Media Alert

Decline in Retail Sales Shows Need for Further Innovation, Says Blue Yonder

Low December sales take the shine off UK's Golden Quarter for retailers – artificial intelligence and machine learning will be critical to turning around performance

Blue Yonder, 29 January 2018 – The latest figures from the British Retail Consortium covering the period from October to December 2017, including the Christmas season, show that high street spending in the run up to Christmas increased at the slowest rate since 2012, after rising prices saw shoppers choosing to spend on essential items such as food. Uwe Weiss, CEO at Blue Yonder, the world leader in artificial intelligence solutions for retail, suggests that to combat these challenging trading conditions, retailers must invest in innovative technology that can help them operate efficiently and profitably.

Uwe said: "While the grocery sector performed very well, seeing food sales increase by 2.6% on a like-for-like basis and 4.2% on a total basis, the non-food sector of the market is really struggling. Sales slumped dramatically, with sales of non-food items declining 3.7% on a total basis and 4.4% on a like-for-like basis, the worst performance since 2012. As we see several mainstays of the British retail market, such as Debenhams and Marks & Spencer, report another poor set of financial results, it is clear that retailers must look for new ways of working and doing business if they are to stop this decline.

"We all know that a number of factors have been putting significant strain on the UK retail market, including Brexit, the depreciation in the value of sterling, rising inflation and stagnant wage growth. However, two things will be critical for retailers to ensure that they remain profitable throughout this difficult period: maximising efficiency and maintaining customer loyalty. Retailers simply cannot afford to waste stock, whether that is food that spoils before it can be sold, or branded goods that are out of season or out of date before they reach the shelves. If consumers cannot see some of their favourite products on the shelves, there is a risk that they turn to their rivals, and that customer loyalty can be hard to win back," he commented.

The need to keep products on their shelves balanced with maintaining a profitable and efficient business is a common challenge for retailers. This is where technology can give retailers a competitive edge, insulate them against the UK's economic downturn and retain their customer base. Retailers have access to vast reams of data, including their own internal data such as past sales patterns and customer footfall, and external information such as public holidays, the weather.

Uwe continued: "When this data is combined with advanced AI technology, stock replenishment optimization solutions can then accurately predict customer demand and automate stock level decisions, across thousands of product categories and hundreds of stores. By using the data at their disposal to optimize their stock levels, retailers can ensure that they are not left with stock that they cannot sell, a burden on their balance sheet, and that they can maximize the profitability of these products, helping their bottom line."

Blue Yonder Demand Forecast and Replenishment delivers probabilistic forecasts based on hundreds of different variables including weather, promotions, and holidays, enabling the business strategy 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