

Merkal implements AI to centralize and streamline inventory planning across all channels

Impact at a glance:

+3%

sales increase (€)

+12pp

sell-through
(transferred units)

-4%

stockouts

Merkal is the undisputable footwear specialist leader in Spain, designing and selling more than 8 million pairs of shoes every year. Since 1987, **Merkal's vision** has been to meet the needs of the customer by producing and distributing the largest and best range of footwear for the whole family, for all uses, with an unbeatable value for money, by delivering an agile, convenient and connected omnichannel shopping experience across 200+ stores nationwide and **merkal.com**.

Why Nextail?

Taking Assortments to the next level

Merkal joined forces with Nextail to speed up operations through automation while also embedding data-driven intelligence for more accurate demand forecasting. The partnership has enabled better cross-channel availability of styles and sizes and has ultimately increased customer satisfaction.

What started out as a search for a replenishment module to complement the existing ERP, resulted in a partnership that today includes the full integration of Nextail across Merkal's footprint of 200+ stores. More recently, Merkal has taken on the latest preseason solutions and plans for a full end-to-end implementation in 2024.

"For over three decades, our commitment has been to provide customers with product offerings that simplify their daily lives. We recognized the need to accelerate our ability to meet customer demand for a seamless shopping experience. Our collaboration with Nextail allows us to elevate our product assortments, ensuring we can fulfill demand while optimizing our inventory for enhanced efficiency."

Alberto Garcia, CSCO of Merkal

nextail



Impact

+ Automated replenishment for higher sales and fewer stockouts

When Merkal and Nextail began their partnership, Merkal's team was weighed down by excessively time consuming and imprecise manual work related to in-season merchandising processes. Nearly two years prior, a basic homegrown solution followed by an ERP with minimal replenishment capabilities left Merkal unable to work at SKU or store level or accurately forecast future demand and therefore, unable to determine the best locations for sending stock.

While the ERP did allow Merkal to determine desired coverage levels per store, stock would be sent to satisfy these levels following a basic logic until no warehouse stock remained. As a result, Merkal experienced overstocks in some stores and stockouts in others.

With Nextail in place, Merkal is able to calculate replenishment at SKU level with a size curve calculation to align replenishment with actual demand at each point of sale. And by rebalancing more of the right stock to the right places, Merkal was able to achieve a **a 12pp increase in the sell-through rate of transferred vs. non-transferred units and 4% fewer stockouts.**

Introducing concepts like artificial intelligence and machine learning seemed a bit daunting at first, but once we began to actually work with Nextail, we saw how visual it was and how easy it was to work with such sophisticated yet practical technology.

Mercè Jurado, Stock Allocator at Merkal

+ Sharper stores transfers and deeper insights for additional revenue

Although Merkal initially partnered with Nextail to incorporate replenishment capabilities into their current tech stack, they quickly understood the impact that data-driven decision-making would have on other downstream operations, such as end-of-season store-to-store inventory rebalancing. As was the case with replenishment, store-to-store transfers were calculated entirely over Excel, relying on human intelligence and intervention.

By leveraging Nextail store-to-store transfers, Merkal has greatly improved the granularity with which they can calculate scenarios to rebalance end-of-season inventory, working with much greater precision when it comes to inventory

movements across their 200+ store network. Within a six month time frame, Merkal sold approximately **12k additional units**, bringing in an **additional €236k.**

The Merkal team also relies daily on Nextail Business Intelligence dashboards in order to understand sales performance. In fact, since Nextail dashboards provide so much visibility, the Merkal team even uses the Nextail Top Product report to drill down to product performance at store level to understand the stock that they have available for online sales - something that they wouldn't be able to manually or through an ERP where stock is unclassified.

Nextail has revolutionized our in-season merchandising processes. While they have had a great impact on reducing our manual work, we are even more pleased with the depth and precision with which we are able to carry out replenishment and inventory rebalancing which wasn't possible before.

Maite Ortiz Guarch, Head of Inventory Management at Merkal

+ Commitment to customers leads to a strengthened partnership

The impact of Nextail on Merkal's merchandising ultimately led to a strengthened partnership. Not only will Merkal begin leveraging the newest Nextail solution, Insights, the footwear brand will also play a key role in enhancing the Nextail preseason solutions for assortment planning and markdown optimization within the footwear sector. Merkal plans to fully implement Nextail solutions end-to-end in 2024.

This strategic decision underscores Merkal's dedication to satisfying customers through a great shopping experience and offering a wide variety of fashion products to the whole family through digitally transformed merchandising processes across their network of 200+ stores.

Nextail has been instrumental in helping us achieve three critical goals in the highly competitive footwear industry: optimizing store capacity through increased sales with less stock, reducing lost sales opportunities due to stockouts, and enhancing size availability in stores through better consolidation. With Nextail, we have been able to completely transform our core merchandising processes and improve our overall business performance. The extension of our partnership demonstrates our commitment to providing customers with a great shopping experience by way of advanced retail tech."

Alberto García, CSCO of Merkal