9. INVENTORY MANAGEMENT / REPLENISHMENT

Online multi-category retailer

Overview: Pure play online retailer effectively uses multiple strategies to manage inventory globally, in particular, leveraging advanced analytics and machine learning

Example of: Effective inventory management through a combination of digital and non-digital levers

Impact delivered: Retailer has a material negative cash conversion cycle; driven largely by leveraging their suppliers on days payable

Key elements of their inventory planning and management

◢ INVENTORY PLANNING

Advanced demand estimation through machine learning leads to less inventory

Retailer only keeps the fastest moving items in stock in all DCs

Long-tail items are kept in only a few DCs or drop-shipped

◢ VENDOR MANAGEMENT

Aggressive vendor management that demands conformity to pricing, inventory and promotion impacts

Inventory terms are planned to improve in the retailer's favor each year