

Media Alert

“Beast from the East” Threatens to Put the Skids on Retail Replenishment

Retailers must adopt new business approaches and use technology to handle extreme weather conditions that could impact product availability

Blue Yonder, 28 February 2018 – The fearsome Arctic blast of cold weather hitting the UK this week, which is bringing icy conditions and huge snowfalls with it, could put at risk the ability of some retailers to deliver stock to their stores. With snowfall of up to 20cm expected in some parts of England and Northern Ireland, and amber weather warnings issued by the Met Office across the country, retailers may struggle to get drivers out on the road to make store deliveries. Although many retailers will have forecasted for this, the challenge of having the right product availability in store will only be exacerbated by the bad weather. Uwe Weiss, CEO at Blue Yonder, suggests the answer lies in artificial intelligence (AI).

“Anyone who spent ten minutes shivering on a train platform this week knows just how cold it is at the moment, and while one always treats weather forecasts with pinch of salt, it does seem like we are in for some really bad weather over the next few days. If the forecasts are correct and we get the predicted snowfall, retailers are really going to struggle to replenish their stores, particularly those in more rural areas. Large haulage vehicles are notoriously poor at handling snowy conditions and can cause real damage if the driver loses control. Of course, many retailers will have seen this coming and delivered more stock than usual over the weekend, but there is a real issue around having the right stock, particularly if they are unable to restock as often as normal over the next few days.

“Consumer shopping habits change when really cold weather sets in, and retailers may find themselves unprepared for this. They may see sales of some unexpected items go up rapidly over the next few days, and not have the stock to offer their customers what they need. When shoppers can’t find the products, they want it annoys them at the best of times, but if a customer has braved the Siberian conditions outside to get to the shops to buy something, and the retailer has sold out, that could have real implications on that customer’s brand loyalty. However, those that get their replenishment right and stock up with items such as hats and gloves, as well as essentials like bread and milk, may see their revenue increase and improve the customer experience.

“Retailers have to know what products they need, and in what quantity. It is very difficult for humans to accurately account for the impact of extreme weather on customer demand, if not impossible. AI, on the other hand, can analyze vast quantities of data, including sales patterns and the influence of past snowfalls on customer demand across every product category, and order the exact quantity of stock that a retailer will need to overcome this challenging period. An AI-based replenishment solution could identify a trend that a human would miss, for example, spotting that the last time there was this much snowfall this close to Easter, sales of chocolate increased by 3.4% above average. AI can also account for different weather conditions at different stores and adjust the replenishment accordingly,” Uwe said.

Blue Yonder Demand Forecast and Replenishment delivers probabilistic forecasts based on hundreds of different variables including weather, promotions, and holidays, enabling retailers to automate millions of daily replenishment decisions across products and stores. It also determines the optimal order quantities for every product and every store, every day without the need of unnecessary manual intervention. This frees up resources for retailers so that they can focus their attention on delivering the best customer service and products, growing their sales and improving profitability.

About Blue Yonder

Blue Yonder enables retailers to take a transformative approach to their core processes, automating complex decisions that deliver higher profits and customer value using artificial intelligence (AI).

With AI embedded into their supply chain and merchandising processes, retailers can respond quicker to changing market conditions and customer dynamics, boosting revenues and increasing margins.

Developed by one of the largest teams of PhD-level data scientists in retail, our solution delivers 600 million decisions daily to international grocery, fashion and general merchandise retailers.

Blue Yonder was founded in 2008 in Karlsruhe, Germany, by former CERN scientist Professor Michael Feindt. The company has been awarded the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Technology Award.

Blue Yonder solutions are available through Microsoft Azure.

Blue Yonder. Best Decisions, Delivered Daily.

Business contact

Dunja Riehemann

Blue Yonder Director Marketing

T +49 721 383117 36

E Dunja.riehemann@blue-yonder.com

Media contact

Fergus Lynch / Mary Davoudi Spreckley

Spreckley

T +44 (0)20 7388 9988

E blueyonder@spreckley.co.uk