



COSMETICS – WHITE PAPER

SPACE & ASSORTMENT



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EXECUTIVE SUMMARY

The cosmetics industry thrives on innovation, speed, and consumer intimacy. Yet behind the glossy packaging lies a set of increasingly complex operational challenges: proliferating SKUs, fragmented size (and color) curves, and inefficient assortment planning across diverse retail channels.

This white paper outlines how we partnered with a leading global cosmetics brand to deliver a transformational program integrating **Product Lifecycle Management (PLM), SKU rationalization, size optimization, procurement, and cluster-based assortment planning**.

We led the program **end-to-end** — from requirements gathering through build, testing, and deployment — delivering measurable improvements in efficiency, agility, and profitability.

Key Outcomes:

- 5-10% reduction in active SKUs.
- Optimized size and color curves improving sell-through rates.
- Increased store productivity via tailored assortments.
- Reduced procurement risk through data-driven buying.
- Improved cross-functional collaboration with PLM integration.

INDUSTRY CONTEXT

The cosmetics industry is one of the most dynamic sectors in retail:

- **Rapid Product Cycles:** Seasonal launches and trend-driven SKUs keep brands relevant but strain operational systems.
- **Hyper-Segmentation:** Customers vary dramatically by geography, age, ethnicity, and lifestyle — requiring tailored product strategies.
- **Inventory Volatility:** Short shelf life of trends creates risk of overproduction, markdowns, and waste.
- **Omnichannel Complexity:** With physical stores, e-commerce, and wholesale partners, balancing allocation has never been harder.

Traditional merchandising processes, built for slower cycles and fewer channels, are no longer sufficient.



CLIENT CHALLENGES

The client, a top-tier cosmetics brand, faced structural barriers to growth:

- **SKU Proliferation:** Redundant products increased supply chain costs and diluted brand equity.
- **Inconsistent Size Profiles:** Misaligned curves resulted in excess inventory in some markets and stock-outs in others.
- **Procurement Gaps:** Pre-season purchasing lacked analytical rigor; in-season adjustments were reactive.
- **Generic Assortments:** One-size-fits-all assortments ignored local preferences, leading to underperformance.
- **Disconnected Systems:** Product lifecycle, planning, and merchandising tools operated in silos, limiting collaboration.

These challenges reduced margins, slowed time-to-market, and weakened the consumer experience.

OUR APPROACH

We delivered a **holistic transformation program**, blending process redesign with technology enablement.

Requirements & Alignment

- Facilitated cross-functional workshops.
- Defined future-state process maps and KPIs.
- Built consensus around transformation objectives.

Solution Design & Build

- Configured a scalable platform integrating PLM, procurement, and assortment planning.
- Established a governance model and master data standards.
- Designed cluster-based assortment frameworks.

Testing & Validation

- Conducted structured testing across multiple business cycles.
- Built stress scenarios around product launches and promotional peaks.
- Embedded feedback loops with end-users.

Deployment & Change Management

- Phased deployment minimizing disruption.
- Comprehensive user training and adoption support.
- Post go-live monitoring and continuous improvement.



KEY CAPABILITIES DELIVERED

Product Lifecycle Management (PLM)

- Unified product data across design, marketing, and merchandising.
- Improved collaboration and reduced time-to-market.

SKU Rationalization

- Established frameworks for performance-based SKU pruning.
- Reduced assortment complexity, boosting profitability.

Size Profile Planning & Optimization

- Introduced data-driven size curves per cluster.
- Improved allocation accuracy, reducing markdowns.

Procurement & Allocation

- Data-driven pre-season buying tied to financial targets.
- Agile in-season reallocations to capture emerging demand.

Store Cluster-Based Assortment Planning

- Created clusters based on customer demographics and sales behavior.

Delivered tailored assortments maximizing local relevance.



RESULTS & BUSINESS IMPACT

Quantitative Benefits:

- 5-10% SKU reduction.
- Higher sell-through rates.
- Increased gross margin through reduced markdowns.
- Shorter product lifecycle timelines.

Qualitative Benefits:

- Enhanced cross-functional collaboration.
- Improved decision-making with integrated data.
- Stronger alignment between merchandising, supply chain, and store operations.

FUTURE ROADMAP

The program created a scalable foundation for:

- **AI & Predictive Analytics:** Demand sensing for real-time allocation.
- **Omnichannel Integration:** Unified inventory and assortment planning across online and offline.
- **Sustainability Initiatives:** Portfolio rationalization reducing waste and improving supply chain efficiency.

CONCLUSION

Our end-to-end leadership enabled the client to transform both their merchandising processes and supporting technology. By embedding best practices in PLM, procurement, and assortment planning, we positioned them for sustainable growth in one of the most dynamic sectors in retail.