- User: the values edited by the user. Initially this row shows the values edited by the sender user (if any edits has been made).
- Submitted: the values that were submitted by the sender user.
- Sales Profile: shows the profile of the observed sales (without correcting for the lost sales and any other post-processing).

The following actions can be performed in this screen:

- Seed the user values with System size profile, by selecting one or multiple rows and clicking on the **Seed System SP** button at the top of the table.
- View and edit the notes on each profile, using the Note icon in the Action column that opens a pop-up.
- Flag or un-flag a profile by clicking on the Flag icon in the Action column.
- Edit a profile in the edit pop-up, by selecting a single row and clicking on the Edit icon at the top of the table.
- Approve the profiles by selecting one or multiple profiles and using the Approve button above the table. To approve all profiles that match the selected filters, use the Approve All button. The approved profiles will be exported out once the nightly or ad-hoc export process runs.

Note

Once a profile is approved, it will no longer be shown in the assigned tasks screen and table. It will be only available to see in the Approved Profiles screen after the export process runs.

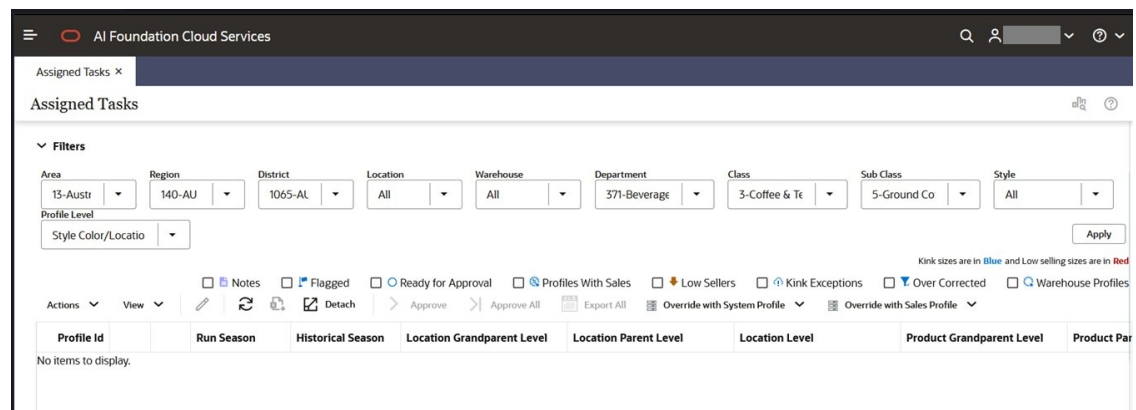
- Export the output to Excel using the export button above the table. This will export the profiles that match the selected filters. The maximum number of profiles that gets exported is controlled by the configuration SPO_UI_FETCH_SIZE in RSE_CONFIG. To export all profiles that match the selected filters, use the Export All button above the table. This option will export all the profiles even if number of them exceeds the configuration SPO_UI_FETCH_SIZE. In that case the export process may take longer and user will be notified once the process is complete and the Excel file is downloaded.

Approved Profiles

In the Approved Profiles screen, you can see the profiles that have been approved. the approved profiles are exported to different flat files during the nightly batch or whenever the ad hoc process for export is executed. The profiles are shown in the Approved Profiles screen only after the export is completed. For details of different export files refer to the *Oracle Retail AI Foundation Cloud Services: AI Foundation Implementation Guide*.

Using the drop-down lists in the filter section you can filter profiles based on the profile level and the merchandise/location combination at that level. For example, to see all approved and exported profiles at the subclass/location level for US-San Jose, set the location level to location. Set the location selection to US-San Jose. Set the merchandise level to subclass and set the merchandise selection to All.

Figure 8-12 Approved Profiles



Useful Tables and Views

The following table/views can be accessed and queried in Innovation Workbench and provide useful information about the input data or run outputs.

- SPO_RUN_METRIC:** provides statistics of retained data after each stage of pre-processing. For example if too much of sales volume is being filtered after a certain stage of pre-processing, it can be an indication of the pre-processing parameters being too restrictive for that stage. It will be useful to do additional runs with more relaxed values for the parameters and compare the profiles and run metrics between the two runs.

- SPO_STYLE_DUP_DIFF_GRP_VW: provides the style-colors having more than one size range. This is considered invalid data and will require review of data in the source system.

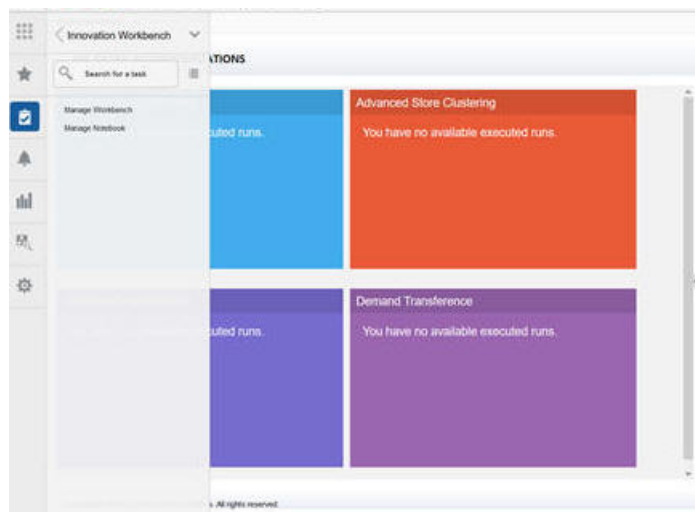
9

Innovation Workbench

Innovation Workbench (IW) is a service that enables you to access read-only data using Oracle APEX and implement algorithms and analytics as an extension. This extension is a workbench for advanced analytics users that can be used to add new implementations via Oracle Advanced Analytic (Oracle R/ODM) algorithms that are implemented as SQL/PLSQL functions.

Innovation Workbench allocates a workspace to a retailer. This is a logical work area that is associated with a pre-allocated retailer database schema.

Figure 9-1 Accessing Innovation Workbench



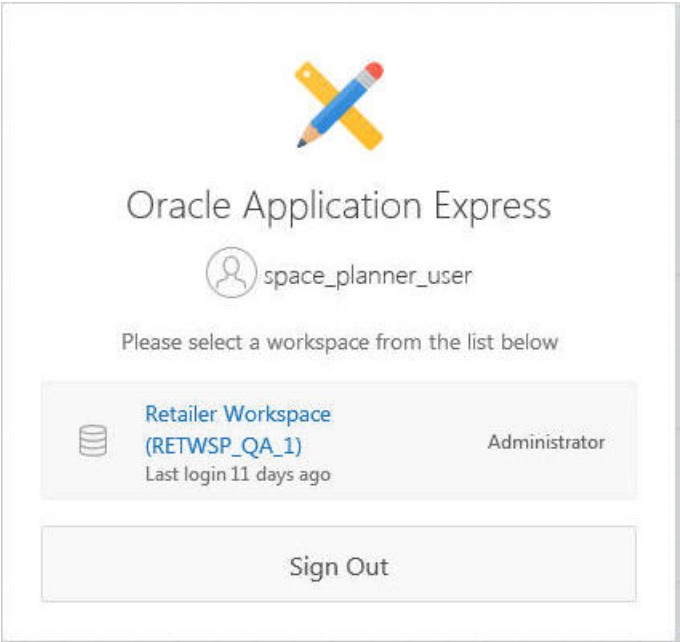
Process

To access the workbench, in the Task menu shown in [Figure 9-1](#), click **Innovation Workbench**. You see a list of workspaces in a new browser tab that are pre-allocated to the retailers you have access to.

Workspace List

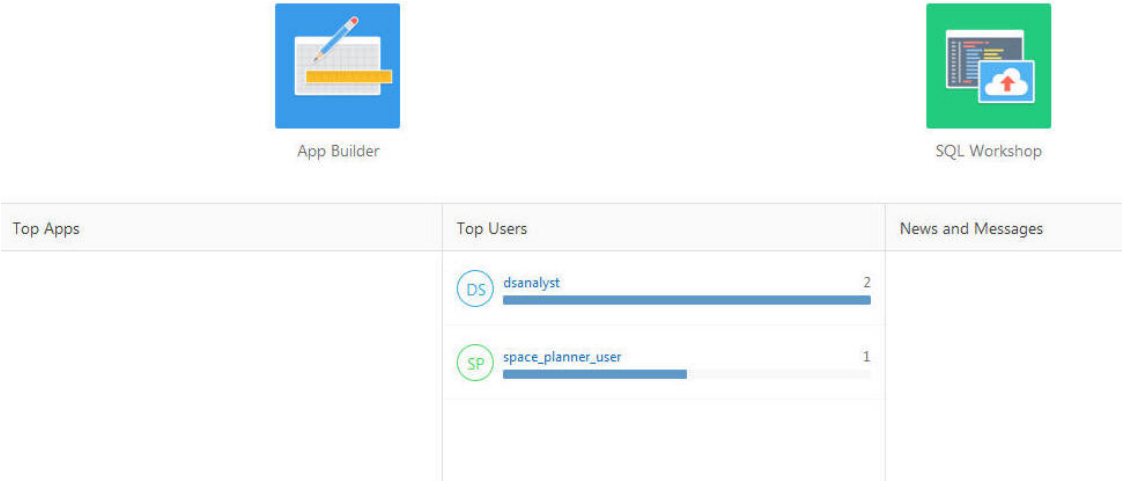
The Workspace List displays all the workspaces that you were initially assigned to when workspaces were created at the time of installation and configuration. You can select a workspace from the list to review database objects using Oracle Application Express, shown in [Figure 9-2](#).

Figure 9-2 Oracle Application Express



[Figure 9-3](#) shows the Oracle APEX workspace, which displays SQL Workshop and App Builder.

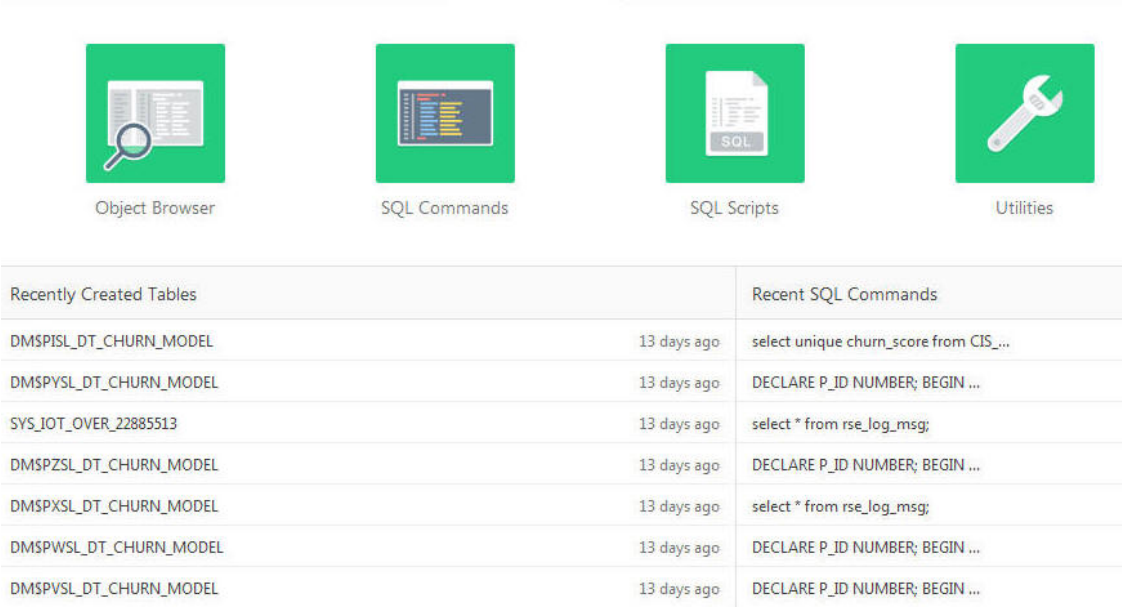
Figure 9-3 Oracle APEX Workspace



SQL Workshop

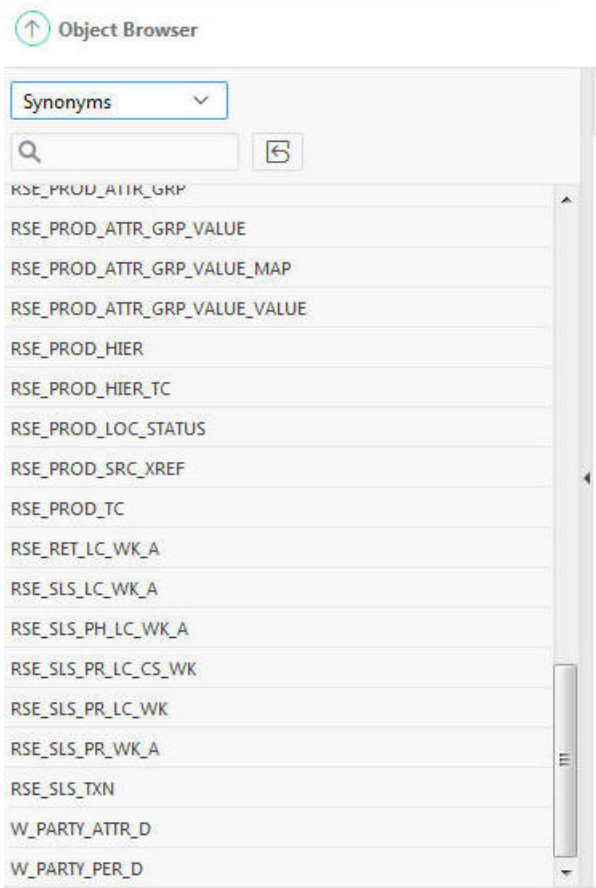
The SQL Workshop shown in [Figure 9-4](#) provides tools to view and manage database objects.

Figure 9-4 SQL Workshop



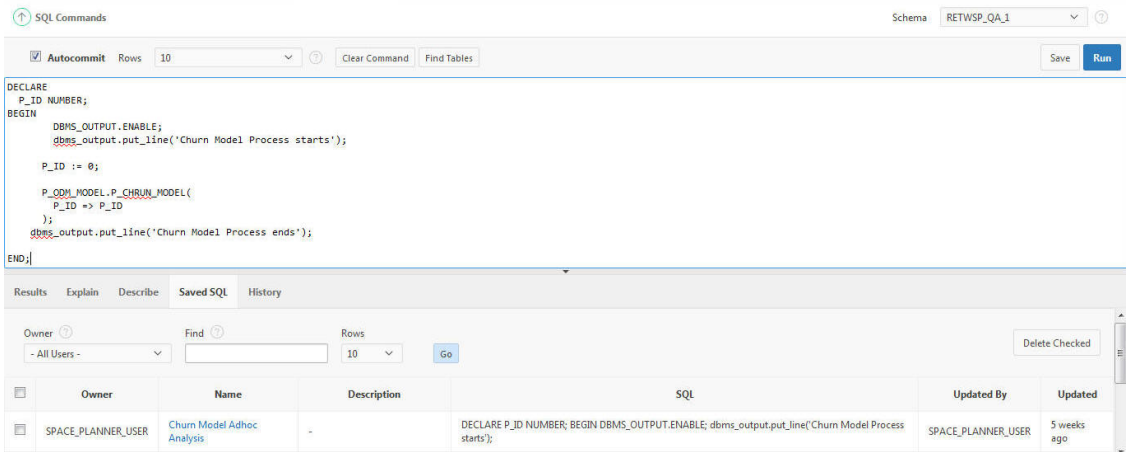
The Object Browser shown in [Figure 9-5](#) lets you to use a tree control to view object properties and create new objects. The read-only database objects that are aggregated and cleansed are available for you to review and organize for data mining. [Figure 9-4](#) shows the schema associated with the Retailer Workspace schema.

Figure 9-5 Contextual Area



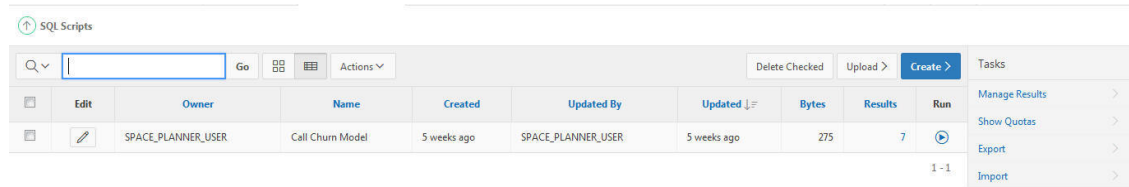
You can use the SQL Commands tool to enter ad-hoc SQL. The Query Builder can be used to create join queries using drag and drop. [Figure 9-6](#) shows how to execute the ad hoc PL/SQL block.

Figure 9-6 SQL Commands



The SQL Scripts shown in [Figure 9-7](#) can be used to store and run scripts. Use the Data Workshop to load and unload text, DDL, and spreadsheet data.

Figure 9-7 SQL Scripts



SQL Scripts

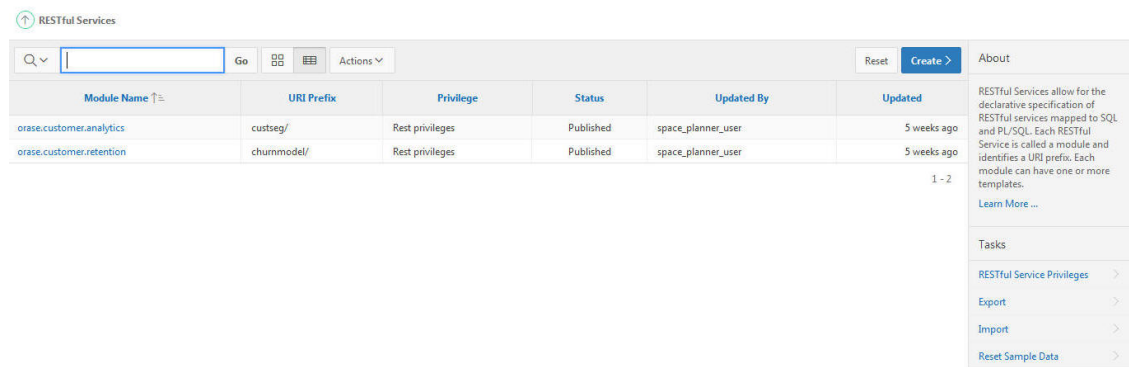
	Edit	Owner	Name	Created	Updated By	Updated	Bytes	Results	Run
		SPACE_PLANNER_USER	Call Churn Model	5 weeks ago	SPACE_PLANNER_USER	5 weeks ago	275	7	

1 - 1

Tasks: Manage Results, Show Quotas, Export, Import

Use RESTful Services to manage web service definitions declaratively using SQL Query and to test the service modules from the web browser. [Figure 9-8](#) shows a list of RESTful service modules.

Figure 9-8 RESTful Services



RESTful Services

Module Name	URI Prefix	Privilege	Status	Updated By	Updated
orase.customer.analytics	custseg/	Rest privileges	Published	space_planner_user	5 weeks ago
orase.customer.retention	churnmodel/	Rest privileges	Published	space_planner_user	5 weeks ago

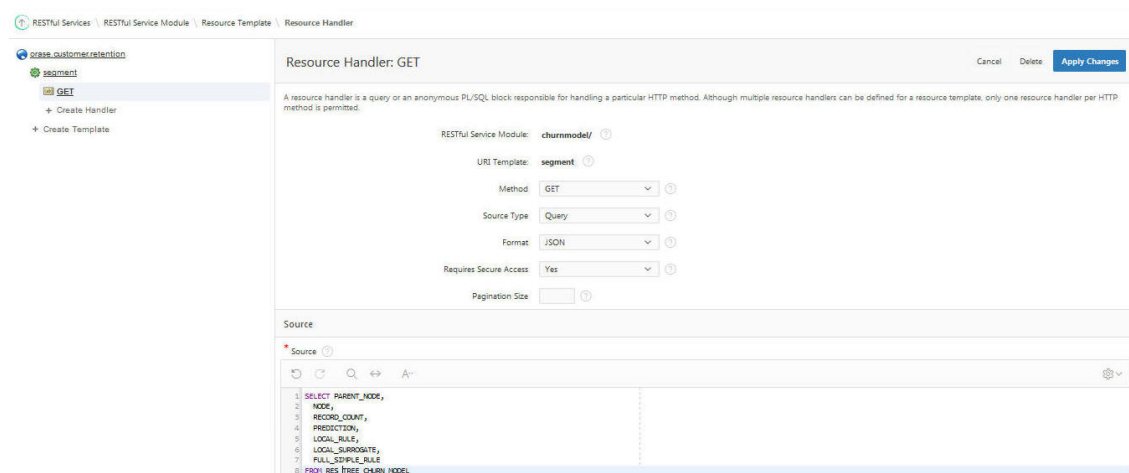
1 - 2

About: RESTful Services allow for the declarative specification of RESTful services mapped to SQL and PL/SQL. Each RESTful Service is called a module and identifies a URI prefix. Each module can have one or more templates. [Learn More ...](#)

Tasks: RESTful Service Privileges, Export, Import, Reset Sample Data

You can create a new RESTful Service module by clicking **Create** and setting the resource handler with a query or an anonymous PL/SQL block responsible for handling a particular HTTP method.

Figure 9-9 Resource Handler



RESTful Services > RESTful Service Module > Resource Template > Resource Handler

orase.customer.retention

segment

+ Create Handler

+ Create Template

Resource Handler: GET

A resource handler is a query or an anonymous PL/SQL block responsible for handling a particular HTTP method. Although multiple resource handlers can be defined for a resource template, only one resource handler per HTTP method is permitted.

RESTful Service Module: **churnmodel/**

URI Template: **segment**

Method: **GET**

Source Type: **Query**

Format: **JSON**

Requires Secure Access: **Yes**

Pagination Size:

Source

```

1 SELECT PARENT_NODE,
2    NODE,
3    RECORD_COUNT,
4    PRODUCTION,
5    LOCAL_RULE,
6    LOCAL_SURROGATE,
7    FULL_SCRIPT_RULE
8 FROM RES_THR_CHURN_MODEL

```


APEX SQL Workshop Guide is available at <http://docs.oracle.com/database/apex-5.1/AEUTL/toc.htm>

Application Builder

Application Builder is a development environment that you can use to build and deploy database-centric applications. You can create interactive grids, reports, and charts.

APEX App Builder User's Guide is available at <http://docs.oracle.com/database/apex-5.1/HTMDB/toc.htm>

You can use wizards to declaratively assemble database applications organized by page to visualize and explore data, as a pre-process or post-process of data mining.

The following functionality is available.

Create

Launches the Create Application Wizard, which you can use to build a complete application containing multiple pages.

Import

Launches the Import Wizard, which you can use to import export files from the export repository.

Dashboard

Links to the App Builder Dashboard, which displays metrics about applications in the current workspace.

Workspace Utilities

Use the Workspace Utilities page to manage App Builder Defaults, news items displayed on the home page, workspace themes, and so on.

Manage Notebook

Data scientists can use the Innovation Workbench Notebook to create notebooks, which are collections of documentation, snippets of code, and visualizations. These notebooks are bundled with key python modules for machine learning, data mining, natural language processing, network analysis, and optimization solvers. Interactive graph visualization is available that supports highlighting, expansion, and applying filters. Custom paragraphs for advanced graph visualization concepts such as visual graph creation and large graph visualization concepts are supported. This powerful widget concept allows the analyst to curate data into a form that is easier to understand, highlights trends and outliers, and shares reports with business.

Features

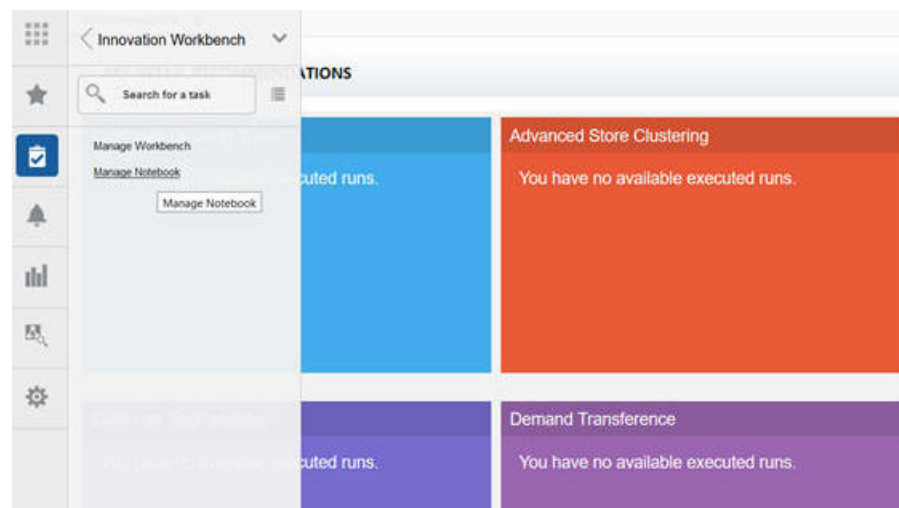
The key features of Manage Notebook include:

- Create, import, export, and clone python notebooks
- Browse, filter, and search for Notebooks.
- Add comments from the user interface (UI)
- Visualize data in the form of a Graph Visualization.

- Use collection of Python Libraries bundled with the product
 - Machine Learning packages such as (Tensorflow, Mxnet and Keras) Analyze
 - Optimization Solvers such as Gurobi

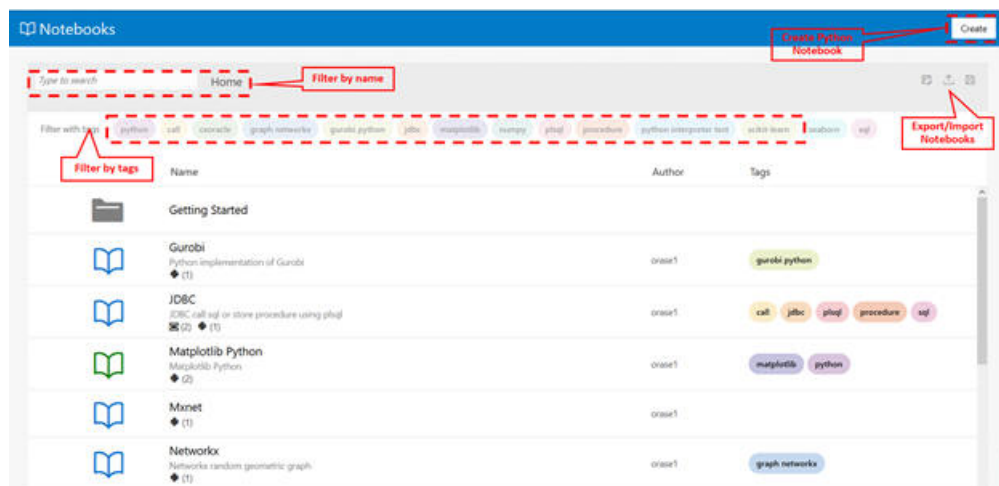
To access Python Notebook, click Innovation Workbench **Manage Notebook**. This opens a new tab in the browser and all the notebooks in the workspace are displayed.

Figure 9-10 Manage Notebook



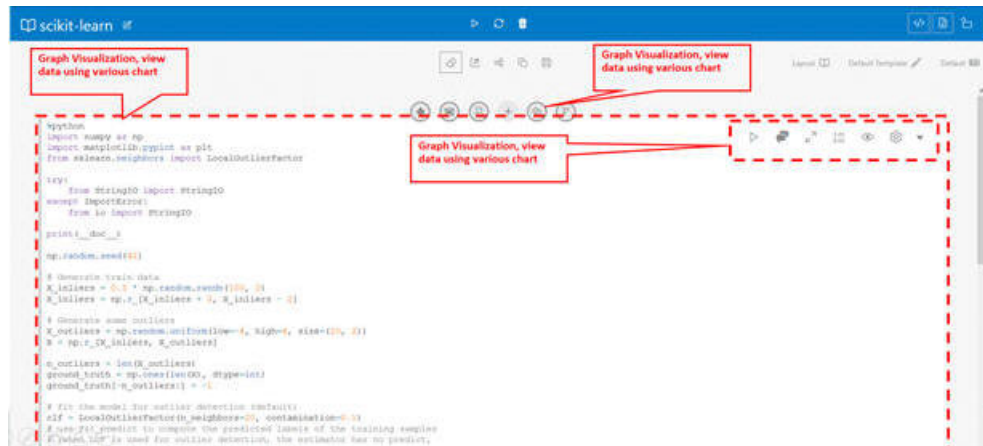
From the workspace, you can import or export notebooks, create new workbooks, or copy notebooks. You can also browse, filter, and search for Notebooks using either a name or tags.

Figure 9-11 Notebook Functionality



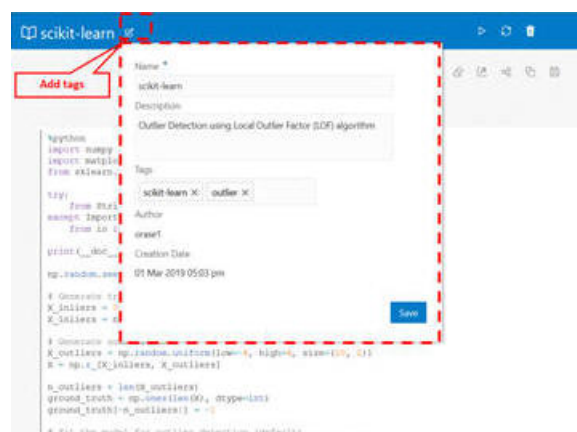
You can create a notebook and add paragraphs using the toolbar. These paragraphs can be Python, JDBC, Markdown, or graph analytics paragraphs. You can execute paragraphs individually and see the results at the bottom of each paragraph. You can also execute all the paragraphs from the toolbar provided at the top.

Figure 9-12 Notebook - Adding Paragraphs



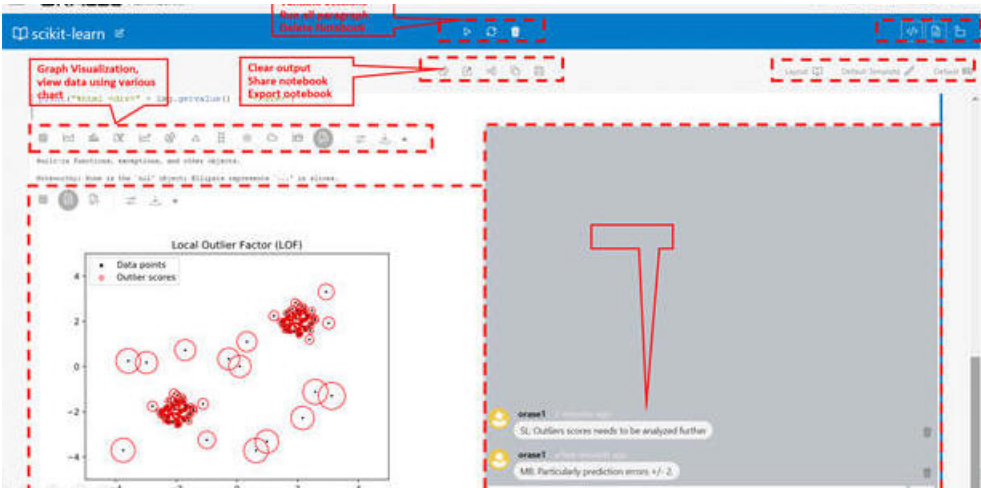
You can associate tags with the Notebook; these tags can be used for filtering and browsing the notebooks.

Figure 9-13 Notebook Tags



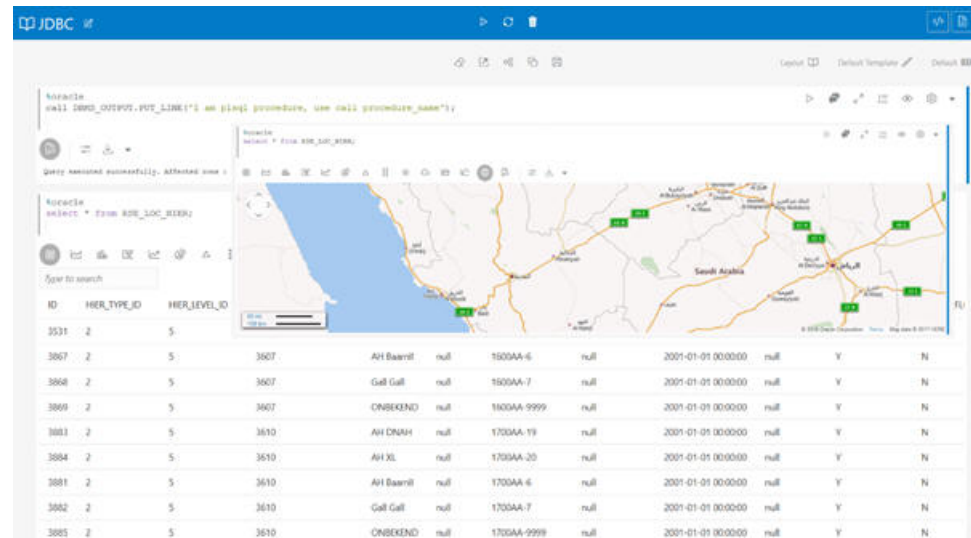
You can also add comments to the paragraphs and manage them from the user interface (UI). The comments can then be shared with others as a PDF. The Comments view shows all paragraph comments. You can visualize data in the form of a Graph Visualization and Exploration. You can explore graphs visually from within the notebook by viewing a summary of graphs or by using interactive exploration such as dragging, hovering, filtering, highlighting, and setting visualization properties. Different types of charts and graphs can be used for different types of datasets such as Line, Tag-Cloud, Tree Map, Scatter Plot, and so on.

Figure 9-14 Notebook Comments



You can visualize data in the form of a map and configure a column from a dataset to represent the latitude, longitude, title, and description.

Figure 9-15 Notebook Data as a Map



Oracle Digital Assistant

Oracle Digital Assistant (ODA) is an NLP and Machine Learning-based cloud service that enables application-specific interactions. It is a virtual user that assists end users with complex engagements using transactional data to review key business insights and exceptions. It also provides out-of-the-box knowledge sharing by responding to typical Q&A-style questions for customer service and support. ODA features are supported using voice along with conversational interface to distill end user intents, invoke actions, and provide reasonable responses. This enhances consulting services with minimal training and support.

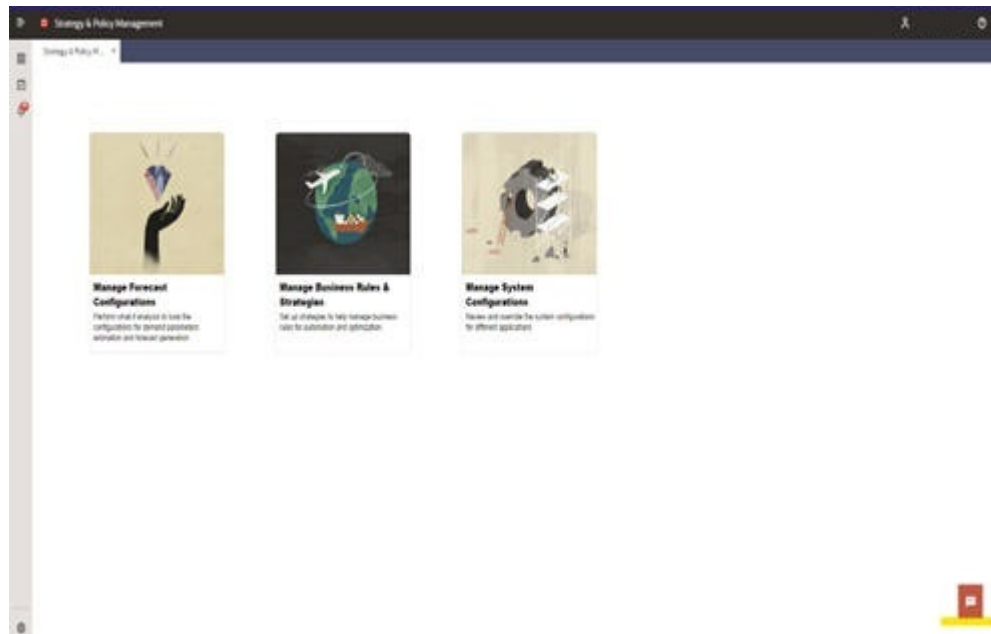
Digital assistant is not a replacement for a web application but a channel that allows the user to converse and query areas related to AIF.

Digital assistant supports the following use cases:

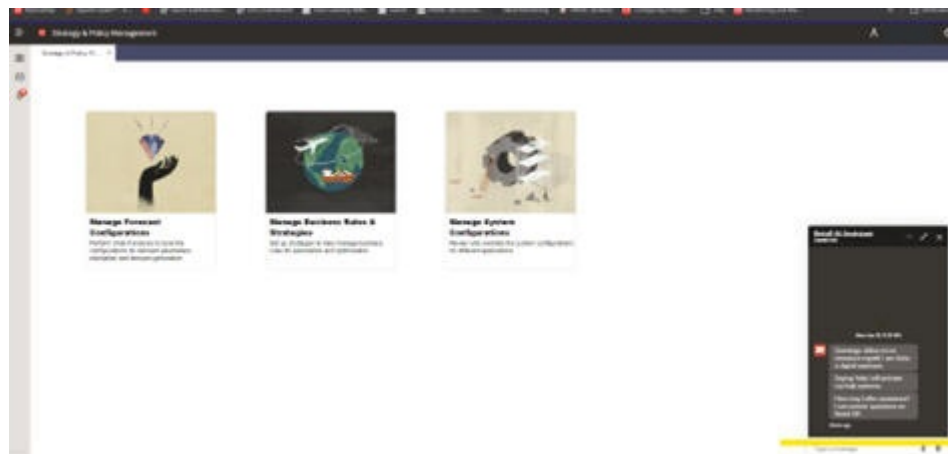
- Retrieval Augmented Generation (RAG) - User queries are answered by retrieving the relevant information from public user guides to provide responses to user queries in natural language.
- Talk to my database - Users can ask natural language queries about the product, and we retrieve information from the database to answer the question. In this, the user can get natural language response or the raw SQL query. This supports Answer Intents, Regular Intents, and SQL Dialogs. (SQL Dialogs are skills that can translate a user's natural language utterances into SQL queries, send the queries to a backend data source, and display the response).
- Product attribute extraction text - When given a short form description text, we can extract the attributes from it.
- Product attribute extraction image - When given an image, we can extract some attributes from it.

This chapter describes how to use digital assistant.

Access: Access to Digital Assistant in the AIF Platform is available with the Chat Icon on the AIF UI.

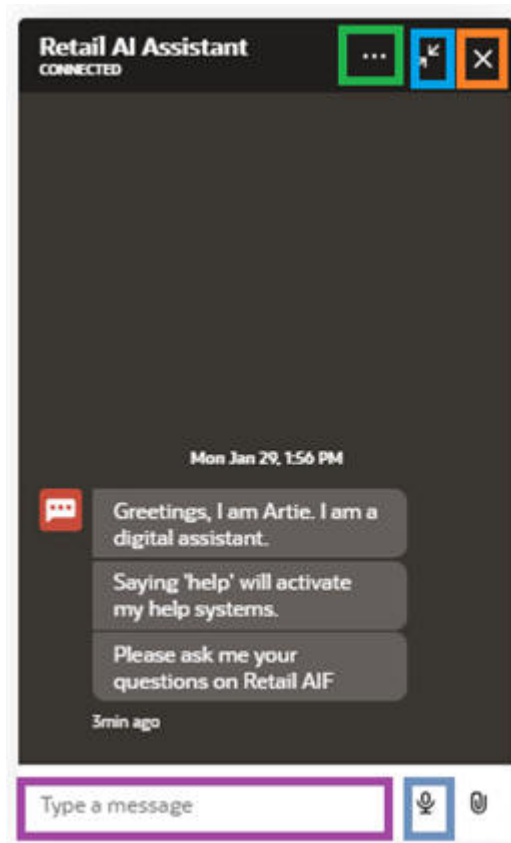
Figure 10-1 Chat Icon - AIF UI

Click the icon to open the Chat widget.

Figure 10-2 Chat Window

Here is the Chat widget.

Figure 10-3 Chat Widget



The widget has the following components.

Figure 10-4 Widget Components

ICON	DESCRIPTION
	Show the Options available
	Closes the chat window without clearing the conversation
	Closes the Chat Window and clears the conversations
	User can type a Message and click enter
	Access voice component by clicking the microphone icon. If voice is enabled, the bar color next to the microphone icon will flip to a keyboard icon and When user speaks, the content is typed in the message window.

Here are some examples of requests that you can try:

- Get information on how to configure DAT_FILE_VALIDATE_JOB.
- Get instructions on how to view DV reports.
- Get information on how to load product data.
- Ask questions like: Why can't I export forecast data from AIF to RDX?

Data Warehouse Queries

The digital assistant may be used to ask natural language questions directly to the Retail Analytics and Planning (RAP) data warehouse and get a data-driven response back in near real time. When accessing the chat dialog, you are prompted to select an application context, and to use this feature you must select “AIF DATA” as that context. After the chat dialog confirms your selection, you may begin asking questions that require data from the data warehouse and it will attempt to write and execute queries to retrieve that data.

The digital assistant has different behavior depending on your Oracle Analytics version. When you have Oracle Analytics Cloud (OAC) as part of your environment, the assistant uses the metrics and attributes from the Retail Insights (RI) application to power the data warehouse queries. All RAP customers are granted access to relevant parts of the RI catalog as part of their subscription, but it is up to you if you want to implement RI (thereby enabling this feature implicitly). The digital assistant is able to make full use of RI's data warehouse aggregate tables and pre-calculated measures as long as they are populated with your business data. Even if you do not load your data fully into RI's tables, you may still be able to ask questions at a granular level of detail such as sku/store/week, as this level is commonly used across all of the applications.

When your environment is using Oracle Analytics Server (OAS), the digital assistant only has access to select database views which are transformed into an optimal layout for AI-assisted queries. The current list of views are:

- Sales transaction history (W_RTL_SLS_TRX_IT_LC_DY_F_VW)
- Current inventory positions (W_RTL_INV_IT_LC_G_VW)
- Current price/cost values (W_RTL_PRICE_IT_LC_G_VW)

You may explore these views from Innovation Workbench to better understand all of the available fields that can be queried. They include all of the fact measures which are typically populated in the data warehouse tables for these functional areas, along with hierarchy ID and label columns to enable questions across a variety of different data levels.

Example questions you may ask to retrieve data from the digital assistant include:

- How many stock on hand units do I have for item 98210004 at location 1001?
- What is the average price and cost of items having the description “Graphic V-Neck T-Shirt” in the California district?
- What were my total sales units on 5/6/2023 across all stores?

When asking multiple questions within a single conversation, the responses to all prior questions are retained as context and may be used implicitly. This can alter the responses provided by the assistant in unexpected ways if you are not aware of the behavior. For example, if your initial question is regarding a specific item and location (what is the unit cost and unit retail for item 30020 at location 99001?) and your next question leaves out some of that information (do I have any sales units for item 30020 on 5/6/2023?), it can cause the location used initially to be added to every query from that point on unless you override the prompt with new information. You can override a past input in different ways, such as by providing a new location number for the next question or by specifying aggregation keywords such as “total” to indicate you want the result over all elements instead of just one. If you are planning to ask a series of questions regarding the same set of identifiers, this can be a useful way to simplify the conversation. However, if you intend to ask a series of unrelated questions where the context of the prior question is not important, you can always close the chat window at any time and re-open it to start a new conversation.

If you have any doubts about the accuracy of a response, or you wish to analyze the data further outside of the chat dialog, use the “Show SQL” option to obtain the query used. For OAS-based queries, it will provide a SQL statement that can be run in Innovation Workbench. For OAC-based queries, it will provide an Oracle Analytics logical query that cannot be directly executed but can be reviewed by the user to ensure the correct metrics and attributes were used.

The assistant also has an Explain feature that can help contextualize the response to your questions using general business knowledge that the AI model was trained on. The answers given by the Explain feature are not aware of your entire retail dataset, they rely on generative AI models that take your questions and responses as input and produce a possible explanation for that data within a retail business context. For example, if you ask for the price and cost of an item and then ask the assistant to explain the result, it may calculate the profit margin for the item and explain why it is useful to know that information. It may also suggest similar areas of data analysis for you to explore, such as optimizing your costs to improve the margin for the item.

Control and Tactical Center

The Control and Tactical Center (CTC) is an administration workspace in Oracle Retail AI Foundation. It provides centralized access to shared business rules, strategies, alerts, credentials, and application settings for Pricing Optimization, Inventory Optimization, and Promotion Management.

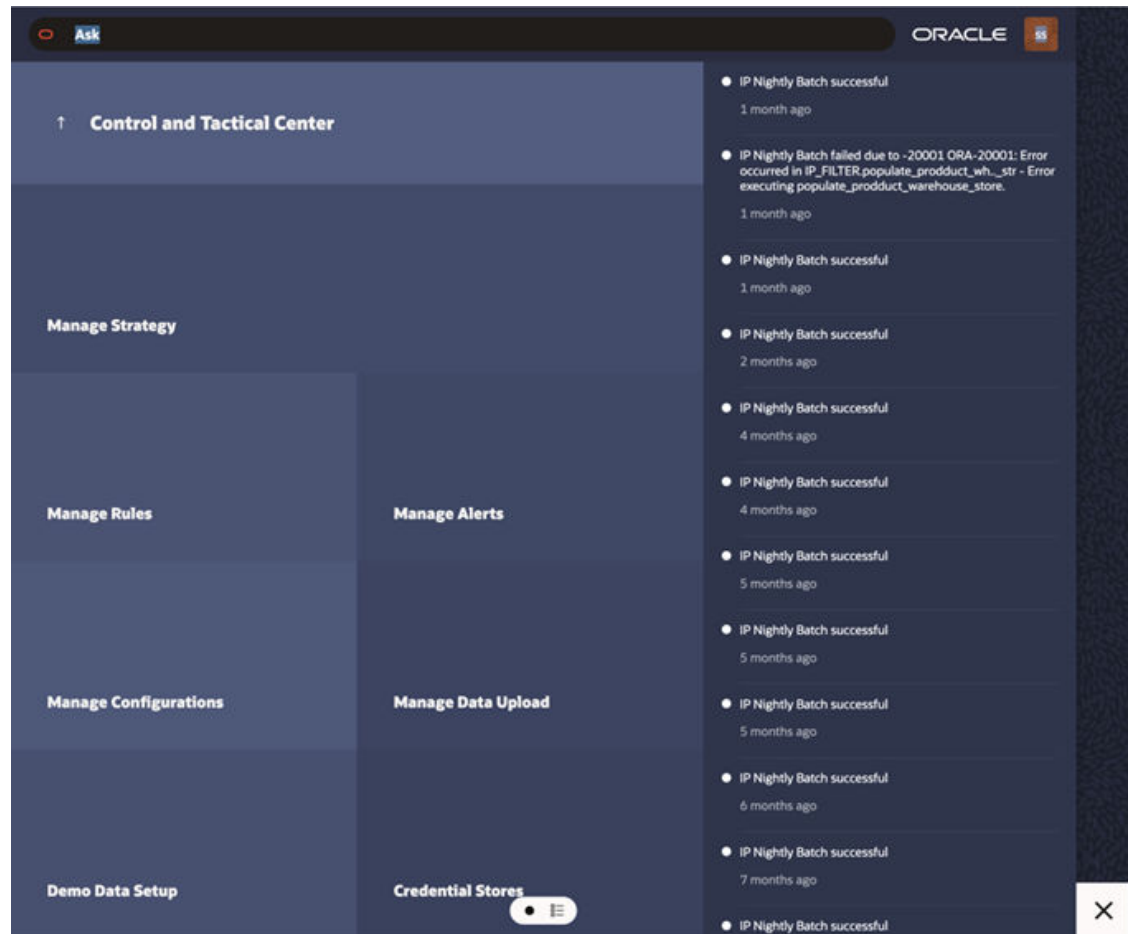
Depending on your assigned role and the applications licensed for your environment, one or more of the following modules may be available:

- **Rules Management:** Create and maintain business rules for supported Oracle Retail applications.
- **Strategy Management:** Define strategies and associate business rules with supported optimization workflows.
- **Manage System Configuration:** Configure application and system parameters.
- **Alert Management:** Configure and monitor application alerts.
- **Credential Stores:** Manage credentials used by Oracle Retail applications and integrations.

Because CTC supports multiple Oracle Retail applications, the available rule categories, strategies, alerts, and configuration options depend on the products deployed in your environment.

Before finalizing, verify that **Strategy Management**, **Manage System Configuration**, and **Alert Management** exactly match the labels currently displayed in the product UI.

Figure 11-1 Control and Tactical Center



Manage Rules

Business rules define the business intent, constraints, and operating boundaries that guide optimization processes. Each rule serves a specific purpose, such as promotion or inventory management, and is grouped with related rules in an appropriate category.

Individual rules provide only part of the information required to understand an expected business outcome. Rules that work together are therefore organized into strategies, which provide a complete representation of the relevant business requirements and drivers.

Rules are reusable across strategies, reducing maintenance effort. Each rule is maintained centrally in the Rules Library. Changes to a rule are automatically available to every strategy that uses it.

Alert rules address specific business conditions but are not assigned to strategies because they are generally independent of business-event-driven strategy changes.

Use the Control and Tactical Center to define business rules and create strategies for supported applications and functional areas.

The following terms are used when working with rules and strategies:

- **Rule:** Logic that controls a process such as optimization, automatic approval, or alert generation. A rule is based on business requirements and consists of rule criteria and one or more rule values.
- **Rule criteria:** The conditions that must be satisfied for a rule to take effect.
- **Rule value:** A value assigned to a field used by the rule.
- **Strategy:** A group of related rules that work together to support a business objective. Two types of strategies are available:
 - **Default strategy:** Contains the rules used during batch runs.
 - **What-if strategy:** Can be selected when performing an ad hoc run from the user interface.

Pricing Optimization

Lifecycle Pricing Optimization (LPO) uses business rules to ensure that regular price, promotion, and markdown recommendations support the retailer's pricing objectives. Rules can protect margin, control price changes, maintain competitive positioning, and help achieve inventory and sell-through targets.

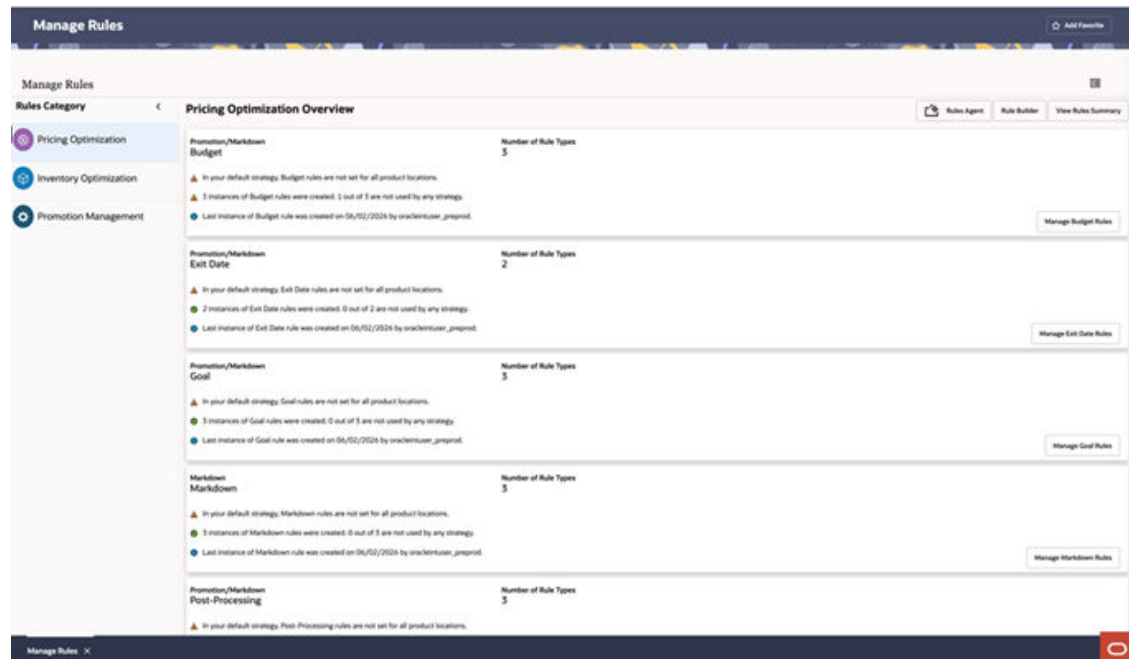
Here are the pricing optimization rules:

- **Promotion/Markdown:** These rules define the constraints used to generate promotion and markdown recommendations. They include budget, pricing objective, sell-through target, exit date, temporal, pricing group, targeted offer, post-processing, promotion, and markdown rules. Together, they control factors such as available budget, promotion and markdown timing and depth, merchandise exit dates, inventory targets, no-touch periods, and coordinated pricing actions across related items.
- **Regular Pricing:** These rules guide initial and updated regular-price recommendations. They define requirements related to competitor pricing, cost changes, price ranges, margins, pack pricing, price ladders, and relationships among items, locations, or price zones. They can also establish revenue, margin, and volume objectives.

Regular Pricing rules can be forecast-based or non-forecast-based. Forecast-based rules use projected demand to optimize revenue, margin, or volume. Non-forecast-based rules use business information such as costs, competitor prices, margins, and price relationships. Rules Based Regular Pricing uses only non-forecast-based rules.

Refer to the *Oracle Retail Lifecycle Pricing Optimization (LPO) User Guide* for the complete list of LPO's rules for Markdown/Promotion and Regular Pricing Optimization. The list of rules also can be re-referred from the PRO_OPTIMIZATION_RULES table.

Figure 11-2 Pricing Optimization



Inventory Optimization

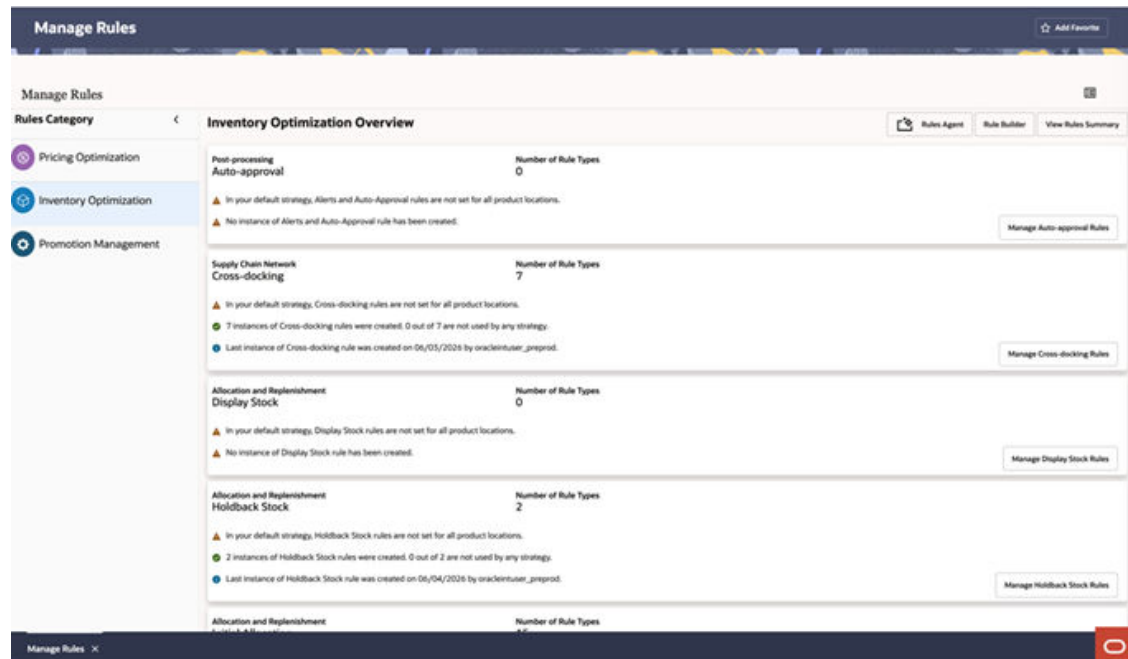
Here are the inventory optimization rules:

- **Display Stock:** this rule can be used to define the demo stock and presentation stock.
- **Replenishment:** this rule can be used to define the replenishment method and the parameters applicable to that method.

Note that Dynamic Replenishment method and the Optimal replenishment method are the two forecast-based methods that can be used to optimize the reorder point and receive upto level. Both require a target service level to be defined. Both the Dynamic and Optimal methods require the forecast at the sku/store/day level. In addition, the Optimal method requires the trade-off curves that can be generated by running the trade-off analysis. The RP/RUTL calculated by these two methods is exported to MFCS GBUCS for any item/loc that is set to the min/max method in MFCS. For MFCS CFS, the optimized_ind is defined in MFCS. If the indicator is set to **Y**, by default the Dynamic method will be used to calculate RP/RUTL. To override the default and use the Optimal method, the user can create rules for the Optimal method.

- **Supply Chain Network:** this rule can be used to define the review schedule.
- **Life Cycle Calendar:** this rule can be used to create life cycle calendar (that is, phases of the life cycle and the logic to determine the start/end of each phase).
- **Initial Allocation:** this rule can be used to trigger an allocation (push).

Figure 11-3 Inventory Optimization



Promotion Management

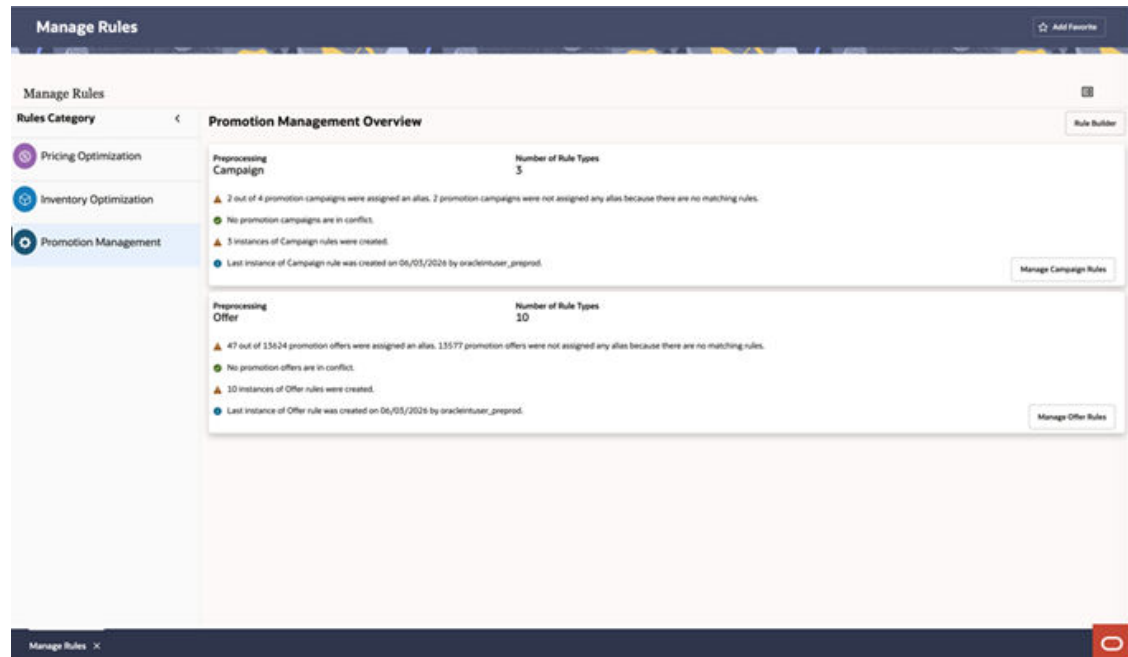
In the Promotion Management module used by the Sales & Promo forecast method, promotion data flows from RI into AIF. This enables the modeling of promotions based on the promotions the retailer has defined at the lowest level.

The following three levels in the hierarchy are used to define a promotion.

- **Campaign:** The highest level in the promotion hierarchy. A campaign can be used to group one or more promotions specific to an event or a holiday (for example, Fall campaign, Christmas campaign, and Back to School campaign).
- **Promotion:** A campaign can be further divided into smaller time frames. For example, a Christmas campaign can be divided into a Week 1 promotion, a Week 2 promotion, and a Week 3 promotion. During a promotion, multiple offers can be active.
- **Offer:** An offer defines the mechanism used during a promotion (for example, BOGO, 20% Off, 50% Off, TV Ad, and Gift with purchase).

The user can manage promotion data in the Promotion Management module to clean up the campaign and offer data.

The raw data provided by the retailer may not be suitable for the modeling of promotions. Consider, for example, information about two fall campaigns, one in 2022 and one in 2023. If the year information is present in the campaign description, it must be removed for modeling purposes as well as to estimate the lifts associated with fall campaign and to apply the observed lift values for future fall campaigns in following years. Similarly, an offer description may contain unwanted information such as month or product descriptions. After the data is cleaned up, the campaign and offer names are referred to as *Campaign alias* and *Offer alias*. These values are passed to the Promotion Effects module so that the lift values can be estimated.

Figure 11-4 Promotion Management

Both Campaign data and Offer data are managed in a similar way; the following process describes managing the Offer data.

Manage Offer Rules

When you select Manage Offer Rules, you see the following three tabs.

- **Rules:** Rules can be created to remove unwanted descriptions from the offer data.
- **Results:** Review the results after the rule is applied and make changes to the rule if necessary.
- **Offers:** This tab contains the offer data received from the retailer. Review the data to understand the various offers used and pay attention to prefixes or suffixes to the offers that do not add value or that may have an impact on the lift estimation. Similar offers can be grouped together if necessary. For example, BOGO 50% and BOGO 100% can be combined to generate BOGO.

The Summary panel, located below the tab, displays the following metrics.

- **Number of offers:** Offers received from the retailer through the data file.
- **Number of offers with rules:** After each rule is created, this metric is updated by the total number of offers for which an alias value is generated by a rule.
- **Number of offers with conflicts:** Occasionally, multiple rules can impact an offer with conflicting results. This alerts the user of the need to review the rules and make changes.

For example, you may see multiple offers for the following.

- **TV Ad with Month and Year:** The month and year can be removed using rules to generate an offer alias of TV AD corresponding to these offers.
- **Price Discount with Year and Season:** The year and season can be removed using rules to generate an offer alias of Price Discount corresponding to these offers.

- Web Promo: Multiple offers associated with the web promotion can be grouped by creating an appropriate rule to generate an offer alias Web Promo.
- % Off: All the offers with % Off can be grouped to generate an alias % Off.

Figure 11-5 Offer Rules - Rules

Rule Id	Description	Subcategory	Offer Id	Offer Name	Offer Description	Criteria	Strategy
111	% Off			contains % Discount		Offer Name contains % Discount	
39	TV AD			contains Tv Ad		Offer Name contains Tv Ad	

Select the Rules tab to see the above screen. This is used to create the new rules and review the existing rules. In this example, rules have already been created for % Off and TV Ad. Select the + symbol to view the Create Rule screen. To edit a rule, select an already defined rule and click **Edit**.

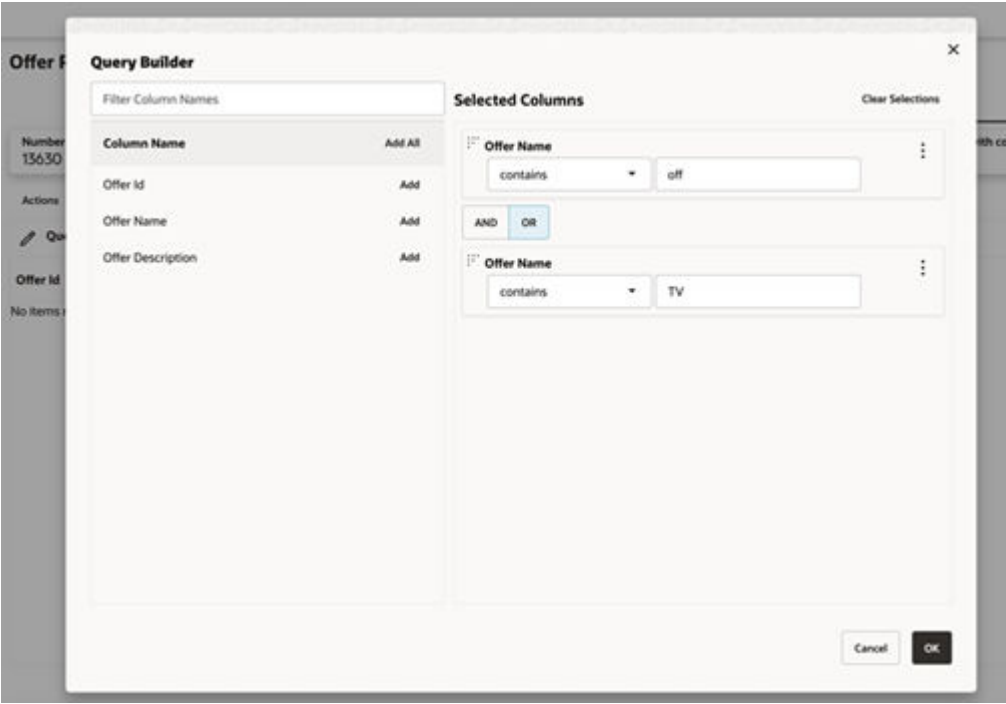
Create or Edit Offer Rules

The following must be provided for each rule.

- Description: Add a description to help manage the rules. This is used only in the Promotion Management screens.
- Rule criteria: Define the rule using the Query Builder. Use the Offer Name, Offer ID, and Offer Description columns to define the rules. Select one or more columns to define the rule. For each selected column, select the criteria from the drop-down menu.
- Rule value: Enter the alias value to associate with offers satisfying the rule criteria.

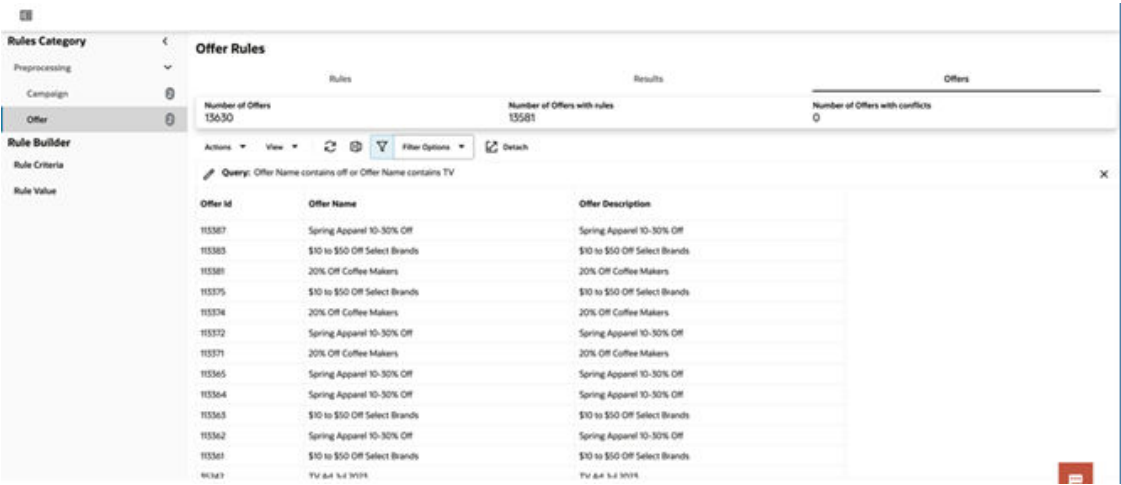
In the following example, the Query Builder is opened from the 'Offers' tab and all offer name that contain Off and TV are identified and assigned a value of % Off-TV Ad.

Figure 11-6 Offer Rules - Offers - Query Builder



Click **OK** and save the rule. The Summary metrics are updated. You then see the Rule tab where you can review all the rules that have been created.

Figure 11-7 Offer Rules - Offers



From the Rules tab, review the data for any conflicts in the Summary tab. You can select the Results tab to review the results and any conflicts.

In the following Results tab, the Offer alias assigned to each Offer ID is shown. If there are conflicts for an Offer ID, a drop-down menu with multiple offer alias values associated with the Offer ID is displayed. To override the conflict, select one of the alias values in the UI or update the associated rules to remove the conflicts.

Figure 11-8 Offer Rules - Results

Offer ID	Offer Name	Offer Description	Offer Alias
38250	30% discount	30% discount	%off
38248	30% discount	30% discount	%off
38247	10% discount	10% discount	%off
38246	10% discount	10% discount	%off
38245	50% discount	50% discount	%off
38244	40% discount	40% discount	%off
38243	0% discount	0% discount	%off
38242	10% discount	10% discount	%off
38241	20% discount	20% discount	%off
38240	10% discount	10% discount	%off
38239	50% discount	50% discount	%off
38238	20% discount	20% discount	%off
38237	10% discount	10% discount	%off

Manage Rules: Creating a New Rule

Creating a new rule works in a similar way for Pricing, Inventory and Promotion Management; The following process describes creating a rule for Pricing Management (LPO).

Approach 1: Quick Create

In this approach, the user can create a rule by defining the Rule Criteria and attaching a Rule Value in a single step based on the business scenario. This approach is used:

- When rules are straightforward, and fewer categories need to be defined.
- When different criteria need to have distinct rule combinations.

Example Use Case: End-of-season markdown for Women's Activewear in the United States Zone with:

- Maximum first markdown of 40%
- Minimum first markdown of 15%
- Minimum number of markdown items: 100

Follow these steps for Approach 1:

1. Under Rules Category -> Pricing Optimization -> Markdown (for our use case) -> select "Manage Markdown Rules."

Figure 11-9 Create Markdown Rules

Manage Pricing Optimization

Create Markdown Rules

Discounted Markdown Rule WAW US

Rule Criteria

+ Criteria: No Criteria Exists

Rule Value

Minimum number of markdown items
Rule Value

Absolute maximum discount percentage for markdowns over the entire season
Rule Value

Maximum discount percentage for the first markdown
Rule Value

Minimum discount percentage for the first markdown
Rule Value

Day of the week markdown starts
Saturday Sunday Monday Tuesday Wednesday Thursday Friday

Maximum discount percentage for markdowns other than the first one
Rule Value

Minimum discount percentage for markdowns other than the first one
Rule Value

Maximum number of markdowns allowed for an item in the life or season
Rule Value

Cancel Save

2. Click the Add icon from the Markdown Rules table and define the Criteria:
 - Merchandise: Department -> Women's Activewear
 - Price Zone: United States
 - Price Zone Group: Primary Zone Group

Figure 11-10 Create Markdown Rules

Create Rule Criteria

Select criteria for: Promo/Mkdn excl. Product Group

Select a Sub Class to specify criteria below Sub Class level: None

Filter Column Names

Column Name	Add All
Merchandise 3 - Group	Add
Merchandise 4 - Department	Add
Merchandise 5 - Class	Add
Merchandise 6 - Sub Class	Add
Price Zone	Add
Price Zone Group	Add
Season	Add

Selected Columns Clear Selections

Merchandise 4 - Department
= 103-Women's Activewear

And

Price Zone
= 22-Sweden

And

Price Zone Group
= 1-Primary Zone Group

And

OK Cancel

3. Assign a value for a specific rule category:
 - Maximum discount percentage for the first markdown: 40%
 - Minimum discount percentage for the first markdown: 15%
 - Minimum number of markdown items: 100

Figure 11-11 Rule Criteria and Value

Create Markdown Rules

Create Rule Criteria

Select criteria for: Promo/Mkdn excl. Product Group

Select a Sub Class to specify criteria below Sub Class level: None

Filter Column Names

Column Name	Add All
Merchandise 3 - Group	Add
Merchandise 4 - Department	Add
Merchandise 5 - Class	Add
Merchandise 6 - Sub Class	Add
Price Zone	Add
Price Zone Group	Add
Season	Add

Selected Columns Clear Selections

Merchandise 4 - Department = 103-Women's Activewear

And

Price Zone = 22-Sweden

And

Price Zone Group = 1-Primary Zone Group

And

Season

OK Cancel

- Save the criteria and associated rule value. The rule is now created and seen in the Markdown Rules table.

Figure 11-12 Markdown Rule Created

Manage Pricing Optimization Rules

Rules Category: Summary, Promotion/Markdown, Markdown, Promotion, Regular, Rule Builder, Rule Criteria, Rule Value

Markdown Rules

Rule ID	Rule Criteria ID	Rule Value ID	Merchandise Level	Merchandise	Merchandise Active Flag	Location Level	Location	Season	Price Zone Group	Price Zone
4177	2735	2641	Department	103-Women's Activewear	Yes			2020-2023 Summer	1-Primary Zone Group	22-Sweden
2671	1913	1890	Company	1-Company	Yes			-1-ALL	1-Primary Zone Group	0-ALL
2630	1911	1871	Company	1-Company	Yes	Company	1-Retailer Ltd	-1-ALL		
2629	1910	1871	Company	1-Company	Yes			-1-ALL	0-ALL	0-ALL

Approach 2: Build Rule

In this approach, the Rule Criteria and Rule Values are created separately and then combined to form a rule as required for a business use case. This provides more flexibility and reduces the need to recreate the same criteria multiple times.

Example Use Case: A retailer wants to apply:

Maximum first markdown of 40%

- 10% minimum promotion
- \$20,00,000 budget
- For Women's Activewear brand "Sunset" in the United States Zone until 30/09/2023

Follow these steps for Approach 2:

1. Under Rules Category -> Pricing Optimization -> Rule Builder. The Rule Criteria screen is opened by default.

Figure 11-13 Build Rule - Rule Criteria

Criteria ID	Description	Subcategory	Criteria	Created On	Merchandise Level	Merchandise	Merchandise Active Flag	Loc
2735	Markdown Rule Water US	Promo/Mkdn excl. Product Group	Merchandise 4 - Department = 105-Women's Activewear AND Price Zone = 22-Sweden AND Price Zone Group = 1-Primary Zone Group AND Season = 1020-2023 Summer	07/07/2026	Department	105-Women's Activewear	Yes	
1925	Revenue for PL Items 32K	Regular excl. Inter Rules	Merchandise 4 - Department = 105-Women's Activewear AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Product Group = 1952-Brand - PL AND Season = 1021-8PQ	06/02/2026	Department	105-Women's Activewear	Yes	
1924	PZ_price_range_P	Regular excl. Inter Rules	Merchandise 4 - Department = 105-Women's Activewear AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group	06/02/2026	Department	105-Women's Activewear	Yes	
1923	Price Value Increase Coffee PL	Regular excl. Inter Rules	Merchandise 5 - Class = 3-Coffee & Tea AND Price Zone = 0-ALL AND Price Zone Group = 0-ALL AND Product Group = 1952-Brand - PL AND Season = 1-ALL	06/02/2026	Class	3-Coffee & Tea	Yes	
1922	Margin for Item Fashion GT 50%	Regular excl. Inter Rules	Merchandise 2 - Division = 1-Fashion AND Price Zone = 0-ALL AND Price Zone Group = 1-Primary Zone Group AND Season = 1021-8PQ	06/02/2026	Division	1-Fashion	Yes	
1921	Margin PL Grocery 20% US	Regular excl. Inter Rules	Merchandise 2 - Division = 3-Grocery AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Product Group = 1952-Brand - PL AND Season = 1021-8PQ	06/02/2026	Division	3-Grocery	Yes	
1920	PL vs Dunkin Donuts Single Coffee	Regular Inter-item	Merchandise 5 - Class = 3-Coffee & Tea AND Product Group (Set A) = 2007-PL, SingleServe AND Season = 1-ALL AND Merchandise 5 - Class = 3-Coffee & Tea AND Product Group (Set B) = 2008-PL, SingleServe AND Season = 1-ALL	06/02/2026	Class	3-Coffee & Tea	Yes	
1919	PL vs Caribou Coffee Single Serve Coffee	Regular Inter-item	Merchandise 5 - Class = 3-Coffee & Tea AND Product Group (Set A) = 2007-PL, SingleServe AND Season = 1-ALL AND Merchandise 5 - Class = 3-Coffee & Tea AND Product Group (Set B) = 2008-PL, SingleServe AND Season = 1-ALL	06/02/2026	Class	3-Coffee & Tea	Yes	
1918	Max Volume Grocery US	Regular excl. Inter Rules	Merchandise 2 - Division = 3-Grocery AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Season = 1021-8PQ	06/02/2026	Division	3-Grocery	Yes	
1917	Max Margin Objective	Regular excl. Inter Rules	Merchandise 1 - Company = 1-Company AND Price Zone = 0-ALL AND Price Zone Group = 0-ALL AND Season = 1-ALL	06/02/2026	Company	1-Company	Yes	
1916	Cost Change Rule	Regular excl. Inter Rules	Merchandise 1 - Company = 1-Company AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Season = 1021-8PQ	06/02/2026	Company	1-Company	Yes	
1915	Competitor Price Rule Beverages	Regular excl. Inter Rules	Merchandise 4 - Department = 371-Beverages AND Price Zone = 0-ALL AND Price Zone Group = 0-ALL AND Season = 1-ALL	06/02/2026	Department	371-Beverages	Yes	

2. Click the Add icon from the Rules Criteria table. Select "Promo/Mkdn with Product Group" criteria and define the Rule Criteria, similar to Approach 1.
 - Merchandise: Department -> Women's Activewear
 - Price Zone: United States
 - Price Zone Group: Primary Zone Group
 - Product Group: Sunset and define the Criteria
3. Click Rule Value under Rule Builder. Click the Add icon from the Rules Value table. Create the following rule values for the required categories and save them.
 - Budget

Rule Category -> Promotion/Markdown; Sub Category -> Budget -> Total
Budget: \$20,00,000

- Exit Date

Rule Category -> Promotion/Markdown; Sub Category -> Exit Date -> Set Exit Date:
30/09/2023

- Promotion

Rule Category -> Promotion; Sub Category -> Promotion -> Minimum promotion for
the first and subsequent promotions: 10%

Figure 11-14 Create Rule Value - Budget

The screenshot shows a 'Create Rule Values' dialog box with a close button (X) in the top right corner. It contains the following fields and controls:

- Category:** A dropdown menu with 'Promotion/Markdown' selected.
- Sub Category:** A dropdown menu with 'Budget' selected.
- Description:** A text field containing 'Budget_2000000'.
- Total budget for base scenarios:** A section containing a 'Rule Value' field with '\$20,00,000.0' and up/down arrow controls.
- Planned Promotions Included in Budget:** A toggle switch that is currently turned off.
- Allocate budget:** A toggle switch that is currently turned off.

Figure 11-15 Create Rule Value - Exit Date

The screenshot shows a 'Create Rule Values' dialog box with a close button (X) in the top right corner. It contains the following fields and options:

- Category:** A dropdown menu with 'Promotion/Markdown' selected.
- Sub Category:** A dropdown menu with 'Exit Date' selected.
- Description:** A text field containing 'ExitDate_24092023'.
- Set Exit Date Based on:** Two buttons, 'Relative Calendar' and 'Absolute Calendar'. The 'Absolute Calendar' button is highlighted in light blue.
- Enter Absolute Exit Date:** A text field containing '09/24/23' with a calendar icon to its right.

Figure 11-16 Create Rule Value - Promotion

Create Rule Values

Category

Promotion

Sub Category

Promotion

Description

Promotion

Maximum discount percentage for promotions other than the first one

Rule Value

Minimum discount percentage for promotions other than the first one

Rule Value

10%

Day of the week promotions ends

Saturday

Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Day of the week promotions starts

Saturday

Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Length of promotion as a percentage of the whole season

Rule Value

Minimum time separation between any two consecutive promotions

Rule Value

Figure 11-17 All Rule Values Created

Rules Category

Summary

Promotion/Markdown

Markdown

Promotion

Regular

Rule Builder

Rule Criteria

Rule Value

Rule Value

Actions

View

+

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🔗

Detach

Rule Value ID	Description	Value	Subcategory	Created On
B07	Promotion_10%	Promotions recommendations cannot be lower than the cost of the product: No, Minimum discount percentage for promotions other than the first one: 10%, Day of the week promotions ends: Saturday, Day of the week promotions starts: Saturday	Promotions	05/24/2025
B06	ExitDate_34092023	Absolute Exit Date: 2023-09-24	Exit Date	05/24/2025
B05	Budget_2000000	Total budget for base scenarios: \$20,000,000, Allocate budget: No, Planned Promotions Included in Budget: No	Budget	05/24/2025
B04	Markdown Rule Demo	Minimum number of markdown items: 100, Maximum discount percentage for the first markdown: 40%, Minimum discount percentage for the first markdown: 15%, Markdown recommendations at least equal to the cost of the product: No, Day of the week markdown starts: Saturday	Markdown	05/24/2025

4. These Rule Criteria and Rule Values can be combined and built to form a rule based on the business scenario.

For example - to build a rule for Exit Date:

Navigate to Rule Category -> Promotion/Markdown; Sub Category -> Exit Date and click **Build Rule**:

- Select one or more Rule Criteria (turn on the switch), click **Next**.
- Select one or more Rule Value (turn on the switch), click **Next**.

- Figure 11-18 Build Exit Date Rule**

Figure 11-19 Build Rule - Selecting Rule Criteria

Figure 11-20 Build Rule - Selecting Rule Value

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Figure 11-21 Review and Save the Rule

Rules Review

Description *

ExitDt_WAW_US_SunSet_24092023

Actions View [Icons] Detach

Criteria Id	Criteria Description	Rule Criteria	Rule Value Id	Rule Value Description	Rule Value	Rule Valid
450	WAW-US-SunSet	Merchandise 4 - Department = 103-Women's Activewear AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Product Group = 1901-Brand - 21Sunset	806	ExitDate_24092023	Absolute Exit Date: 2023-09-24	

Figure 11-22 Exit Date Rule Created

Rule Id	Description	Subcategory	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone	Proc
3102	ExitDt_WAW_US_SunSet_2		Department	103-Women's Activewear				1-Primary Zone Group	24-United States	1901-21Sunset
3049	Demo Exit Date Abs Sep30		Company	1-Company				1-Primary Zone Group	24-United States	
3044	SS Abs Exit Date US		Company	1-Company				1-Primary Zone Group	24-United States	

Similarly, rules can be built for Budget, Promotion, and other rule categories based on the business scenario.

Approach 3: Update and Copy Rule

This approach allows the user to update an existing rule and make a new copy of it to create a new rule.

1. Under Rules Category -> Pricing Optimization -> Promotion (for example) -> select Manage Promotion Rules.
2. To copy all the rules, click **Copy Rule**. To copy one rule, select the rule row, and click **Copy Rule**.
3. Select All or Selected (row) and update the Criteria and Scope Values as required.

Figure 11-23 Copy Rules - Update Criteria

Control & Tactical C...

Rules Management

Manage Pricing Opt...

Copy Rules

Copy Rules : ☐ All (2) ☒ Selected (1)

Copy Scope : ☒ Criteria ☐ Value

Rule Criteria

Merchandise Level

Merchandise Level
Merchandise 1 - Company

Merchandise

Merchandise
1 - Company

Price Zone Group

Price Zone Group
1 - Primary Zone Group

Price Zone

Price Zone
0-ALL

Season

Season
2023 Summer

Figure 11-24 Copy Rules - Update Value

Control & Tactical C...

Rules Management

Manage Pricing Opt...

Copy Rules

Copy Rules : ☐ All (2) ☒ Selected (1)

Copy Scope : ☐ Criteria ☒ Value

Rule Value

Maximum discount percentage for promotions other than the first one

Rule Value
20%

Minimum discount percentage for promotions other than the first one

Rule Value
10%

Day of the week promotions ends

Saturday

Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Day of the week promotions starts

Saturday

Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Length of promotion as a percentage of the whole season

Rule Value

- Click **Save**. A new rule is created that says "Copy of <copied rule name>."

Figure 11-25 Copy of the Rule is Created

Rules Category		Promotion Rules										
Summary		Actions View + - X Y Detach Copy Rule Build Rule										
Promotion/Markdown												
Markdown												
Promotion												
Regular												
Rule Builder												
Rule Criteria												
Rule Value												
		Rule Id	Description	Subcategory	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone	Product Group Criteria
		584	Copy of 55 Promo 1		Company	1-Company				1-Primary Zone Group	24-United States	Merchandise 1 - (Zone = 24-United States)
		484	55 Promo 1		Company	1-Company				1-Primary Zone Group	24-United States	Merchandise 1 - (Zone = 24-United States)
		464	55 Promo		Company	1-Company				1-Primary Zone Group	0-ALL	Merchandise 1 - (Zone = 0-ALL AH Zone Group)

Approach 4: Rules Agent in Natural Language

Use the Rules Agent on the Manage Rules screen to create rules using natural-language descriptions. The Rules Agent supports promotion, markdown, and regular-pricing rules. It interprets the specified business intent, validates the request against supported rule types and available business data, and generates a rule that can be reviewed, modified, and saved through the standard rule-creation workflow.

To use the Rules Agent, click **Rules Agent**. A panel opens on the right side of the screen, where you can upload a text file containing natural-language rule descriptions.

Figure 11-26 Rules Agent in Manage Rules

The screenshot shows the 'Manage Rules' interface. On the left, the 'Rules Category' sidebar is expanded to 'Pricing Optimization'. The main content area is titled 'Pricing Optimization Overview' and contains three sections: 'Promotion/Markdown Budget', 'Promotion/Markdown Exit Date', and 'Promotion/Markdown Goal'. Each section shows the 'Number of Rule Types' and provides a summary of rule instances. On the right, the 'Rules Agent' panel is open, displaying a 'COMPLETED' status for a recent job. It includes job details like Job ID, Created time, and Details. At the bottom of the panel, there is an 'Upload Rules File' button and a 'Refresh' button.

Examples for Promotion and Markdown Pricing Rules

- For department: Men's Activewear in price zone: ALL, season: 2023 Summer, set total budget: \$200,000, allocate budget: N, include planned promotions: N.
- For department: Men's Activewear in price zone: ALL, season: 2023 Summer, set total budget: \$200,000.
- For Class: Women's Tops Sweaters, price zone: Sweeden, season: 2023 Summer, set total budget: \$250,000, allocate budget: N, include planned promotions: N.
- For company: Company in price zone: Canada and Australia, and season: 2023 Summer, set total budget: \$200,000.
- For department: Men's Activewear in price zone: Sweden, season: 2023 Summer, product group: Color - Rosewood, set No. of Weeks Added to Exit Date (Reference Date Month

- 1):52, No. of Weeks Added to Exit Date (Reference Date Month 2-12): 26, Reference Date Type: M
6. For company: Company in price zone: France, season: ALL, set Reference Date Type: Model start date, No. of Weeks Added to Exit Date (Any Reference Month): 26.
 7. For department: Men's Activewear Tops class in price zone: Sweden, season: 2023 Summer, product group: brand sunset, set total budget: \$250,000, allocate budget: N, include planned promotions: N.
 8. For Class: Women's Tops Sweaters, price zone: ALL, season: ALL, set Maximum number of markdowns: 4
 9. For style color: Easy Fit Jean Washed Blue Medium in price zone: ALL, season: ALL, set Optimization Goal: Maximize Revenue.
 10. For company: Company in price zone: France and Germany and Italy and Netherlands and United Kingdom and season: ALL, set Absolute Exit Date: 2026-02-2

Examples for Regular Pricing Rules

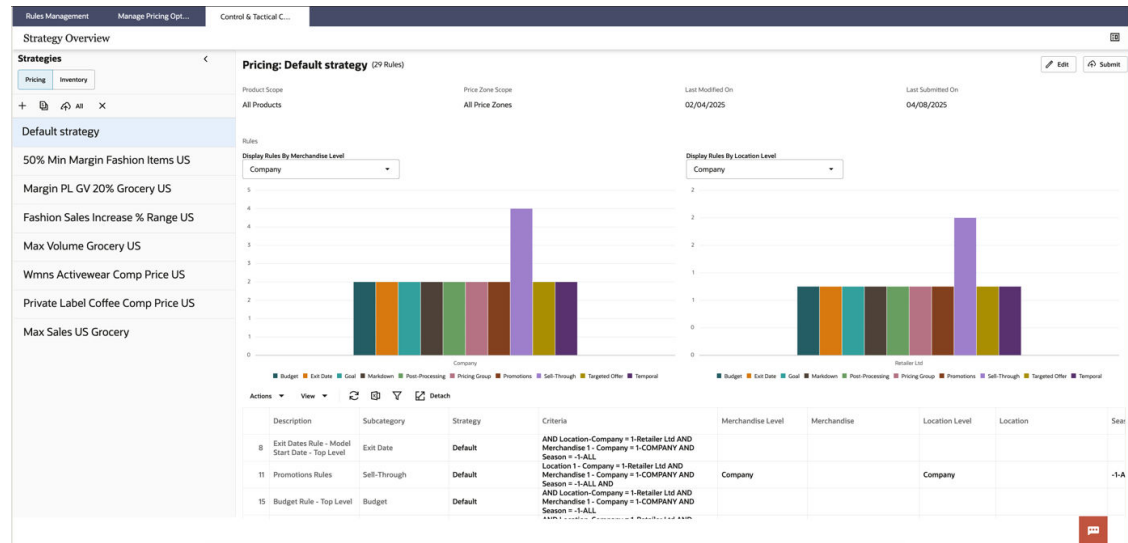
1. For Department 101-Women's Tops in United States primary zone group, Price of item needs to be less or equal than this value: 200. Soft priority 8.
2. For Group 12-Men's Clothing in all zones, maximize revenue.
3. For Department 101-Women's Tops in Primary Zone Group, apply the price max rule with value 200 for either United States or Canada as a soft constraint with priority 8.
4. For Department 104-Women's Bottoms in United States, Products in Set A need a price greater or equal than this value compared to items in Set B.: 10. Product Group Set A is Brand - 21Sunset and Product Group Set B is Brand - Adidas. Soft priority 100.
5. For Class 3-Coffee & Tea in United States, Volume for group of items needs to be greater or equal than this value: 500. Soft priority 4.
6. For Sub Class 6-Sweetcorn in Canada, Price of item needs to be greater or equal than this value: 2.50. Soft priority 5.

Manage Strategy

A strategy is a collection of business rules that work together to support a specific business objective. Use **Manage Strategies** to create, review, and maintain strategies and to associate the appropriate rules with each strategy. Because rules can be reused across strategies, updates to a rule are reflected in every strategy that uses it.

Creating a new strategy works in a similar way for Pricing and Inventory Management; The following process describes creating a rule for Pricing Management (LPO).

Figure 11-27 Strategy Overview - Default Strategy



A What-If Strategy is created when the user wants to test different pricing scenarios. It allows comparison against the default strategy to identify the best outcome before applying changes. After running a What-If scenario, retailers can compare its outcomes against the Default Strategy to determine if adjustments should be implemented.

A new strategy can be created from: Control & Tactical Center -> Manage Business Rules & Strategies. Clicking the Manage Business Rules & Strategies tile opens up the Strategy Overview screen, where strategy for Pricing and Inventory can be created and accessed.

Approach 1: Creating a New Strategy and Attaching Rules

This approach allows the user to create a new strategy and attach existing rules to it on the fly.

Example Use Case: End-of-season markdown for Women's Activewear in the United States Zone with: Maximum first markdown of 40% and Subsequent markdown of 25%.

Follow these steps for Approach 1:

1. Create a rule for the use case from the Rules Management screen. Refer to the section "Rules Management - Creating a New Rule - Approach 1: Quick Create."
2. In the Strategy Overview page, click the New icon (+) to create a new strategy.
3. In the Scope page, select the required criteria (Name, Price Zone, and Products) and click **Next**.
4. Select the Markdown Rule Category, and the rule created in Step 2 and click **Add Rules**. The rule is now added to the new strategy.
5. After adding all the required rules, click **Next**. Review all the added rules and submit the strategy.

Figure 11-28 New Strategy - Adding a Scope

Control & Tactical C... x Rules Management

Create Pricing Strategy

1 Scope

2 Rules

3 Review

Name

Demo Strategy - Approach 1

Price Zone

Price Zone Group

1 - Primary Zone Group

Price Zone

24 - United States x

Products

Company

1 - Company

Division

All x

Figure 11-29 New Strategy - Adding an Existing Rule to Strategy

Create Pricing Strategy

Scope

Rules

Review

Rules Category

Promotion/Markdown

Budget

Exit Date

Goal

Post-Processing

Pricing Group

Sell-Through

Targeted Offer

Temporal

Markdown

Markdown

Promotion

Regular

Markdown Rules

Available (2)

Added (0)

Actions View Filter Detach Add Rules Create Rule Build Rule

Rule Id	Description	Subcategory	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price
444	SS UCS Mkdwn		Company	1-Company				1-Primary Zone Group	24-Un
424	SS UC1 Mkdwn		Company	1-Company				1-Primary Zone Group	24-Un

Figure 11-30 New Strategy - Review the Strategy and Rules

Control & Tactical C... x Rules Management Manage Pricing Opt...

Create Pricing Strategy

Scope

Rules

Review

Demo Strategy - Approach 1

Product Scope

1 - Company - 3 Division

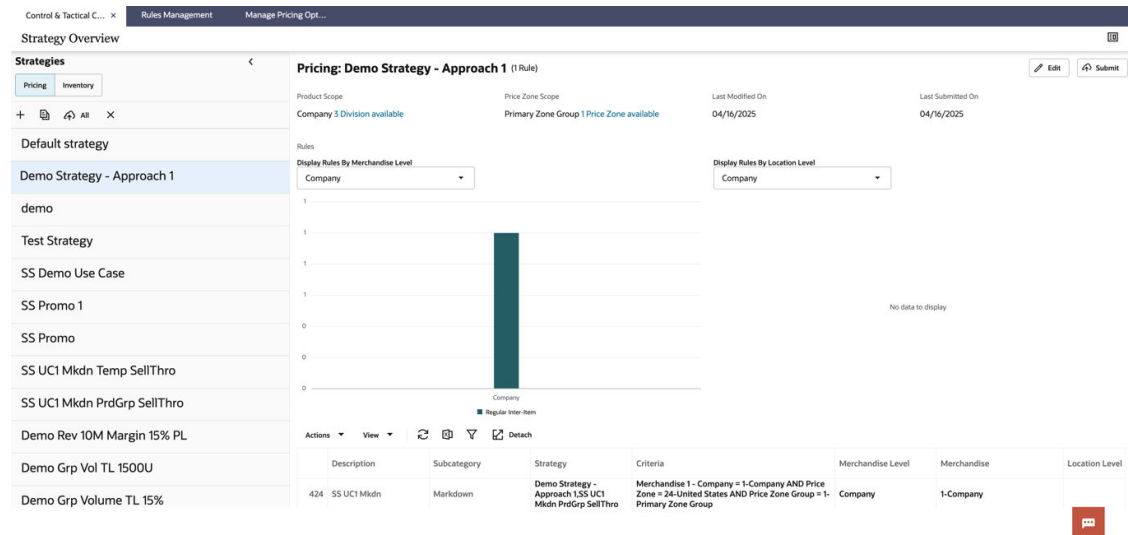
Price Zone Scope

1 - Primary Zone Group - 1 Price Zone

Rules

Actions View Filter Detach

Rule Id	Description	Functional Area	Criteria	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone	Product Group	Merchandise Level 2	Merchandise
424	SS UC1 Mkdwn	Markdown	Merchandise 1 - Company = 1-Company AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group	Company	1-Company				1-Primary Zone Group	24-United States			

Figure 11-31 New Strategy is Submitted

Approach 2: Create a New Strategy and Build Rules

This approach allows the user to create a new strategy and build new rules for the strategy on the fly.

Example Use Case: A retailer wants to apply: 15% minimum promotion on a \$10,00,000 budget for Women's Activewear brands "Sunset" and "RileyCalli" in the United States Zone, until 30/09/2023

Follow these steps for Approach 2:

1. Create Rule Criteria and Rule Value for the use case from the Rules Management screen. Refer the section "Rules Management - Creating a New Rule - Approach 2: Build Rule."
2. In the Strategy Overview page, click the New icon (+) to create a new strategy.
3. In the Scope page, select the required criteria (Name, Price Zone, and Products) and click **Next**.
4. Select the Budget Rule Category:
 - a. Click Build Rule, select all the applicable rule criteria and click Next button
 - b. Select all the applicable rule values to be applied on the selected criteria.
 - c. Click Review Rules, followed by **Save**.
 - d. Now that rule is seen in the table for the Budget category, select that rule and click **Add Rules**. The rule is now added to the new strategy.
 - e. Repeat the above steps for Budget, Product Groups, and Promotion categories.
5. Step 5: After adding all rules, click **Next**. Review all the added rules and submit the strategy (refer to the figures from Approach 1: Creating a New Strategy and Attaching Rules).

Figure 11-32 New Strategy - Build Rule

Create Pricing Strategy

Scope

Rules

Review

Rules Category

Budget Rules

Available (5)

Added (0)

Budget

Exit Date

Goal

Post-Processing

Pricing Group

Sell-Through

Targeted Offer

Temporal

Markdown

Promotion

Regular

Actions

View

Detach

+

Add Rules

Create Rule

Build Rule

Rule Id	Description	Subcategory	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone	Prod
3107	Copy of test		Department	371-Beverages				1-Primary Zone Group	24-United States	
3105	Copy of SS_Budget_10M		Department	371-Beverages			1100-2023 Summer	1-Primary Zone Group	24-United States	
3103	test		Department	103-Women's Activewear				1-Primary Zone Group	24-United States	
3051	Demo Planned Promotions		Company	1-Company				1-Primary Zone Group	24-United States	
3022	SS_Budget_10M		Department	103-Women's Activewear			1100-2023 Summer	1-Primary Zone Group	24-United States	

Figure 11-33 New Strategy - Build Rule - Select Rule Criteria

Create Budget Rules

1 Rule Criteria

2 Rule Value

3 Review

Select Rule Criteria

ActionsViewRefreshFilterDetach

Selected	Criteria ID	Description	Criteria	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone
☐	442	Port Processing rule test	Primary Zone Group AND Season = 1-ALL	Company	1-Company				0-ALL	0-ALL
☒	443	SS_Budget_10M	Merchandise 1 - Company = 1-Company AND Price Zone = 0-ALL AND Price Zone Group = 0-ALL Primary Zone Group AND Season = 1-ALL ActiveWear AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Season = 1100-2023 Summer Merchandise 4 - Promotion = 371-Beverages	Department	103-Women's Activewear			1100-2023 Summer	1-Primary Zone Group	24-United States

Figure 11-34 New Strategy - Build Rule - Select Rule Value

Create Budget Rules

Rule Criteria

Rule Value

Review

Select Rule Value

Actions

View

Detach

Selected	Rule Value ID	Description	Value	Subcategory	Created On	Created By	Last Updated On	Last Updated By	Last Updated By	Hard?	Priority	
	785	ALL_PZ	Total budget for base scenarios: \$49.0, Allocate budget: No, Planned Promotions Included in Budget: No	Budget	02/20/2025	orase1				No		
	786	SS_Budget_10M	Total budget for base scenarios: \$10,000,000.0, Allocate budget: Yes, Planned Promotions Included in Budget: Yes	Budget	02/21/2025	sivaranjani.sundar				No		
	800	Demo Planned Promotions	Allocate budget: No, Planned Promotions Included in Budget: Yes	Budget	05/05/2025	sivaranjani.sundar				No		
	805	Budget_20000000	Total budget for base scenarios: \$20,00,000.0, Allocate budget: No, Planned Promotions Included in Budget: No	Budget	05/24/2025	sivaranjani.sundar				No		

Figure 11-35 New Strategy - Review Rule

Rules Management

Control & Tactical C...

Manage Pricing Opt...

Create Budget Rules

1 Rule Criteria

2 Rule Value

3 Review

Rules Review

Description *

Rule for New Strategy - Approach 2

Actions

View

Detach

Criteria Id	Criteria Description	Rule Criteria	Rule Value Id	Rule Value Description	Rule Value	Rule Valid
443	SS_Budget_10M	Merchandise 4 - Department = 103-Women's Activewear AND Price Zone = 24-United States AND Price Zone Group = 1-Primary Zone Group AND Season = 1100-2023 Summer	786	SS_Budget_10M	Total budget for base scenarios: \$10,000,000.0, Allocate budget: Yes, Planned Promotions Included in Budget: Yes	

Figure 11-36 New Strategy - Add the Built Rule to the Strategy

Rule Id	Description	Subcategory	Merchandise Level	Merchandise	Location Level	Location	Season	Price Zone Group	Price Zone	Prod
3204	Rule for New Strategy - Approach 2		Department	103-Women's Activewear			1100-2025 Summer	1-Primary Zone Group	24-United States	
3107	Copy of test		Department	371-Beverages				1-Primary Zone Group	24-United States	
3105	Copy of SS_Budget_10M		Department	371-Beverages			1100-2025 Summer	1-Primary Zone Group	24-United States	
3103	test		Department	103-Women's Activewear				1-Primary Zone Group	24-United States	
3051	Demo Planned Promotions		Company	1-Company				1-Primary Zone Group	24-United States	
3022	SS_Budget_10M		Department	103-Women's Activewear			1100-2025 Summer	1-Primary Zone Group	24-United States	

Approach 3: Copy Strategy

This approach allows the user to create a new strategy by copying an existing one.

1. From the Strategy Overview page, choose the strategy to be copied and click the Copy Strategy icon to create a new strategy based on the selected one. A new strategy is created.
2. Click **Edit** to add or remove rules as needed.
3. Submit the strategy after making any changes.

Approach 4: Create a Quick Rule from the New Strategy

This approach allows the user to create a new strategy or copy an existing one and directly define rules within the strategy.

1. From the Strategy Overview page, click the New icon to create a new strategy or Copy Strategy icon to copy an existing strategy.
2. In the Scope page, select the required criteria (Name, Price Zone, and Products) and click **Next**.
3. In the Rules page, select the required Rules Category and click **Create Rule** in the right-hand side table to create the required rules right away (Refer to the section "Rules Management - Creating a New Rule - Approach 1: Quick Create")
4. After adding all necessary rules, click **Next** to navigate to the Review page to review the rules.
5. Submit the strategy.

Manage Configurations

In Manage Configurations, a user can edit the configurations of different applications using the Manage System Configurations functionality. In this screen, the tables can be filtered by applications.

To edit a row in any table, click the row and click the **Edit** icon. You can override the values for the columns that are editable.

Figure 11-37 Manage System Configurations

Manage Configurations

Application

All

Table

RSE_CONFIG

Description: This table contains configuration names and their values for various settings which can be changed to affect the operation of the software. Configurable_Flg = Y indicates that configuration is changeable after the application has been installed and initially configured. Updateable_Flag = Y indicates that configuration value is updateable by the application code.

Filter

Actions

View

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Detach

Import

APPL_CODE	PARAM_NAME	PARAM_VALUE	ONFIGURABLE_FL	DESCR	UPDATEABLE_FLG
AE	AE_FIND_ERROR_ITERATIONS	10	Y	This is the number of iterations the find errors process will do looking for token label discrepancies.	
AE	AE_MAX_DIGRAPH_DISTANCE	1	Y	Maximum distance between digraph tokens. This parameter will be used to restrict what digraphs are used by the application.	
AE	AE_POLLING_INTERVAL	30	Y	Stage status polling interval (in seconds).	
AE	AE_PRODUCT_LVL_1	Division	Y	Product hierarchy level 1 (great grandparent of the product).	
AE	AE_PRODUCT_LVL_2	Department	Y	Product hierarchy level 2 (grandparent of the product).	
AE	AE_PRODUCT_LVL_3	Class	Y	Product hierarchy level 3 (parent of the product).	
AE	AE_QUALITY_MODE_PCT	0.6	Y	Percentage of total number of existing attributes (rounded up) that a description must contain to be included in train set, the rest will go to test set.	
AE	AE_REGEX_TOKENIZER_PATTERN	(((alpha _)+) (((digit _)+) ((\s\,)+)))	Y	This is the regular expression pattern that will be used to extract tokens from descriptions	
AE	AE_REGEX_TOKEN_SEPARATOR_PATTERN	["alpha _ digit _ \s , "]	Y	This is the regular expression pattern that will be used to extract token separators from descriptions	
AE	AE_RUN_CATEGORY_DESCR	Class	Y	Category level that will be used to setup RUNs.	
AE	AE_RUN_CATEGORY_LVL	3	Y	Category level that will be used to setup RUNs.	
AE	AE_TRAIN_RANDOM_PCT	0.6	Y	Percentage of product description that should be included in the train set, the rest will go to test set.	
AE	DEFAULT_APPL_USER	AE_BATCH_USER	Y	User identifier to be used for batch activities that require user tracking.	
AE	GRAM_LENGTH	2	Y	Parameter to be used by the normalization matching algorithm.	
CDT	CDT_ATTR_BRANCH_EXTRACT_ITEM	Y	Y	This will determine if it will include the item on insert for CDT_CM_BRANCH_ITEM_ATTR table	Y

Manage Rules

Manage Pricing Optimization Rules

Manage Strategy

Manage Configurations

Credential Stores

Oracle Customer Engagement web service-related credentials are managed in the credential stores using the interface shown below. The administrator can use this screen to configure the name and password. This information is used to generate the authentication key that is sent as part of the message to Oracle Customer Engagement.

Figure 11-38 Manage Credential Stores

Credential Stores

Manage Credential Stores

Select Credential Store

Retail Science IDCS Access

Select Credential Store Map

Select Credential Store Key

Username

Required

Password

Required

Confirm Password

Required

Description

Create

The Manage Credential Stores dialog box requires the following information:

- Label - describes the credential store map and key
- Username - user name provided by Oracle Customer Engagement
- Password - password provided by Oracle Customer Engagement
- Confirm Password - prompt to confirm user password.
- Description - used by the administrator to describe the credential store used for Customer Segment integration with Oracle Customer Engagement.

Manage Alerts

Alerts are user workflow indicators. They are used to indicate situations where the optimization results fall outside of the business defined thresholds. Alert Management is where you will define which alerts are relevant to your business and the associated thresholds for each alert type.

Figure 11-39 Alert Management - Inventory Alert Rules

Status	Alert Id	Alert Criteria Id	Alert Value Id	Merchandise Level	Merchandise	Merchandise Active Flag	Location Level	Description	Criteria	Value
Enabled	3037	2003	1948	Style Color Size	1234567 Folgers - Breakfast Roast Non-Flavored Decaf - Ground - 12.5 oz 7.5oz	Yes	Location	Capacity_Alert_Test_02	Location 6 - Location = 1107-US - Lombard Street AND Merchandise 9 - Style Color Size = 1234567-Enduser - Breakfast Roast Non-Flavored Decaf - Ground - 12.5 oz 7.5oz	Perci Alert
Enabled	3021	1993	1949	Style Color Size	085397888-Sunners Short Sleeve Tee-Navy/Medium	Yes	Location	Capacity_Const_1108_Jo c	Location 6 - Location = 1108-US - Water Tower Place AND Merchandise 9 - Style Color Size = 085397888-Enduser - Short Sleeve Tee-Navy/Medium	Perci Alert
Enabled	3020	1992	1948	Style Color Size	92132704-Crop Top Black: Small	Yes	Location	CC for Crop Top Black Small_US Rockford	Location 6 - Location = 2060-US - Rockford AND Merchandise 9 - Style Color Size = 92132704-Crop Top Black: Small	Perci Alert
Enabled	3019	1991	1948	Style Color Size	303388315-Seamless V Neck Tee-Dark Grey/Small	Yes	Location	Capacity_Test_01	Location 6 - Location = 1108-US - Water Tower Place AND Merchandise 9 - Style Color Size = 303388315-Enduser - V Neck Tee-Dark Grey/Small	Perci Alert

Inventory Alert Rules

Create or edit rule thresholds in any of the Rule Categories.

- Overstock

Alerts the inventory planner when a review day's beginning of day inventory meets or exceeds the OUTL for that review day and/or Inventory units exceeds the specified threshold. This means that the inventory in the preceding period is more than enough to meet the demand of the prior, and the next review period. The inventory planner will review preceding stock levels, receipts, and forecast or actual sales.

- Out of Stock

Out of stock alerts are based on lost sales. This alert requires a demand forecast to calculate lost sales.

Lost sales occur any for day inventory plus receipts exceeds the forecasted demand.

Note that retail value is always calculated as full retail value.

- Low Stock

Low Stock Alerts the inventory planner to the days where inventory falls below acceptable thresholds of Days of Supply (DOS) and/or units. The DOS thresholds require a demand forecast. The demand forecast is used to calculate average demand of the week. Then each day's beginning inventory is divided by the average demand to determine if it falls below DOS threshold.

A day that meets out of stock rules will not be alerted for LowStock.

Tip: To ignore DOS threshold set it to 0 and choose **OR** Inventory is Less Than...

Manage Master Data

In the Sales Plans tab, as shown below, you can select a row and edit the Merchandise Level/ Location Level or reset the value to the default levels. Sales Plans are used for in-season (Bayesian) forecasting within the Automatic Exponential Smoothing run types.

Figure 11-40 Sales Plans Tab

Manage Master Data

Sales Plans

Flexible Groups

Product And Location Levels

Actions View







 Detach

Plan Number	Plan Name	Description	Merchandise Hierarchy Type	Location Hierarchy Type	Mercha
1	Merchandise Plan	Week/subclass/channel (Channel is equivalent to location hierarchy	Extended Merchandise Hierarchy	Normal Location Hierarchy	Sub Clas
2	Merchandise Target	Week/dept/channel (Channel is equivalent to location hierarchy ARE	Extended Merchandise Hierarchy	Normal Location Hierarchy	Departn
3	Location Plan	Week/dept/location	Extended Merchandise Hierarchy	Normal Location Hierarchy	Departn
4	Location Target	Week/cmp/location	Extended Merchandise Hierarchy	Normal Location Hierarchy	Compar
5	Assortment Planning Sales Plan	Week/SKU/location	Extended Merchandise Hierarchy	Normal Location Hierarchy	Style Co

The Flexible Groups provide the grouping of merchandise/locations based on different criteria. These are used in the escalation path to estimate seasonality/elasticity values for Sales & Promo and Life Cycle run types. Flexible Groups ensure that the seasonality/elasticity estimation results are separately calculated for each group of merchandise/location. Group Set is the parent (that is, the grouping definition). Partitions are the children (that is, the groups within each group set). In the Flexible Groups tab, you can create a new flexible group set and edit and delete an existing flexible group set, as shown below. While creating a new flexible group set, you can add a new group set name (which must be unique), group set description, and select an existing run type from the drop-down list, as shown below. Once this step is done, the partitions (groups) inside the group set must be created. The partitions can be provided through IW using custom calculations or loaded through the staging interface (RSE_FLEX_GROUP_DTL_STG). By clicking the icon near group set name, you can see the partitions under it, as shown below.

Figure 11-41 Flexible Groups Tab

Manage Master Data

Sales Plans

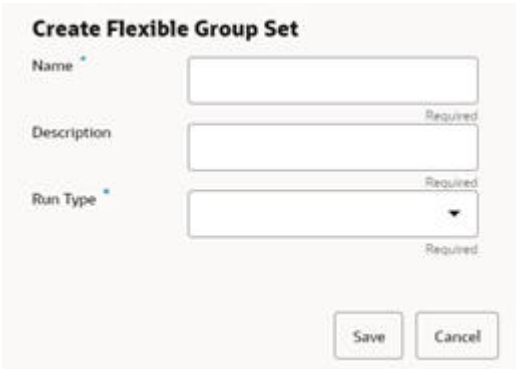
Flexible Groups

Group Sets

Actions View + ✎ ✕ ↺ ↻ ⌵ Detach

ID	Name	Description	Forecast Run Type ID	Forecast Run Type Name	Created By	Changed By	Changed
81	▶ Test		1	TEST_IMG_SIM_SKU			
101	▶ set 1		35	TotGSlsUnt.SKULocWk.LLC_DF			
102	▶ set		35	TotGSlsUnt.SKULocWk.LLC_DF			
103	▶ Default_item_location_start	test of default	35	TotGSlsUnt.SKULocWk.LLC_DF			
121	▶ 756_Run_FGS	756_Run_FGS	756	Test_Style_PZ			
122	▶ 805_Run_FGS_1	805_Run_FGS_1	805	Test_Class_Run			
141	▶ 805_Run_FGS_2	805_Run_FGS_2	805	Test_Class_Run			
161	▶ 975_FGS1	975_FGS1	975	SK_HB_test_run			
162	▶ 975_FGS2	975_FGS2	975	SK_HB_test_run			

Figure 11-42 Create Flexible Group Set



The dialog box titled "Create Flexible Group Set" contains three input fields, each marked as "Required":

- Name**: A text input field.
- Description**: A text input field.
- Run Type**: A dropdown menu.

At the bottom right, there are two buttons: "Save" and "Cancel".

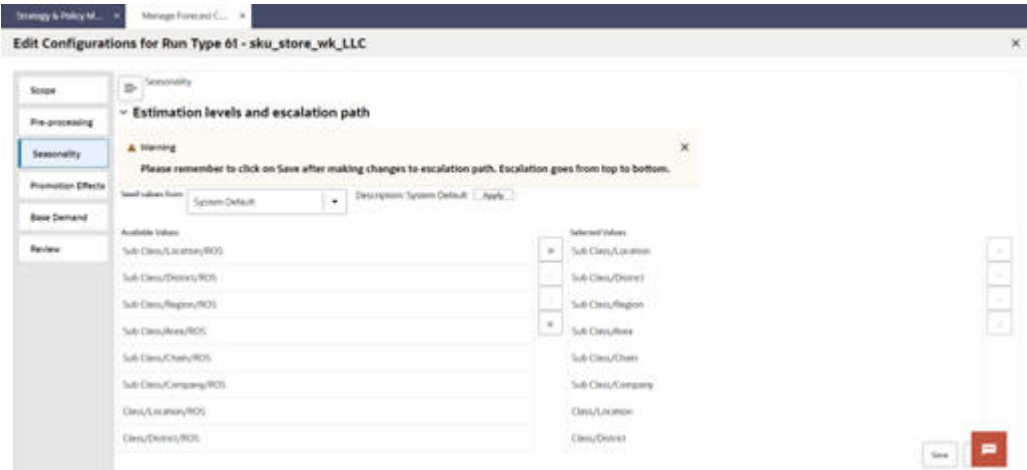
Ensure that the Default_item_location_start flex group set is created via the dialog above.

Figure 11-43 Partitions (Groups) under a Group Set

	Name
41	price_tier
42	ROS
3 Partitions:	
	high_ROS : 6554 SKU-Location
	med_ROS : 5800 SKU-Location
	low_ROS : 4522 SKU-Location

Once a new flexible group set is created and mapped to a run type, new escalation levels corresponding to the flexible group set will be automatically added under the Available Values column in the Estimation Levels and Escalation Path section of the Seasonality tab for the corresponding run type in Edit Configuration Parameters within the Manage screen, as shown below. .

Figure 11-44 Escalation Levels Based on Group Set are Available



When a new What-If run is created from the Test screen under the corresponding run type, the run will also contain the additional escalation levels corresponding to the flex group set and will be displayed under the Available Values column in the Estimation Levels and Escalation Path section of the Seasonality tab.

Forecast Engine

Forecast Engine provides access to the tasks used to configure, prepare, and review forecasts in Oracle Retail AI Foundation Cloud Service. From the Forecast Engine landing page, you can manage forecast configurations and supporting master data, define forecasting strategies for new items and locations, and review, adjust, and approve generated forecasts.

Use **Manage Forecast Configurations** to create forecast run types, test forecast runs, manage configuration parameters, and map run types to the applications that consume the forecasts. A forecast run type acts as a template for forecast runs, while each forecast run is an instance of a particular run type.

Use **Manage Master Data** to maintain information that supports forecast generation, including sales plans and flexible groups. Sales plans support in-season Bayesian forecasting, while flexible groups provide merchandise and location groupings used when estimating forecast components such as seasonality and elasticity.

Use **New Item Setup** and **New Location Setup** to define how forecasts are generated when sufficient sales history is not available. For new items, you can select an appropriate substitution method and, where applicable, identify a like item or provide base demand. For new locations, you can assign a location and an adjustment factor. See [New Item Setup](#) and [New Location Setup](#).

Use **Forecast Review** to examine forecast components and historical demand, make permitted adjustments, and approve forecasts. The workspace supports grid, chart, and pivot-table views and provides additional approval information for the selected product and location. [Forecast Review](#) describes the review and approval workflow.

Manage Forecast Configurations

This section describes the workflow and screens in Manage Forecast Configurations. With this functionality, you can set up and manage the forecast run types and forecast runs for different applications.

Forecast Run Type

The Forecast Run Type is the high-level template for forecast runs. Each run type has certain attributes that must be specified when the run type is being created. All configuration parameters default to the system default value when the run type is created. Use the Manage screen to modify the value of the configuration parameters for the run types.

Forecast Run

Forecast runs are created for a specific run type and are considered instances of the run type. The forecast run shares all the attributes of the run type and by default will have system default values for all configuration parameters. These parameters can be modified when a new run is being created in the Test screen.

Overview

The typical workflow for setting up run types, runs, and configuring the parameters is outlined in this section. Each step is described in detail in the sections that follow.

1. Create a run type in the Setup screen (train stop 1).
If the aggregation status of the run type is Not Started, start the aggregation.
2. Create a run in the Test screen (train stop 2) and override the configuration parameters as desired. Then submit the run.
3. Once the run is successfully completed, review the summary of outputs from the estimation process by clicking the Summary link next to the run. This feature is available only if the run uses the Life Cycle forecast method.

Note

You can create as many runs as desired. These are considered what-if runs and allow you to experiment with different values for configuration parameters and examine the impact on the estimated demand parameters.

4. Set the configuration parameters for the run type in the Manage screen (train stop 3). This will determine the values that should be used in all subsequent batch runs for the given run type.
At the end of the implementation process, activate the run type to indicate that the run type should be part of the weekly batch process. During the weekly batch, a new run is created for each active run type.
5. Create a mapping between the run type and the application using the Map screen (train stop 4).

Setup

In the Setup screen in train stop 1, shown below, you can see the overview table of the existing run types and create new run types. In addition to Run Type Name, Run Type Description, Created On, and Created By, the table shows the following information about the run type.

Figure 12-1 Run Types

Manage Forecast Configurations ×

1 Setup 2 Test 3 Manage 4 Map

Forecast Run Types

Actions View + × Refresh Filter Detach Start Data Aggregation Add Multiple Run Types

ID	Run Type Name	Run Type Description	Status	Aggregation Status	Cumulative Aggregation Status	Hierarchy Types
1203	Testing_AM_1		Inactive	Complete - 0 rows	Complete - 14539399 rows	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1198	Testing_AM		Inactive	Complete - 0 rows	Not Applicable	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1155	test_dates_sk	test_dates_sk	Inactive	Waiting to Start	Failed	Normal Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1135	test_promo_lift_active		Inactive	Complete - 17816314 rows	Not Applicable	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1119	UT_illc_fcst_skustorweek		Active	Complete - 17816314 rows	Not Applicable	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1110	test_promo_eff2		Inactive	Complete - 0 rows	Not Applicable	Normal Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1109	PMO_HB_FCST_FLX_GRP_KS	PMO_HB_FCST_FLX_GRP_KS	Active	Complete - 8057550 rows	Complete - 7905629 rows	Normal Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1108	test_promo_eff		Inactive	Complete - 0 rows	Not Applicable	Normal Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1105	unittest_illc_RDX_skupstorweek		Active	Complete - 0 rows	Not Applicable	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy
1084	unittest_slc_RDX_skustorweek		Inactive	Complete - 17816314 rows	Complete - null rows	Extended Merchandise Hierarchy-Normal Location Hierarchy-Fiscal Calendar Hierarchy

Run Type Status

The Status column in the run type overview table shows whether the run type is Active or Inactive. Active run types become part of the weekly batch process, and a new batch run is created and executed for each active run type. Run types can be activated in the Manage screen in train stop 3.

Aggregation Status

The Aggregation Status column in the run type overview table shows whether the data aggregation for the run type is Not Started, In Progress, or Complete. Instances of runs can be generated for a run type (in the Test screen in train stop 2) only if the aggregation is complete.

Cumulative Aggregation Status

The Cumulative Aggregation Status column in the run type overview table shows whether the cumulative data aggregation for the run type is Not Started, In Progress, or Complete. Cumulative data aggregation is only applicable for run types with forecast method Life Cycle.

Forecast Intersection

The Forecast Intersection column in the run type overview table shows the merchandise-location-calendar intersection for which the forecast is generated. The intersection includes price zone and/or customer segment if the run type has those dimensions.

Applications

The Applications column in the run type overview table shows the application(s) that the run type is mapped to. You can map run types and applications in the Map screen in train stop 4.

External Application Key

The External Application Key column in the Run Type Overview table shows whether the external application key is not yet assigned to the run type. You can assign the external

application key for a run type (in the Map screen in train stop 4) only if the run type is being mapped to the application IPO-DF.

Create a Run Type

To create a new run type, click the + (plus) icon above the run type overview table.

Figure 12-2 Create Run Type

Create Run Type

Run Type Name *
Run Type Description
Data Source *
Forecast Method *
Forecast Measure *
Forecast by Customer Segments
Forecast by Price Zone
Hierarchy Type - Merchandise *
Hierarchy Type - Location *
Hierarchy Type - Calendar *
Forecast Level - Merchandise *
Forecast Level - Location *
Forecast Level - Calendar *
Spread Forecast to Day level
Spread Profile Level - Merchandise *
Spread Profile Level - Location *
Spread Profile Level - Calendar *
Spread Forecast to SKU Level
Source of Spread Profile
Recent historic weeks considered to calculate spread profile
Location level for spread profile

ccc
ccc
Store Sales
Sales and Promo
Regular and Promotion Gros
Select Customer Segments
Select Zone Groups
Inherited Merchandise Hierarchy
Normal Location Hierarchy
Fiscal Calendar Hierarchy
Style Color
Location
Week
Company
Company
Day
Calculated Size Profile
8
Company

Data Source For Warehouse Forecast
Component Forecast
Promotion Effects
Selected Customer Segments
Selected Zone Groups

You must specify the value for the following fields.

Run Type Name

This is a unique name and must be less than 30 characters. The run type name is used as an identifier when the forecast output is exported to other applications.

Data Source

This determines which data will be used as input to the selected forecast method. The sources that are currently supported are store sales, warehouse transfers, warehouse shipments, and fact measures.

Note that if you choose warehouse shipments, only the data going out of a warehouse to stores is recorded.

Also, if you choose the Data Source to be Sales and Warehouse outbound Shipment, the selection for the Hierarchy Type - Location needs to be Location/Warehouse Hierarchy.

Forecast Method

A forecast method must be specified for each run type. All the runs created for the run type will use the selected forecast method. The methods that are currently supported are Sales & Promo, Life Cycle, Hierarchical Bayesian, Automatic Exponential Smoothing, and Options Forecast. The forecast method must be chosen based on the specific use case and application.

Forecast Measure

This determines the measure that will be used as input by the forecasting algorithm. The final forecast will be generated for this measure. For the Sales & Promo and Life Cycle methods, the supported measures are total gross sales units, total net sales units, and regular & promotion gross sales units. For the Automatic Exponential Smoothing method, the forecast can be generated for other measures such as clearance sales, other sales, and returns.

Number of Historical Weeks for Options Activities Aggregation

This determines the number of weeks to be used by the Options Forecast. If the Options Forecast is selected, all settings below are not available.

Customer Segment

Select Forecast by Customer Segments to generate the forecast by the merchandise/location/segment. If you turn on the switch, you must also click the button next to it in order to select one or multiple customer segments. It is recommended that you only select the segments that you want the forecast to be generated for (that is, un-select inactive segments) as this will make the data aggregation and forecast generation processes more efficient. Forecast by Customer Segment is applicable only for the Life Cycle method.

Price Zone Group

Select the Forecast by Price Zone to generate the forecast by merchandise/price zone. If you turn on the switch you must also click the button next to it in order to select one or multiple price zone groups. It is recommended that you only select the price zone groups that you want the forecast to be generated for (that is, un-select inactive price zone groups) as this will make the data aggregation and forecast generation processes more efficient. Forecast by price zone is applicable for the Life Cycle and Hierarchical Bayesian methods.

Hierarchy Type - Merchandise/Location/Calendar

Select the hierarchy type you want to use for this run type. For instance, for the merchandise and product hierarchies the default choices in the drop-down list are Normal Hierarchy and Extended Hierarchy. If an alternative hierarchy is created it will also appear as a possible selection. Depending on the selection, the choices for the merchandise and location forecast levels are dynamically updated.

Forecast Level- Merchandise/Location/Calendar

Select the intersection that you want the forecast to be generated at. This will also determine the level at which sales data will be aggregated and flow through the various stages of forecasting. If you turn on the Forecast by Price Zone, the location level defaults to a level at the top of the location hierarchy. (This level is configurable and is determined by PMO_MIN_LOC_HIER_PROCESSING_LVL in the RSE_CONFIG table in the Manage System Configuration screen.)

Spread Profile Level - Merchandise/Location/Calendar

You can turn on the switch for the Spread Forecast to Day level only if the Forecast Level – Calendar is Week. Select the Spread Forecast Level for Merchandise/Location/Calendar only after turning on the switch for the Spread Forecast to Day level.

Spread Forecast to SKU Level

If the run type is defined to generate the forecast at the style-color/location/week intersection, this allows the option to spread the forecast from style-color to style-color-size, or SKU. Next are the setup settings.

Source of Spread Profile

There are two possible sources for the spread profile. First, you can use an approved profile, that has been generated and interfaced from the size profile optimization solution. Second, you can use the calculated profile that is generated in AIF using the following settings.

Recent Historic Weeks Considered to Calculate Spread Profile

This setting controls how many historical weeks of the preprocessed baseline demand should be used to generate the profile.

Location Level for Spread Profile

Here you can specify a location level to allow the sizes to be different by location. For instance, if you choose region, all stores inside a region will have the same profile.

The profile can be generated weekly, or quarterly using POM jobs, or on demand, using the Calculate Size Profile option in the Manage screen.

Data Aggregation

After you create a run type, you can see the aggregation status in the run type overview table. If the new run type has the same merchandise-location-calendar intersection as an existing run type, the aggregation status will be shown as complete as soon as you create the new run type because the data aggregation at that intersection has already been completed. This is applicable only for the run types that do not have a price zone dimension. For the run types that do have a price zone dimension, data aggregation must be done for each run type separately.

If any run type has an aggregation status of Not Started, click the **Start Data Aggregation** button above the run type overview table. This opens a pop-up where you can see a list of run types for which the aggregation process has not yet started, as shown in the next section..

You can select one or multiple run types from the top and/or bottom section in the pop-up and click **Submit** to start data aggregation. The Cumulative Aggregation process will be started once the aggregation process is submitted. It is only applicable for run types with forecast method Life Cycle.

Add Multiple Run Types

Click on the **Add Multiple Run Types** button. It will open a tab with a table consisting of available templates to create multiple run types at a time, as shown below. If the Enable column button is turned on and Process Flag column is null, then the corresponding row will be considered for creating run type. Click on the **Create Run Types** button to create multiple run types.

Click on + icon to add new process IDs to the table, as shown below. Select rows from the table and click on X icon to delete process IDs. User can also edit parameters within each row if Process Flag is null. Click the **Save** button to save the changes.

Figure 12-3 Add Multiple Run Types

Manage Forecast Configurations ×

Add Multiple Run Types ×

Actions View + × Refresh Detach Save

	Application Process Id	Enable	Run Type Name	Run Type Description	Hierarchy Type - Merchandise	Hierarchy T
1		☐	LocPlan_TotSlsUnit	location plan; total sales units	Extended Merchanc	
2		☐	LocPlan_TotSlsAmt	location plan; total sales amount	Extended Merchanc	
3	128	☐	LocPlan_TotRetUnit	location plan; total return units	Extended Merchanc	
4	129	☐	LocPlan_TotRetAmt	location plan; total return amount	Extended Merchanc	
5	66	☐	LocTgt_TotSlsUnit	location target; total sales units	Extended Merchanc	
6	67	☐	LocTgt_TotSlsAmt	location target; total sales amount	Extended Merchanc	
7	68	☐	LocTgt_TotRetUnit	location target; total return unit	Extended Merchanc	
8	69	☐	LocTgt_TotRetAmt	location target; total return amount	Extended Merchanc	
9	70	☐	MerchPlan_RegPrSlsUnit	merchandise plan; regular and promc	Extended Merchanc	
10	71	☐	MerchPlan_RegPrSlsAmt	merchandise plan; regular and promc	Extended Merchanc	
11	72	☐	MerchPlan_TotRetUnit	merchandise plan; total return unit	Extended Merchanc	
12	73	☐	MerchPlan_TotRetAmt	merchandise plan; total return amou	Extended Merchanc	
13	74	☐	MerchTgt_RegPrSlsUnit	merchandise target; regular and pron	Extended Merchanc	
14	75	☐	MerchTgt_RegPrSlsAmt	merchandise target; regular and pron	Extended Merchanc	
15	76	☐	MerchTgt_TotRetUnit	merchandise target; total return unit	Extended Merchanc	
16	77	☐	MerchTot_TotRetAmt	merchandise target; total return amou	Extended Merchanc	

Create Run Types

Figure 12-4 Specify Run Type Configurations

Specify Run Type Configurations

Run Type Name Required

Run Type Description Required

Data Source

Forecast Method

Forecast Measure

Forecast by Customer Segments ☐

Customer Segment

Forecast by Price Zone ☐

Price Zone Group

Ok Cancel

Delete Run Type

Select one or multiple rows in the run type overview table, as shown below, and click the X icon above the table to delete the run types. If a run type is activated or if a run type has a run that is in progress, it cannot be deleted.

Figure 12-5 Select Aggregation Levels and Run Types

Select Aggregation Levels and/or Run Types

☐ Group-Region-Week	

To start the aggregation process for the run types that have price zone dimension, select the run types from the following list.

☐ Run_Type_2	

Test

After the run types are created and aggregation is complete, you can create and submit what-if runs and review the summary of the runs in the Test screen in train stop 2, as shown below. Performing what-if analysis is an optional step that can help you to tune the various configuration parameters. In addition, you can see the batch runs associated with each run type in this screen.

Figure 12-6 Test Screen

Forecast Run Types

Run Type Name	Run Type Description	Status	Aggregation Status	Forecast Intersection	Data Source	Forecast Method	Forecast Measure
sku_district_week_MRP	(for other sales units)	Inactive	Complete	Style Color Size-District-Week	Store Sales	Automatic, Exponential Smoothing	Other Gross Sales Units
sku_district_week_SLC		Inactive	Complete	Style Color Size-District-Week	Store Sales	Life Cycle	Total Net Sales Units
sku_district_week_ILC		Inactive	Complete	Style Color Size-District-Week	Store Sales	Sales and Promos	Total Net Sales Units

Runs for type "sku_district_week_ILC"

Forecast Run Name	Status	Estimation Run Status	Estimation Run	Run Type Name	Created By	Created On
test_params_2	Estimation Complete - Forecast Generation Complete	Parameter Export to Target Completed	Run 2030	sku_district_week_ILC	attf@t3user	05/06/25
test_params_1	Estimation Complete - Forecast Generation Complete	Parameter Export to Target Completed	Run 2004	sku_district_week_ILC	attf@t3user	01/06/23
test_jdt_integration	Estimation Complete - Forecast Generation Complete	Parameter Export to Target Completed	Run 2008	sku_district_week_ILC	attf@t3user	04/01/21
test1	Estimation Complete - Forecast Generation Complete	Parameter Export to Target Completed	Run 1990	sku_district_week_ILC	attf@t3user	04/04/21
copy of test1	Estimation Complete - Forecast Generation Complete	Parameter Export to Target Completed	Run 1989	sku_district_week_ILC	attf@t3user	04/04/21

In the Test screen, the top table shows all the run types that have complete aggregation. This table shows the same information as the run type table in the Setup screen. The bottom table shows all the what-if runs and batch runs associated with the selected run type in the top table. In addition to Forecast Run Name, Created On, Created By, and Completed On, the table shows the following information about the run.

Status

The Status column in the run overview table shows the progress of the run by showing the status of the different stages of estimation and forecasting.

- Setup
- Preprocessing in Progress, Preprocessing Failed
- Preprocessing Complete - Estimation in Progress, Preprocessing Complete - Estimation Failed
- Estimation Complete - Base Demand in Progress, Estimation Complete - Base Demand Failed, Estimation Complete - Base Demand Complete, Estimation Complete - Base Demand Complete with Zero Rows
- Estimation Complete - Forecast Generation in Progress, Estimation Complete - Forecast Generation Failed, Estimation Complete - Forecast Generation Complete, Estimation Complete - Forecast Generation Complete with Zero Rows

Estimation Run

In all forecast methods, the estimation process runs initially to generate the demand parameters such as seasonality and elasticity. Subsequently, the forecast process runs to generate the base demand and the forecast using the outputs from the estimation process. The Estimation Run column shows the name of the estimation run that is behind the forecast run:

Run Type Name

Each run is associated with a run type. This column shows the name of the run type.

Estimation Results

This column shows the link to different output screens. The Summary link opens a tab that provides information about the different stages of demand parameter estimation. This link is enabled for all runs for which the estimation process has completed successfully and the Estimation Summary has been run. The link is also available for estimation runs that have been used during forecast runs.

Figure 12-7 Estimation Summary

Actions View + [Icons] Detach Approve Demand Parameters Approve Base Demand and Forecast Estimation Summary					
ID	Forecast Run Name	Status	Estimation Results	Estimation Summary Status	Estimation Run
1159	Run 1159	Estimation Complete - New Item Handling Complete - Parameter Export to Target Completed	Summary	Completed	Parameter Expor

Summary

The Summary table shows a summary of seasonality curves count for the Sales & Promo forecast method.

Figure 12-8 Summary

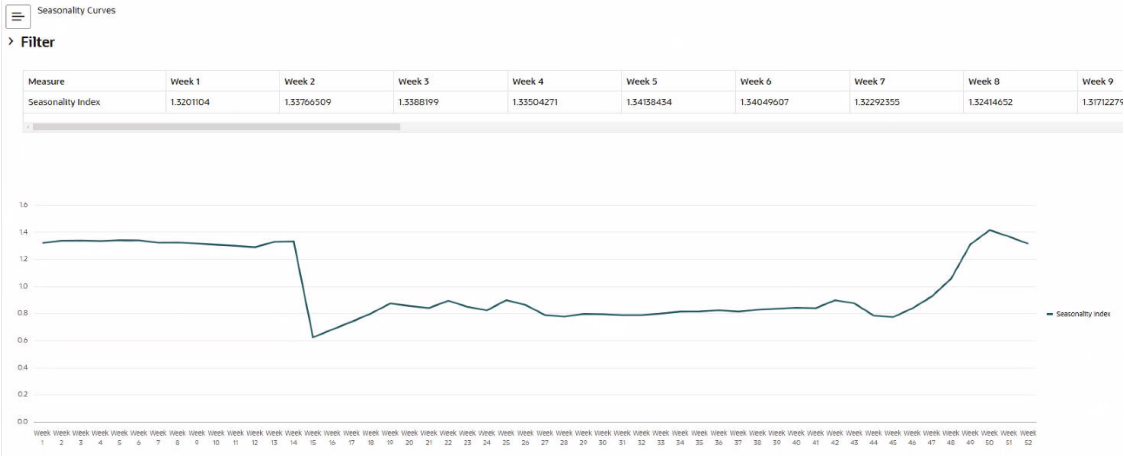
Measure	Division/Area	Division/Location	Company/District	Company/Company
Total curve count	23	1	2	1
Reliable curve count	21	1	4	3
Low threshold failed count	2	0	5	2
High threshold failed count	2	1	1	3
Jerky curve failed count	2	0	1	6
Sparse failed count	0	0	1	0
Correlation failed count	2	0	1	0

- **Total Curve Count:** This measure shows the total number of calculated seasonality curves.
- **Reliable Curve Count:** This measure shows the number of seasonality curves that passed the pruning stage.
- **Low Threshold Failed Count:** This measure shows the number of seasonality curves that did not pass the check for low seasonality indices.
- **High Threshold Failed Count:** This measure shows the number of seasonality curves that did not pass the check for large seasonality indices.
- **Jerky Curve Failed Count:** This measure shows the number of seasonality curves that did not pass the check for jerky curves.
- **Sparse Failed Count:** This measure shows the number of seasonality curves that did not pass the check for sparse curves.
- **Correlation Failed Count:** This measure shows the number of seasonality curves that did not correlate well with demand.
- **Oracle Digital Assistant:** The Oracle Digital Assistant (ODA) enables you to ask additional clarification questions around the impact of the various pruning filters. For instance you can ask which classes were impacted the most. Or you can ask which departments have been impacted most at the sub class level.

Seasonality

Here you can review the seasonality curves at several escalation levels. For each curve the table contains values of the seasonal indexes. Below is the visual representation of the indexes. The sum of the index values adds up to 52. Using the Filter settings you can navigate to product location combinations for the available escalation levels.

Figure 12-9 Seasonality



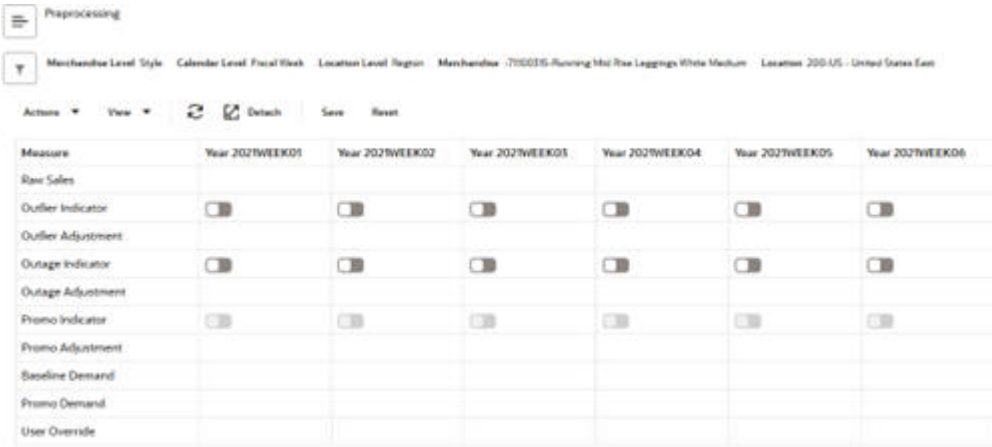
Preprocessing

Here you can review the necessary information to determine how the loaded sales were transformed into unconstrained demand. You can review the numbers after each step, and also have the possibility to override the total demand. Unconstrained demand is what an item would have sold at a location without the influence of any outside factor. These factors can include:

- Out of stock situations where an item would have likely sold more
- Outliers like fatty fingers or Software bugs
- Promotions that can boost sales
- Weather that can boost or lower sales. Examples include hurricanes for water bottles, or rain for barbecue items
- The Oracle Digital Assistant (ODA) enables you to ask additional clarification questions around the impact of the preprocessing stage.

For instance, you can query how outage or outliers have affected sales. Or you can ask about the impact of offers on sales at various merchandise levels.

Figure 12-10 Preprocessing



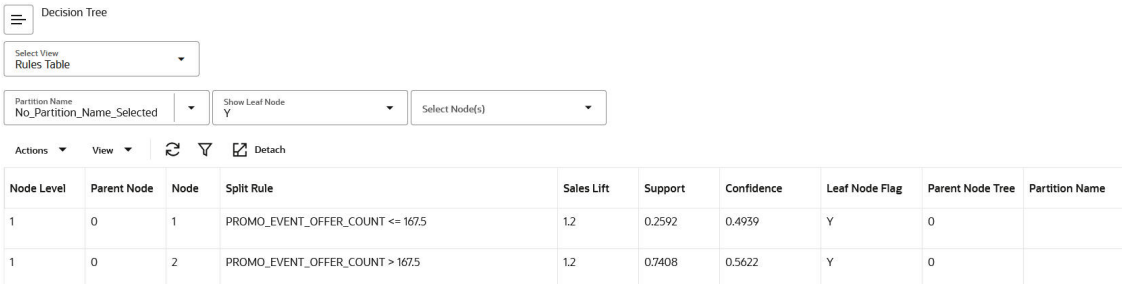
The view contains the following measures:

Measure	Description
Depromote Adjustment	This measure displays the units that were removed from the historical sales, because they were caused by the lift in demand due to one or more offers.
Outage Adjustment	This measure displays the units that were added to the historical sales, because they were caused by the artificial drop in demand due to stockouts.
Outlier Adjustment	This measure displays the units that were added to the historical sales, because they were caused by the artificial drop in demand due to unusual events, like human error, or extreme bottle water sales during a hurricane.
Outage Indicator	This measure is either loaded or calculated by the rules in the custom menu. It is used during the pre-processing run that corrects sales for lost sales.
Promotion Indicator	This measure is usually calculated as the or of all available offers that are active for a Product/Location/calendar combination. It is used during the preprocessing run that removes promotional sales.
Baseline Demand	This measure represents the demand that was sold at a location without the influence of any outside factor.
Historical Discount	This measure displays the units that were removed from the historical sales, because they were caused by the lift in demand due to one or more offers. When the Historical Discount or Historical Event measures are not blank, it is likely that the Promotion Indicator is On, and the Depromote Adjustment will also have a non-zero value.
Historical Event	When the Historical Discount or Historical Event measures are not blank, it is likely that the Promotion Indicator is On, and the Depromote Adjustment will also have a non-zero value.
Outlier Indicator	This measure is either loaded or calculated by the rules in the custom menu. It is used during the pre-processing run that corrects the sales for outliers.
Raw Sales	This measure is loaded and it represents the historical sales at a Product/Location/calendar period level. It is different from demand because it may be constrained by stockouts, outliers, weather, and so on.
Promo Demand	This measure represents the demand – including promotion and offer data that was sold at a Product/Location/calendar. If configured properly, the stockout and outliers impact is removed.
User Override	After reviewing all the above measures, this is the place to override the demand at the Product/Location/calendar level. This can be useful for special cases (introduction of key items) as well as extreme situations when entire departments were hurt by natural events, like a pandemic.

Decision Tree

Here you can review a summary of the promotion rules, as well the graph of the decision tree created according to the rules.

Figure 12-11 Decision Tree



Promotion Lift

Here you can review the Average Weekly Applied Sales Lift at different levels in the location and product hierarchies. The information can further be sliced and diced by campaign and its encompassing offers. You can review in a chart or table format.

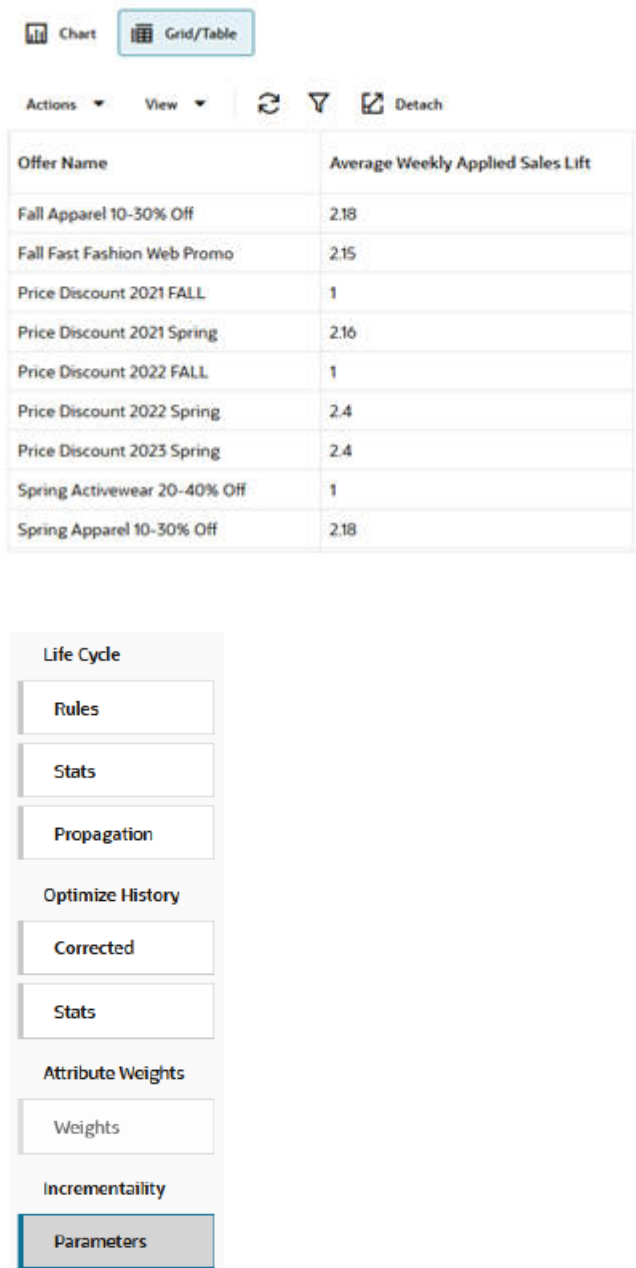
The Oracle Digital Assistant (ODA) enables you to ask additional clarification questions after the impact of the promotion on demand was quantified. For instance you can ask for a summary of the lift values by various dimensions. or ask for additional metrics like median and percentile values.

Figure 12-12 Promotion Lift



For different forecast methods, the summary will display different statistics. For instance, for the Options Forecast the summary displays information around the Life Cycle method, the Optimize History step, as well as the Attribute Weights results, the Incrementality Curve and Sales Potential steps.

Figure 12-13 Promotion Lift Chart



For different forecast methods the summary will display different statistics. For instance, for the Options Forecast, the summary displays information around the Life Cycle method, the Optimize History step, as well as Attribute Weights results, the Incrementality Curve, and Sales Potential steps.

Create What-If Run

To create a what-if run, first select a run type by selecting a row in the top table. Then, click the + (plus) icon in the bottom table to open the Create Run pop-up, as shown below.

Figure 12-14 Create a Run

The menu on the left shows the different stages of estimation and forecasting. These stages can be different, depending on the forecast method that was selected for the run type.

You can set the scope of the run, the run name, and the description in the first tab. In the left side of the Scope tab, select Run Estimation Only to execute the end-to-end process for estimating demand parameters. Select Run Estimation and Base Demand to execute the end-to-end process for estimating demand parameters and generating base demand. Alternatively, you can select Run Base Demand Only and then select an estimation run from the list of previously completed estimation runs. If no such estimation run exists, this option will be disabled. If a completed estimation run is selected, then the historical data period section will be populated based on the estimation run and will be disabled. To also generate the forecast, turn on Run Forecast. Forecast generation for a price zone run type will always be disabled.

In the right side of the Scope screen, you can select the period of historical data that should be included in the estimation process. This part will not be enabled if the Run Base Demand Only option is selected. You can either select a period by specifying the start and end date or by specifying the number of weeks to be used from the latest historical data. In the Scope tab, you can also specify the time period for the forecast generation by selecting a start date for forecast period and a forecast horizon. You can also set the threshold used for auto-approving base demand. The base demand values that are less than this threshold times the average rate of historical sales are approved.

In the other tabs on the left menu, you can review and override the configuration parameters for each stage of the estimation and the base demand/forecast. To override a parameter, select the row in the table and click the **Edit** icon above the table. For the Elasticity, Seasonality, and Base Demand tabs, you can override the parameters at different levels of merchandise and location. This feature is applicable only for the Sales & Promo and the Life Cycle run types. The levels that are valid for the override depends on the stage (particular tab), that is, for elasticity and seasonality this is closely tied to escalation levels.

You can click the Add a parameter override button to override parameters at different levels of merchandise and location. The Active flag allows the user to not use an override temporarily without having to delete it, as shown below. Once the parameter is overridden at the selected intersection, you can add the override at multiple intersections by clicking Save and Add Another button. This override parameters table is shown below.

The Base Demand tab override can be performed at three levels: at the global level, at a single merchandise-location parent level, and at the base demand level, which is essentially the aggregation level of the run, as shown in the following figures.

Figure 12-15 Override Parameters at the Intersection for Elasticity/Seasonality

Override LLC_SEAS_MODEL

Merchandise Level

Company

Division

Group

Department

Class

Sub Class

Group

1-COMF

10-FAST

50-CLO

All

All

All

Location Level

Company

Chain

Area

Region

District

Location

Region

1-Retail

1-North

1-Unitec

200-US

All

All

Override value for LLC_SEAS_MODEL

Regular Additive Winters

Active

Description: N/A

Save and Add Another

Save

Cancel

Figure 12-16 Override Parameters Table

Override LLC_SEAS_MODEL

Global Value

Regular Multiplicative Winters

Override at Merchandise/Location Intersections

Actions View [Edit] [Delete] [Refresh] [Filter] [Detach] + Add a parameter override

Merchandise	Location	Override Val.	Active	Override Level
CLOTHING & ACCESSORIE	US - United States East - 3464	REGULAR ADDITIV	☐	Group-Region

Save Cancel

Figure 12-17 Override Parameters at the Intersection for Base Demand

Override LLC_BD_METHOD

Global Value

Blend

Override at Merchandise/Location Intersections

There are no overrides added yet.

+ Add an Override at Intermediate Level + Add an Override at Forecast Level

Save Cancel

In the Seasonality tab, in addition to the configuration parameters, you can also modify the escalation path by selecting or unselecting the merchandise-location intersections that will be used during escalation process.

In the Forecast Approval tab, you can modify or view parameters related to the forecast approval method:

- Approval exceptions
- Navigations exceptions

The forecast approval method can be:

- Automatic: all forecasts are automatically approved.
- Manual: no forecast values are approved.
- By alert: you can pick one approval alert to decide if forecasts are approved or not.

There are overrides for all of the above settings, so different settings can be chosen for different item/store combinations.

There are four GA approval alerts to help with the forecast review process:

- Last Approved Forecast vs Current Forecast
- Last Year Sales vs Forecast
- Recent Sales vs Forecast

These three are designed to compare the baseline forecast with various flavors of baseline sales. The following is designed to check the promo impact on demand:

- Max Sales vs Forecasted Peak

There are a few settings for the approval alerts:

- Approval alerts can be enabled or disabled.
- Only calculate the alerts for sales larger than a threshold.
- Determine the number of periods for which the errors are calculated.
- Decide what errors are acceptable based on the Error Threshold. For item/store combinations with errors less than the threshold, the forecasts are approved.

Once the approval process was run using the approval alerts, some time series are approved while the others are not. The non-approved time series are prioritized using the navigation alerts. In this section, you can define how many priority buckets you want to define and give them some meaningful labels. The time series are assigned to navigation buckets based on how large the calculated error was during the approval process.

A set of labels commonly used are:

- Urgent
- Required
- Optional
- Informational

Time series are assigned to navigation alerts according to the navigation threshold:

- if error > threshold 1 > Urgent
- if threshold 1 > error > threshold 2 > Required
- if threshold 2 > error > threshold 3 > Optional
- if threshold 3 > error > threshold 4 > Informational

The number of navigation tiers needs to match the number of labels and number of thresholds.

The adjustment method allows the forecast adjustments to persist, or if they should be overwritten by subsequent forecast runs. The options are:

- **No Adjustment:** No adjustment is made to the system-generated forecast.
- **Keep Last Forecast:** If any adjustments were done to the forecast in the previous runs, they are reflected in the Adjusted Forecast measure. In this use case, the total forecast is retained.
- **Keep Last Baseline:** If any adjustments were done in the Adjusted Baseline in the previous runs, they are retained. In this use case, the system calculated peaks are applied on the Adjusted Baseline.
- **Keep Last Peak:** If any adjustments were done in the Adjusted Peak measure in the previous runs, they are retained. In this use case, the adjusted peaks are applied on the system-calculated baseline.

In the New Item tab, you can set some general setting to support the setup of forecasting for new items:

- **Adjustment factor:** The only demand component needed to generate the forecast for New Items is base demand. If the Like Item substitution method is selected, the adjustment factor specifies what percent of a Like Item's base demand will be copied to the New Item.
- **Recommended Number of Like Items:** In this measure, you specify how many items you want to see in the User Selected Like Item list, in the Select and Approve view. If you change the value, the list is regenerated to reflect the new setting. The items in the list are sorted by similarities, which are calculated using item attributes and their weights.

The parameters above are global and can be overwritten using the usual mechanism.

Sales Density Threshold: In this measure, you enter the threshold for the data density. If the actual density is larger than the threshold, the time series qualifies to serve as Like Item/ location for a new/item/location. The data density is calculated as:

data density = number of periods with demand larger than zero / total length of demand

For a time series with the following demand values: 0,1,0,1,0,today

The data density is $2/4 = 50\%$.

If the value for the threshold is zero, an item that is not actively selling can also be eligible as Like Item if it has an approved base demand.

This can be useful when the item to be introduced is a replacement or similar to an item that sold last season. In this case, the base demand of the New Item will be modeled after the approved base demand of the item that it replaced.

In the Review tab, you can see all the parameters that were overridden and submit the run for the execution.

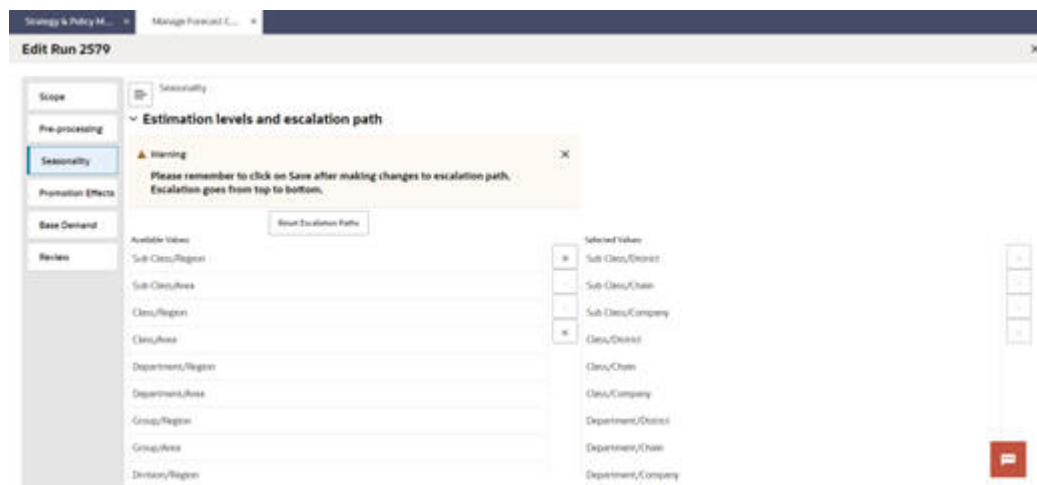
For the Options Forecast, the run setup is defined by different steps:

Scope
Life Cycle
Optimize History
Attribute Weights
Incrementality
Sales Potential
Review

Figure 12-18 Add a Parameter Override Button



Figure 12-19 Modify Escalation Path for Seasonality/Elasticity



Duplicate Run

Select a row and click the **Duplicate** icon above the table to create a copy of an existing run. The run will be created in Setup status.

Delete Run

Select one or multiple rows and click the **X** icon above the table to delete a run or runs. If a run is in progress, it cannot be deleted. For each run selected to be deleted, you see three options: Cancel, Delete Forecast Run and Delete Forecast and Estimation Run. The Delete Forecast Run button deletes the forecast run. The Delete Forecast and Estimation Run button deletes the forecast run and in addition deletes the estimation run that is behind the forecast run. You can perform the Delete Forecast and Estimation Run only when there is no other forecast run tied with same estimation run. For the Automatic Exponential Smoothing run type, only the Delete Forecast and Estimation Run can be performed, as each forecast run is mapped with a different estimation run.

Approve Demand Parameters

Select a row and click the Approve Demand Parameters button above the table to approve the estimation runs. You can approve demand parameters only for the runs where the estimation is complete. You can approve another run to replace the previously approved run. Once a run is approved, the Estimation Run column in the below table displays Approved next to the estimation run name. Only one estimation run per run type can remain approved at any point in time. The demand parameters generated by the approved run will be used in weekly forecast batch runs.

Approve Base Demand and Forecast

Select a row and click the Approve Demand and Forecast button above the table to approve base demand and forecast runs. Approve Base Demand and Forecast operation can be performed for the runs that has an approved estimation run and are in base demand complete or forecast generation complete status. Once a run is approved, the Forecast Run Name column in the below table displays Approved besides the forecast run name. Multiple forecast runs per run type can remain approved.

Manage

In the Manage screen in train stop 3 you can set the value of configuration parameters for the run type. These values will be used when creating and executing batch runs for each run type. In this screen, you can also activate or inactivate run types by selecting a row and clicking the Activate button above the table. Active run types become part of the weekly batch process, and a new batch run is created and executed for each active run type. For each active run type, once the batch run is approved, the output of the batch run will be exported to and consumed by the applications that are mapped to that run type. In order to auto-approve the batch runs, select a row and click on **Manage Auto-approve**. For the Life Cycle run type, the start date calculation can be disabled or enabled by clicking the Disable Life Cycle Start Date Calculation or Enable Life Cycle Start Date Calculation button, respectively.

To review and override the value of configuration parameters for a run type, select a row and click **Edit Configuration Parameters** above the table. This button will display as **View Configuration Parameters** if the run type is in active status. The Edit configuration pop-up is similar to the Create Run pop-up that is used to create forecast runs and has a tab for each stage of estimation and forecast. In each tab, you can do one of the following, as shown below.

- Set the values of all configuration parameters in that stage, based on the system default for the run type. To do this, select System Default from the drop-down menu and click **Apply**.
- Set the values of all configuration parameters in that stage based on the values that were previously set in one of the what-if runs. To do this, select the desired run from the drop-down menu and click **Apply**.
- Override the value of a certain configuration parameter. To do this, select a row and click the **Edit** icon above the table.

A configuration setting that is available in train stop 3 and is not available in train stop 2 is the Item Supersession option. Enabling Item Supersession activates the interface and the demand calculation. See the *Oracle Retail AI Foundation Cloud Service Implementation Guide* for details. Making it available in the Manage train stop as opposed to the run type creation, makes it more flexible, allowing to enable/disable the functionality, for any desired forecast run.

Figure 12-20 Edit Run Type Configuration

Parameter	Description	Current Value	System Default Val.	Override Count	Parameter Group No.
IUC_DP 1000-Run 1000	I Lowest Exclusion level for Location Hierarchy	4	4	0	
IUC_DP 1000-Run 1000	I Lowest Exclusion level for Product Hierarchy	4	4	0	
IUC_PR 1000-Run 1000	I threshold seasonality Accrual	0.5	0.5	0	
IUC_PR 1000-Run 1000	Seasonality Value	2	2	0	
IUC_PR 1000-Run 1000	Seasonality Value	0.1	0.1	0	
IUC_PR 1000-Run 1000	number of zero value periods	5	5	0	
IUC_PR 1000-Run 1000	J standard deviation threshold	1	1	0	
IUC_SE 1000-Run 1000	J Date for Seasonality YYYY-MM-DD	2023-05-06	2019-12-25	0	
IUC_SEAS_METHOD	method to calculate Seasonality	Regular Multiplicative Winsers	Regular Multiplicative Winsers	0	
IUC_SEAS_START_DT	History Start Date for Seasonality YYYY-MM-DD	2023-05-01	2019-12-28	0	

Promotion Effects

This section describes the process for estimating the promotion lifts and is a continuation from [Promotion Management](#). As part of the Promotion Effects module within the Sales & Promo forecast method (this module is activated when the PROMOTIONAL_SALES_AVAIL parameter is set to Y in the RSE_CONFIG table in the Manage System Configurations screen), select the following.

- Select features for the promotion lift estimation model.
- Model settings.

Forecast Configuration — Promotion Features

The Promotion Feature Selection screen within the Promotion Effects tab shows the various features that are available to the user. These various features can be classified according to the following categories.

- Promotion related: Campaign Name, Offer Name, Campaign Description, Offer Type, and Offer Description.
 - Campaign Name and Offer Name contain the campaign alias and offer alias values that are assigned through the Promotion Management module; these are always selected.
 - In addition to the alias values, one or more of the following features can be enabled if they are useful: Campaign Description, Offer Description, and Offer Type. Review the data to decide which of these features will be useful.
- Product Hierarchy: Promotion feature product hierarchy
 - Multiple levels of the product hierarchy can be selected as features to the model (for example, Class and Department). This allows the model to search for variations at each of the selected levels.
- Location Hierarchy: Promotion feature location hierarchy
 - Multiple levels of location hierarchy can be selected as features to the model (for example, Area and Region). This allows the model to search for variations at each of the selected levels.

- Product Attributes
 - Two attributes are supported. Select the relevant attributes that impact the promotion lift.
- Location Attributes
 - Two attributes are supported. Select the relevant attributes that impact the promotion lift.
- Performance Metrics: % sales on promotion, % weeks on promotion
 - In addition to the hierarchy and attributes, products can behave differently. Some products might be highly promotional compared to others. These features can be used to capture the variation lifts observed for different types of products, as determined by each performance metric.

Figure 12-21 Feature Selection for Promotion Effects

Parameter Name	Parameter Description	Current Value	Default Value	Overwrite Count	Parameter Group
ELC_PROMO_FEAT_CAMPN_DESC	Campaign description	Not selected	Not selected		Promotion Feature
ELC_PROMO_FEAT_CAMPN_NAME	Campaign name	Selected	Selected		Promotion Feature
ELC_PROMO_FEAT_LOC_ATTR	Location attributes	LOC_TYPE	None		Location Features
ELC_PROMO_FEAT_LOC_HIER	Location hierarchy nodes	Area Region	None		
ELC_PROMO_FEAT_LOC_TYPE	Location type	Not selected	Not selected		Performance metric
ELC_PROMO_FEAT_OFFER_DESC	Offer description	Not selected	Not selected		Promotion Feature
ELC_PROMO_FEAT_OFFER_NAME	Offer name	Selected	Selected		Promotion Feature
ELC_PROMO_FEAT_OFFER_TYPE	Offer type	Not selected	Not selected		Promotion Feature
ELC_PROMO_FEAT_PROD_ATTR	Product attributes	BRAND	None		Merchandise Node
ELC_PROMO_FEAT_PROD_HIER	Product hierarchy nodes	Class Department	None		

For a given retailer, start with a small selection of features that you expect to have an impact on promotion lifts and add new features to see if the addition of the feature improves the model performance. The details for reviewing the model output are provided after the model settings.

Forecast Configuration — Promotion Model Settings

Algorithm: Available options are Decision Tree and Generalized Linear Models (GLM).

Minimum samples: Minimum number of data points for each leaf node of the decision tree. This is used to ensure there are enough data points for each node.

Maximum depth: Number of levels between the leaf node and the top of the decision tree. Start with a value between 4 and 6, depending on the number of features being used and increase the number gradually to see if the model performance improves.

Partition: The model can be partitioned, based on one or more of the features used for building the model. Selecting a partition builds a separate model for each value corresponding to the chosen partition. Multiple features can be selected to determine a partition. Partitioning by higher levels in the product hierarchy and the location hierarchy or based on relevant product/location attributes can help to determine the promotions lifts more accurately. Lower levels of product/location hierarchy may not have sufficient data to create reliable parameters.

Reliability metrics:

High percentile: A value of 0.9 removes the top 10 percent of the observed lift values for building the model. Adjust the setting to remove outlier values with very high lift.

Low percentile: A value of 0.1 remove the bottom 10 percent of the observed lift values for building the model. Adjust the setting to remove outlier values with very low lift.

Figure 12-22 Model Settings for Promotion Effects

Review the output of the promotion effects in Innovation Workbench (IW):

- PMO_LLC_PL_MODEL table: Contains the details about the promotion model.
- RUN_HDR_ID: Estimation run id.
- CASE_TABLE, CASE_COLUMNS: Contains all the features available for the user to select.
- VIEW_NAME, VIEW_COLUMN_NAMES: Based on the user selection in the UI.
- Using IW, MODEL_NAME can be used to apply the model for a chosen time frame on the CASE_TABLE.
- Root Mean Squared Error (RMSE) and Mean Absolute Error (MAE): Error metrics for the promotion lift values.
- Average Error (AVG_ERROR), Median Error (MEDIAN_ERROR), and Weighted Error (ERROR_WGT): % Error metrics for the promotion lift values.
- ERROR_WGT: % Error weighted by sales units.

Figure 12-23 Promotion Effects Output Review in IW

RUN_	FCST_RUN	FINALIZED	MODEL	SETTINGS						
HDR_ID	_TYPE_ID	_MODEL	_NAME	_FILE	RMSE	MAE	AVG_ERROR	MEDIAN_ERROR	ERROR_WGT	
1558	241	N	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT	0.74	0.55	0.47	0.22	0.30	
1440	241	Y	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT	0.79	0.55	0.65	0.18	0.34	
1303	201	N	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT	0.00	0.00	0.00	0.00	0.00	
1762	341	N	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT						
1600	241	N	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT	0.74	0.55	0.47	0.22	0.30	
1743	341	N	RSE_LLC_PL_TMP	RSE_LLC_PL_SETT						

Map

In the Map screen in train stop 4, you can map run types to applications. There can be many-to-many mappings between the run types and applications. For example, if IPO-DF requires a forecast for two different measures (for example, total gross sales units and total net sales units), which may or may not be at the same forecast intersection, there will be two run types

and both must be mapped to IPO-DF. Also, if two different applications (for example, IPO-DF and IPO-IO) require a forecast for the same measure and at the same forecast intersection, then both the applications will be mapped to the same run type.

You can select more than one run type at a time to be mapped to an application except when the applications are IPO-DF and RI/RMS, as shown below.

You can assign an external application key to the run types in this screen. An external application run type key value can only be assigned to a run type when the selected application is IPO-DF. Two run types that have the exact same forecast intersection, forecast measure, and data source, but different forecast methods (Sales & Promo vs. Life Cycle) can have the same external application run type key.

Basically, for each external application run type key, there can be at most one Sales & Promo run type and at most one Life Cycle run type, and those two run types must have the same forecast intersection, forecast measure, and data source.

To create a new mapping, click on the + (plus) icon above the table in Map screen. Select an application and one or more run types (based on what the application allows) and click **Save**. To delete a mapping, select a row and click the X icon above the table.

Figure 12-24 Map Run Types to IPO-DF as a Single-Select Option

Map run type to application

Application
mization - Demand Forecasting

Forecast Run Type
sku_store_wk_ILLC

Forecast Run Type in External Application
Weekly Forecast + Add external run type key

Save Cancel

Figure 12-25 Map Run Types to IPO-IO as a Multi-Select Option

Map run type to application

Application
mization - Inventory Optimization

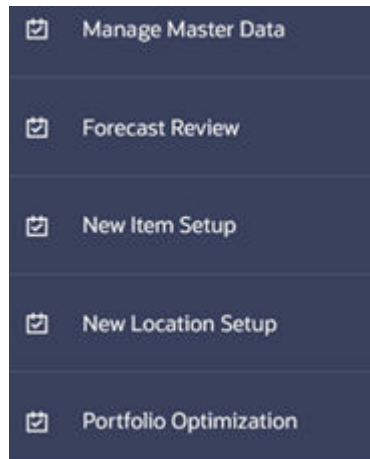
Forecast Run Type
sku_store_wk_ILLC x
sku_store_day_ILLC x
sku_district_week_ILLC x

Forecast Run Type in External Application
+ Add external run type key

Save Cancel

Forecast Review

You can access Forecast Review from the task list shown below.



This section describes the workflow and screens available to review, adjust, and approve forecasts. It shows the forecast with its components, baseline, and promotional peaks. It also shows sales of last year, and cumulative interval information. The navigation of this worksheet is very conveniently driven by navigation exceptions.

When entering the workspace, you can open the top filters panel.

The settings in the define the scope of the workspace.

For instance, you can select the products and locations that you want to review. Also, you select the number of historical and future weeks. Note that all the above selections can be made very easily. It is not necessary to select a huge scope, since working with smaller chunks of data is much more manageable from the workflow and performance perspectives.

Figure 12-26 Forecast Run Id

Forecast Run Id

3738

Products 

All

Locations 

All

Merchandise Level

Style Color Size

Merchandise

934023040_1_CP1-Golf Polo Sea Green M

Location Level

Location

Location

2056-US - St. Paul

Calendar Level

Fiscal Week

#Wks (Historical)

—

1

+

#Wks (Forecast)

—

13

+

Cancel

Reset

Apply

Once the scope of the workspace is determined, you move to the main screen and starts reviewing the forecasts. The information can be reviewed in grid format, as a chart or both. There is also the option to view the data in a pivot table.

Figure 12-27 Forecast Review Actions

Actions	View	
Measure		
System Baseline		
System Peak		
System Forecast		
Adjusted Baseline		
Adjusted Peak		
Adjusted Forecast		
Approved Baseline		
Approved Peak		
Approved Forecast		
Approved Cumint		
Approved System Baseline		
Approved System Peak		
Approved System Forecast		
Baseline Demand		
Promo Demand		

The metrics available in the screen are:

System Baseline

The System Baseline displays the system-generated baseline forecast. The values contained in this field are read only. The system baseline incorporates level, trend, seasonality, but no causal-related information.

System Peaks

The System Peaks displays the offer impacted demand generated by the engine. It is a read-only field, the together with the System Baseline equal the total demand.

System Forecast

This is a read-only measure that equals the system baseline plus the system peaks.

Adjusted Baseline

The value in this field initially defaults to the System Baseline if the forecast is automatically approved by the system or through a Forecast Approval Alert. Otherwise, the value in the Adjusted Baseline is different than the System Baseline if the metric has been updated by you.

Adjusted Peak

The value in this field initially defaults to the System Peak if the forecast is automatically approved by the system or through a Forecast Approval Alert. Otherwise, the value in the Adjusted Baseline is different than the System Baseline if the metric has been updated by you.

Adjusted Forecast

This is a read-only measure that equals the adjusted baseline plus the adjusted peaks.

Approved Baseline

The value in this field initially defaults to the Adjusted Baseline if the forecast is automatically approved by the system or through a Forecast Approval Alert. Otherwise, it displays the last approved baseline value.

Approved Peak

The value in this field initially defaults to the Adjusted Peak if the forecast is automatically approved by the system or through a Forecast Approval Alert. Otherwise, it displays the last approved peak value.

Approved Forecast

This read-only metric displays the approved forecast quantity. If changes are made to the Adjusted Forecast, the value in the Approved Forecast will reflect the adjustment.

Approved System Forecast

The Approved System Forecast is populated with the last System Forecast approved for a time series:

1. Approval Method set to Automatic Approval
2. Approval Method set to a Forecast Approval Alert and the alert is not triggered

Approved Cumint

Cumulative Intervals are used in safety stock calculation within allocation and replenishment systems. Its value is similar to a running total of a percentage of the actual forecast and is read only.

Baseline Demand

This read-only measure is the demand data used to generate the baseline forecast. This allows you to compare Actuals to forecast values. The metric is based on the historical sales which are undergoing several rounds corrections, including the removal of offer impacts on demand.

Promo Demand

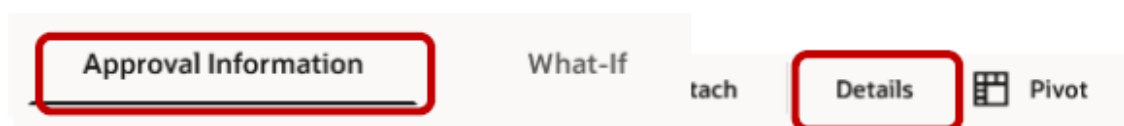
This read-only measure is the demand data used to generate the forecast. This allows you to compare values. The metric is based on the historical sales which are undergoing several rounds corrections. The Promo Demand equals the Baseline Demand plus the promo driven demand.

Last Year Demand

This read-only measure equals the Baseline Demand shifted 52 weeks. This enables a convenient way to compare last years and future demand.

A screen that complements the review workflow is the Approval Information tab, that opens when you click Details.

Figure 12-28 Approval Information



The two views have synchronized product and location hierarchies.

Escalation Level

Displays the intersection at which the seasonality was calculated when generating forecast for this item/location combination.

Base Demand

Displays the base demand value used when generating forecast for this item/location combination.

Forecast Approval Method

This measure displays the approval method used.

Violated Exceptions

If the approval method is one of the alerts, this measure displays the approval alerts that were violated.

Approval Notes

In this box, the user can enter text. For instance, the user can write: Adjusted the promo demand up because of the upcoming supplier offer.

Ready for Approval

This control is very important for the approval process. It is disabled if the product/location is not approved. It is enabled if the product/location is approved. If a forecast was not approved and is manually adjusted, the control will be enabled. Finally, a user can manually enable the control. When the control has been enabled, the forecast is approved after clicking the Approve button in the main screen.

The workspace also has baseline and promo What-if capabilities.

The baseline What-if is performed in the other tab of the side cart:



The **What-If Parameters** view allows you to modify forecast parameters and immediately evaluate their impact in the **Forecast Results** grid.

Three forecast parameters are available for adjustment. As soon as a parameter is changed, the **What-If** flag is automatically selected, indicating that a What-If simulation can be run.

To generate a new forecast, click the **What-If Baseline** button. The simulated forecast is displayed in the **What-If Baseline** measure in the Forecast Results grid. You can run the Baseline What-If simulation as many times as necessary until you are satisfied with the results.

Note

A Baseline What-If simulation recalculates the forecast across the entire forecast horizon.

When you are satisfied with the simulated forecast, select **Copy to Adjusted Baseline** from the custom menu. This action copies the values from the **What-If Baseline** measure into the **Adjusted Baseline** measure.

If you want the adjusted forecast to become the official forecast, you must **Approve** the forecast. Approval copies the **Adjusted Baseline** values into the **Approved Forecast** measure.

The selected parameter values are retained and used the next time the forecast batch is run.

The adjustable parameters affect both:

- **Base demand** - the overall magnitude of the forecast.
- **Seasonality** - the shape and seasonal pattern of the forecast.

Baseline What-If can be performed at either the **Item/Store** level or an **aggregate** level.

The level at which the What-If simulation is performed is determined by the intersection currently displayed in the main Forecast Results grid. This intersection is controlled by the **Top Filter** settings.

The following are the measures in the What-If view

What-If: This Boolean measures specifies if the user can perform What-if. If it is unchecked, no What-if is triggered.

To perform What-if you need to select at least one of the following measures:

- What-If Seasonality Level
- What-If Base Demand Method
- What-If Base Demand History Length

If the What-if flag is on, you can run it by clicking **What-if Baseline**.

What-if Seasonality Level: This measure lets you specify a certain escalation level from which the seasonality curve will be used during What-if.

What-if Base Demand Method: This measure lets you override the forecast method for the base demand to be used during What-if.

The choices are all the methods available for base demand in the forecast setup task.

What-If Base Demand History Length: This measure lets you specify the number of weeks used to calculate the base demand during What-if.

What-if Seasonality Level Requested: This measure displays the requested seasonality level.

This can be different from the What-if Seasonality Level Picked, because the requested level

What-if Seasonality Level Picked: This measure displays the picked seasonality level.

This can be different from the What-if Seasonality Level Requested, because the requested level may be pruned. In this case escalation is performed to pick the next intersection

What-if Base Demand Method Requested: This measure displays the requested base demand method.

This can be different from the What-if Base Demand Method Picked.

For instance, if the requested method is Pick Best, the method picked will show the actual winner of the Auto Baseline competition.

What-if Base Demand Method Picked: This measure displays the picked base demand method.

This can be different from the What-if Base Demand Method Requested.

For instance, if the requested method is Pick Best, the method picked will show the actual winner of the Auto Baseline competition, like Holt.

What-if Base Demand History Length Requested: This measure displays the requested history length to calculate base demand

What-if Base Demand History Length Picked: This measure displays the actual number of weeks used to calculate the base demand

System Seasonality Level Picked: This measure displays the escalation level used in generating the system forecast.

System Base Demand Method Requested: This measure displays the requested base demand method to generate the system forecast.

This can be different from the System Base Demand Method Picked.

For instance, if the requested method is Pick Best, the method picked will show the actual winner of the Auto Baseline competition.

System Base Demand Method Picked: This measure displays the picked base demand method when generating the system forecast.

This can be different from the System Base Demand Method Requested.

For instance, if the requested method is Pick Best, the method picked will show the actual winner of the Auto Baseline competition, like Holt.

System Base Demand History Length Requested: This measure displays the requested number of weeks used to calculate base demand when generating the system forecast.

System Base Demand History Length Picked: This measure displays the actual number of weeks used to calculate base demand when generating the system forecast.

You can also perform What-if for promotions and price in the Forecast Review workspace. This information is setup and reviewed in the main grid of the workspace.

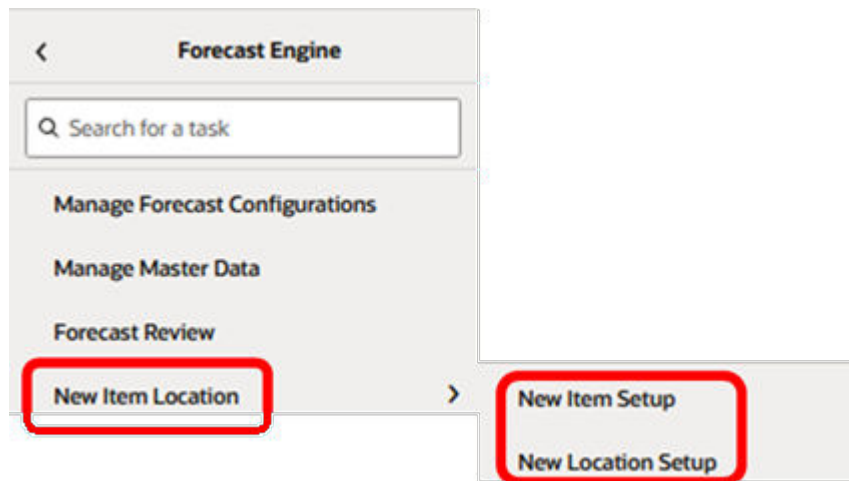
The promo What-If workflow is as follows:

1. Modify the **What-If Discount** and/or **What-If Event** values for the desired forecast weeks.
2. Click **What-If Promo** to generate a new promotional forecast.
3. Review the results in the **What-If Peak** measure in the Forecast Results grid.
4. Repeat steps 1 to 3 as many times as necessary until you are satisfied with the results.
5. When you are satisfied with the simulated forecast, click **Copy to Adjusted Peak** to copy the **What-If Peak** values into the **Adjusted Peak** measure.

The following action buttons are added to the workspace:

- **What-If Baseline:** generates forecast with the parameter changes.
- **Copy to Adjusted Baseline:** copies values from What-If Baseline into Adjusted Baseline.
- **What-If Promo:** clicking this button triggers the what-if promo call.
- **Copy to Adjusted Peak:** copies the values in the What-If Promo measure to the Adjusted Peak measure.

New Item and New Location Setup



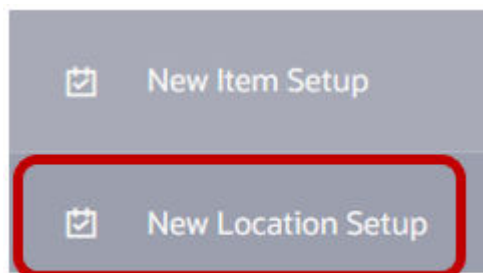
This section describes the workflow and screens available to set up forecast strategies for new items and new locations.

When entering the workspace, you can open the top filters panel. The settings in the panel define the scope of the workspace. For instance, you can select the products and locations that you want to work with.

For the new location workspace, you can select the merchandise level that you want to set for the forecast strategies. For the new item workspace, you can select the location level at which you want to define the setup.

New Location Setup

You can access this workspace by navigating to the New Item/Location option and selecting New Location Setup.



Use this workspace to assign like stores to handle forecasting for New Stores. The like store assignment is manual and there is a good reason for it. New stores have a large financial impact, so it makes sense having a business person making the like store selection.

It is probably more appropriate than going with an automatic selection based on something such as store attributes. Also, new store introductions are infrequent compared to New Item introductions, so manually handling New Stores is not a significant overhead activity.

The workspace is at the product location intersection, so all parameters can vary by product. For example, a new store opening in the Midwest can have a Like Store from Alaska for items in the Shovels department. However, for summer items, the Like Store is picked from the Northeast region. The location needs to be the lowest in the loc hierarchy, that is, location or store. The product should not go down to store. Subclass or class is granular enough.

There is a cycle set for locations.

The products are displayed in the x axis.

The most common way to use the screen is to use the location cycle set to navigate to the next new store or to search for the new store.

The **Top Filters** allow you to define the scope of the workspace by filtering the products and locations that are displayed. You can also use the Top Filters to specify the product and location hierarchy levels.

Figure 12-29 Top Filters

Cycle sets are available to navigate locations at the level specified in the filter.

Figure 12-30 New Location Setup

Measure	1 - Biscuits (Cookies)	2 - Whole Bean Coffee
Like Store		
Adjustment Factor		
Substitution Method		
Forecast Start Date		
Approve Date		

- The metrics available in this workspace are:
- Like Store:** In this measure, you can specify the like store. Note how the like store can be different by product. A different like store selection can be made for any merchandise level as defined in the top filters.
 - Adjustment Factor:** This measure is relevant to the Like Store Substitution method. It determines how much of the base rate of demand of a like store is applied to the new store. For instance, if the adjustment factor is 1.25, the base rate of demand of the new store is 1.25 times the base rate of demand of the like store.
 - Substitute Method:** This measure displays a list where you can select the substitute method.

When a substitute method is used to forecast, the method set for an intersection is cleared once the Default Forecast Start Date is greater than the Forecast Start Date Override plus the *TS Duration* for the intersection. Valid substitute method options are:

- blank: No forecast is created for the time series.
- Like Store: If you select Like Store as strategy to generate forecast for the new store, the base demand of the new store is the base demand of the like store times the Adjustment Factor.

Base demand new store = base demand like store * Adjustment Factor

The forecast for the new store is calculated as:

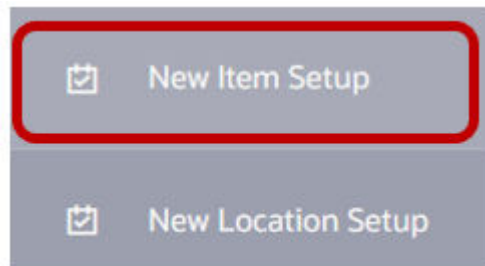
Forecast at time t = base demand new store * seasonality at time t (coming from escalation level) * promo and price effects

Once the setup is finished, click the Approve button, and the Approval Date will update.

- **Approve Date:** date when the forecast strategy for the new location was set up and approved.

New Item Setup

You can access this workspace by navigating to the New Item/Location option and selecting New Location Setup.



The workflow in the New Item Setup workspace starts by selecting the New Items. An item is defined as new if it has a forecast startdate override that is in the future, that is, past the system today. The date can be loaded in the measure if available. If not, the date can be entered manually. Once you identified the New Item and the forecast startdate override is populated, you can select the substitution method. Depending on your selection, you may need to enter additional information. The workflow message measure will guide you through the process. For instance, if you choose *User Input*, you need to provide the *User Provided Base Demand*. If you do not provide the *User Provided Base Demand*, the workflow message warns you and displays *Base Demand Not Input By User*. You have successfully set up a New Item for forecasting when the workflow message is cleared and the Approve flag is selected. You finish by clicking the Approve button.

Another helpful tool in the process of setting up New Items is the Workflow Message Count measure. It displays the number of item/store combinations that have been flagged as new, but have not yet been successfully set up. When setting up the New Items was successful, the measure will display a count of zero.

If you access the top filters, you can range down the products and locations you include in the workspace scope. These settings are applicable also to the view in the bottom drawer. Through the top filters, you can also specify the product and location levels.

Figure 12-31 New Item Setup

< 007001765-Basics V Neck Tee:White:Large

Actions View Refresh Copy Detach New Item Information

Measure	2233 NL - The Hague	2235 NL - Eindhoven
Substitution Method		
User Provided Base Demand		
Forecast Start Date Override		
Approve Date		
Adjustment Factor		
Workflow Message		
Approved Like Item		
System Recommended Like Item		
User Selected Like Item		
Approve Flag	N	N

New Item Information X

New Item Statistics

Workflow Message Count:
2

Store Count:
2

Cancel

The metrics available in the New Item Setup workspace are:

- **Substitute Method**

This measure displays a list where you can select the substitute method. When a substitute method is used to forecast, the method set for an intersection is cleared once the Default Forecast Start Date is greater than the Forecast Start Date Override plus the TS Duration for the intersection. Valid substitute method options are:

- **None:** No forecast is created for the New Item.

- **Like Item:** The forecast is created using the base demand of a Like Item. The Like Item is selected in the User Selected Like Item measure. The forecast of the New Item is given by:

Base demand New Item = base demand Like Item * Adjustment Factor

Forecast at time t = base demand New Item * seasonality at time t (coming from escalation level) * promo and price effects

- **Base Rate of Demand:** We need to calculate the base rate of demand of the escalation level. The forecast for the new item is given by:
Forecast at time t = base rate of demand (coming from escalation level) * seasonality at time t (coming from escalation level) * promo and price effects
- **User Input:** This method is very similar to Base Rate of Demand, with the difference that you have to manually specify a base rate of demand. The forecast is then generated using the same formula as for Base Rate of Demand.

User Provided Base Demand

If the User Input substitution method was selected, you have to enter the base rate of demand that is going to be used for the New Item when generating the forecast.

Forecast Startdate Override

This is a very important measure because it identifies an item as being new. It can be loaded if the information can be interfaced from another system. If not available, you can manually set it.

Approve Date

This measure displays the date when the Like Item recommendation was approved by clicking the Approve button.

Adjustment Factor

The only demand component needed to generate forecast for New Items is base demand. If the Like Item substitution method is selected, the adjustment factor specifies what percent of a Like Item's base demand will be copied to the New Item.

Approved Like Item

This measure is relevant if you selected the Like Item substitution method. If you go through the process to set up the New Item, and use the System Recommended Like Item or override by selecting another Like Item from the User Selected Like Item list, the Approval Flag is checked. Running the Approve New Items custom menu populates this measure.

System Recommended Like Item

This measure is relevant if you selected the Like item substitution method. Your environment needs to have item attributes and attributes weights, so similarities between new and existing items are calculated. In this case, the potential Like Items are sorted by their similarity scores, and the item with the highest score is displayed as the system recommendation.

Note how the Like Items are not displaying just the item label. First, you see a percentage. This represents how similar the Like Items are to the New Items. A value closer to 100% means high similarity. The second value shows the average demand of the Like Item. This is useful in selecting a Like Item, because it is an indication of forecast magnitude. This value is recalculated to reflect the latest data point, so what you see here may be outdated by a week. Finally, the third element is the item label. Note that if there is no logic to calculate similarities, you need to select the like item manually.

Workflow Message

The information in this measure guides you through the forecast setup process for New Items. It informs you on the next steps depending on the substitution method that you selected.

Message	Cause	Action
Substitution Method Not Set	You have identified a New Item and set the Forecast Startdate Override, but did not select a substitution method.	Select a Substitution Method.
User Specified Like Item Not Set	You have identified a New Item and selected Like Item as the substitution method, but you did not select a Like Item.	Select a User Selected Like Item.
Base Demand Not Input By User	You have identified a New Item and selected Base Rate of Demand as the substitution method, but you did not input a User Provided Base Demand.	Input a User Provided Base Demand.
Existing Item	You have entered a Forecast Startdate Override for an item that is not new.	You can clear the date to avoid confusion. Even if you do not, no action is taken for the item with respect to New Item forecast setup.

User Selected Like Item

This measure is relevant if you selected the Like item substitution method. It shows a list with items that you can select to override the system recommendation. The number of items displayed in the list is set in the Recommended Number of Like Items measure in the Settings step. Note how the Like Items are not displaying just the item label. First, you see a percentage. This represents how similar the Like Items are to the New Items. A value closer to 100% means high similarity. The second value shows the average demand of the Like Item. This is useful in selecting a Like Item, because it is an indication of forecast magnitude. This value is recalculated to reflect the latest data point, so what you see here may be outdated by a week. Finally, the third element is the item label.

Approve Flag

When the set up process for forecasting the New Item is successful, this measure becomes True and the measure displays a check mark. You are now ready to click the Approve button to approve the New Item forecast strategy.

You can find more details when accessing the views in the bottom drawer, by clicking New Item Information in the main grid.



There are two tabs:

- New Item Statistics
- New Item Forecast

New Item Statistics

The measures in the New Item Statistics view are supporting the New Item setup process that happens mainly on the main screen. There is no need for a cycle set. The information shown in this view is relevant to the item selected in the grid, and for all stores.

The New Item Statistics view contains the following measures:

- **Workflow Message Count:** This measure displays the count of the Workflow Message measure in the Select and Approve view. The workflow messages are guiding you in the New Item setup process. If the count is zero, you have set up correctly all New Items. The count corresponds to the number of New Item/store combinations that you still have to finish setting up.
- **Store Count:** This measure displays the number of stores that a New Items has been set up for.

In addition to these workspaces, there are some general settings that can be accessed through Manage Forecast Configurations in the run setup under the New Item Basic Parameters tab.

To create a new mapping, click the + (plus) icon above the table in Map screen. Select an application and one or more run types (based on what the application allows) and click **Save**. To delete a mapping, select a row and click the X icon above the table.

New Item Forecast

In this view, you can review the forecast of the new item, change new item strategies, and immediately see the impact in the forecast.

The measures that can be edited to trigger what if are:

- Substitute method

Depending on the selection, the user needs to provide additional information, such as user provided base demand or user selected like item.

After editing and clicking Save, the Approve Flag measure is set to true. When the Approve Flag is true, it means that all settings are validated, and the user can either approve the selection, or run What-If. To run What-If, the user needs to manually set the What-If measure to true for the locations the user desires. At this point, the analyst can perform what-if by clicking the Forecast New Items button.

Once the what-if was run, the what-if flag will turn to false, and the Approve stays true. The user can either approve the changes, by clicking the Approve button, or can perform further what-if runs. By not approving any changes, the user will retain the initial setup.

1. Make changes to the **New Item Forecast Strategy** for one or more locations, then click **Save**.
2. Ensure the **Approval Flag** is enabled.
3. For each location where the **Approval Flag** is set to **True**, manually enable **What-If**.
4. On the main grid, click **Forecast New Items**.
5. The **What-If** measure is disabled while the forecast is being generated.
6. Review the forecast results in the bottom drawer.
7. Perform **What-If** adjustments as many times as needed until you are satisfied with the forecast.
8. Once you are satisfied with the forecast, click **Approve New Items**.

The measures in the New Item Forecast view are:

- **New Item Forecast:** this is the initial forecast created.
- **User Forecast:** this is the result of the latest What-if run.

The two versions of the forecast can be viewed in the grid OR in a chart.

Forecasting Methods in AIF

This chapter discusses the forecast methodologies available in Oracle's Next Generation AI Foundation (AIF). The intent of this chapter is to highlight forecast algorithms that are available with Oracle's Retail & Analytics Planning (RAP) cloud services within AIF. RAP solutions consist of Assortment Planning (AP), Assortment Space Optimization (ASO), Inventory Planning Optimization (IPO), LifeCycle Pricing Optimization (LPO), Merchandise Financial Planning (MFP), and AIF Data (formerly Retail Insights (RI)). To facilitate the retailer's planning and analytics needs, RAP solutions may be deployed with the forecasting capabilities of AIF. The utilization of forecasting methodologies discussed in the chapter will differ based on the cloud services implemented and the unique requirements of each retailer's business.

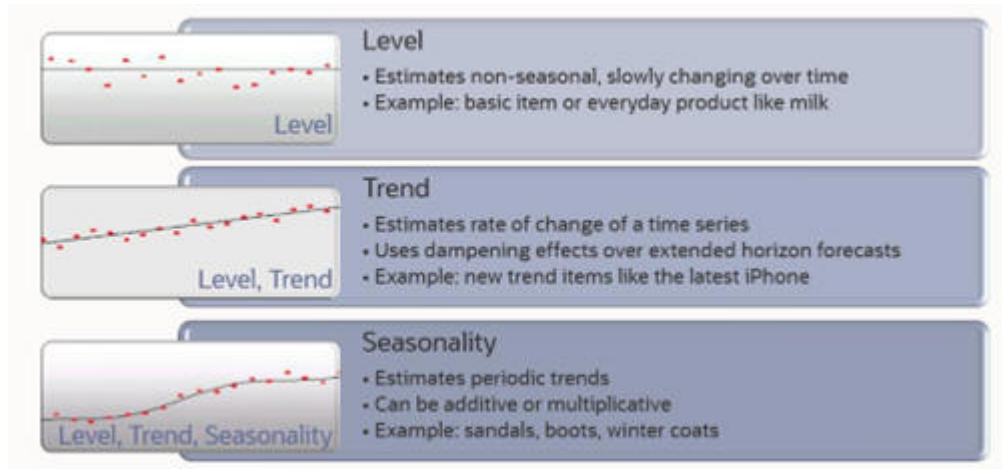
Some Forecasting Concepts

In the Next Generation architecture, the AI Foundation supports all the RAP cloud services by providing a single data point of entry to multiple cloud services. From this data, the Forecasting Engine fuels different forecasts at the different levels required by the different processes of the different cloud services. MFP and AP utilize the base functionality of the Forecast Engine. IPO utilizes the Forecasting Engine and the Forecasting Workflow. IPO offers enhanced forecasting review and workflow management that maintain and adjust forecasts at the item level. The other solutions of ASO, LPO, and AIF Data may be configured to utilize the AIF forecasts as best serves the retailers business objectives. AIF forecasts enhance retailer supply chain's planning, allocation, and replenishment processes for a more profitable and customer-oriented approach. This unconstrained demand may be sent to execution and planning solutions to be transformed into revenue-based metrics and strategies. Demand forecast provides a single unified forecast with minimal human intervention. The Forecasting Engine generates accurate forecasts of demand as automatically as possible by using a variety of predictive techniques.

The AIF Forecasting Engine utilizes several concepts when forecasting for planning solutions. These concepts are integral parts of the various forecasting methods available in RAP cloud solutions.

Exponential Smoothing

Exponential Smoothing (ES) evaluates the basic demand patterns of Level, Trend, and Seasonality and projects these into the future. They are labelled smoothing since they use weighted averages on historic data, and the weighting decays exponentially as we go back in time: more recent data is weighted more heavily than past data.

Figure 13-1 Demand Patterns of Level, Trend, Seasonality

Automatic Method Selection

Multiple forecasting methods are valuable if the appropriate model can be selected in an accurate and efficient manner. Oracle Retail has developed different meta-methods that can automatically select the best method among competing models. These models include level information, level and trend information, and level, trend, and seasonality information. The optimal smoothing parameters for each model form are determined automatically (that is, greater smoothing is applied to noisier data). The final selection between the resulting models is made according to a performance criterion that involves a trade-off between the model's fit over the historic data and its complexity. The amount of available historic information can affect the complexity of the model. Automatic Exponential Smoothing (Auto ES) and Seasonal Exponential Smoothing (Seasonal ES) chooses between competing models according to performance criterion, looking at the tradeoff between history and its complexity.

Seasonal Regression Analysis

Regression analysis is another standard technique used in prediction. Regression uses a least-squares estimator to fit a model of predictor variables to another set of target variables. Seasonal regression is Oracle Retail's extension to the standard seasonal forecast method for application between one and two years of history. This is included in the Automatic Exponential Smoothing (Auto ES) and Seasonal Exponential Smoothing (Seasonal ES) method.

Bayesian Analysis

Bayesian Analysis is effective where no previous sales history exists, such as with new items or items with short lifecycles. It requires a custom plan to serve as the initial sales plan. It may be configured to lend more weight to recent history as it accrues. Once enough history exists, standard forecasting methods must be used, such as Exponential Smoothing. This enables a plan with current data to create a new forecast.

Options Forecast

The Options Forecast method is used for Assortment Planning. It is not just a forecast method; it delivers valuable outputs at each of the following stages:

1. Optimize history: estimates sales that would happen in a perfect world for hindsight analysis, comparison, and as basis for later assortment strategy recommendations.
2. Attribute Weights: determines which attributes types and values are driving sales to enable a smart starting point in determining future assortments.
3. Incrementality: Determines the incremental benefit when options are added to the assortment.
4. Sales Potential: estimates potential sales for a style-color (or placeholder) based on assigned product attributes.

Forecasting Methodologies

From the various forecasting concepts detailed above, the following forecasting methodologies are created. These forecast methods are available to the user when creating a forecast run type within the Tasks > Forecast Engine > Manage Forecast Configurations screen. Different methods have different data needs. Refer to the Data Requirements for Various Forecast Methods section from the AIFCS Implementation guide for more information.

- Automatic Exponential Smoothing
- Sales & Promo
- Life Cycle
- Hierarchical Bayesian
- Options Forecast

Automatic Exponential Smoothing Method

The primary goal for a demand forecasting solution is automation. The Automatic Exponential Smoothing method (Auto ES) automatically selects an exponential smoothing model to a time series. Auto ES is a proprietary forecasting algorithm that compares the varying ES methods against each other for the best fit while being the least complex.

Auto ES considers a collection of six candidate models:

1. Simple Exponential Smoothing (Simple ES):
 - Simple ES ignores seasonality and trend features in the demand data.
 - Simple ES is effective when there are short time horizons in which less than one year of historic demand data is available or data is untrended and unseasonal.
 - Simple ES produces a flat line (Level only) forecast.
2. Holt Exponential Smoothing (Holt ES):
 - Holt ES captures trends but is non-seasonal.
 - Holt ES treats data as a one-dimensional trend (up or down).
 - Holt ES provides forecast estimates by combining an estimated trend for the forecast horizon and the smoothed level at the end of the series.
 - Holt ES is effective for short or long horizons and provides a damping effect for long horizons.
3. Additive Winters Exponential Smoothing (Additive Winters ES):
 - Additive Winters ES extracts seasonal indexes assumed to have additive effects on the de-seasonalized series. Effects are applied additively to levels and trends.

- Additive Winters ES requires sufficient data of at least two years of history.
 - Additive Winters ES controls the smoothing of the components of level, trend, and seasonality.
 - Additive Winters ES is effective when there are zeros in the history.
4. Multiplicative Winters Exponential Smoothing (Multiplicative Winters ES):
- Multiplicative Winters ES extracts seasonal indexes assumed to have multiplicative effects on the de-seasonalized series. Effects are applied multiplicatively to levels and trends.
 - Multiplicative Winters ES requires sufficient data of at least two years of history.
 - Multiplicative Winters ES controls the smoothing of the components of level, trend, and seasonality.
 - Multiplicative Winters ES does not work when there are zeros in the history.
5. Seasonal Regression:
- Seasonal Regression is for sales forecasts based entirely on sales from the same time period last year. Forecasting using only last year sales involves simple calculations and often outperforms more sophisticated seasonal models. –
 - Seasonal Regression performs best when dealing with highly seasonal sales data with a short sales history.
 - Seasonal regression is designed to address retailer needs when sales history is between 56 to 104 weeks.
 - Seasonal Regression uses simple linear regression with last year's sales as the predictor variable and this year's sales as the target variable.
 - If there are significant shifts from year to year, Seasonal Regression will learn the shift and appropriately weigh last year's data, keeping the same shape but adjusting the scale.
6. Bayesian:
- The Bayesian method combines historic sales data with sales plan data and is effective for new products with little or no historic data. The sales plan provides expert knowledge. The sales plan defines the shape of the selling profile or lifecycle and the scale of the total quantity expected to be sold over the plan's duration. The Bayesian method merges a customer's sales plans with any available historical sales.
 - The Bayesian method starts with a seasonal sales plan and evaluates the following conditions to calculate the forecast:
 - When no sales history exists, the forecast equals the sales plan.
 - As sales data becomes available, the forecast adjusts, and the scale becomes a weighted average reflecting known history.
 - Once sufficient sales data is collected, it can be switched to one of the different standard forecasting methods.

During configuration, an implementer may determine if only Seasonal Exponential Smoothing (Seasonal ES) methodologies are appropriate and remove access to Simple ES and Holt ES methods.

Sales & Promo Method

This method is useful for retailers wanting to account for outliers, out-of-stock, and promotion events. This is a causal approach and goes through multiple stages to generate the final forecast. Typically, the data requirement for this method is at least two years of sales history. This is among the best methods in AIF that can produce reliable forecasts at the lowest levels of merchandise and location hierarchies with only the minimum requirement of sales data. The stages for Sales & Promo method:

1. Preprocessing corrects bad data points that represent unusual sales behavior, so that the demand forecast does not replicate undesirable patterns. Possible causes of history adjustments include out of stocks, outliers, or events. During preprocessing, the quality of data is analyzed, and faulty data points are corrected before further calculations. This provides pre-processed data to produce reliable demand parameters for the next process steps.
2. Promo Estimation consists of heavy data mining of the relationships between historical sales (sales lift) and promotions (different promotion-relevant features). The two available models to quantify the impact of promotions on demand are:
 - Decision Trees:
 - Tree-based Machine Learning classifier model that predicts an outcome based on several input features.
 - Generalized Linear Model:
 - Regression-based Statistical model that predicts an outcome based on the values of another set of input variables.
3. Seasonality Estimation utilizes various machine learning techniques to understand the time series in which data experiences regular and predictable changes that recur every calendar year. This reflects a sales pattern that repeats over a one-year period based on the time of year (season). The estimation of seasonality occurs at different Escalation levels which are aggregated sales at different merchandise and location hierarchy levels. The four options for estimating seasonality are:
 - Additive Winters Exponential Smoothing (Additive Winters ES):
 - Additive Winters ES extracts seasonal indexes assumed to have additive effects on the de-seasonalized series. Effects are applied additively to levels and trends.
 - Additive Winters ES requires sufficient data of at least two years of history.
 - Additive Winters ES is effective when there are zeros in the history.
 - Multiplicative Winters Exponential Smoothing (Multiplicative Winters ES):
 - Multiplicative Winters ES extracts seasonal indexes assumed to have multiplicative effects on the de-seasonalized series. Effects are applied multiplicatively to levels and trends.
 - Multiplicative Winters ES requires sufficient data of at least two years of history.
 - Multiplicative Winters ES does not work when there are zeros in the history.
 - Auto Seasonal:
 - Selects the best method based on the inverse of Root Mean Square Error of Additive Winters ES or Multiplicative Winters ES.
 - Blend Seasonal:

- Utilizes the inverse of Root Mean Square Error as the weights for the two methods of Additive Winters ES and Multiplicative Winters ES and combines the weighted seasonal indexes.
4. Base Demand Estimation calculates the average demand signal after the cleansing of data and removal of promotional and seasonality effects. This is generated at the same merchandise and location hierarchy level as the required forecast. The six options for estimating base demand are:
- Simple Exponential Smoothing (Simple ES):
 - Simple ES ignores seasonality and trend features in the demand data.
 - Simple ES produces a flat line (Level only) estimate.
 - Holt Exponential Smoothing (Holt ES):
 - Holt ES captures trends but is non-seasonal.
 - Holt ES treats data as a one-dimensional trend (up or down).
 - Holt ES provides estimates by combining an estimated trend for the forecast horizon and the smoothed level at the end of the series.
 - Holt ES provides a damping effect for long horizons.
 - Moving Average:
 - Moving Average is calculated as a simple moving average estimate from past time frames.
 - Moving Average gets priority over Simple ES and Holt ES when the data is too noisy.
 - Poisson:
 - This helps in estimating for low sellers assuming a Poisson distribution on the sales history.
 - Pick Best:
 - System determines which method (Simple ES, Holt ES, Moving Average, or Poisson Base Demand) provides the best fit based on the inverse of Root Mean Square Error.
 - Blend:
 - System generates estimates from various methods (Simple ES, Holt ES, Moving Average, or Poisson Base Demand) and uses the inverse of Root Mean Square Error as weights to combine them.
5. Forecast Generation calculates the demand forecast combining the output of all previous steps. This forecast multiplies base demand, seasonality, and promotional lifts. In this manner, changes in seasonality and promotional effects can be evaluated and combined with the de-seasonalized base demand.

Life Cycle Method

This method is useful for retailers wanting to account for price elasticities and markdowns. This is a causal approach and goes through multiple stages to generate the final forecast. Typically, the data requirement for this method is more than one year of sales, inventory, receipts, and prices. This is among the best methods in AIF that can produce reliable forecasts at the lowest levels of merchandise and location hierarchies accounting for prices and markdowns but with a larger breadth of data needs.

The stages for Life Cycle method:

1. Preprocessing filters bad data points that represent unusual sales behavior, low inventory, or irregular prices so that the demand forecast does not replicate undesirable patterns. The filtering of historical data defines a subset of data to produce reliable demand parameters for the next process steps.
2. Event Lift Estimation involves heavy data mining of the relationships between historical sales and events. This estimates the traffic lift during promotional or holiday events. The estimation of traffic lifts occurs at different Escalation levels which are aggregated sales at different merchandise and location hierarchy levels.
3. Elasticity Estimation is generated from calculations of historical demand sensitivity based on markdown or promotional prices changes. The estimation of elasticity occurs at different Escalation levels which are aggregated sales at different merchandise and location hierarchy levels.
4. Seasonality Estimation utilizes various machine learning techniques to understand the time series in which data experiences regular and predictable changes that recur every calendar year. This reflects a sales pattern that repeats based on the time of year (season). The estimation of seasonality occurs at different Escalation levels which are aggregated sales at different merchandise and location hierarchy levels.
5. Base Demand Estimation calculates the average demand signal after the filtering of data, accounting for traffic lifts, and removal of elasticity and seasonality effects. This is generated at the same merchandise and location hierarchy level as the required forecast.
6. Forecast Generation calculates the demand forecast combining the output of all previous steps. This forecast multiplies base demand, seasonality, elasticity, and traffic lifts. In this manner, changes in seasonality, elasticity, and events can be evaluated and combined with the de-seasonalized base demand.

Hierarchical Bayesian Method

Hierarchical Bayesian method is useful for retailers wanting to optimize regular price of items. This is a Bayesian-based approach that uses regular price as one of the features to generate forecast. Typically, the data requirement for this method is more than one year of sales and prices.

The stages for Hierarchical Bayesian method:

1. Data Preparation defines the levels at which data is aggregated on merchandise, location/price zone, customer segment, and time dimensions and the duration of the data used for parameter estimation.
2. Preprocessing filters the historical data and makes the first determination of item eligibility.
3. Training enables the user to select the configurations and features that can be used for model training. Note that some features are mandatory.
4. Forecast Generation generates the ML models that can be later used by applications consuming demand forecasts.

Options Forecast

The Options Forecast method is used for Assortment Planning. It is not just a forecast method; it delivers valuable outputs at each of the following stages:

1. Optimize history: estimates sales that would happen in a perfect world for hindsight analysis, comparison, and as basis for later assortment strategy recommendations.

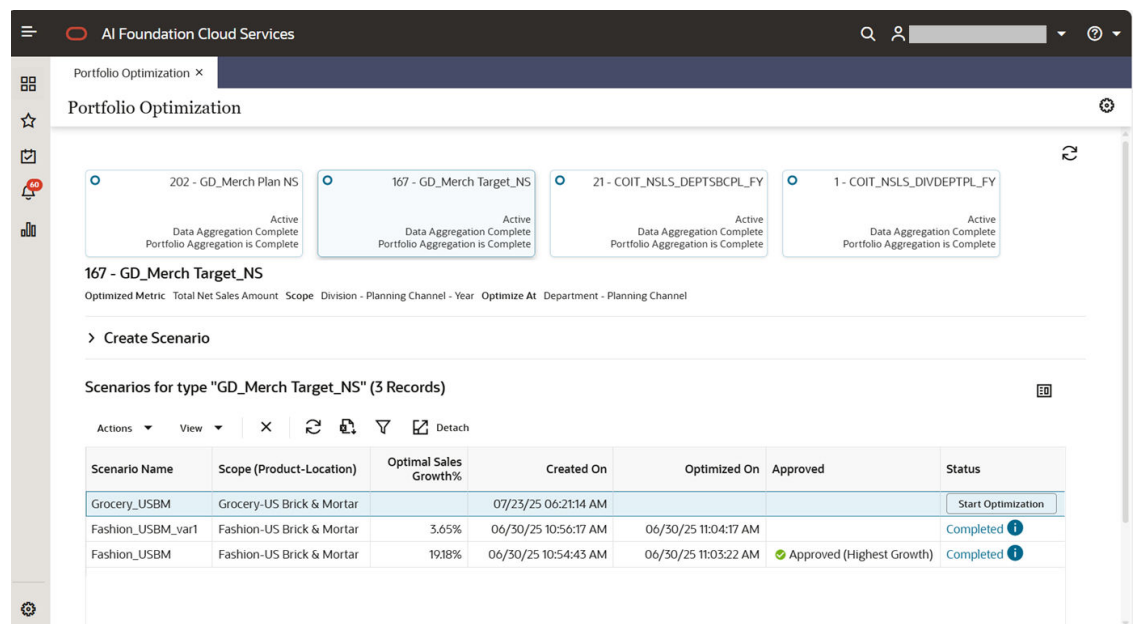
2. **Attribute Weights:** determines which attributes types and values are driving sales to enable a smart starting point in determining future assortments.
3. **Incrementality:** Determines the incremental benefit when options are added to the assortment.
4. **Sales Potential:** estimates potential sales for a style-color (or placeholder) based on assigned product attributes.

Portfolio Optimization

Portfolio Optimization empowers retailers with recommendations to enhance portfolio distribution. Leveraging historical sales data, current market trends, and tailored risk assessments, this solution enables retailers to make informed decisions as they strategize for future planning cycles. By accounting for diverse risk approaches and constraints, it ensures a balanced and strategic approach to portfolio management.

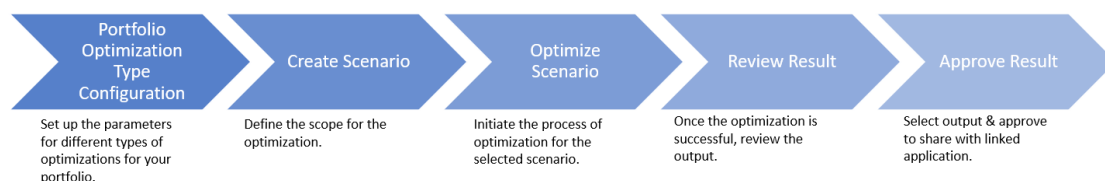
The tool delivers actionable insights into the growth trade-offs across various product areas, presenting three optimized outputs: highest growth, lowest risk, and an optimal balance between the two. Users can evaluate these results and select the most aligned option for business planning, reporting, and other strategic initiatives. For instance, the output can seamlessly integrate into Merchandise Financial Planning processes or serve as a foundation for ad hoc planning analysis. This flexibility ensures retailers can adapt the insights to their unique needs, driving more effective and confident decision making.

Figure 14-1 Portfolio Optimization



Overview of the Portfolio Optimization Process

Follow this general process to create and manage the scenarios in the Portfolio Optimization process.

Figure 14-2 Process Flow

Create Portfolio Optimization Type

The first process step of Portfolio Optimization is to define the different configuration types for different optimizations. Typical users are financial planning managers or business system administrators. The user selects the scope and optimization level across hierarchies, based on their requirements. For example, if the merchandise financial manager requires input for setting financial targets at the division-area level, then the hierarchy scope will be defined at the division-area level reflecting the merchandise target creation levels within MFP.

Typically, this setup is defined during implementation. However, system administrators may create additional types based on new requirements. There is no limit to the number of configuration types. Best practice is to label the Portfolio Optimization Type Name clearly for easy understanding by business users.

Steps to Configure Portfolio Optimization Type:

1. Click the Gear icon on the Portfolio Optimization page.
2. Enter the details for the following parameters:

Configuration Options	Description
Portfolio Optimization Type Name	Enter the name for the Portfolio Optimization Type in the text box. This label will be displayed in the future process step to identify the configuration type.
Select Sales Metric	Choose the metric option for optimization. Select either the Gross Sales Amount or Net Sales Amount metric as the basis for optimization.
Hierarchy Type - Merchandise	Select the product hierarchy using the drop-down menu. Depending on the implementation, multiple options may be available.
Hierarchy Type - Merchandise Optimize Product At	Select the product level to be optimized using the drop-down menu. The list of product hierarchy levels is displayed, based on the selected hierarchy type.
Hierarchy Type - Merchandise Product Scope	Select the level to define the scope of the optimization. Based on the product level selected for Optimize Product At, the list of parent levels of selected product hierarchy is displayed.
Hierarchy Type - Location	Select the location hierarchy using the drop-down menu. Depending on the implementation, multiple options may be available.
Hierarchy Type - Location Optimize Location At	Select the location level to be optimized using the drop-down menu. The list of location hierarchy levels, based on the selected hierarchy type, is displayed.

Configuration Options	Description
Hierarchy Type - Location Location Scope	Select the level to define the scope of the optimization. Based on the location level selected for Optimize Location At, the list of parent levels of selected location hierarchy is displayed.
Hierarchy Type - Calendar	Select the Calendar hierarchy using the drop-down menu. Depending on the implementation, multiple options may be available.
Hierarchy Type - Calendar Calendar Scope	Select the calendar level to define the scope of the optimization.

For example, the user wants to review the portfolio optimization recommendation for department level. For the Product Optimize At level, the user sets the value to Department, and, then the user selects the Product Scope from the Parent level of Department, that is, Division or Company, depending on the business.

Note

For the calendar hierarchy, the user can select either Fiscal Year or Fiscal Quarter as the scope for generating the results.

For MFP data optimization, select the Planning Channel level for Location Hierarchy to align with the hierarchy levels. Select Alternate Hierarchy for the Location Type drop down. The system will reflect Planning Channel for the Scope & Optimize At level.

Figure 14-3 Portfolio Optimization Type Configuration

- Click **Create** once the parameters are set. A notification for the successful creation of the Portfolio Optimization Type is displayed. A tile is created on the home page of Portfolio Optimization. This tile displays the name of the Portfolio Optimization type pre-fixed with an ID number, data aggregation status, and portfolio aggregation status.

Figure 14-4 Portfolio Optimization Type Tiles



The Portfolio Optimization Type creation initiates four types of aggregation process: Data Aggregation and Portfolio Aggregation. These aggregation processes are prerequisites for creating a scenario. Only when both the aggregations are successfully complete, can the user proceed with scenario creation.

At first, these aggregations will need to be manually initiated for the hierarchy combination scope selected for portfolio optimization type creation. From the next time onwards, these aggregations will start automatically.

- **Data Aggregation** - This process aggregates the data to prepare for the scenario optimization.
- **Portfolio Aggregation** - This process takes into consideration the Portfolio Optimization Type setting and aggregates the data, so when the scenario runs, the data is pre-aggregated to run the scenario faster. In the case of any system issue, if the aggregation is not initiated, the system will prompt a message and the user can initiate it using the link available on the tile.
- **Plan Aggregation** - Once the portfolio aggregation is complete, the plan aggregation will initiate. This action will aggregate the plan data.
- **Forecast Plan Aggregation** - This aggregation is initiated once the plan aggregation is completed.

Note

If data aggregation has not been performed previously for the selected hierarchy type, it will not start automatically. The user must initiate it by selecting the **Start Aggregation** link on the tile.

Note

If the Portfolio Optimization is configured for Plan and Forecast data usage, then only the Plan and Forecast aggregation will process.

The status on the tile stays inactive until any of the selected scenario result is approved for sending to any of the linked application. Once the result is approved, the tile status will change to Active.

You can also delete the Portfolio Optimization Type using the Delete action. Select the Type name from the drop-down and click Delete. Any active Portfolio Optimization Types cannot be deleted.

Create Scenario

For each Portfolio Optimization Type, the user can create and optimize scenarios. The Create Scenario step defines the product and location positions and parameters for optimization. The typical user for creating scenarios is either a financial planning manager or a planner. The user can create as many scenarios for a single Portfolio Optimization Type as required by the business.

Steps to create a scenario:

1. Select the Portfolio Optimization Type tile desired to create a Scenario. When you select a tile, the Scenario Creation section is displayed. The Create Scenario section is enabled when the two aggregations of the selected Portfolio Optimization Type are successfully

completed. Beneath the optimization type name selected, a summary of the optimization type parameters is displayed.

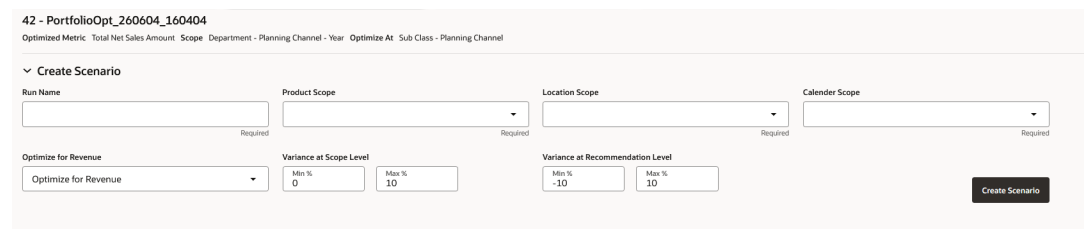
2. Enter the details for the following:

Create Scenario Setting	Description
Scenario Name	Enter the name for the Scenario in the text box.
Product Scope	Select the value of the Product Hierarchy scope selected in Type.
Location Scope	Select the value of the Location Hierarchy Scope selected in Type.
Calendar Scope	Select the period for which you want to generate the Optimization. If your calendar scope is Year, then you can select up to two future years, and if your calendar Scope is Quarter, then you can select quarter for the next two years.
Optimization Objective	Select the Optimization Objective. The Optimization Objective has only one option: Optimize for revenue.
Variance at Scope Level (Min & Max %)	Enter the minimum or maximum percentage values for the variance. This defines the allowed variation in the total recommendation at the scope level compared to the source data. Scope level variance can be set between -99 to 99.
Variance at Recommendation Level (Min & Max %)	Enter the minimum or maximum percentage values for the variance. This defines the allowed variation in the total recommendation at the optimized level from source data. Recommendation level variance can be set between -99 to 99.

Note

Based on your system setting, when you choose the future year for generating optimization, the system is going to utilize the planned data or forecast data for the unelapsed period.

Figure 14-5 Create Scenario



3. Click Create Scenario to see the scenario listed below in the Scenarios by type table. The Scenario table will display the Scenario name, Scope (Product - Location), resulting Optimal Sales Growth %, Created and Optimized on date with time stamp, Approved, and the Status of the scenario.

Figure 14-6 Scenario Table

Scenarios for type "GD_Merch Target_NS" (3 Records)

Actions View X Refresh Export Filter Detach

Scenario Name	Scope (Product-Location)	Optimal Sales Growth%	Created On	Optimized On	Approved	Status
Grocery_USBM	Grocery-US Brick & Mortar		07/23/25 06:21:14 AM			Start Optimization
Fashion_USBM_var1	Fashion-US Brick & Mortar	3.65%	06/30/25 10:56:17 AM	06/30/25 11:04:17 AM		Completed i
Fashion_USBM	Fashion-US Brick & Mortar	19.18%	06/30/25 10:54:43 AM	06/30/25 11:03:22 AM	Approved (Highest Growth)	Completed i

Actions for the Scenario Table**Figure 14-7 Actions**

Actions View X Refresh Export Filter Detach

You can use the following actions for the scenario table:

- Delete - You can delete selected scenario from the table using the 'x' icon.

Note

If you delete an approved scenario, the associated approved results will be deleted which might be used by other applications.

- Refresh - Refresh the table to update the aggregation status for the scenario table.
- Export to Excel - Download the scenario table in excel file.
- Query by Example - Scenario table can be filtered query by the columns.
- Detach - Expand the table by detaching it.
- View - Mange column option can be used for column selection and ordering.

Optimize Scenario

When the user creates a scenario, a set of aggregations are initiated automatically that aggregate the data at the product scope level selected during the scenario creation. The Refresh action of the table updates the aggregation status in the following order:

1. Portfolio Optimization aggregation status
2. Portfolio Yearly aggregation status
3. Portfolio Statistics Computation status

Once the above-mentioned aggregations complete successfully, the user can see the Start Optimization action button in the Status column for the scenario. Complete the following steps:

1. Click Start Optimization to initiate the optimization process.
2. After the optimization is successfully completed, the status is changed to Complete.
3. Click the Completed link embedded in Status to launch the result. With the Complete status, the date, time stamp, and optimal sales growth % are also updated in the table.

Note

If the status is displaying “Complete: No results”, it means that the optimization process has been completed but optimal results could not be found within given constraints.

Review Output

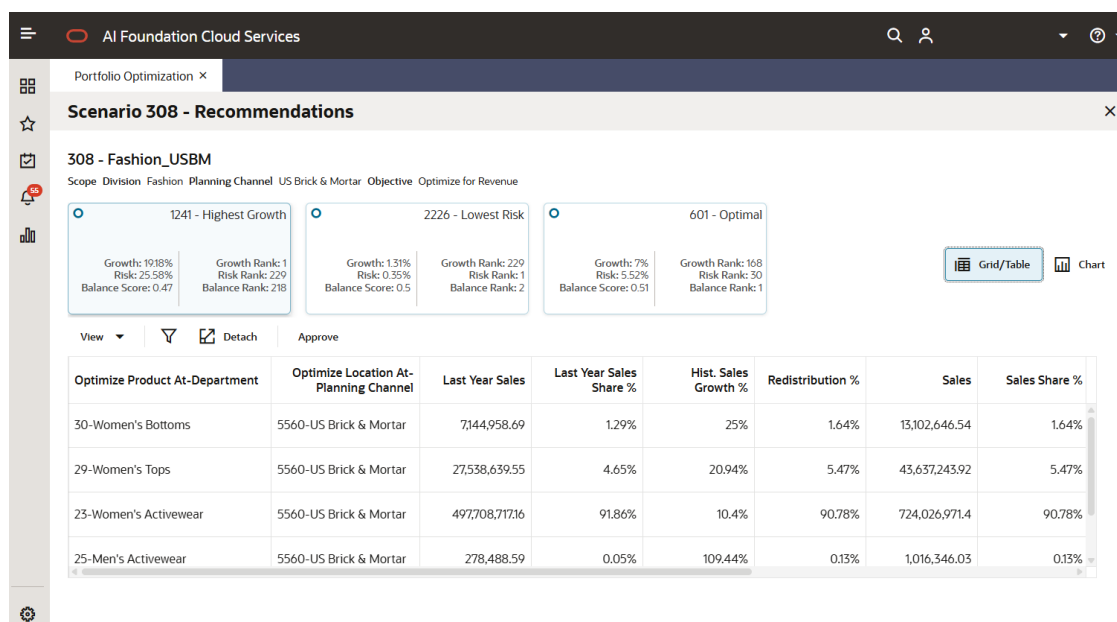
The user can view the optimization results by clicking Complete against the scenario. A new window opens, displaying the results.

The Results window displays the name of the scenario with a summary containing scenario details and a table with the output. The results provide the three best options for Highest Growth, Lowest Risk, and Optimal Result in tile format.

Complete the following steps:

1. Select the tile to view the details of the output. By default, the results are displayed in table format.
2. You can view the results in graphical format by clicking the 'chart' icon on the screen.

Figure 14-8 Results View - Table



The output table displays:

Output	Description
Sim ID	Simulation ID that is system-generated for each output.
Product Scope	Displays the product scope selected for the scenario creation.
Optimize Product At	Displays the product positions optimized.

Output	Description
Location Scope	Displays the location scope selected for the scenario creation.
Last Year Sales	Displays the sales amount for the last year for the product and location. The sales amount can be net or gross, depending on the sales measure selected for the Portfolio Optimization Type.
Last Year Sales Share %	Displays the percentage of last year sales share across the scope.
Historical Sales Growth %	Displays the percentage difference (that is, growth) between the simulated sales and last year sales for each product and location.
Sales	Displays the simulated sales amount based on the redistribution and historical sales growth and LY sales distribution.
Sales Share %	Displays the percentage of simulated sales share across the scope.
Sales var to LY %	Displays the sales growth percentage against the last year sales.
Sharpe Sales %	Displays the normalized sales growth based on the ratio between the sales growth percent and the sales growth standard deviation.
Change in Sales %	Display the difference between last year sales share percent and the simulated sales share percent.
Portfolio Growth %	Displays the percent growth across the portfolio based on the historical sales and simulated sales.
Portfolio Risk %	Displays the percent risk across portfolios based on the simulated sales
Balance Score	Displays the balanced score of Portfolio Growth and Risk.
Risk Rank	Displays the lowest risk rank across the output.
Growth Rank	Displays the highest growth rank across the output.
Balance Rank	Displays the lowest balance rank across the output

The results page also presents the Sales Growth correlation matrix which allows user to understand the linear relation & magnitude of relationship between two products.

This table will be displayed below the result table. See image below.

Figure 14-9 Correlation Matrix

Scenario 2232 - Recommendations ✕

Sales Growth Correlation Matrix

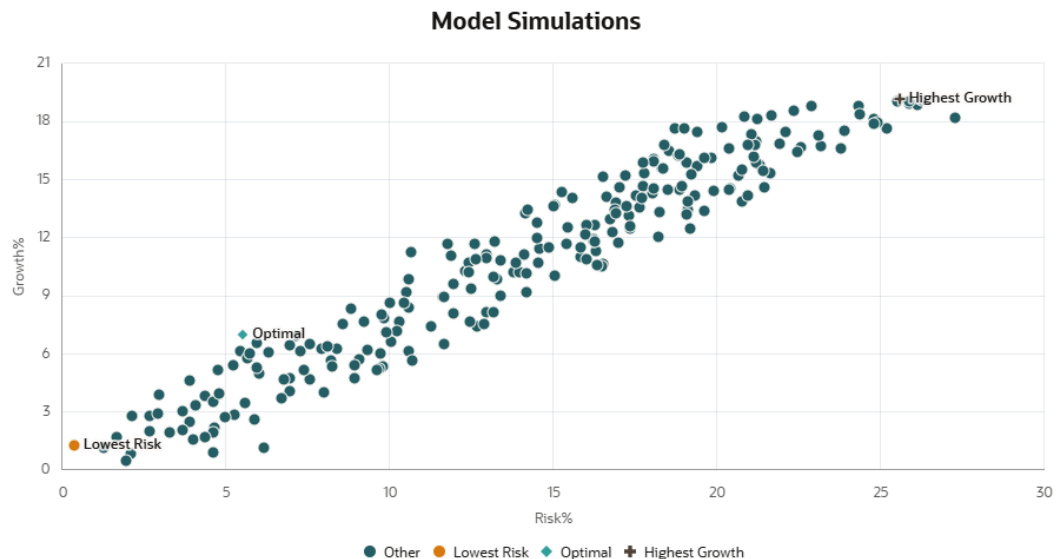
	49122-Frozen	49123-General Merchandise	49126-Produce	49125-Dairy	49128-Centre / Ambient	49127-Women's Clothing	49124-Men's Clothing
49122-Frozen	1	0.9996	0.9998	1	0.9995	0.9997	0.9997
49123-General Merchandise	0.9996	1	0.9989	0.9996	1	1	1
49126-Produce	0.9998	0.9989	1	0.9998	0.9986	0.999	0.999
49125-Dairy	1	0.9996	0.9998	1	0.9994	0.9997	0.9997
49128-Centre / Ambient	0.9995	1	0.9986	0.9994	1	1	1
49127-Women's Clothing	0.9997	1	0.999	0.9997	1	1	1
49124-Men's Clothing	0.9997	1	0.999	0.9997	1	1	1

Graphical View of Results

The following five charts display results that can be used to analyze the output recommendations for the selected product/location scope:

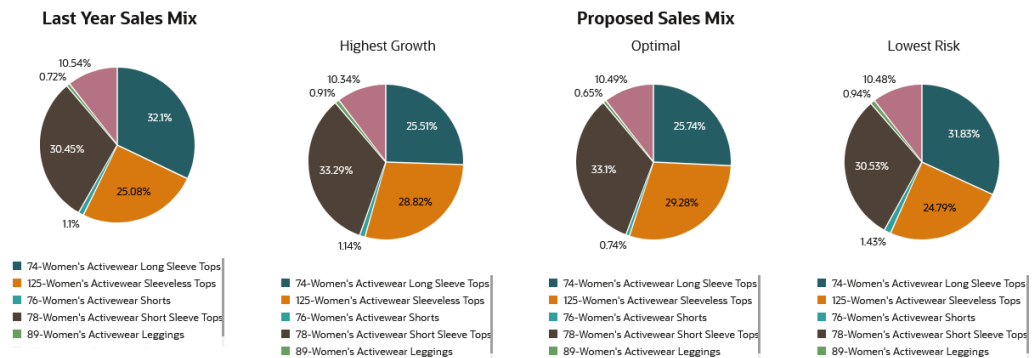
- Chart 1: Model Simulation - It visualizes the Growth% vs Risk% for the scenario to identify highest growth, lowest risk, and optimal.

Figure 14-10 Model Simulation Chart



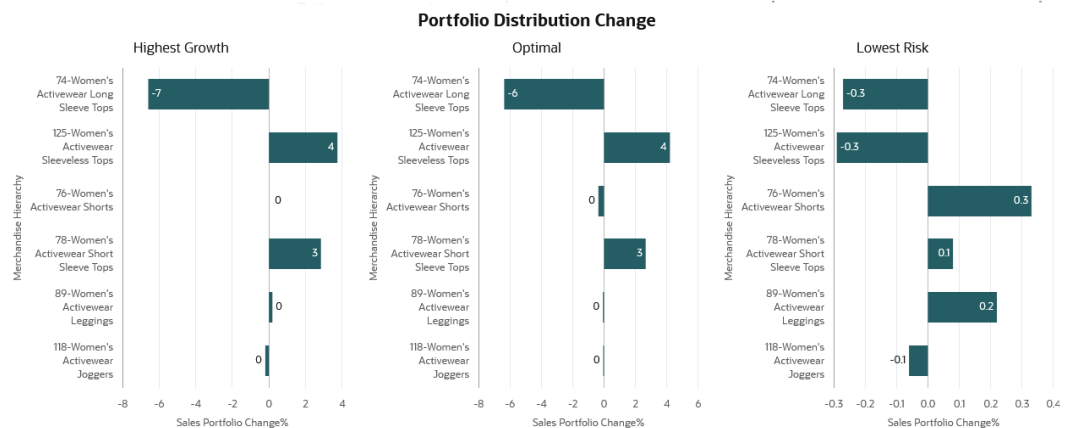
- Chart 2: LY sales share% vs Proposed Sales share % - It visualizes the product wise sales share % for all three outputs (Highest Growth, Lowest Risk, Balance Rank) against last year to compare and analyze the important product areas from revenue perspective.

Figure 14-11 LY vs Proposed Sales Share% Chart



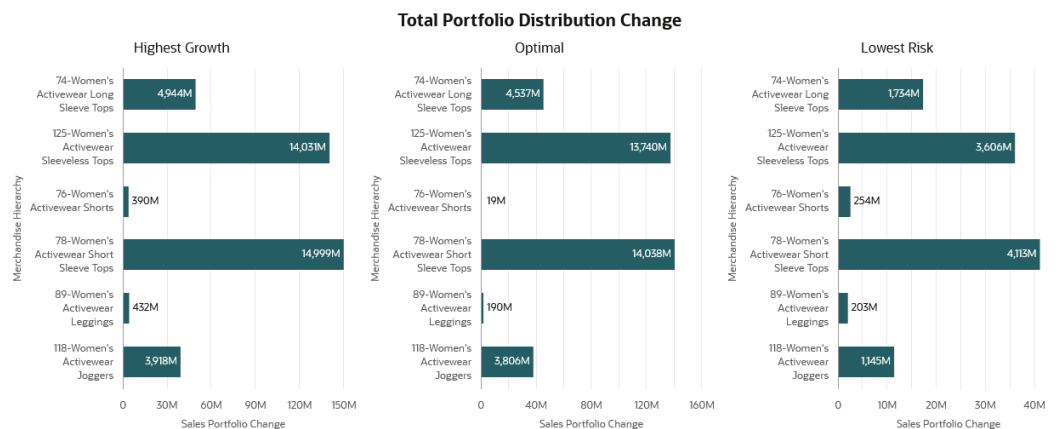
- Chart 3: Portfolio Distribution Change % - It visualizes product wise portfolio distribute change for the three outputs. The portfolio distribution change is the difference between sales share % and last year sales share %.

Figure 14-12 Portfolio Distribution Change % Chart



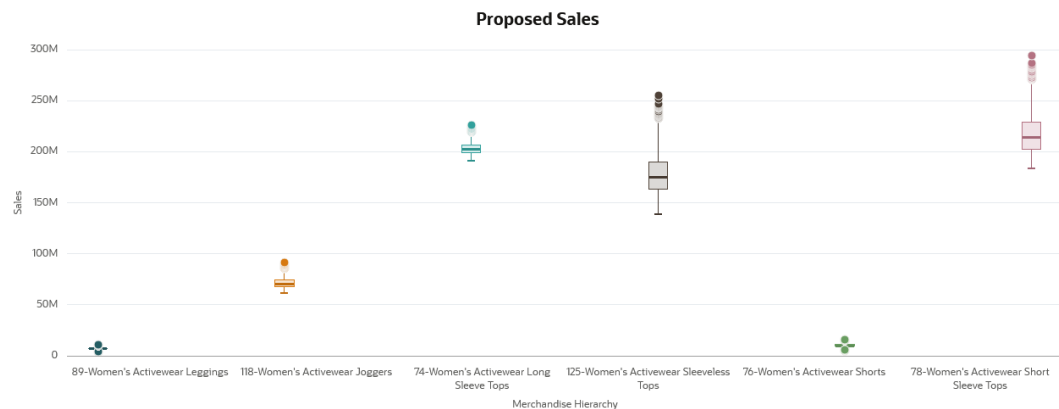
- Chart 4: Total Portfolio Distribution Change - It presents total portfolio distribution across products for the three outputs. Total portfolio distribution change is the difference between sales and last year sales values.

Figure 14-13 Portfolio Distribution Change Chart



- Chart 5: Proposed Sales Share - It represents the proposed sales share for the scenarios using a box plot.

Figure 14-14 Proposed Sales Share by Merchandise



Approve Result

After reviewing the results, the user can select and approve one of the three outputs. The approved output data will be sent to the linked application, for example, Portfolio Optimization results can be utilized for planning in Merchandise financial Planning Cloud Services application.

Complete the following steps:

1. Select the result tile and click Approve. A dialog box with three result options opens.
2. Select one of the options and click OK to approve. The approved result tile will display a approved icon and status as shown in the following figure.

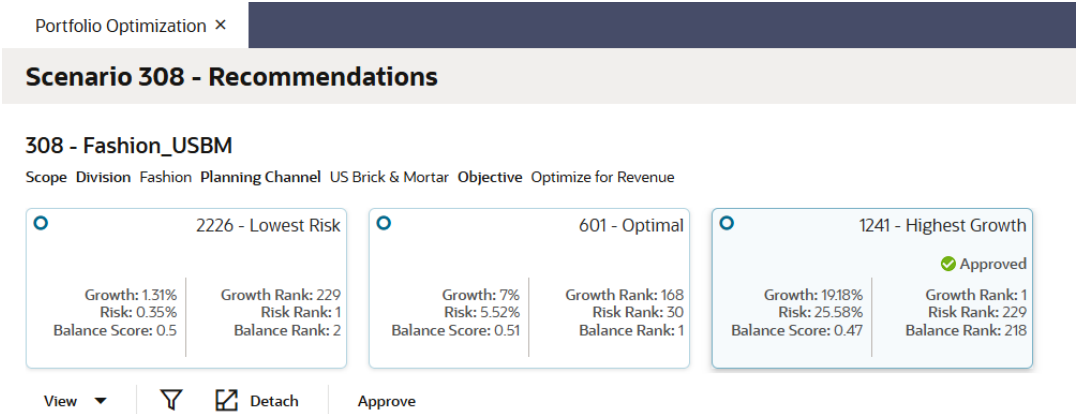
Note

When you approve two results from same scope, only the last approved result will be sent to the linked application.

Figure 14-15 Approve Results

The image shows a dialog box titled "Approve". Inside the dialog, there are three radio button options: "1241 - Highest Growth" (which is selected), "2226 - Lowest Risk", and "601 - Optimal". At the bottom right of the dialog, there are two buttons: "Ok" and "Cancel".

Figure 14-16 Approve Result Tile



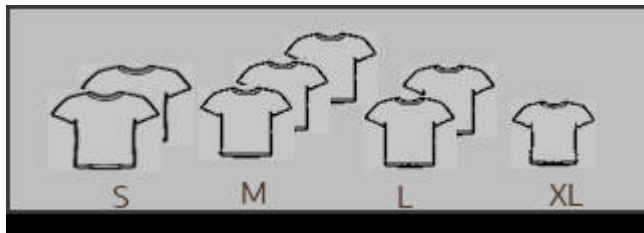
Once approved, the output of Portfolio Optimization is available for export to Merchandise Financial Planning (MFP) or reporting tools as desired.

Pre-Pack Optimization

Pre-pack configurations can be defined as follows.

SKUs are bundled together for supply chain efficiencies. For example, it is easier to ship packs of products instead of individual SKUs through the supply chain. The products are typically bought from the vendor in packs and received in Distribution Centers (DC) or Warehouses. Ideally, to maximize efficiencies, the packs are shipped as is to stores. Breaking open a pack at the Warehouse or DC means additional labor, shipping costs, and potential delays, hence is typically done more as an exception. When planning and optimizing packs, the goal is to meet store-specific need while minimizing shipping and labor costs.

Figure 15-1 Pre-Pack



Consider the following when optimizing pre-pack configurations.

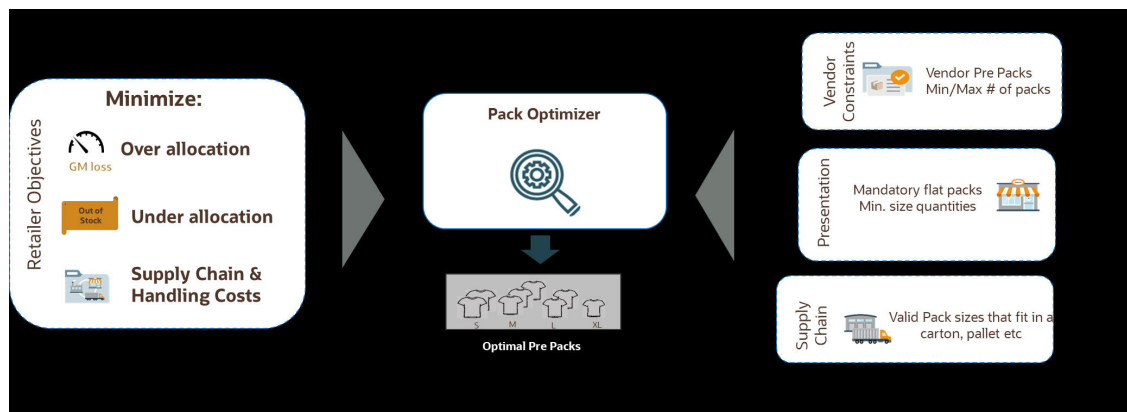
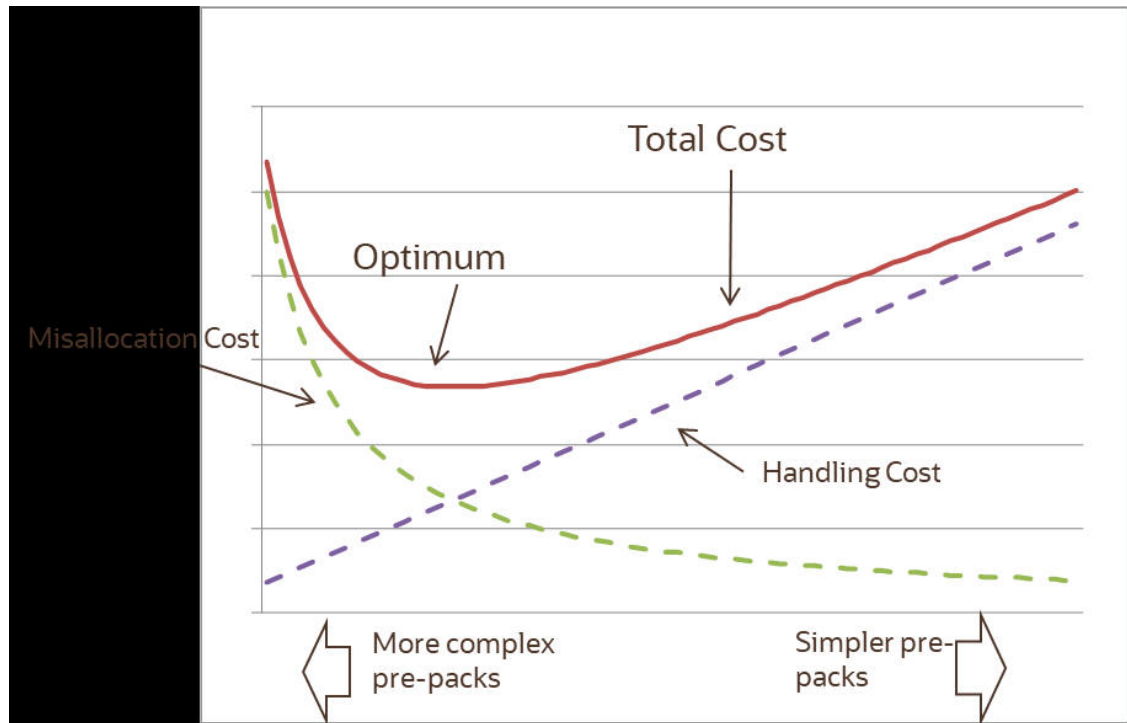
Business Challenge

There are several interrelated and competing objectives. Smaller packs meet store-specific demand better, but create supply chain overheads and may not align with what the vendor can provide. Sub-optimal solutions often result in higher logistics costs, more stock outs, and lost revenue.

Balancing Tradeoffs

Tradeoffs can be made between smaller pre-packs (many pre-packs, lower misallocations, higher logistics costs) versus larger pre-packs (few pre-packs, higher misallocations, lower logistics costs).

Figure 15-2 Balancing Tradeoffs



Solution

Consider the following recommendations:

- Recommend optimal pre-pack configurations that meet store-specific need while maximizing supply chain efficiencies.
- Consider vendor constraints, size min/max requirements, and so on, with rich scenario modeling support.
- Users learn business impact on changes to constraints.

Key Benefits

The benefits are as follows.

- Increase gross margin and revenue.
- Reduce shipping and handling costs.
- Improve stock rates and reduce overstocks.

Functional Overview

The solution includes the following key areas:

- Setting Up Pre Pack Configuration Runs provides a way for users to select product/location areas and optionally specify business constraints.
- Submitted runs get queued for optimization. Progress of these runs can be reviewed in the Run Queue.
- Queued Runs get optimized.
- Users can review and approve resulting Pre-Packs.

Optimization Process Overview

The optimizer estimates the cost impact of different packs for analysis. It evaluates various pack configurations that meet the specified constraints and iteratively performs mock allocations to calculate the store over and under allocation units. The units are multiplied by cost factors that can be overridden during Create Runs (comes with default values). In addition, a cost factor is applied to every pack (based on the Distribution cost factor). The optimizer finds the pack configurations that minimize the total Objective Cost.

The total objective cost for each store is for each combination of pack configurations being evaluated:

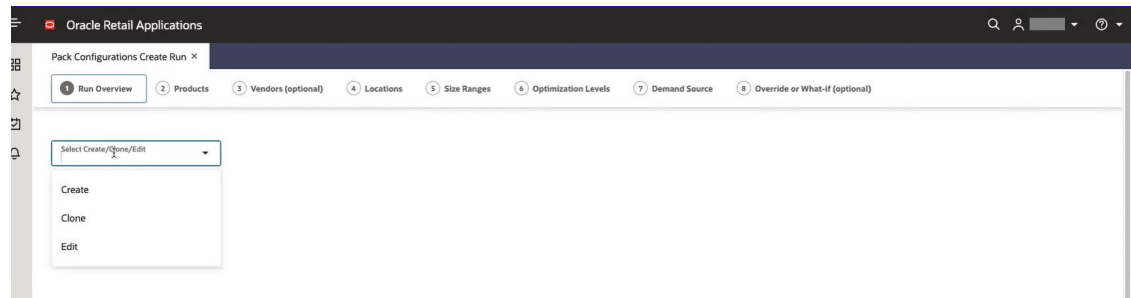
- $\text{Total Objective Cost} = \# \text{ of under allocated units at the store} * \text{under allocation cost factor} + \# \text{ of over allocated units at the store} * \text{over allocation cost factor} + \# \text{ of packs needed of each pack type} * \text{distribution cost factor}.$
- The total Objective Cost is aggregated up to the optimization level for each pack combination being evaluated. Note that there are two levels of optimization going on here: Picking the optimal pack configuration combinations and optimally allocating those pack configurations to each store to minimize overall objective cost. The resulting output is the optimal set of pack configurations as well as the resulting store allocations. In the case where fixed pre-packs are specified, the pack configuration optimization part is skipped and only the optimal mock allocation part is performed.

Application Workflow

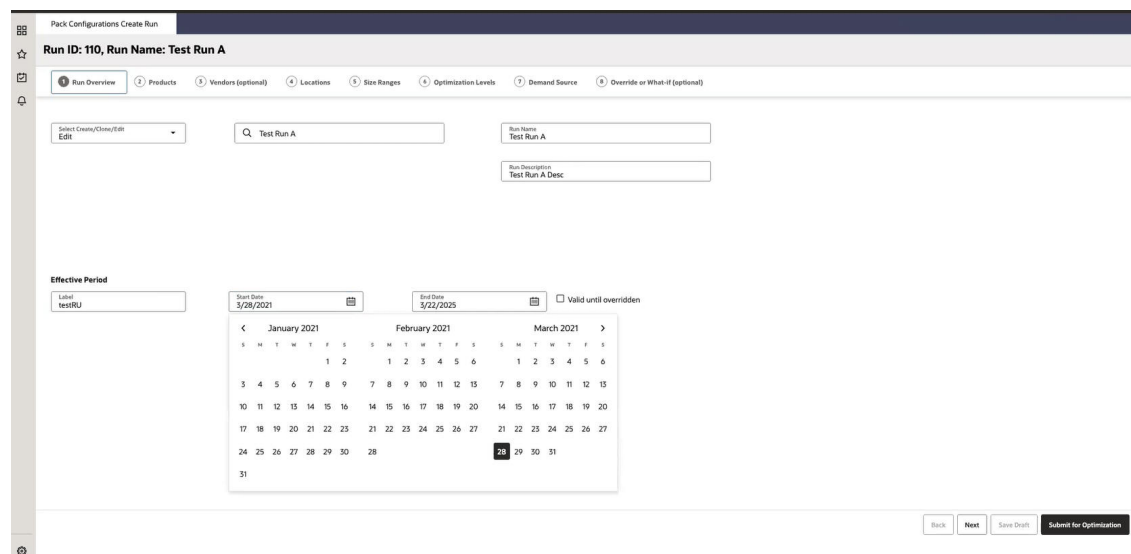
This section describes the application workflow.

Setting Up Pre-Pack Configuration Runs

Pre-pack configurations are expected to be run based on user-initiated runs using the Pack Configuration Create Run task.

Figure 15-3 Create Run Task

You can choose to create a new run or edit a draft run. As soon as a selection is made, the screen refreshes with the following options:

Figure 15-4 Create Run Options

- Run Name is a user-entered label that is used throughout the application to reference a given run. The Run description allows you to provide some additional description about the run.
- The Effective Period Label gives you a way to track the period for which these pack configurations are effective, which could be the Season such as “Fall 2028” as an example. Selected Start and End dates denote the effective time periods. The option for Valid Until Overridden when checked indicates that the Pack Configuration is effective until superseded by another Approved Pack Configuration (from a different Run or a scenario).

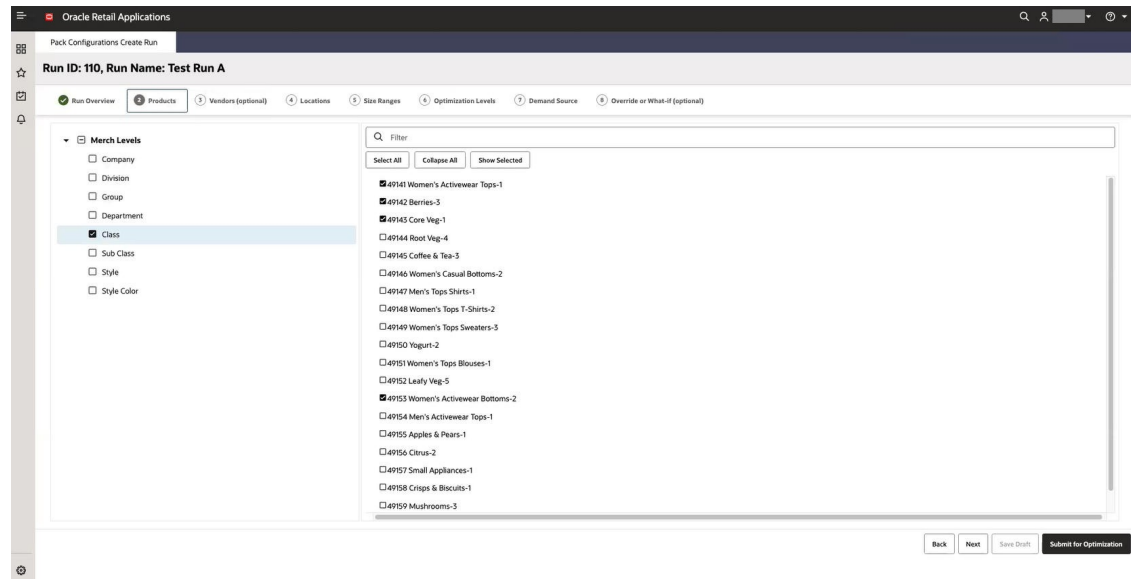
The effective periods are used in the following places:

- When Creating a Run (in the optional override/what-if tab), other available pack configurations are displayed based on the effective product/location/vendor/size range and effective period.
- When Approving Runs, you can choose to filter Pack Configuration runs based on the time period they are effective for.

- System auto-saves any WIP/ Draft Runs that did not get submitted when you exit the screen. All Draft runs can be found in the Run Queue screen.

Select Products

Figure 15-5 Select Products



Products can be selected from any level. Lowest level is Style Color. Typical expected usage is Selection at the Department or Class level.

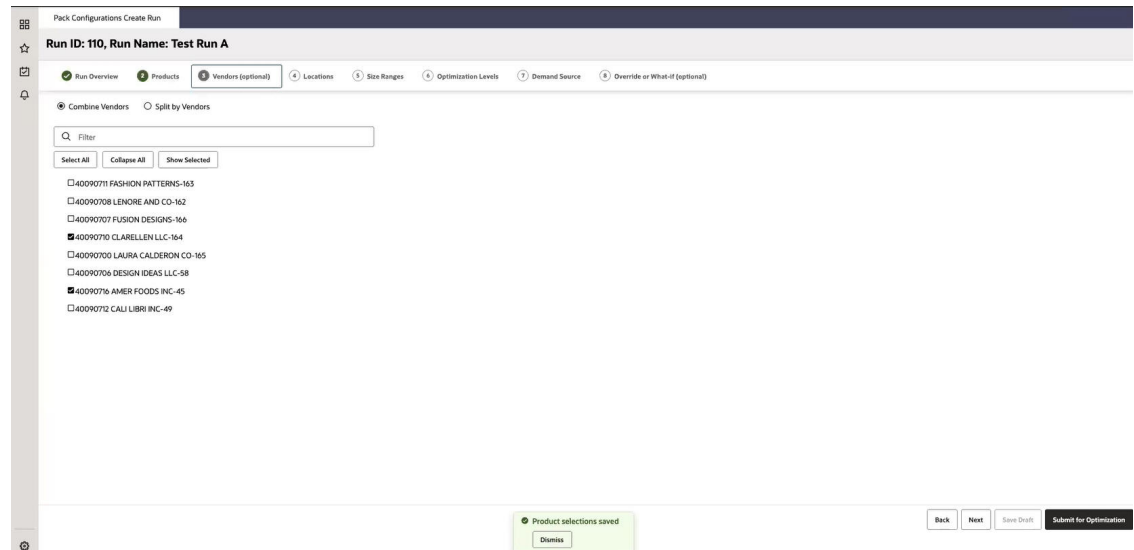
The selected products' (further filtered by vendors, locations, and size ranges) demand source will be included when generating pre-pack configurations.

Note

Demand Source is explained below. Note also the selected Products, Locations, Vendors, and Size Ranges define the Scope of a run and when combined with the Optimization Level, determine how many pre-pack configuration sets are generated.

Select Vendors

Figure 15-6 Select Vendors

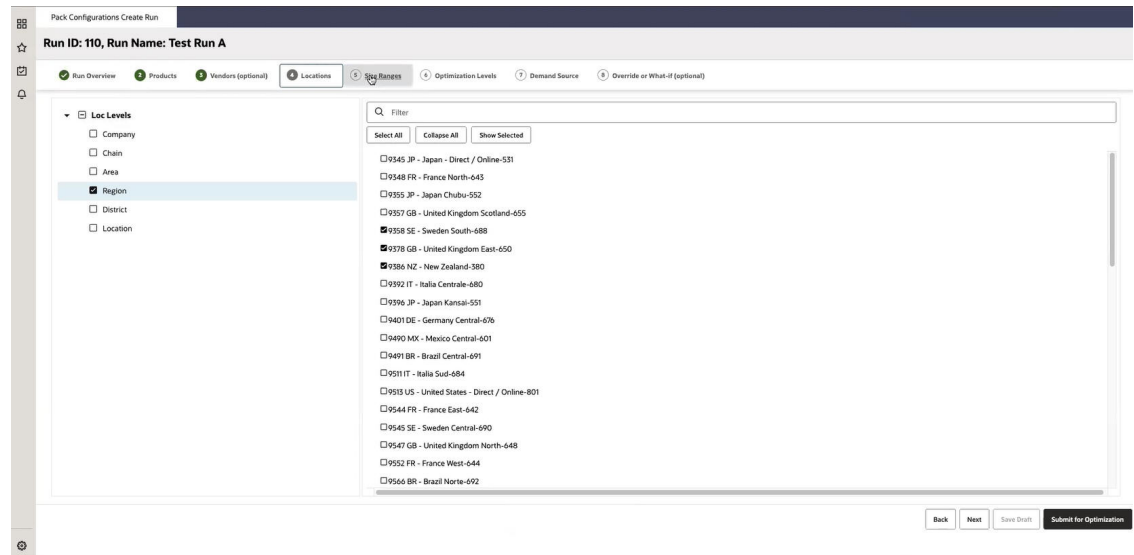


This is an optional step and the choices presented are pre-filtered based on selected Products. You can make the following choices:

- Select vendors.
- Toggle between Combine Vendors and Split by Vendor:
 - Select all and Combine Vendors means the system will generate non-vendor specific pre-packs.
 - If some vendors are selected and Combine Vendors is checked, the system will generate a single set of pack configuration sets for all selected vendors combined. For example, if only Vendor A and Vendor B are selected out of the choices for Vendor A,B,C, Pack Configuration Sets are generated for Vendor A and B combined. An example usage for this could be when multiple alternate vendors exist for a product area, but it is required to have common packs for them all because the demand characteristics of the products are consistent across vendors.
 - Split by Vendor means pre-packs will be generated specific by Vendor for all selected vendors.

Select Locations

Figure 15-7 Select Locations



Locations selected are included for the Pack Configuration Optimization.

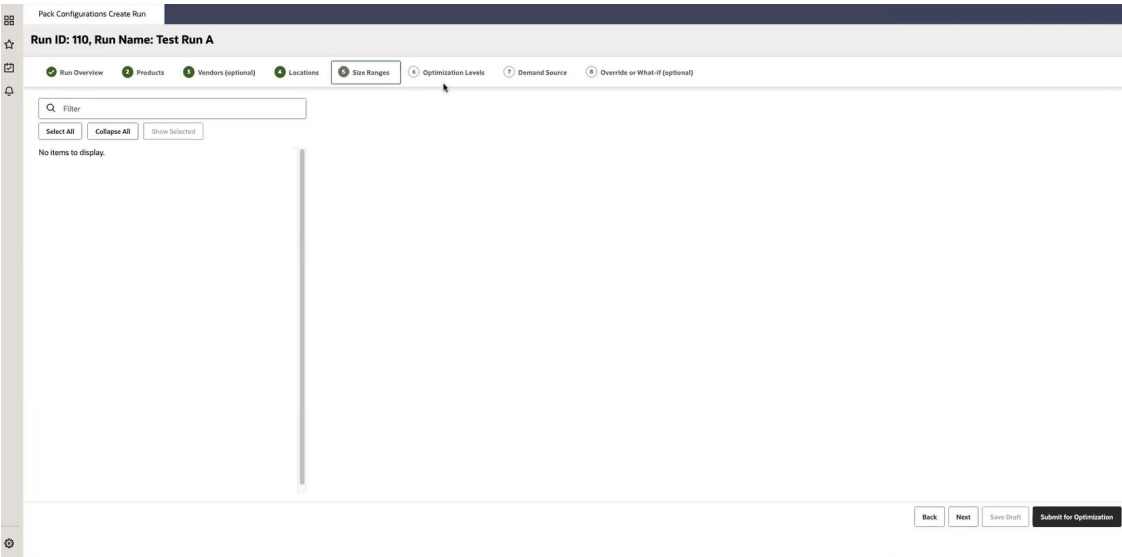
The selected locations' (further filtered by selected products, size ranges, and vendors) demand source will be included when generating pre-pack configurations.

Note

Demand Source is explained below. Note also the selected Products, Locations, Vendors, and Size Ranges define the Scope of a run and, when combined with Optimization Level, determine how many pre-pack configuration sets are generated.

Select Size Ranges

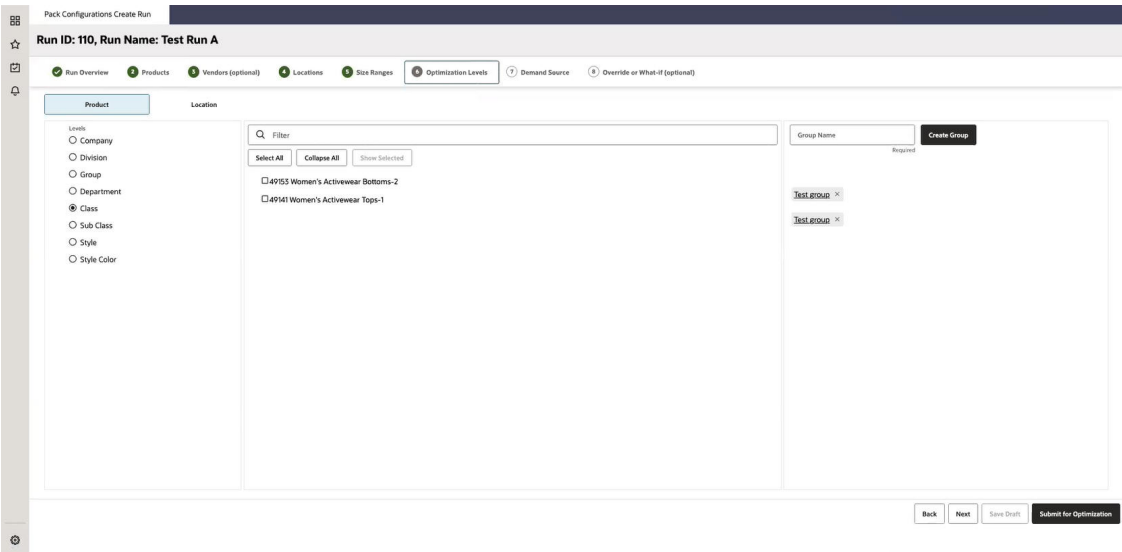
Figure 15-8 Select Size Ranges



Size Ranges provided are pre-filtered based on selected Products and Locations.

Select Optimization Level

Figure 15-9 Select Optimization Level



The Optimization level drives the level at which Pack Configuration sets are generated. All selected Products and Locations are then grouped by or aggregated to the selected optimization level.

For example, if Dept A (Product) and Chain (Location) are selected in the Select Product and Select Location steps and the optimization level is specified as Class/Chain level, pack configurations are generated by Class for all Products in Dept A.

For example, if Styles 1,2, and 3 and Chain (Location) are selected in Select Product step and Select Location steps and the optimization level is specified as Class/Chain level, pack configurations are generated by Class but only including demand data from Styles 1, 2, and 3.

Select Demand Source

Demand Source can be selected to be either Historical Sales or External Plan. Once the demand source is selected, you can select the time periods to include.

These selections form the basis for generating pre-pack configurations recommendations. For example, when generating pack configurations for Women's Activewear for the next Fall season, it is expected that you select the relevant time periods from Historical Sales or External Plan. It is possible to select multiple weeks from the same selling period, for example, all fall weeks across multiple years.

Override and Clone (Optional)

This screen might take a minute or so to load, depending on number of prod/locs selected. The spinner displays the completion percentage.

Once the screen loads, you can see a table filled with Pack Configuration Sets to be generated in this run. The table is generated based on the selections from the previous step, as explained in the preceding text. A single scenario is created for each Unit of Work or desired Pack Configuration Set with the scenario label defaulted. You have the option to relabel the scenario.

Each row corresponds to a desired Pack Configuration Set, when the table is initially created. You have the option to create additional rows in the table by cloning existing scenarios.

The Product Level and Location Level are dynamically determined based on the selections for Optimization Level. These are the first two column names in the table.

Labels with an asterisk indicate user-editable fields.

Pack Config Set Label is auto-generated based on the combination of Product/Location/Size Range/Vendor values. You have the option to override them. The label can then be used when reviewing and approving Pack Configurations in the Review and Approve flow.

Assign Pack Config Set defaults to Generate New.

Figure 15-10 Override and Close

Pack Configuration - Create Run × Pack Configuration - Run Queue

Run ID: 167, Run Name: Spring Line Review

Run Overview Product Vendors (optional) Location Size Ranges Optimization Levels Demand Source **Override and Close (optional)**

Override and Close
To Override Detailed Parameters and Create Initial Scenario

Pack Config Set Parameter Summary Run Level Overrides

ID	Product	Location	Vendor	Size Range	Status	Scenario Label	Run Optimization	Assign Pack Config Set	Pack Config Set Label
402	Women's Activewear Bottoms-2	US - United States East-200		XS,S,M	Draft	Default	☒	Generate New	Women's Activewear Bottoms (XS,S,M), US - 1
403	Women's Activewear Bottoms-2	US - United States East-200		XS,S,M,L,XL	Draft	Default	☒	Generate New	Women's Activewear Bottoms (XS,S,M,L,XL), US
404	Women's Activewear Tops-1	US - United States East-200		XS,S,M,L,XL	Draft	Default	☒	Generate New	Women's Activewear Tops (XS,S,M,L,XL), US
405	Women's Activewear Tops-1	US - United States East-200		XS,S,M	Draft	Default	☒	Generate New	Women's Activewear Tops (XS,S,M), US - Unit

Previous Next Save Draft Submit for Optimization

Overriding Parameters at the Run level

It is possible to override parameters at the run level by clicking the Manage Overrides at Run level tab in the Scenario table.

Figure 15-11 Override at the Run Level

Pack Configuration - Create Run × Pack Configuration - Run Queue

Run ID: 167, Run Name: Spring Line Review

Run Overview Product Vendors (optional) Location Size Ranges Optimization Levels Demand Source **Override and Close (optional)**

Override and Close
To Override Detailed Parameters and Create Initial Scenario

Pack Config Set Parameter Summary Run Level Overrides

ID	Product	Location	Vendor	Size Range	Status	Scenario Label	Run Optimization	Assign Pack Config Set	Pack Config Set Label
402	Women's Activewear Bottoms-2	US - United States East-200		XS,S,M	Draft	Default	☒	Generate New	Women's Activewear Bottoms (XS,S,M), US - 1
403	Women's Activewear Bottoms-2	US - United States East-200		XS,S,M,L,XL	Draft	Default	☒	Generate New	Women's Activewear Bottoms (XS,S,M,L,XL), US
404	Women's Activewear Tops-1	US - United States East-200		XS,S,M,L,XL	Draft	Default	☒	Generate New	Women's Activewear Tops (XS,S,M,L,XL), US
405	Women's Activewear Tops-1	US - United States East-200		XS,S,M	Draft	Default	☒	Generate New	Women's Activewear Tops (XS,S,M), US - Unit

Previous Next Save Draft Submit for Optimization

Four sets of Run level override parameters are available to all application users: Pack Definition Rules, Holdback, Costs, and Allocation Parameters. An additional set of Advanced Parameters are available for override only to users entitled with the ADMINISTRATOR_JOB role (see the *Oracle Retail AI Foundation Cloud Services Administration Guide* for details).

Pack Definition Rules

These rules represent business constraints that need to be honored around how packs are recommended. These constraints could be due to constraints from the vendor or supply chain constraints around the ability to handle certain sizes of packs.

Minimum total units per pack: This is to be set based on vendor and supply chain constraints.

Maximum total units per pack: This is to be set based on vendor and supply chain constraints.

Valid Pack Sizes ladder: This allows you to enter a list of acceptable values such as 4,6,8,10,13,14.

Enable Eaches: If this is set, the optimization will fill the remaining demand outstanding after allocating packs with Eaches.

Max number of Pack Configurations: This value is set to indicate to the system not to try more pack configurations than this during optimization. This is helpful to ensure the optimization runs within acceptable and realistic search space and therefore does not unnecessarily process unrealistic scenarios. Within this, the optimizer will recommend the optimal number of Pack Configurations.

Holdback

This allows you to simulate situations where it is best practice to holdback a % of the demand at the Warehouse to replenish in eaches to stores, based on in-season sales. It is possible for you to simulate different holdback scenarios to see the difference in recommended pack configurations.

Holdback%: A % value of demand to be used as held back demand. For example, if this value is set to 30%, then 70% of the total demand (from the user selections of time period for the optimization level) are used for Pack Optimization. The remaining demand is assumed to be fulfilled in Eaches.

Holdback Eaches Handling Costs Factor Type: This currently defaults to Constant.

Holdback Eaches Handling Cost Factor (Constant): Specifies the factor by which every single holdback item gets multiplied by, for computing the handling cost associated with Holdback for the scenario. It should be noted that Holdback costs are not considered as part of the optimization, but are included in the results for reporting purposes.

Costs

These are cost factors that the optimizer considers when balancing tradeoffs.

Under Allocated Costs Factor Type: This currently defaults to Constant.

Under Allocated Costs Factor (Constant): Specifies the factor by which every under allocated unit gets multiplied by, when the optimizer computes the over allocation cost for any scenario it evaluates. Recall that the optimizer tries to minimize the net objective cost and it is computed as the sum of Over Allocation Cost, Under Allocation Cost, and Handling Cost.

Over Allocated Costs Factor Type: This currently defaults to Constant.

Over Allocated Costs Factor (Constant): Specifies the factor by which every over allocated unit gets multiplied by, when the optimizer computes the over allocation cost for any scenario it evaluates. Recall that the optimizer tries to minimize the net objective cost and it is computed as the sum of Over Allocation Cost, Under Allocation Cost, and Handling Cost.

It may be considered that the cost of over allocating is different from cost (increased markdowns) of under allocating (lost revenue). Hence this level of flexibility is provided.

Handling Costs Factor Type: This currently defaults to Constant.

Handling Costs Factor (Constant): Specifies the factor by which every pre pack gets multiplied by, when the optimizer computes the handling cost for any scenario it evaluates. Recall that the optimizer tries to minimize the net objective cost and it is computed as the sum of Over Allocation Cost, Under Allocation Cost, and Handling Cost.

Eaches Handling Costs Factor Type: This currently defaults to Constant.

Eaches Handling Cost Factor (Constant): Specifies the factor by which every single item (also called Eaches) gets multiplied by, when the optimizer computes the handling cost for any scenario it evaluates. It is possible that it may be less or more laborious to handle eaches compared to handling pre-packs, hence this level of flexibility is provided. Recall that the optimizer tries to minimize the net objective cost and it is computed as the sum of Over Allocation Cost, Under Allocation Cost, and Handling Cost.

Allocation Constraints

These allow you to impose constraints for the mock allocation to ensure presentation minimums are met and style colors and stores do not get allocated below or above an acceptable threshold even if it may be sub-optimal to do so at an aggregate level.

Presentation Minimums Type: This can be chosen among Constant, Size and no value (see Presentation Minimums Value for details).

Presentation Minimums Value: If it is required that a minimum quantity of each SKU is sent to each store, this value can be set. For example, this would be useful to maintain presentation standards at the launch of an assortment at the beginning of the season. Note that this parameter can be overridden at the Size level if the Presentation Minimums Type field is set to Size, and this enables the corresponding Presentation Minimums by Size table in the Pack Configuration Set and Size Level Overrides tab (see below). In this way, for example, it is possible to specify presentation minimums for only some core sizes rather than all SKUs. If any changes are made in this screen tab, any size level overrides will be overridden.

Max Under Allocation % (of Demand): This parameter value imposes a maximum acceptable threshold on the percent of underallocation computed as the total underallocation across all stores aggregated up relative to the total demand. This can be used as a guard rail to ensure overall underallocation stays within a threshold even when it may be more efficient to underallocate demand rather than incur additional distribution costs.

Max Under Allocation % by Style Color: When the system performs the mock allocation, it computes the misallocation at each SKU and Store level. Misallocation is percent of demand that was either over or under allocated relative to the SKU/Store demand. This misallocation% is recomputed at the Style Color level by computing the total misallocation across all SKU/Stores in the Style Color and comparing it to the demand at the Style Color. This parameter value imposes a maximum acceptable threshold on this. This can be used a guard rail to ensure no Style Colors are excessively used.

Max Over Allocation % (of Demand): This parameter value imposes a maximum acceptable threshold on the percent of overallocation computed as the total overallocation across all stores aggregated up relative to the total demand. This can be used as a guard rail to ensure overall overallocation stays within a threshold even when it may be more efficient to overallocate demand rather than incur in lost sales costs.

Advanced Parameters

These are advanced optimization parameters that are only available to Administrator users and allow deeper control on the optimization internals.

Enable Heuristic Mode: This enables the initial phase of the optimization algorithm (packs search) based on heuristics. Enabled by default.

Enable Full Optimization Mode: This enables the initial phase of the optimization algorithm (packs search) based on a linear cost model. Disabled by default.

Only one among Heuristic and Full Optimization modes can be enabled at one time.

Enable Demand Clustering: In the initial optimization phase, it reduces the demand matrix size by clustering.

Clustering Max Iterations: The maximum number of iterations of the clustering algorithm.

Max Demand Level Clusters: The maximum number of demand levels resulting from the clustering algorithm.

Max Size Profile Clusters: The maximum number of size profiles resulting from the clustering algorithm.

Number of Random Runs for Optimization Mode: The number of times the Full Optimization algorithm (packs search phase) is executed (with randomized initialization) to find the best solution.

Max Time at Plateau (sec) for Optimization Mode: For the Full Optimization mode (packs search phase), if the solution does not improve for the specified number of seconds, the algorithm will assume to have found a plateau, thus will accept the solution and proceed with the subsequent phases.

Max Total Runtime (sec) for Optimization Mode: For the Full Optimization mode (packs search phase), the maximum number of seconds the algorithm is allowed to run (regardless of plateaus), before accepting the solution and proceeding with the subsequent phases.

Convergence % Threshold for Optimization Mode: The percentage convergence threshold for the Full Optimization mode.

Max Total Runtime (sec) for Eaches Optimization: To obtain a measure of the misallocation induced by the integer rounding of the demand matrix, and at the same time obtaining a baseline measure of the costs incurred if only eaches (and no packs) were utilized, the optimization starts by simulating an allocation via eaches only; this parameter controls the maximum total runtime of this phase.

Number of Random Runs for Optimal Allocation Mode: The number of times the final allocation phase of the optimization is executed to find the best solution, regardless whether Heuristic or Full Optimization modes were enabled in the initial packs search phase.

Max Total Runtime (sec) for Optimal Allocation Mode: For the final allocation phase of the optimization, the maximum number of seconds the algorithm is allowed to run before accepting the solution.

Convergence % Threshold for Optimal Allocation Mode: The percentage convergence threshold for the final allocation phase.

Enable Verbose Logging: This enables additional logging for the optimization algorithm, which is only available to Oracle Support.

Saving overrides at the run level: Once you click Apply, this spreads the override values to all scenarios. Note that any previous scenario level overrides will then get overridden. Hence it is important that you set parameters at the Run level first and then perform any scenario specific overrides.

The Reset Overrides automatically overrides any user-entered values with Default values. This is an easy way to undo any work in progress edits and start over.

Overriding Parameters at the Scenario level:

Pack Configuration Set and Size level Overrides: When you select a row in the table, a bottom drawer opens up where overrides can be specified at the scenario level. Also, when a row is selected, the Clone Scenario button is enabled that allows you to clone the current scenario and create an additional scenario by overriding parameters at the lower level.

Figure 15-12 Pack Configuration Set and Size Level Overrides

Parameter	System Default	Scenario Value
Min # of units per Pack	1	1
Max # of units per Pack		
Valid Pack Sizes		
Enable Eaches	No	No
Max # of Pack Configurations	3	3
Holdback %	0%	0%
Under Allocated Costs Factor Type	Constant value	Constant value
Under Allocated Cost Factor (Constant)	10	10
Over Allocated Costs Factor Type	Constant value	Constant value
Over Allocated Cost Factor (Constant)	5	5
Handling Costs Factor Type	Constant value	Constant value

Pack Configuration Set level Overrides: Parameters provided are similar to the Run level overrides. For details, see above.

Figure 15-13 Pack Configuration Set and Size Level Overrides

ID	Product	Location	Vendor	Size Range	Status	Scenario Label*	Run Optimization*	Assign Pack Config Set*	Pack Config Set Label*
402	Women's Activewear Bottoms-2	US - United States East-200		XS/S/M	Draft	Default	☒	Generate New	Women's Activewear Bottoms (XS/S/M), US - 1

XS	S	M	Remove
1	1	1	

Size	Pres Mins
S	0
M	0
XS	0

Fixed Pre-Packs

These pre-packs, if specified, are used by the optimizer as given. The user has the option to create additional rows to specify fixed pre-pack configurations by clicking the Add Fixed Pack button.

Presentation Minimums by Size

See above for details on Presentation Minimums. It is possible to override or specify these at the size level here.

Note that parameters are saved for approved scenarios and used for subsequent runs.

Creating Additional Clone Scenarios

After selecting a scenario or Unit of Work in the table, the Clone Scenario button is enabled. Clicking it prompts you to enter a Scenario Label and once you click OK, it creates a new row in the table with all the same values as the parent scenario other than the Scenario label. You can then go to the override drawer to make scenario specific overrides.

Figure 15-14 Override and Clone

The screenshot shows the 'Override and Clone' tab in the application. It features a table with columns: ID, Product, Location, Vendor, Size Range, Status, Scenario Label*, Run Optimization*, Assign Pack Config Set*, and Pack Config Set Label*. The table contains three rows of data. The first row has ID 395, Product 'Women's Activewear Joggers-2', Location 'US - United States East-200', Vendor, Size Range 'XS/S/M/L/XL', Status 'Ready for Approval', Scenario Label 'Default', Run Optimization (checked), Assign Pack Config Set 'Generate New', and Pack Config Set Label 'Women's Activewear Joggers (XS/S/M/L/XL)'. The second row has ID 550, Product 'Women's Activewear Joggers-2', Location 'US - United States East-200', Vendor, Size Range 'XS/S/M/L/XL', Status 'Draft', Scenario Label 'What if', Run Optimization (checked), Assign Pack Config Set 'Generate New', and Pack Config Set Label 'What if'. The third row has ID 396, Product 'Women's Activewear Sleeveless Tops-3', Location 'US - United States East-200', Vendor, Size Range 'XS/S/M/L/XL', Status 'Ready for Approval', Scenario Label 'Default', Run Optimization (checked), Assign Pack Config Set 'Generate New', and Pack Config Set Label 'Women's Activewear Sleeveless Tops (XS/S/M/L/XL)'. Below the table is a 'Clone Scenario' button. At the bottom right are buttons for 'Previous', 'Next', 'Save Draft', and 'Submit for Optimization'.

ID	Product	Location	Vendor	Size Range	Status	Scenario Label*	Run Optimization*	Assign Pack Config Set*	Pack Config Set Label*
395	Women's Activewear Joggers-2	US - United States East-200		XS/S/M/L/XL	Ready for Approval	Default	☒	Generate New	Women's Activewear Joggers (XS/S/M/L/XL)
550	Women's Activewear Joggers-2	US - United States East-200		XS/S/M/L/XL	Draft	What if	☒	Generate New	What if
396	Women's Activewear Sleeveless Tops-3	US - United States East-200		XS/S/M/L/XL	Ready for Approval	Default	☒	Generate New	Women's Activewear Sleeveless Tops (XS/S/M/L/XL)

Run Queue

Once a run is submitted for Optimization, it gets queued for batch execution. It is possible to view the status of the run from the Run Queue which has the following valid statuses:

- Draft (when a run is being defined but not yet submitted)
- Preparing (where the data is being prepared for the Override/What if screen - Run is not clickable in this state)
- Ready (Ready for user review and optional additional scenarios)

When a Run is Draft or Ready status, it is possible to click the Run to see Scenario level details. Scenarios have the following statuses:

- Draft (when a scenario being defined but not yet submitted)
- Validation error (one or more conflicts in the specified override values)
- Preparing (where the data is being prepared)
- Queued for Execution
- Run in progress
- Ready for Approval
- Ready for Approval with Errors (Completed and some not all Desired Pack Configuration Sets had errors)
- Errored

Figure 15-15 Pack Configuration

Pack Configuration - Create Run >		Pack Configuration - Run Queue >												Product		Location	Calendar
Actions	View	X															
ID	Run Name	Status	Product Level	Location Level	Period Label	Period Start	Period End	Demand Source	Store Profiles		# of Merch	# of Locs	# of Size Ranges	# of Pack Config Sets			
179	Test for JP	Ready	Sub Class	Company	Test for JP	06/28/25		Historical Sales			4	174	1	1			
178	demo1	Drift			demo1	06/27/25		Historical Sales	N		0	0	0	-			
172	Spring 2020 Achiever	Ready	Class	Region	Spring 2020	02/28/20		Historical Sales			0	0	0	42			
171	Spring 2020 Achiever	Ready	Class	Region	Spring 2020	02/28/20		Historical Sales			0	0	0	42			
170	Spring 2020 Achiever	Ready	Class	Region	Spring 2020	02/28/20		Historical Sales			0	0	0	63			
169	Spring 2020	Ready	Class	Region	Spring 2020	02/28/20		Historical Sales			0	0	0	24			
168	Demo202C	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	6			
167	Spring Line Review	Ready	Class	Region	Spring 2020	01/31/20		Historical Sales			0	0	0	4			
166	Demos	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	3			
165	Fall Line Review	Ready	Sub Class	Region	Fall 2020	07/05/25		Historical Sales			2	122	1	2			
164	Fall Line Review	Ready	Sub Class	Region	Fall 2020	07/05/25		Historical Sales			4	122	1	2			
163	achiever long sleeve	Ready	Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	28			
162	Custom Grouping	Ready	Department	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	1			
161	Women's Activewear	Ready	Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	2			
160	Men's Achiever Short Sleeve Tops	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			150	45	1	1			
159	Men's Activewear by Vendor	Ready	Department	Region	Fall 2020	06/28/25		Historical Sales			313	154	1	3			
158	All Tops	Ready	Department	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	14			
157	Tops	Ready	Division	Region	Fall	06/28/25		Historical Sales			0	0	0	14			
156	Mens Tops	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	1	-			
155	Mens Dept	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	1			
154	Mens Departments	Ready	Sub Class	Region	Fall 2020	06/28/25		Historical Sales			0	0	0	112			

By clicking a run, user can launch into details of the run that includes the scenarios in the run, their statuses, and so on. It is possible for the user to create additional scenarios and submit for optimization if they so desire.

Figure 15-16 Override and Clone

Run Overview

Product

Vendors (optional)

Location

Size Range

Optimization Levels

Demand Source

Override and Clone (optional)

Override and Clone

To override selected Parameters and Create what-if Scenarios

Pack Config Set Parameter Summary

Run Level Overrides

View

Clone Scenario

ID	Product	Location	Vendor	Size Range	Status	Scenario Label*	Run Optimization*	Assign Pack Config Set*	Pack Config Set Label*
195	Women's Activewear Joggers-2	US - United States East-200		XS/S,M/L/XL	Ready for Approval	Default	☐	Generate New	Women's Activewear Joggers (XS/S,M/L/XL)
190	Women's Activewear Joggers-2	US - United States East-200		XS/S,M/L/XL	Draft	What If	☒	Generate New	What If
196	Women's Activewear Sleeveless Tops-2	US - United States East-200		XS/S,M/L/XL	Ready for Approval	Default	☐	Generate New	Women's Activewear Sleeveless Tops (XS/S,M/L/XL)

Previous

Next

Save Draft

Submit for Optimization

Approving Pack Configurations

Runs can be reviewed for approvals and can be filtered based on provided Product, Calendar, and Location filters as well as Query by Example filters.

Figure 15-17 Approve Pack Configuration

Pack Configuration - Create Run														Pack Configuration - Run Queue														Approve Pack Configuration																																																																																																																																																																																																																																								
Actions														View														Compare														Approve														Cancel Approve																																																																																																																																																																																																												
Scenario ID														Run ID														Run Name														Product Level														Product														Location Level														Location														Size Range														Vendor														Period Label														Period Start														Period End														Status														Pack Config Set Label														Scenario #														Rec Pack Configuration														Rec #														Config																						
☐	56													78													TestDay10_30h													Sub Class													Men's Activewear Short Sleeve Top													Region													US - United States E...													S/M/L/XL													-													TestDay10_30h													02/28/24													04/30/27													Approved													Men's Activewear													Default - 1 of 1													[S, 2M, 3L, 2XL] [S, 2...																																																																
☐	361													160													Men's Activewear Short Sleeve Tops													Sub Class													Men's Activewear Short Sleeve Top													Region													US - United States E...													S/M/L/XL													-													Fall 2026													06/28/25													Approved													Men's Activewear													Default - 1 of 1													[S, 3M, 4L, 5XL] [S, 2...																																																																													
☐	354													159													Men's Activewear by Vendor													Department													Men's Activewear - Q5													Region													US - United States E...													S/M/L/XL													JOURNEY INC-140													Fall 2026													06/28/25													Review													Men's Activewear													Default - 1 of 1													[S, 2M, 3L] [S, 3M, 2...																																																																													
☐	358													159													Men's Activewear by Vendor													Department													Men's Activewear - Q5													Region													US - United States E...													S/M/L/XL													USD ATHLETICS-SH													Fall 2026													06/28/25													Review													Men's Activewear													Default - 1 of 1													[S, 2M, 3L] [S, 3M, 2...																																																																													
☐	313													164													Fall Line Review													Sub Class													Women's Activewear Long Sleeve T													Region													US - United States E...													S/M/L/XL													-													Fall 2026													07/05/25													Approved													Women's Activewear													Default - 1 of 2													[S, 3M, 4L] [S, 4M, 4...																																																																													
☐	314													164													Fall Line Review													Sub Class													Women's Activewear Long Sleeve T													Region													US - United States E...													S/M/L/XL													-													Fall 2026													07/05/25													Disapproved													Women's Activewear													Current Pack - 2 of 2													[S, 3M, 4L] [S, 4M, 4...																																																																													
☒	312													164													Fall Line Review													Sub Class													Women's Activewear Short Sleeve													Region													US - United States E...													S/M/L/XL													-													Fall 2026													07/05/25													Review													Women's Activewear													Default - 1 of 1													[S, 3M, 4L] [S, 4M, 4...																																																																													
☐	315													165													Fall Line Review													Sub Class													Women's Activewear Joggers 2													Region													US - United States E...													S/M/L/XL													-													Fall 2026													07/05/25													Review													Women's Activewear													Default - 1 of 1													[S, 4S, 4M, 4L, 5XL] [S, 4...																																																																													
☐	316													165													Fall Line Review													Sub Class													Women's Activewear Joggers 2													Region													US - United States E...													S/M/L/XL													-													Fall 2026													07/05/25													Review													Women's Activewear													Default - 1 of 1													[S, 3M, 4L, 5XL] [S, 4...																																																																													
☐	487													45													TestDay10_5													Sub Class													Women's Activewear Long Sleeve T													Company													Retailer L10-1													S/M/L/XL													-													Test Label													07/05/25													Review													Women's Activewear													Default - 1 of 1													[S, 3M, 4L] [S, 4M, 4...																																																																													
☐	488													179													Test for JP													Sub Class													Women's Activewear Long Sleeve T													Company													Retailer L10-1													S/M/L/XL													-													Test for JP													06/28/25													Review													Women's Activewear													Default - 1 of 1													[S, 3M, 4L] [S, 4M, 4...																																																																													

Users can review the recommended pack configurations and key related metrics. Columns can be hidden or reordered by selecting the View and Manage Columns.

Figure 15-18 View and Manage Columns

AI Foundation Cloud Services

Pack Configuration - Create Run

Pack Configuration - Run Queue

Approve Pack Configuration

Actions

View

Compare

Approve

Cancel Approve

	Scenario ID	Run ID	Run Name	Product Level	Product
☐	56	78	TestDay10_30h	Sub Class	Men's Activewear Short Sleeve Top
☐	361	160	Men's Activewear Short Sleeve Tops	Sub Class	Men's Activewear Short Sleeve Top
☐	354	159	Men's Activewear by Vendor	Department	Men's Activewear - Q5
☐	358	159	Men's Activewear by Vendor	Department	Men's Activewear - Q5
☐	313	164	Fall Line Review	Sub Class	Women's Activewear Long Sleeve T
☐	314	164	Fall Line Review	Sub Class	Women's Activewear Long Sleeve T
☒	312	164	Fall Line Review	Sub Class	Women's Activewear Short Sleeve
☐	315	165	Fall Line Review	Sub Class	Women's Activewear Joggers 2
☐	316	165	Fall Line Review	Sub Class	Women's Activewear Joggers 2
☐	487	45	TestDay10_3	Sub Class	Women's Activewear Long Sleeve T
☐	488	179	Test for JP	Sub Class	Women's Activewear Long Sleeve T

Manage Columns

Filter Available Columns

Find Selected Columns

0/0

☐ Column Name

Add Selections

☐ Selected Columns

Clear Selections

All Columns have been selected.

☐ -

X

☐ Scenario ID

X

☐ Run ID

X

☐ Run Name

X

☐ Product Level

X

☐ Product

X

☐ Location Level

X

☐ Location

X

☐ Size Range

X

☐ Vendor

X

☐ Period Label

X

☐ Period Start

X

☐ Period End

X

☐ Status

X

Reset to Defaults

Cancel

OK

	Period End	Status	Pack Config Set Label	Scenario #	Rec Pack Configuration	Rec # Config#
	04/30/27	Approved	Men's Activewear	Default - 1 of 1	[S, 2M, 3L, 2XL] [S, 2...	
		Review	Men's Activewear	Default - 1 of 1	[S, 3M, 4L, 5XL] [S, 2...	
		Review	Men's Activewear	Default - 1 of 1	[S, 2M, 3L] [S, 3M, 2...	
		Review	Men's Activewear	Default - 1 of 1	[S, 2M, 3L] [S, 3M, 2...	
		Review	Men's Activewear	Default - 1 of 1	[S, 2M, 3L] [S, 3M, 2...	
		Approved	Women's Activewear	Default - 1 of 2	[S, 3M, 4L] [S, 4M, 4...	
		Disapproved	Women's Activewear	Current Pack - 2 of 2	[S, 3M, 4L] [S, 4M, 4...	
		Review	Women's Activewear	Default - 1 of 1	[S, 3M, 4L] [S, 4M, 4...	
		Review	Women's Activewear	Default - 1 of 1	[S, 4S, 4M, 4L, 5XL]...	
		Review	Women's Activewear	Default - 1 of 1	[S, 3M, 4L, 5XL] [S, 4...	
		Review	Women's Activewear	Default - 1 of 1	[S, 3M, 4L] [S, 4M, 4...	
		Review	Women's Activewear	Default - 1 of 1	[S, 3M, 4L] [S, 4M, 4...	

Note, if multiple scenarios exist for the same Product/Location/Size range/Vendor, the scenarios are automatically sorted such that the system recommended scenario is displayed at the top.

Below is a description of the metrics seen in the Approval table:

Column Label	Detailed Description
Product Level	Product Level at which Pack Configurations are generated.
Product	Product Name
Location Level	Location Level at which Pack Configurations are generated.
Location	Location Name

Column Label	Detailed Description
Pack Configuration Set Label	Pack Configuration Set Label (User provided or system auto generated).
Size Range	Size Range Name
Vendor	Vendor
Status	Scenario Status
Scenario #	Scenario number
Rec Pack Configuration	Recommended Optimal Pack Configurations
Rec # of Pack Configurations	Recommended Optimal Number of Pack Configurations
Net Objective Cost diff Baseline	Net Objective Cost Difference to baseline pack configurations. This metric helps quantify the benefits from systems recommended pack configurations compared to the baseline pack configurations. Typically either last approved packs or scenarios with fixed pre packs are selected as baseline scenarios when runs are submitted.
Rec # of Eaches	# of eaches needed to meet total demand based on system recommended packs, as simulated by the system. If "Enable Eaches" is set to False when creating the run, this value will be 0. Includes heldback need if "fill heldback need with eaches" is Y.
Rec # of Allocated Packs	# of packs needed to meet total demand based on system recommended pack configurations, as simulated by the system.
Total Demand Sourced	This is the Total Demand that was used to determine the optimal pre-pack configurations. SKU/Store level demand is used to determine the optimal pack configurations, based on the Demand Source and weeks specified. The number presented here is an aggregation of this demand at the optimization level. Includes heldback need if "fill heldback need with eaches" is Y.
Over Allocated Unit %	Units Over Allocated/Total Demand Units as simulated by the system. The over allocated units are computed at the store level and aggregated up.
Under Allocated Unit %	Units Under Allocated/Total Demand Units as simulated by the system. The under allocated units are computed at the store level and aggregated up.
Incremental Mis Allocated Unit %	Increment in misallocation units, compared to only distributing Eaches. Misallocations from Eaches arises from fractional need at the size level and cannot be avoided. Hence this metric represents the additional misallocations from the packs.
Over Allocated Unit Cost	Simulated Under Allocation costs divided by Total Demand Sourced. Under Allocation cost is computed as Total Units Under Allocated * under allocation cost factor.
Under Allocated Unit Cost	Over Allocation costs divided by Total Demand Sourced. Over Allocation cost is computed as Total Units Over Allocated * over allocation cost factor.
Mis Allocated Unit Cost	Misallocation Cost (Over + Under Allocation costs) divided by Total Demand Sourced
Net Objective Unit Cost	Total cost (Misallocation + Distribution Cost) minimized by the Optimizer divided by Total Demand Sourced. When comparing scenarios, a lower Net Objective cost per Unit is better.

Column Label	Detailed Description
Baseline Rec # of Pack Configurations	# of Pack Configurations simulated as baseline. When runs are submitted, any one scenario can (optionally) be specified as a baseline. The results from this scenario are used as a basis for comparing all other scenarios. Typical expected usage is that either last approved packs or scenarios with fixed pre packs are selected as baseline scenarios. If no scenario is selected as Baseline, then all Baseline metrics will be empty.
Baseline Rec # of Eaches	# of eaches needed to meet total demand based on baseline pack configurations, as simulated by the system. If "Enable Eaches" is set to False when creating the run, this value will be 0.
Baseline Rec # of Allocated Packs	# of packs needed to meet total demand based on baseline pack configurations, as simulated by the system.
Baseline Over Allocated Unit %	Units Over Allocated/Baseline Total Demand Units as simulated by the system for baseline pack configurations. The over allocated units are computed at the store level and aggregated up.
Baseline Under Allocated Unit %	Units Under Allocated/Total Demand Sourced Units as simulated by the system for baseline pack configurations. The under allocated units are computed at the store level and aggregated up.
Baseline Incremental Mis Allocated Unit %	Increment in misallocation units when distributing baseline pack configurations, compared to only distributing Eaches. Misallocations from Eaches arises from fractional need at the size level and cannot be avoided. Hence this metric represents the additional misallocations from the baseline packs.
Baseline Over Allocated Unit Cost	Under Allocation costs with baseline pack configurations divided by Total Demand Sourced. Under Allocation cost is computed as Units Under Allocated * under allocation cost factor.
Baseline Under Allocated Unit Cost	Over Allocation costs with baseline pack configurations divided by Total Demand Sourced. Over Allocation cost is computed as Units Over Allocated * under allocation cost factor.
Baseline Mis Allocated Unit Cost	Misallocation Cost (Baseline Over + Baseline Under Allocation costs) with baseline pack configuration sets divided by Total Demand Sourced.
Baseline Net Objective Unit Cost	Total Baseline cost (Baseline Misallocation + Baseline Distribution Cost) divided by Total Demand Sourced. When comparing scenarios, a lower Net Objective cost per Unit is better.
Rec # of Eaches Ratio to Baseline	# of simulated Eaches distributed with system recommended pack configurations / # of simulated Eaches distributed with baseline pack configurations.
Simulated # of Packs Allocated Ratio to Baseline	# of simulated Packs distributed with system recommended pack configurations / # of simulated Packs distributed with baseline pack configurations..
Over Allocated Unit var Baseline %	% Units Over Allocated/% Units Over Allocated with Baseline Pack Configurations.
Under Allocated Unit var Baseline %	% Units Under Allocated/% Units Under Allocated with Baseline Pack Configurations.
Mis Allocated Unit var Baseline %	% Units Mis Allocated/% Units Mis Allocated with Baseline Pack Configurations.
Over Allocated Unit Cost / Baseline ratio	Over Allocated Cost per unit/Over Allocated Cost per Unit with Baseline Pack Configurations.
Under Allocated Unit Cost / Baseline ratio	Under Allocated Cost Per Unit / Under Allocated Cost per Unit with Baseline Pack Configurations.
Mis Allocated Unit Cost / Baseline ratio	Mis Allocated Cost Per Unit / Mis Allocated Cost per Unit with Baseline Pack Configurations.

Column Label	Detailed Description
Net Objective Unit Cost / Baseline ratio	Net Objective Cost Per Unit / Net Objective Cost per Unit with Baseline Pack Configurations.
Net Objective Cost	Total cost (Misallocation + Distribution Cost) minimized by the Optimizer, based on the system recommended pack configurations.
Baseline Net Objective Cost	Total cost (Misallocation + Distribution Cost) using the Baseline Pack Configurations.
Approved By	Approving user
Approved Date	Approved Date

The user can quickly review the recommended pack configurations by clicking the status. A popup displays the details of the recommended pack configuration.

Users can select a scenario and approve or choose to drill down by clicking the Product. When they select the Product (clickable link), the bottom drawer opens with additional details to help aid the user in the approval process.

Figure 15-19 Approve Pack Configuration

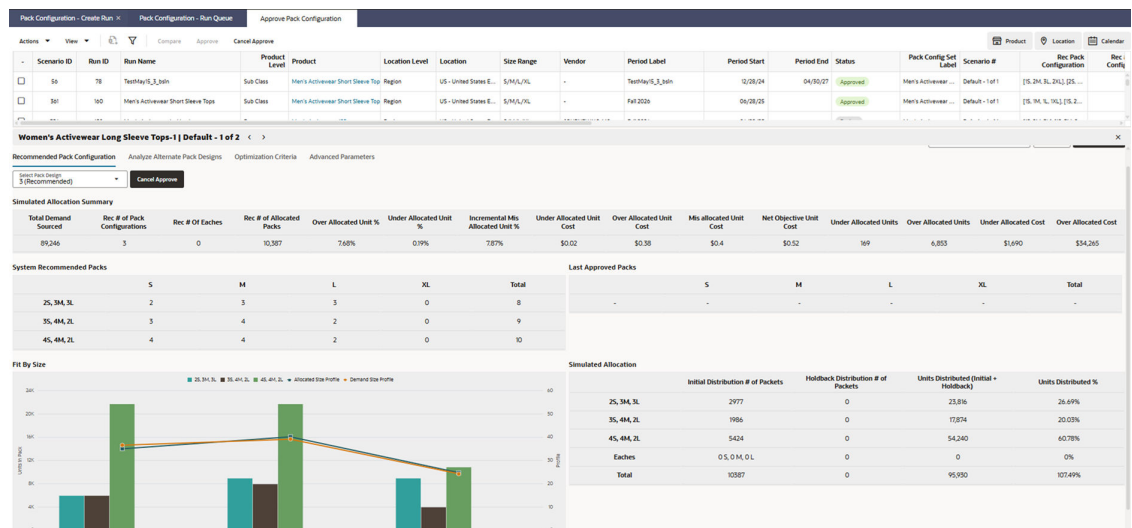


Table	Column Label	Description
Simulated Allocation Summary	Units Under Allocated	Total Units Under Allocated as simulated by the system. The under allocated units are computed at the store level and aggregated up.
	Units Over Allocated	Total Units Over Allocated as simulated by the system. The over allocated units are computed at the store level and aggregated up.
	Under Allocation Cost	Under Allocation cost is computed as Units Under Allocated * over allocation cost factor.

Table	Column Label	Description
	Over Allocation Cost	Over Allocation cost is computed as Units Over Allocated * over allocation cost factor.
Fit By Size	Allocated Size Profile%	% of simulated allocated units across sizes
	Demand Size Profile	% of demand across sizes
Simulated Allocation	Initial Distribution	# of Packets (Packs + Eaches) in Initial Distribution by Pack Configurations and Eaches
	Holdback Distribution	# of Packets (Packs + Eaches) in Holdback Distribution by Pack Configurations and Eaches. This is zero if the specified holdback % is 0 for the scenario.
	Total # of Units Distributed (Initial + Holdback)	Total # of Units Distributed (Initial + Holdback) by Pack Configurations and Eaches
	% Distribution	% Distribution of allocated units by Pack configurations

Analyze Alternate Pack Designs Tab

Users can click the Analyze Pack Designs tab to see alternate pack designs that were evaluated by the system before selecting the optimal pack design.

Figure 15-20 Analyze Alternate Pack Designs Tab

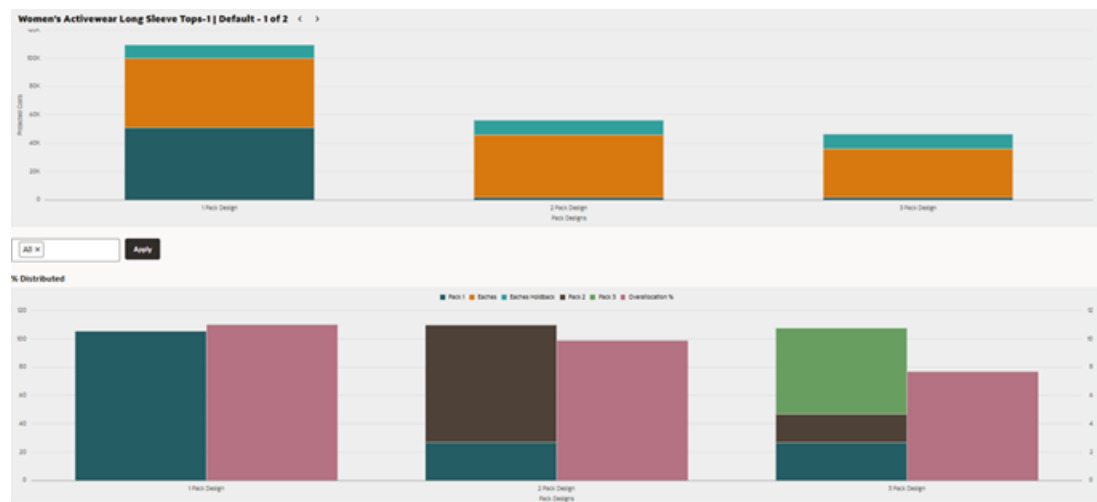


Table	Column Label	Description
Total Objective Costs	Distribution Cost	Distribution cost is computed as # of Packets Distributed * pack distribution unit cost factor.

Table	Column Label	Description
	Eaches Distribution Cost	Eaches Distribution cost is computed as # of Eaches Distributed * eaches distribution unit cost factor.
	Holdback Distribution Cost	Holdback Eaches Distribution cost is computed as # of Eaches (or units) of Heldback demand * eaches distribution unit cost factor.
% Distributed	Pack 1	% Distribution of Pack 1
	Eaches	% Distribution of Eaches
	Eaches Holdback	% Distribution of Eaches (or units) of heldback demand
	Pack 2	% Distribution of Pack 2
	Pack 3	% Distribution of Pack 3

Optimization Criteria Tab

Figure 15-21 Optimization Criteria Tab

The screenshot displays the 'Optimization Criteria' tab within a software application. The interface is divided into several sections:

- User Defined Input Data:** A table with parameters and their values:

Parameter	Value
Demand Source	HS
Time Period selected	Year 2022Quarter1, Year 2022Quarter4
Optimization Level	Sub Class/Region
Holdback %	0
If holdback, fill rest with Eaches?	0
Simulated via In LV Sales	Year 2020H1H2Q1-2
- Pack Definition Rules:** A table with parameters and their values:

Parameter	Value
Max # of Pack Configurations	3
Min Units per pack	1
Max Units per pack	10
Pack Size Ladder	0
Enable Eaches	16
Use Vendor Pre Packs if available	16
- Allocation Parameters:** A table with parameters and their values:

Parameter	Value
Min Under Allocation % (of Demand)	1
Min Under Allocation % by Style Color	1
Min Over Allocation % (of Demand)	1
- Presentation Miles By Size:** A table with columns for Size and Miles:

Size	Miles
S	0
M	0
L	0
XL	0

Table	Metric Current Label	Description
User Defined Input Data	Demand Source	Source for Demand Data
	Time Period Selected	Time period selected for demand data
	Optimization Level	Level at which optimal pack configurations are generated
	Holdback %	Non zero value indicates % of demand that is being simulated as heldback for future distribution in Eaches
	Pack Validity Time Period	Time Period for Pack Validity based on the Effective Periods defined during Create Run step for Optimizing Pack Configurations
Pack Definition Rules	Max Number of Pack Configurations	Set as global default and overrideable, this is specified by user
	Minimum total units per pack	Set as global default and overrideable, this is specified by user
	Maximum total units per pack	Set as global default and overrideable, this is specified by user

Table	Metric Current Label	Description
	Valid Pack Sizes Ladder	Set as global default and overrideable, this is specified by user
	Enable Eaches	Set as global default and overrideable, this is specified by user
	Use Vendor Pre-Packs if available	Set as global default and overrideable, this is specified by user
System Generated	Used Size Profiles	Whether external size profiles were used. Currently not implemented, this value is always "N".
Allocation Parameters	Max Under Allocation % (of Demand)	Set as global default and overrideable, this is specified by user
	Max Under Allocation % by Style	Set as global default and overrideable, this is specified by user
Available Fixed Pre Packs	Available Fixed Pre Packs	Any user specified fixed pre packs
Presentation Minimums by Size	Pres. Mins	Any user specified Presentation Minimums. These are honored at the individual store specific levels.

Advanced Parameters Tab

Figure 15-22 Advanced Parameters Tab

Style Color ID	Style Color Desc	Size	Loc ID	Loc Name	Under Allocation Unit Cost Factor	Over Allocation Unit Cost Factor	Distribution Unit Cost Factor	Eaches handling cost per pack
all	-	all	all	-	10	5	1	1

Column Label	Description
Under Allocation Unit Cost Factor	An input to the optimizer for the cost/penalty to be applied for every unit of demand under allocated at the sku/store level
Over Allocation Unit Cost Factor	An input to the optimizer for the cost/penalty to be applied for every unit of demand over allocated at the sku/store level
Distribution Unit Cost Factor	An input to the optimizer for the cost/penalty to be applied for every package distributed to meet demand. A package could be a pack or a single individual item (Eaches)

User actions in the approval screen are to Approve or to Clone Scenario.

If the user chooses to Clone the scenario, in order to try addition scenarios before approval, they are first prompted to enter a scenario label. Following this, the user is taken to the Override screen in the Create Run flow with a newly cloned scenario.

Once the user approves a scenario, the scenario status gets updated as Approved. The Approval date and Approved by fields also get populated or updated. Any additional scenario statuses change to Overridden.

Glossary

Assortment Cluster

Store cluster definitions that are used in Category Manager, which are defined at the product category level.

Bay

A physical unit of fixtures in which the configuration is the same from left to right. A fixture configuration can change across bays but not within a bay. Retailers often lay out POGs on a discrete number of bays. Bays can be considered a unit of macro space like linear ft/cm.

Capping

Products are stacked with units of different orientation. The bottom unit is in the main orientation, and the units above use a capping orientation. This applies only to shelves. Only simple capping is supported.

Current/Historical POG Assortment

The list of products from a specific POG that is imported from a third-party POG tool. This assortment is POG-specific; the stores that received this POG have this assortment. A master list for a POG set can be created by finding the union of all products that are on the POGs in the set.

Display Style, Display Style Type

This provides the discrete unit of display for a given product. Display style types include single/unit, tray, case, and pallet. Display style types can also describe peg versus shelf. These are set up in MSM.

For a given product, one or more display styles is established in MSM. Each one has its own set of size and spacing data, as well as the number of total units. For example, a specific SKU may have two display styles: single/unit and tray. Unit then corresponds to a single unit of the product. Tray is then 12 units. The number of units per tray depends on the product.

Note that MSM uses the term unit for a single unit display. In order to describe the number of units, ASO uses the term single/unit instead.

Empty Planogram

An empty POG is a POG skeleton. The bays and fixtures are defined but no products have been placed on the fixtures.

Facing

A facing is the smallest unit of micro space that is allocated to a product. On a shelf, facings are counted horizontally. In other words, it is the number of units across. On a pegboard or a freezer, facings are the number of total units that the customer can see when looking at the fixture.

Finalized Assortment

This is the final approved assortment.

Finger Space Above

The product-specific space that is required between the top of a product's facings and the bottom of the shelf above. This accounts for the space required to remove the product from the fixture. When available, the specified space is added to the top of the top unit in the product's facings in the z direction. This applies to pegboards, freezer chests, and shelves. In MSM, this is also called finger space above.

Finger Space Behind

The product-specific space that is required on the front and back of units of a product. When available, the specified space is added on either side of the unit in the y direction; half of the quantity goes on the front and half of the quantity goes on the back. This applies to shelves only. In MSM, this is called a gap in the y direction.

Finger Space Beside

The product-specific space that is required on the left side and right side of units of a product. When available, the specified space is added on either side of the product's facings; half of the quantity goes on either side in the x direction. For example, if there are two facings of product A with finger space beside equal to 1 inch, then horizontally it looks as follows: one-half inch, product A, one-half inch, one-half inch, product A, one-half inch. This applies to pegboards, freezer chests, and shelves. In MSM, this quantity is called a gap in the x direction.

Fixture

A fixture is defined as equipment such as a set of shelves, a pegboard, or a freezer chest. A single shelf is not a fixture, nor is a single peg a fixture.

Fixture Configuration

This provides details about the dimensions of shelving (that is, the number of shelves and the height, width, and depth of each one), freezer chests (that is, the height, width, and depth) or

pegboard (in this case, the height, width, and depth equal the peg length, which may also have peg hole spacing details).

Fixture Type

This is the attribute that defines what kind of fixture is in a POG: shelf, pegboard, or freezer chest.

Inter Product Gap

The product-specific space that is required to separate adjacent products on a shelf. This accounts for space that holds product dividers. When available, the specified space is added to the left and right of the entire block of a product; half of the quantity goes on either side of the run of that product in the x direction. For example, if there are two facings of product A with inter product gap equal to 1 inch, then horizontally it looks as follows: one-half inch, product A, product A, one-half inch. This applies to pegboards, freezer chests, and shelves. In MSM, this is called finger space beside.

Item Performance Index (IPI)

This is a value generated by Category Manager that provides indication of the relative importance of products within an assortment. A value of 1 means the product is average, a value of 1.3 means it is 130% of average, and a value of 0.5 means it is 50% of average. ASO uses these values optionally as attributes or weights in the optimization objective function. ASO uses these values optionally as attributes or weights in the optimization objective function.

Mandatory Items

These are items from the preliminary assortment that cannot be dropped.

Optimization Level

This is the location level for micro-optimization runs and is set for a specific optimization run. The options are cluster or store.

Optimization Location

This is a specific location node defined for optimization. It can be a store or a store cluster.

Order Point (OP) and Order Up to Level (OUTL)

These are proxies for the replenishment triggers and are used in the inventory and sales model. These values are not directly input from the client feeds but are calculated from the input data.

Orientation, Legal Orientation, Default Orientation

This describes how a product's package faces the front of the fixture. The orientation has two pieces of information, the part of the package that is to the front (front, back, top, bottom, left,

right) and how it is rotated in degrees (0, 90, 180, 270), for a total of 24 possible orientations. How a product is oriented determines how much space it takes in the x,y,z directions on a fixture.

Legal orientations are all orientations that can be used for the product.

The default orientation is the legal orientation that is normally used for the product.

Planogram (POG)

The layout of product on shelves or pegboards, which has an underlying fixture assumption (for example, number of shelves or overall size).

A third-party POG typically includes a visual depiction of the product layout with images. POGs are the underlying data and not the pictures.

Planogram (POG) set

Current and historical POGs in the same POG category or subcategory and with the same seasonal attribute.

Preliminary Category Manager Assortment

A product list created in Category Manager by product category, this varies by assortment cluster. The preliminary assortment is a list of products that are eligible. A preliminary assortment has a master list that is the union of all the cluster-specific preliminary assortments.

Preliminary assortments from Category Manager are forward looking and can include new products or new product assignments and store assignments.

POG Sub-Category, POG Category, POG Department

These are levels on the POG hierarchy and are used to organize POGs. For example, the leaf to root path in the POG hierarchy is Grocery -> Crisps and Snacks -> Crackers.

Product Stacking Height Limit

This defines a product-specific limit on how high a given product can be stacked or nested in the y direction on any shelf. This applies only to shelves.

Receive Up-To Level (RUTL)

This denotes the target level of inventory when an order is generated. It is calculated differently based on the replenishment method.

Re-Order Point (RP)

This represents the inventory level below which an order must be triggered. It is calculated differently based on the replenishment method.

Replenishment Policy

The replenishment policy for each sku-location is characterized by the two parameters: RP and RUTL, calculated for that sku-location.

Safety Stock

The inventory held at a location to mitigate the risks of stockouts caused by variability in forecasted demand. It is calculated differently based on the replenishment method.

Season/Seasonal Attribute

This refers to a specific year-independent time period for a Category Manager assortment and a POG set. Examples include spring, holiday, back to school, and year-round.

Sell-Through

This is calculated as the ratio between the historical sales (of the past weeks) and the sum of the historical sales (of the past weeks) and forecast sales (of the future weeks). Future weeks are the weeks until the end of the current season or the end of the life cycle of the sku-store, whichever is earlier.

Service Level

This is defined as the percentage of time that the stock must be able to meet demand. The service level is used in the safety stock calculations for the Dynamic and Poisson replenishment methods.

Smart Start Process

The Smart Start Process (SSP) is a back-end process that assigns shelves to a Partial Shelf Fixture Planogram (PSFP), based on a combination of default values, user selections, and algorithms. SSP supports one or more algorithms that add shelves to PSFPs only. SSP does not perform fixture optimization.

Space Optimized Assortment

This is the product list after products have been dropped because of limited space. This varies by optimization location.

Stacking/Nesting, Nesting Height

Multiple units of a product can be stacked on top of one another in the y direction on a specific facing on a shelf. When the units are stacked, the total height equals the number of units x the height of a single unit. Nesting is defined as stacked units that fit inside each other so that the total height is less than the number of units x the height of a single unit. The nesting height is the incremental space that the nested units require. The total height of a facing with nested

units is determined as follows: total height equals the height of a single unit + the number of nested units x the nesting height. This applies only to shelves.

Top Shelf Stacking Height Limit

This defines the limit on how high products can be stacked or nested on the top shelf in the y direction. This is not required for intermediate shelves in a fixture because of the physical limit created by the shelf above. This applies only to shelves.

Units of Measure and Currency

This document will use "ft/cm" when talking about units of space, and will use "value" when talking about currency

Virtual Planogram (VPOG)

This refers to a POG that was created by ASO.

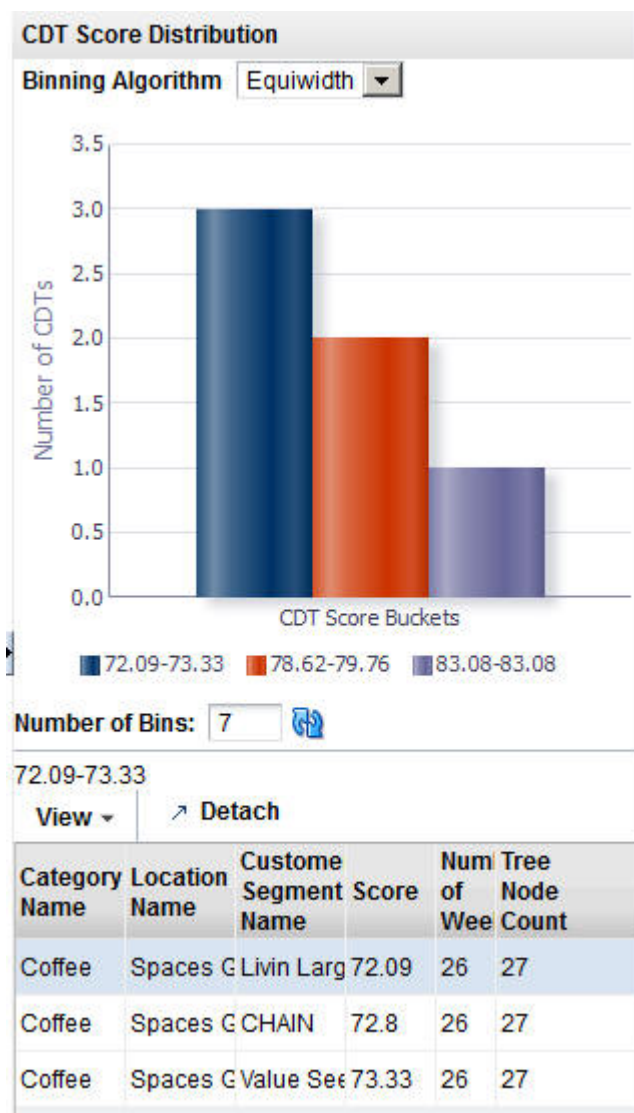
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CDT Score Distribution Histogram

The CDT Score Distribution histogram displays, for the current calculation and the current user, the range of CDT scores and their frequencies. CDT scores range from 0 to 100; a higher number indicates a better score. You can use the information in this histogram to assess the quality of your CDTs.

For detailed information about using the histograms, see [Getting Started](#).

Figure 17-1 CDT Score Distribution



Below the histogram you see a table that provides details about the histogram. This information can help you assess the quality of a CDT. Click on a specific bin in the histogram to populate the table with information about that bin. You see a list of all the specific partitions for

the bin, along with the score for each, the number of weeks of data used to calculate the score, and the number of tree nodes for each partition for the selected bin.

Table 17-1 CDT Score Distribution Fields

Field Name	Description
Category Name	The category name of the partition for the specific CDT score.
Location Name	The location name of the partition for the specific CDT score.
Customer Segment Name	The customer segment name of the partition for the specific CDT score.
Score	The CDT score for the defined partition. A CDT score ranges from 0 to 100. A higher value indicates a better score.
Number of Weeks	The number of weeks of data used to calculate the CDT score.
Tree Node Count	The number of tree nodes present in the CDT tree structure used to calculate the CDT score.

Appendix: Forecast Approval Exceptions

This appendix provides the details on approval and navigation exceptions available for the approval process in AIF forecasting.

The exception management framework works on several levels. First, the user refines the approval and navigation rules.

The forecast approval method is one of the following options:

- **Manual**
The system-generated forecast is not automatically approved. Forecast values must be manually approved by accessing and possibly amending values in the Forecast Review workspace.
- **Automatic**
The system-generated forecast is automatically approved as is.
- **By exception**
This list contains the exceptions that were configured for use in the forecast approval process. They should match the dashboard exceptions and workspace alerts.

The unapproved Product/Locations are then assigned in order of priority to one of the following buckets:

- Urgent
- Required
- Optional
- Informational

Both the approval and navigation features can be configured to fit retailers' needs. Then, the batch is run and the approval and navigation exceptions are worked out. Now it is time to review them and take actions in the Forecast Review workspace.

The following sections detail the GA approval alerts calculations.

Forecast versus Recent Sales Alert Expression

Usually it is not expected that demand values differ very much period to period. This also implies that the forecast magnitude generally is in line with the magnitude of the most recent sales. There are cases when this is not the case. For instance when an item enters a season, the forecast is probably higher than the sales in periods leading to the season. Or when an item is towards the end of the season, the forecast will be lower than sales in peak periods. For these cases, the user can be alerted to review the forecast, rather than auto approving it.

The following is the alert expression:

$$\begin{aligned}
 & \sum_{\text{today-alert window length}-1}^{\text{today}-1} \text{baseline demand}(t) > 0 \\
 & \& \\
 & \frac{\sum_{\text{today}}^{\text{today+alert window length}} \text{adjusted baseline}(t)}{\text{alert window length}} > \text{threshold1} \\
 & \& \\
 & \left| \frac{\sum_{\text{today}}^{\text{today+alert window length}} \text{adjusted baseline}(t)}{\sum_{\text{today-alert window length}-1}^{\text{today}-1} \text{baseline demand}(t)} - 1 \right| > \text{threshold2}
 \end{aligned}$$

Where *length*, *threshold1*, and *threshold2* are adjustable parameters. Note how the calculations are not performed for the entire forecast horizon, but rather by the number of periods determined by the length parameter. The reason is that the forecast horizon can sometimes be very long; for example, 52 weeks, and average demand over such a long time period cannot be used as in-season versus out of season rate of sales.

Adjusted versus Approved

The most common scenario is to run the forecast weekly. Every week, new sales data is loaded, the forecast is regenerated. While the latest data points are expected to make the forecast more accurate, it is not expected that the difference in forecasts generated in two consecutive weeks to vary too much. If the forecasts differ, the user is alerted to review the forecasts.

The following is the alert expression:

$$\begin{aligned}
 & \left| \frac{\sum_{\text{today}}^{\text{today+forecast length}-1} \text{adjusted forecast}(t)}{\sum_{\text{today}}^{\text{today+forecast length}-1} \text{lappf}(t)} - 1 \right| > \text{threshold1} \\
 & \frac{\sum_{\text{today}}^{\text{today+forecast length}-1} \text{adjusted forecast}(t)}{\text{forecast length} - 1} > \text{threshold2}
 \end{aligned}$$

Where *threshold1* and *threshold2* are adjustable parameters.

Note how the summation of forecasts is not performed over the entire forecast length. It is stopped one period prior the forecast horizon ends, because this is the last populated period of the last approved forecast.

Forecast versus Last Year Sales

The most reliable forecasts are generated from data that has a repeatable pattern year over year. However, this is not always the case. A change in business strategy, merchandise reclassifications, and New Items can all lead to changing selling patterns over time. To detect possible changes in selling patterns, the following alert will compare the last year's sales volume with the forecasted sales volume. If they are different by an adjustable percent, the alert is triggered.

The following is the alert expression:

$$\begin{aligned}
 & \frac{\sum_{t=\text{today}}^{\text{today}+\text{alert window length}} \text{adjusted baseline}(t)}{\text{alert window length}} > \text{threshold1} \\
 & \parallel \\
 & \frac{\sum_{t=\text{today}}^{\text{today}+\text{alert window length}} \text{baseline demand LY}(t)}{\text{alert window length}} > \text{threshold1} \\
 & \&\& \\
 & \left| \frac{\sum_{t=\text{today}}^{\text{today}+\text{alert window length}} \text{adjusted baseline}(t)}{\sum_{t=\text{today}}^{\text{today}+\text{alert window length}} \text{baseline demand LY}(t)} - 1 \right| > \text{threshold2}
 \end{aligned}$$

Where *threshold1* and *threshold2* are adjustable parameters.

First we check if the forecast is close to the sales LY. If it is, no alert is triggered. If it is not, we check the rate of sales of the item. If the item is selling consistently, we trigger an alert. If the sales and forecast are different, but the rate of sales of the item is not significant as defined by *threshold2*, no alert is triggered. This way we avoid prompting the user to review forecasts for low selling items.

Promo Peaks

The purpose of this alert is to check how large the forecast peaks are compared to historical demand. The peaks can come from various effects like promotions, price discount, demand transference due to assortment changes, and so on. The most common, though, are due to price changes and promotions.

The following is the alert expression:

$$\text{Adjusted Peak} > \text{Max Sales History} * \text{Causal Peak Factor}$$

Where the *Causal Peak Factor* is an adjustable parameter.

The business case this addresses is to alert you when the peaks in the forecast region are larger than any observed sales in the past. There may be valid justification for this, for instance, several events are active in the same time period, thus creating a huge spike in demand. You can review the alert and take action.