New Product Introduction

+ For supply chain leaders managing high-frequency new product introductions in competitive B2C and B2B industries

Improve Forecast Accuracy for New Product Introduction

Fast-moving industries from fashion to consumer technology are continually introducing new products with short and hard-to-predict lifecycles. Thriving in these scenarios depends upon being able to strike the right balance between introducing enough new products to attract and retain consumers and managing inventory costs. This can seem impossible when heavyweight competitors wield buying power, loss leaders and high safety stocks to grab and keep market share.When your marketing people try to compete on similar terms, the consequences for the supply chain can be dire.

Squeezed between these forces, what are the options? Pressured by sales and marketing, most companies err on the side of introducing a wide range of products and holding excessive safety stocks to avoid disappointing customers. This approach, however, can lead to major customer service problems down the road when no longer financially sustainable. For some industries like electronics, the resulting obsolescence associated with excess inventory can lead to prohibitively high recycling costs and environmental damage. The only viable, sustainable solution is to outsmart competitors by forecasting demand for new products with extremely high precision. This sounds easier said than done when there are no historical sales figures to go on. Most companies rely only on marketing intuition and educated guesswork. Fortunately advanced anaalytics' machine learning technology provides extra intelligence that allows you to factor in product attributes like color, sizes, sales channels and brand names to fine tune your new product forecasts by market. Armed with a reliable sales forecast, your supply chain team can then optimize inventory levels appropriately.

Advanced analytics capabilities for new product introduction in ToolsGroup's SO99+ platform gives planning professionals added intelligence to improve their demand forecasts for new products. Algorithms weigh up attributes (color, style and size) of sales of similar items to generate a baseline forecast. After the first month SO99+ learns from the actual data to fine tune the forecast for the next month and this continues to sharpen during the launch period.

The machine learning available in SO99+ enables sales, marketing and supply chain teams to:

- Forecast demand for new items more accurately in the launch window this is particularly essential in industries like 'fast fashion' that introduce many new products over multiple micro-seasons every year

- Forecast demand peaks during the launch period - this is vital for businesses that realize the bulk of their sales revenue during the first months of the launch. In these scenarios SO99+'s advanced analytics not only improve forecasting, but serve to generate revenue and growth.
- Optimize inventory levels for new products - satisfying customer demand while minimizing your supply chain costs and carbon footprint