Luminate Commerce

Allocation

Automate product distributions to localized demand

BlueYonder

Business context

Today's retail environment is complex, and further complicated by market shifts causing radical and unpredictable changes in both shopping behaviors and demand. It has never been more important for retailers to pivot allocation strategies in response to demand changes. The rise of stores being used to fill digital orders has only added complexity. Now retailers must look at demand holistically between what's sold through the physical store plus what's needed to meet digital orders and then execute based on the combined total. Without a responsive allocation system, retailers can really suffer.

Merchants require a precise tool to translate strategic intent into distribution plans that ensure the right products and sizes are available at each location to meet customer preferences and projected demand. All the intelligence used in planning orders can be lost when retailers rely on traditional systems or manual processes to allocate inventory to the stores. Stock distribution might look fine on the surface but can be completely misaligned to individual product sizes required for each store. When this happens, retailers experience out-of-stocks or overstocks, both of which increase inventory costs and risk losing customers.

Allocation

Blue Yonder Allocation is part of an integrated portfolio that empowers retailers to manage merchandising strategies, inventory plans and distributions end-to-end. The result is an optimized process that supports a faster, more responsive supply chain, driving better business decisions and responding quickly to changes in customer demand. Allocation helps analysts distribute merchandise, leveraging financial plans and strategic assortments as the foundation. It seamlessly connects with seasonal assortment plans and builds an intelligent distribution plan over time, including initial

Key features

- **Accurate product distributions down to the item's size** help align customer size preferences to the available quantity and apply the optimal pack distributions to protect overstocked and understocked inventory positions.

- **Data-driven modeling** leverages AI and ML to interpret data from internal and external sources and generate allocation recommendations aligned with localized demand.

- **Productivity tools** help users allocate faster and make refinements based on real time demand changes with what-if analysis capabilities to evaluate the impact prior to execution.

assortments, in-season fill-ins and the end-of-season final push. The solution applies best practice methodologies and "what-if" analysis to test strategies prior to execution so adjustments can be made instantly. And, when available inventory is less than anticipated demand, certain locations and items can be prioritized, flowing goods to the stores with the best chances of selling.

Allocation leverages advanced algorithms to analyze demand patterns, on-hand inventory, available space, presentation requirements, upcoming promotions and more to calculate the right merchandise distribution for each store. Analysts can select algorithms or leverage predefined ones to automate the entire process so they can focus on more strategic tasks. Optimized merchandise groupings that include a predetermined mix of sizes and/or colors can be distributed with a single action instead of individual SKUs or packs like less advanced allocation tools require. This improves warehouse efficiency and speeds up the allocation process, maximizing sales without risking overstocks.

Capability offerings

Intelligent, actionable insights

With Blue Yonder's superior SaaS-based allocation capabilities, coupled with artificial intelligence (AI) and machine learning (ML) demand insights, retailers achieve greater accuracy for store-specific allocations. Distributions can be optimized prior to execution using robust what-if analysis that projects the impact of making changes.

Product placements aligned with merchant intent

By accurately aligning inventory allocations to financial and assortment plans, Blue Yonder helps retailers execute the vision of the season's delivery. This ensures merchandise is at the right store at the right time to better serve customers, improving in-stock position while preventing overstocks and unnecessary markdowns.

Advanced seasonality and lifecycle management

Seasonality and an item's lifecycle are critical considerations within the allocation process. Users can allocate assortment plans into store-specific distributions using defined methodologies that consider seasonal demand swings and other key variables. By leveraging AI to build forecasts, allocations can be aware of micro changes — such as the weather — that can impact distribution decisions.

Key benefits

- **Build customer loyalty** with the right products, sizes and quantities at each location based on seasonal and promotional requirements and local demand.

- **Reduce inventory expense** by eliminating the need for store-to-store stock transfers and clearance pricing.

- **Boost efficiency** with prescribed allocation recommendations and exception-based allocation procedures that reduce manual work and allow for more strategic tasks.

- **Build brand equity** by reducing overstocks and stock-outs throughout the season to maximize profitable sales.

Digital transformation is at your fingertips

To learn more, visit blueyonder.com

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