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Mastering New Product Introductions in the Fashion Industry

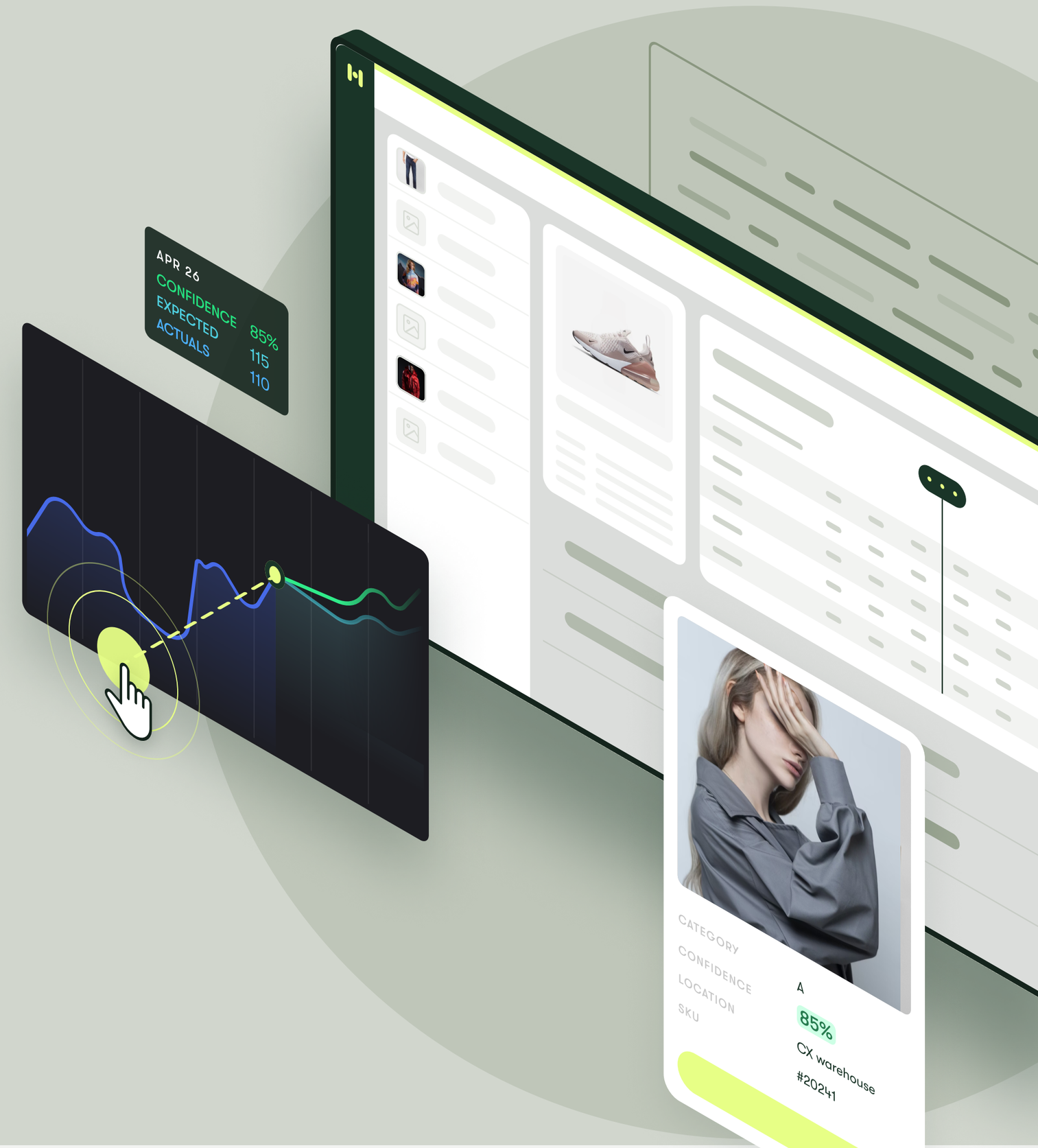
5 Steps to High-Accuracy Forecasting

In today's global landscape, supply chains are facing immense pressure, affecting nearly every industry. However, the fashion industry is experiencing even more complex challenges than ever before. Issues such as cannibalizations, substitutions, inconsistent trends, seasonalities, and a constant influx of new products pose significant obstacles. Additionally, general supply chain challenges like surging demand, inflation, and disruptions at factories, ports, and shipping yards exacerbate the situation. Unfortunately, these challenges are unlikely to dissipate anytime soon.

In such a climate, delivering products in full and on time while maintaining optimal stock levels has become more critical than ever to meet customer demand. This places even greater expectations on demand planning and forecasting processes.

To thrive and build a more resilient supply chain, fashion brands must proactively address their demand planning strategies. By doing so, they can position themselves for ongoing revenue growth while managing the impact on expanding storage needs. Preparing for evolving industry challenges and planning ahead are vital steps to ensure products reach customers swiftly and cost-effectively.

This playbook is designed to provide enterprise fashion brands with actionable strategies to achieve high-accuracy forecasts, enabling you and your team to excel in new product introductions. By following the guidelines outlined here, fashion brands can enhance their planning processes and ensure successful new product launches. Additionally, the playbook offers helpful checklists that offer a comprehensive overview of areas where improvements can be made.



Step 1

Harnessing the Power of Machine Learning for Fashion Forecasting

You've likely already heard about how machine learning is transforming the fashion industry's approach to demand planning. But how exactly does it work when it comes to forecasting, and how can it perform higher forecast accuracy than planners with years... or even decades of experience?

By analyzing vast amounts of historical data and identifying patterns, machine learning technologies can offer unparalleled forecasting accuracy.

According to a McKinsey & Company study, incorporating machine learning can reduce forecasting errors by up to 50%, leading to cost savings and enhanced customer satisfaction. Embrace the potential of machine learning to stay ahead of demand fluctuations during new product introductions.

While machine learning excels at detecting patterns within extensive datasets, it also aids in rectifying biases in decision-making. Seasoned planners, possessing years of invaluable experience, contribute a wealth of knowledge crucial to forecasting and planning. However, when harmonized with data-driven forecasts, this amalgamation can precipitate a substantial reduction in forecast error.

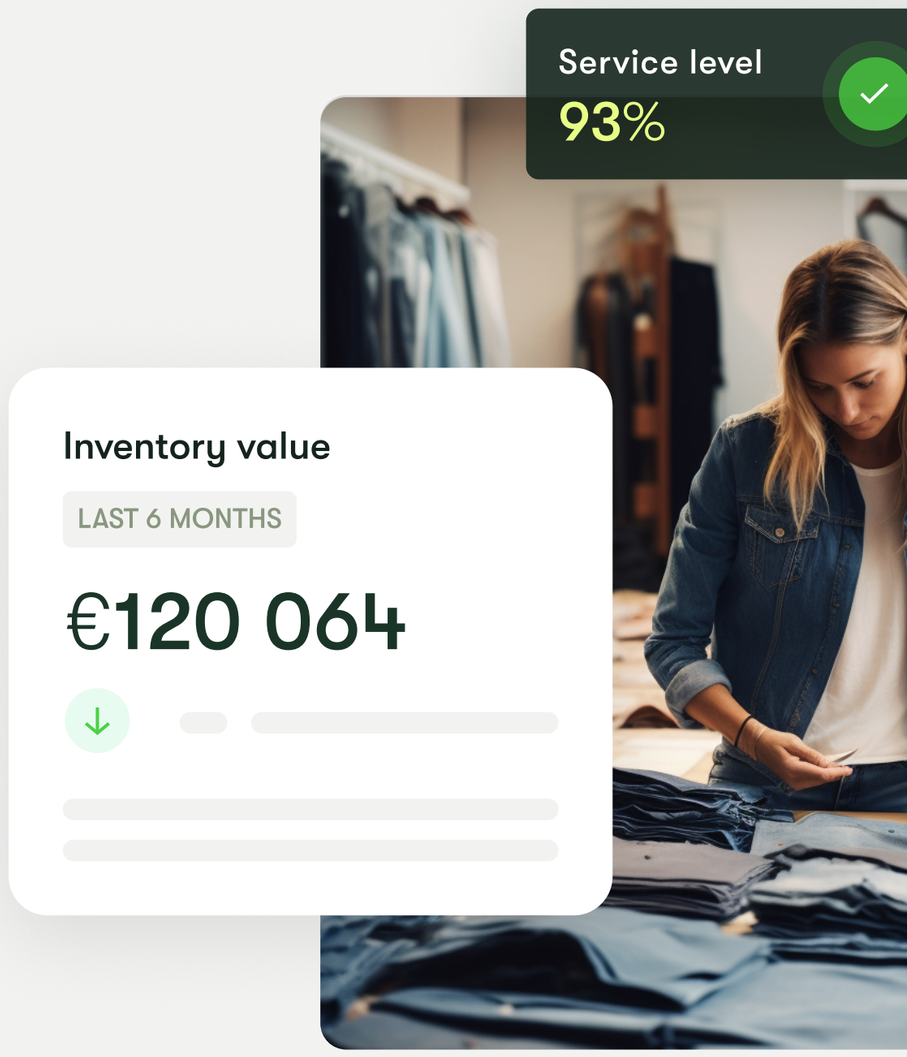
Utilizing machine learning can reduce forecasting errors by up to

50%

Step 2

Real-Time Data and Insights for Swift Decision-Making

The fashion industry's fast-paced nature demands real-time data processing and insights. By leveraging machine learning-driven technologies, you can access real-time data on customer behaviors and market trends. This capability allows you to make data-driven decisions swiftly and adjust your forecasts accordingly. Real-time insights enable you to optimize inventory levels, meet customer expectations, and avoid stockouts, even during peak periods like Black Friday and holiday seasons.



And there's even more benefits from having constant access to real-time data:

- It enables planners with the possibility to change decisions, when demand changes
- By gathering data in one place, it's possible to avoid both spending time on gathering it from different systems and excel sheets
- Remove working with outdated data, because of the time it takes to fetch it from data sources

Step 3

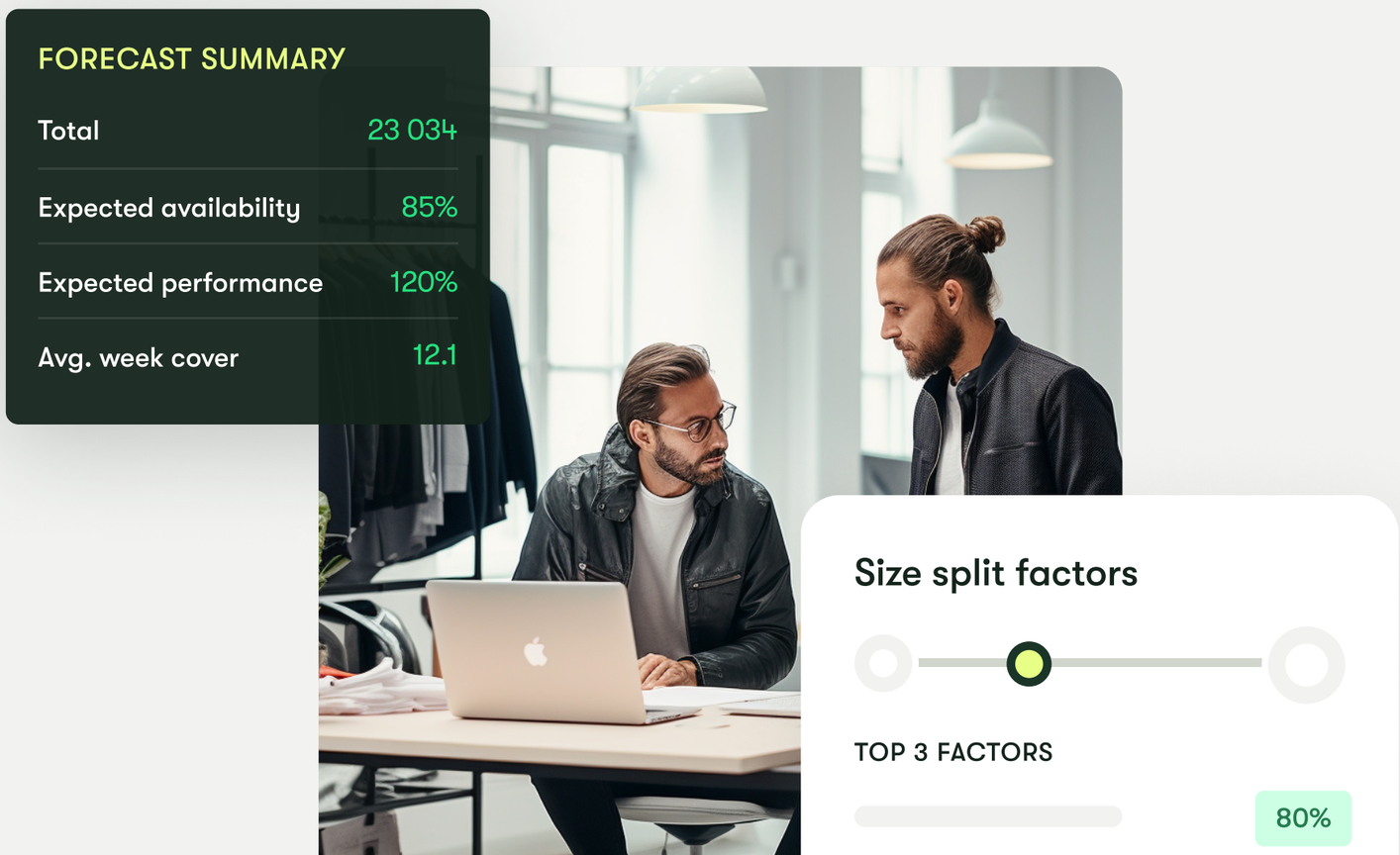
Collaborative Forecasting for Better Planning

Collaboration stands as a pivotal pillar for demand planning success. The utilization of machine learning fosters seamless cross-functional harmony among sales, marketing, and supply chain units. By dismantling barriers and integrating inputs from stakeholders, you can elevate the precision of your forecasts. According to Deloitte, companies embracing collaborative forecasting experience a 15% enhancement in forecast accuracy. **Equip your team with collaborative tools to amplify your planning process.**

While machine learning plays a role in demand planning, its purpose isn't to replace planners. The intuitive expertise held by planners defies easy integration; it can't anticipate that this season "Orange is the new Black." Engaging in invaluable discussions grounded in shared data is crucial for optimal decision-making.

Collaborative forecasting can lead to a forecast accuracy enhancement up to

15%



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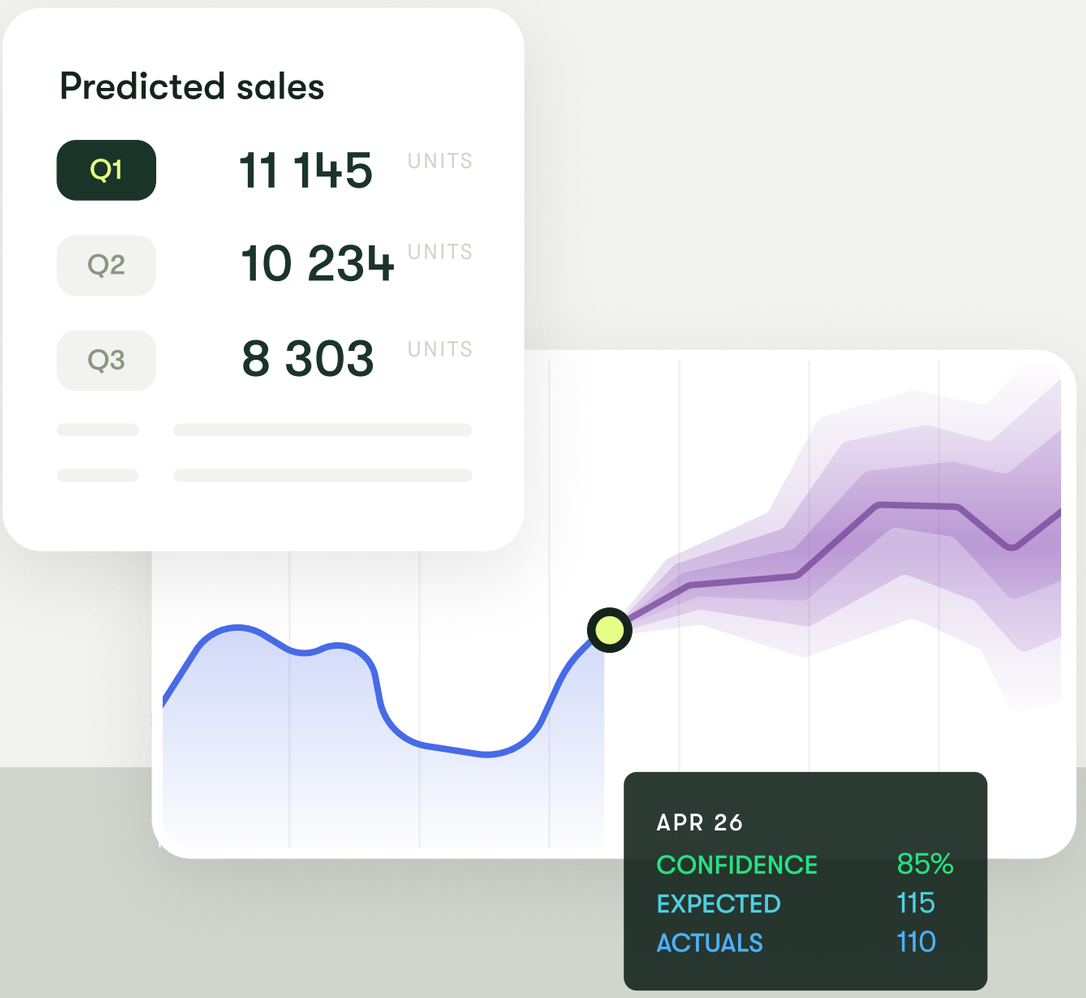
Step 4

Predictive Analytics for Precise Demand Sensing



Predictive analytics powered by machine learning enables precise demand sensing in the fashion industry. By continuously analyzing real-time data streams and external factors like weather patterns and social media trends, you gain deeper insights into customer preferences. This data-driven approach helps you anticipate demand shifts and proactively adjust inventory levels, minimizing excess stock while meeting customer demands.

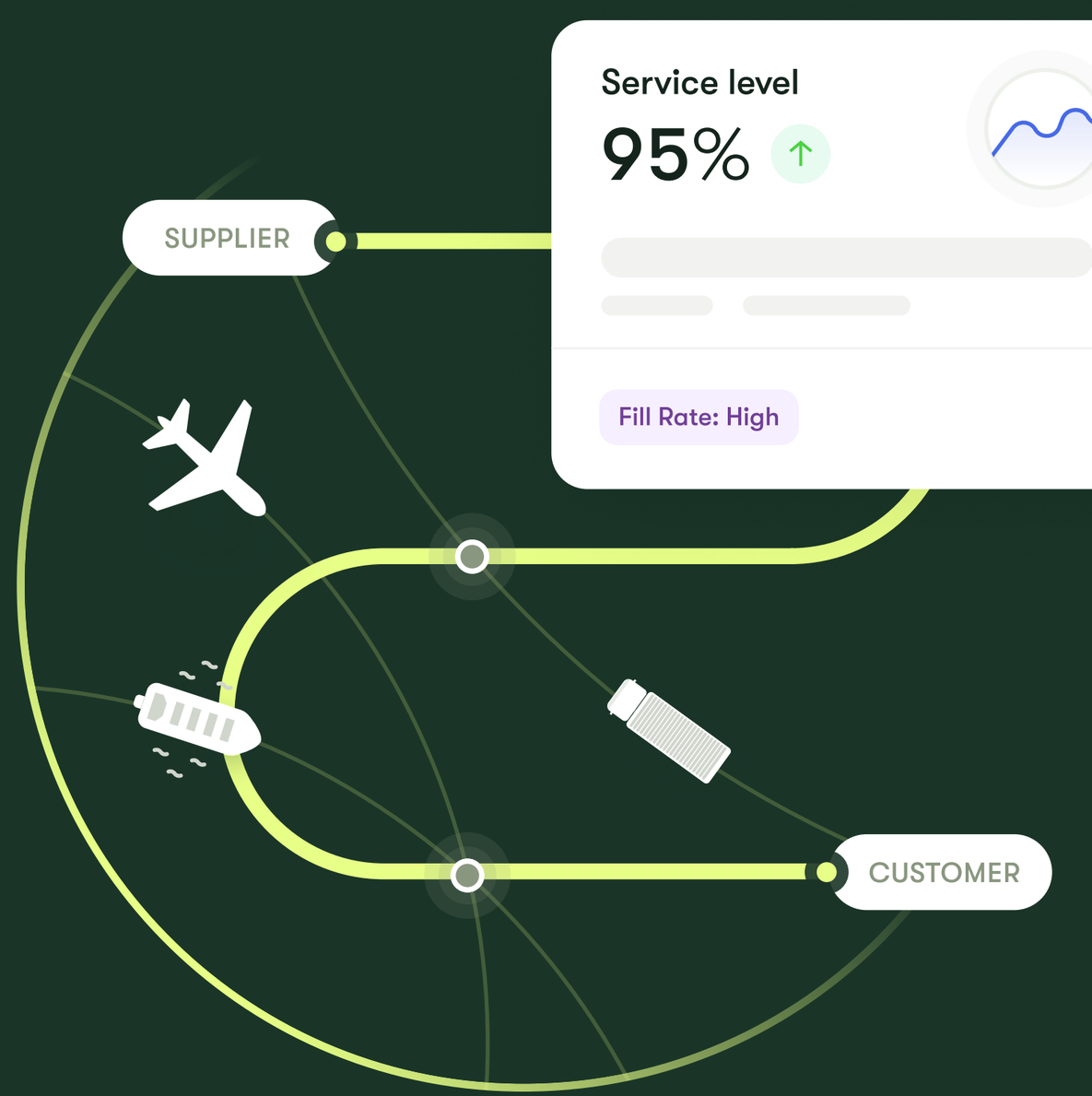
Step 5

Scenario Planning for Risk Mitigation in Fashion Forecasting

The fashion industry presents numerous uncertainties during new product introductions. Machine learning allows for scenario planning, where you can simulate various demand scenarios and assess their impact on your supply chain.

By proactively identifying and addressing potential disruptions, you can minimize risks and optimize your operations. Scenario planning empowers you to make strategic decisions based on accurate forecasting and reduce the impact of unexpected challenges.

As a fashion industry professional, you understand the complexities of supply chain management during peak periods. With the five actionable steps outlined in this whitepaper, you will be well-equipped to navigate new product introductions with confidence, ensuring delivery in full on time while effectively managing stock levels. Embrace the potential of machine learning and data-driven planning to make this holiday season and every peak period a resounding success for your operational unit.



You’ve got this.
We’ve got you.

As a supply chain professional a disrupted supply chain is the last thing you need.

Hakio demand planning solutions can help you with accurate forecasting improving product availability and reducing working capital and, all integrated with your data and backend.

We’re here to help you now and for the future.
Talk to one of our demand planning experts today.

LET’S TALK

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