Zebra
Workcloud
Inventory Planning™

Make Smart Inventory Decisions

If the last few business cycles have taught us anything, it has been the importance of proactively managing inventory levels against the impact of business cycle swings and shifts in consumer demand. Retailers today are also grappling with a variable cost of goods, as well as labor and other fulfillment constraints. This has only become more complex for retailers now that the percentage of shopping online exceeds 15%. With these growing challenges, retailers must find a way to overcome the margin erosion and fulfillment capacity issues that can result from too much inventory in one location and not enough in another.

Especially once inventory levels have been set, the optimal placement of product can be impacted based on deviations in local demand and imbalances can appear. Inventory builds up where it's not wanted and runs out where there is higher demand. Without a strategy to align allocation and pricing with coincident consumer demand, fulfillment costs can escalate, and, especially towards the season's end, unnecessary margin can be lost by premature markdowns or too much inventory left unsold.

For retailers with seasonal goods, the challenge then becomes optimal in-season execution of your inventory plan. The goal is to place inventory in the store and online locations that will match the intended sell-through—with pricing to make that happen over the course of the season. This requires a very local and accurate forecast of demand—to tune plan execution to the anomalies of the season—carefully married with margin and sell-through objectives.

Zebra Workcloud Inventory Planning Solution

The Zebra Workcloud Inventory Planning Solution, composed of Allocation Optimization and Lifecycle Pricing modules, is an orchestrated inventory management solution that manages in-season execution to maximize visibility, protect margin, and respond in lock-step with consumer demand as the season unfolds. AI optimizers maximize your omnichannel ROI across placement and pricing decisions to drive consumer adoption, which results in profitability and greater consumer satisfaction. With Zebra Workcloud Inventory Planning, retailers are prepared to tackle today's retail challenges in a myriad of changing market conditions.

Lifecycle Pricing—Tuning Pricing to Demand as the Season Unfolds

Zebra's Workcloud Inventory Planning—Lifecycle Pricing module is a simple-to-use price management tool advised by a highly sophisticated best-in-class AI/ML open source model platform that understands the interplay of demand and pricing at a granular level throughout the multiple phases of a product's lifecycle. At the outset of product selling, sales growth and margin are paramount. But as the lifecycle nears end of season, it gradually become more important to control the inventory levels to maximize over-all profit and ROI. By combining a multiple-life-phase Price Optimization approach with fast-learning models of demand, the solution guides pricing for in-season promotions or clearance markdowns, proactively managing inventory to meet overall lifecycle business goals.

Improving Planner Productivity and Reining in Fulfillment Costs

For a Multi-branded, Multi-channel Fashion Retailer with approximately 40% of revenue online, the impact of omnichannel complexity was causing a massive impact on their business.

"Our consolidated sales were running negative by low double digits—with online demand up 300%—though our adjusted gross margin decreased 990 basis points from 36.7% to 26.8%. The gross margin decrease was a result of higher fulfillment costs."

With the Allocation solution, the retailer's goal was to improve margins and lower their overall shipping costs by improving their inventory positioning, even though their volume was expected to increase. After an initial pilot, they replaced their existing, manually intensive allocation tool.

Steering Inventory Levels to Optimize Margins Throughout the Product Life Cycle

For a $3B Fashion Department Store retailer with nearly 30% of sales from clearance, changes in customer demand cycles along with a less than responsive supply chain left too much inventory in some places and too little in others.

Across the board price cuts helped drive down total inventory levels but did nothing to address out of kilter assortments so that, in addition to the margin hit from ill-timed discounts, sales also dropped as customers were unable to find the items they wanted.

By implementing a forecast-advised markdown cadence that employed the latest AI factoring and machine learning, markdown recommendations were able to reflect true demand for seasonal items, by product and by location. In 6 months, margins increased 4 points and sell-through increased over 10 points.

2X
increase in ship completes

2-5%
margin improvement

5%
increase in regular-priced sales

10
point increase in sell-through

The Benefits of Zebra Workcloud's Feature-Rich Solution

Omnichannel Awareness—Senses where omnichannel shoppers will buy their products when determining demand and future prices

Inventory Fluidity—Understands store demand, online fulfillment demand, and returns for every Style/SKU/location in order to capitalize on the ability to meet demand with available inventory from all channels

Multi-faceted Optimization—Balances several factors, including but not limited to: customer service levels, local demand, omni demand, future markdown liabilities, store capacities and returns

Profit-driven Execution—Guides the profitable execution of the season with better pricing decisions and a solution that tracks financial performance and estimates the financial impact of pricing. Connects in-season and liquidation pricing decisions to maximize inventory margins and sell-through throughout the product's lifecycle.

Unified View—Leverages a Zebra Workcloud ai-powered unified demand signal to serve a single, demand-based forecast that connects allocation, replenishment, assortment, fulfillment and pricing decisions to improve inventory efficiency and eliminate the disconnects of siloed processes.

Macroeconomic Forecast Sensitivity—Demand Forecasting that anticipates major changes in consumer price-to-value preferences that are the result of macroeconomic conditions like inflation where product mix and price elasticity can vary based on changes in consumer willingness-to-pay.

Integration and Compatibility—Enjoy the flexibility to use the Zebra Workcloud user interface or use the solution's bi-directional integration capabilities with existing ERP systems via APIs

Intuitive Workflow—Minimize manual spreadsheet work with a simple and user-centric workflow to maximize saved time and effort for the Planner

Scenario Capability—Run multiple optimization methods and constraints as scenarios and compare results

Manage by Exception—Automatically allocate available inventory as an overnight batch so that allocators can save time by reviewing results and zeroing in on exceptions

SKU/location Risk Assessment—Prioritize inventory pricing not only on current levels of demand and inventory on hand, but also on the forecasted variability in demand at a product/location level —where taking pricing action could mitigate the risk of holding too much.

Disaggregated Profiling for Size—To mitigate lost sales, generate store and channel level size profiles and create cluster level profiles when appropriate

Guided Hierarchical Clustering—Develop alternative and attribute-driven hierarchies via analysis over time that will improve predictability and size profile application

Support and Training— Accelerate uptake and results with 24/7 support and 40 hours of training and onboarding.

"Our continued success depends on keeping one step ahead of customer demand, ensuring each store offers the right products and experience to shoppers. AI and machine learning are offering important advantages in retail business operations, and Zebra Workcloud stood out as an excellent choice for us."

Randall Blumenthal, Chairman & CEO, Everything But Water

Our Solutions are Built Upon Zebra Workcloud's World-class AI Demand Forecasting

Unified Demand Signal

Adjust for the differences between regions, stores, online, and even the fulfillment type, and serve as the connective tissue across financial, assortment, allocation, size, and pricing decisions.

Dynamic Forecasting Libraries

An analytic methodology to address data sparsity, avoid the impact of fringe sizes, handle new items, and protect unit minimums.

Omnichannel Profiling

Delivering demand profiles that consider store and online sales, predicting down to SKU and location.
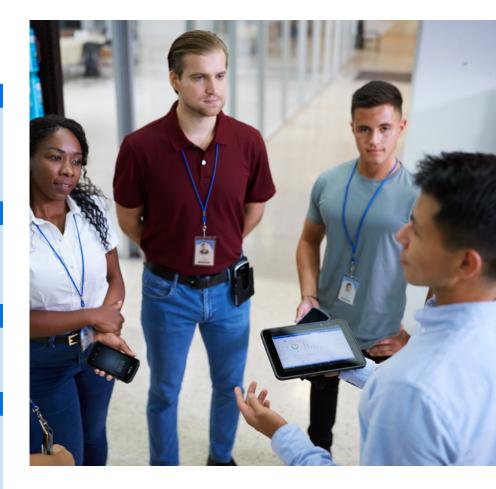
Seamless Integration

Delivers pricing and forecasting results through simplified solution integration, feeding either Zebra Workcloud Inventory Optimization Suite or existing ERP solutions.

Scalable Data

AI models capable of digesting data that accounts for every demand driver—including seasonality, price, product lifecycle, trends, and local events.

Cloud Native

Built natively in the cloud with scalable distributed processing.

Contact your Zebra Partner or visit **zebra.com/contact** to request a meeting with our sales team to learn more about Zebra Workcloud Inventory Planning