

# Using AI To Out-Maneuver 4 Retail Planning Pitfalls

A proactive AI strategy has delivered **5% higher profit margins** for retailers.<sup>1</sup> To avoid 4 costly problems that result from inefficient inventory management, retailers should look to machine learning and AI to build a strong supply chain foundation.

28%

28% of businesses see the ability to blend data from multiple systems for complete supply chain visibility as a key benefit of an advanced analytics initiative.<sup>2</sup>

## Pitfall #1: Stock-Outs

Machine learning, with its ability to address gaps and pick up on the inventory needs of individual stores, can be a real game-changer in the world of stock-outs. Even if the information comes from several different sources, the right AI platform can bring everything together, examine the details and quickly unearth the patterns retailers need to help satisfy customers' demands and avoid stock-outs.

Out-of-stocks cost North American retailers **\$144.9 billion annually.**<sup>3</sup>



## Pitfall #2: Abandoned Carts

The average cart abandonment rate for Q1 2018 was **75.6%**.<sup>4</sup>

75.6%



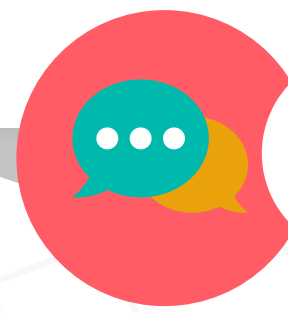
Automated replenishment can solve this problem with the power of advanced analytics driven by AI. With the right technology in place, retailers may need to touch one of every five orders, freeing up staff to work on higher-level tasks.

## Pitfall #3: Inefficient Inventory Allocation

Alerts driven by AI further enhance supply chain management efforts, highlighting areas where the organization is under- or over-performing and allowing staff to make high-value decisions on improving the allocation process.

**30%** of retailers said they need to respond to customer mandates for faster, more accurate and unique fulfillment as a top business priority moving forward.<sup>5</sup>

30%



## Pitfall #4: Inability To Respond To Demand Spikes

Through the application of the appropriate algorithms, retailers are able to gain critical awareness of what's in the plan or outside the plan. They'll have the information necessary to take action when it's still meaningful and meet customers' needs.

**19%** of supply chain leaders said they want to leverage machine learning to improve their company's forecast accuracy.<sup>6</sup>

19%



To learn more, download the whitepaper:  
Navigating The Next Step In The AI-Powered Supply Chain

<sup>1</sup> McKinsey, <https://www.mckinsey.com/business-functions/operations/our-insights/digital-transformation-raising-supply-chain-performance-to-new-levels>

<sup>2</sup> Logility and APICS, Webcast: "Accelerate Supply Chain Performance Using Advanced Analytics", 2018

<sup>3</sup> IHL Group, <https://www.ihlservices.com/news/analyst-corner/2018/06/worldwide-costs-of-retail-out-of-stocks/>

<sup>4</sup> Salecycle, <https://blog.salecycle.com/post/the-remarketing-report-q1-2018/>

<sup>5</sup> Logility and APICS, Webcast: "Accelerate Supply Chain Performance Using Advanced Analytics", 2018

<sup>6</sup> ibid