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Fashion Industry Use Cases

Optimization Issues in Fashion Industry

Inventory Management

Managing diverse products and brands to maintain optimal stock, reduce carrying costs, and minimize stockouts or overstock.

Demand Forecasting

Predicting the right quantity of materials based on historical sales data and future trends.

Supplier Reliability

Ensuring suppliers provide quality materials on time, especially when dealing with global supply chains.

Cost Efficiency

Striking a balance between the quality of materials and the cost, to maintain a desirable profit margin.

Real Estate Optimization

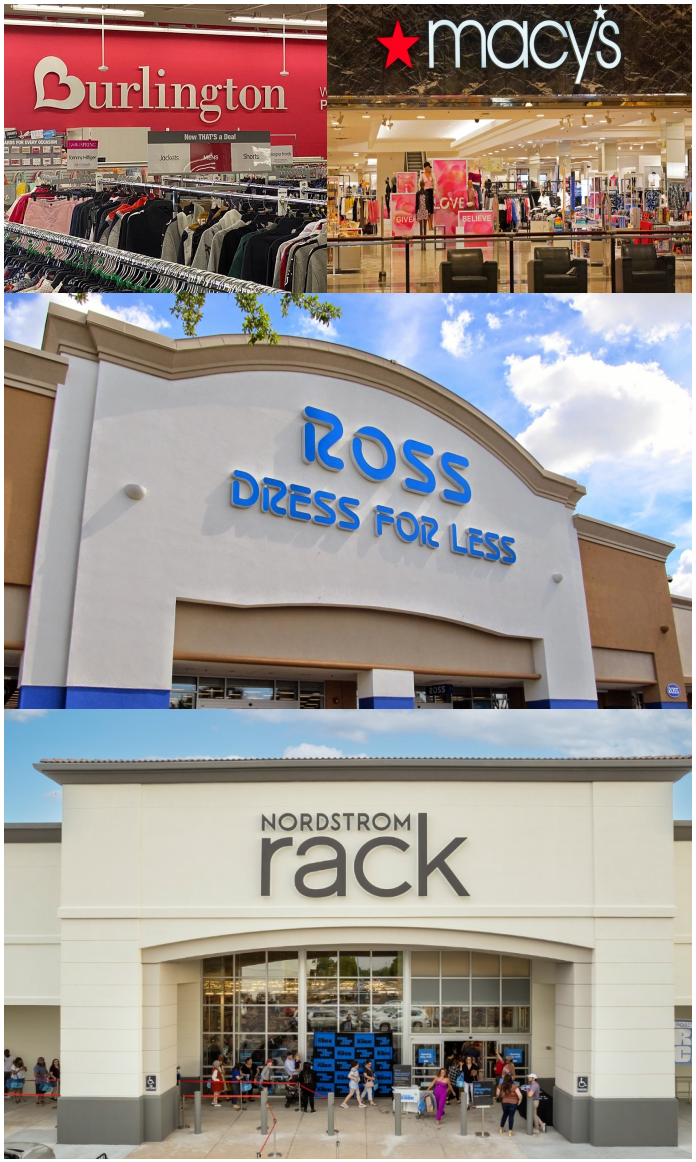
With the e-commerce surge, there's a need to evaluate the profitability of physical stores, decide on store closures, or repurpose them for other functions like fulfillment centers.

Omnichannel Strategy

As shopping habits evolve, retailers need to blend online and in-store experiences, keeping prices, product stocks, and service consistent.

Areas where SimpleRose can help

- **Resource Allocation:** Recommending the best distribution of resources, like warehouse staff, based on upcoming stock.
- **Scenario Analysis:** Evaluating the results of different purchasing tactics to select the best approach.
- **Seasonal Buying:** Deciding quantities for seasonal items by analyzing past sales patterns.
- **Markdown optimization:** Proposes the best discount strategies and timing to reduce unsold inventory losses.
- **Dynamic Pricing:** Suggesting the price tweaks based on sales data and stock, maximizing revenue, especially for season-end items.



Use Cases

Problem Statement:

1) Effective distribution of limited inventory across Zara's stores.

2) Addressing short product life cycles in fast-fashion.

3) Policy of removing articles from display when a key size stocks out.

Methods Used:

1) Used time series analysis to predict forecast demand for each product at each store.

2) Applied linear programming model to optimize the allocation of inventory to stores, taking into the account of demand forecasts and inventory costs.

3) Tested the system with simulations to see the performance of the inventory management system under different scenarios.

Outcomes:

1) Zara used the new model to improve inventory distribution.

2) Pilot test showed sales grew by 3-4%, earning an extra $275M in 2007.

3) A reduction in transshipments was observed.

4) Zara's items stayed on display longer

Problem Statement:

1) Need for a consistent and efficient method to evaluate and select suppliers.

2) Requirement to incorporate various factors such as lead time, quality, sustainability, and price in the selection process.

Methods Used:

1) Digitally streamlines supplier evaluations.

2) Rates suppliers on lead time, product quality, sustainability, and pricing.

3) Uses digital platforms for transparent and standardized negotiations.

Outcomes:

1) Identified top suppliers, boosting alignment with brand values by 25%.

2) Enhanced purchasing decisions, leading to a 15% increase in optimized buys.

3) Strengthened trust, fostering 20% more long-term supplier partnerships.

References

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Thank You