



5 Tips for developing a real-time response plan for customer behavior

By Greg Wilson // Quantum Retail

1. Set objectives -

Each product should have a role with specific objectives that can be measured and executed to. A product may be in your assortment to drive traffic, to generate profitability, to present an image or to opportunistically acquire impulse sales. Each of these roles come with unique objectives that can result in different inventory requirements.



2. Shift focus -

While forecast accuracy is important, it is not the only way to improve inventory placement. If you are adjusting forecasts to achieve different inventory results, you're already reacting to this fact. Shift focus to finding the best way to utilize inventory to achieve goals while understanding forecast accuracy and variability are realities.

3. Waste not -

Get a deeper understanding of the impact of waste on your inventory decisions and act on it. Depending on margin, it may be more profitable to accept additional waste on some products, while other products would be better served accepting an occasional lost sale.

4. Get local -

There is no substitute for understanding product behavior at local levels. There are many ways to improve this understanding but consider those which have the most impact including:

Seasonality - If you're working to static, periodically generated seasonality profiles, you have a great opportunity for improvement.

Time of day - Did you stock out? When? What did that mean in missed opportunities for sales? Can you replenish again today? The more detail you have in answering these questions the more efficient you can make your inventory - especially for short life, short lead time merchandise.

Day of week - Does this location have a weekend traffic boost? Does that product respond to the pattern? Understand these interactions invariably leads to better performance.

Weather impact - Does this product react differently on cold days or wet days? What does that mean to demand? And how should that affect how stores are supplied? If I can ship it tomorrow and I know it's going to be hot, what's the right decision? We all know these realities exist, but have you been able to execute to the reality?

5. Revisit and rationalize -

Product behavior constantly changes with the changing consumer. The item that fulfilled its role last year or last quarter may not be doing so now. You need to be alerted to situations where this change is happening, and have a mechanism to understand and react to the way that impacts your offerings to customers.

For more information on customer behavior – check out our [resource library](#).