Improving Seasonality and Promotional Replenishment at Distribution Shooze

The Client

Distribution Shooze is a wholesale and liquidator of a variety of 500 *aftermarket* shoes with over 20 retail outlets across Canada.

The Problem

Post Covid-19, Distribution Shooze experienced fluctuations in several of its popular in-demand SKUs due to lack of supply, seasonality and frequent promotions across several provinces. While the company relied heavily on its in-house ERP solution to manage the flow of inventory to its outlets, it was overstocking its warehouse because of not being able to adequately anticipate demand and factor promotions. All forecasting was done manually at the product family level and at the outlet level, prohibiting management from optimizing their spend on containers with a three month lead time. With years of historical POS and shipment data at their disposal, Distribution Shooze relied on SkuCaster to create a unique forecasting solution that would factor in their specific promotions and variable container lead times.

The Solution

Distribution's initial priority was to generate a baseline forecast in the upper bounds of 85 percent accuracy; a general forecast would enable them to still replenish their warehouse and offer flexibility on what type of promotions to run for any given Stock Keeping Unit (SKU). To generate the baseline forecasts with accuracy using SkuCaster's Machine Learning algorithms, SkuCaster cleaned, analyzed and segmented five-years' worth of historical POS and Shipment Data across 500 SKUs. Further, to make the forecast consistent to their supply chain, SkuCaster analyzed several key supply chain variables specific to Distribution - shipped quantity, special orders, SKUs in-stores versus stocked, SKU-level geographic SKU sales – to gain as much forecast granularity as possible.

Next, multiple machine learning algorithms were trained on Distribution's data to optimize their predictions and forecast accuracy, from which the best models were produced with an average SKU-level forecast accuracy of 92 percent, + 7 percent their desired target.

Finally, after baseline forecasts were created, Distribution was able to factor in specific promotions for specific SKUs at specific locations; the SkuCaster model was sufficiently trained to detect patterns in Distribution's now clean historical data to anticipate how specific discounts would affect supply-demand for individual SKUs.

The Value

- Distribution Shooze praises the above average 92 percent accuracy of SkuCaster.
- Savings ~ $500,000 associated with switching to a new ERP and hiring more labor.
- Improved ability to prioritize container spends and mitigate delayed lead times.

Client Testimonial

At first, we were extremely skeptical of how SkuCaster can make an impact because we've been fine for 20 years old. However, in under 3 months, SkuCaster produced a forecasting model that exceeded our expectations and saved us a lot of time and headache from switching systems entirely. We're happy to have subscribed to SkuCaster and we're looking forward to our continued partnership with them.' – **Isaac El-Malah, Manager, Sales & Operations, Distribution Shooze**