



Fake AI

How to Spot It and What Real AI in Retail Looks Like

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Fake AI Is Everywhere:

Here's How Real AI Works

Consumer expectations are constantly evolving, prompting brands and retailers to adopt innovative technology in order to keep up with shoppers and stay ahead of competitors. In recent decades, the evolution of retail tech has been driven by rapid advancements in digital tools and a drive to improve the shopping experience. From seamless online experiences and personalization to streamlined operations, technology enables the industry to meet consumer expectations in order to gain their attention and loyalty. The latest trend in retail tech? Artificial intelligence.

AI is empowering retailers to amplify personalization, optimize operations and enhance the consumer experience. With AI-powered tools like inventory management systems, the future of retail is set to be even more efficient, customer-centric and data-driven. Unfortunately, one of the effects of AI's virality has been the tendency for tech companies to over-label solutions as "AI", whether it's truly artificial intelligence or not. So what sets "real" AI apart from fake "AI"?

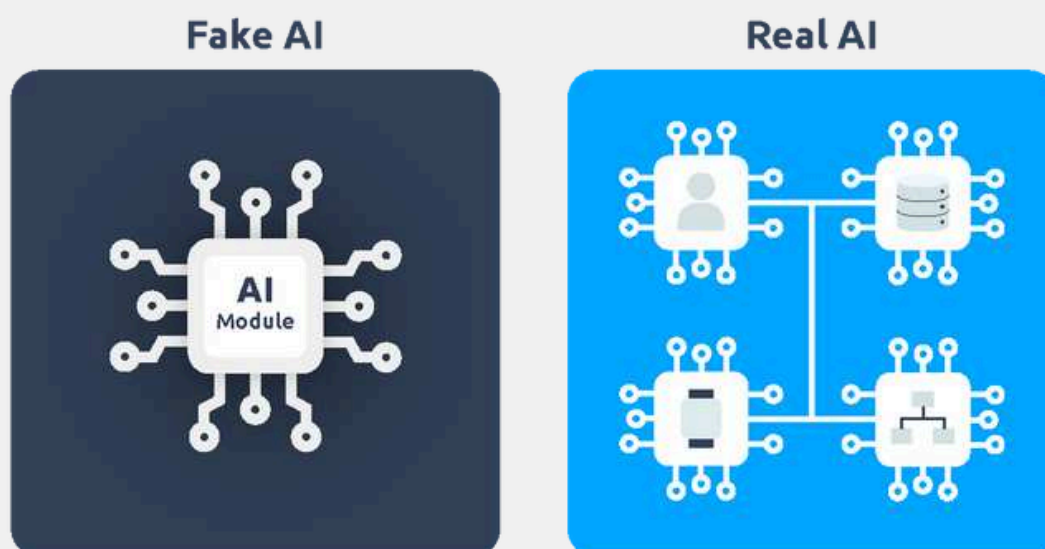
“AI is empowering retailers to amplify personalization, optimize operations and enhance the consumer experience.”

AI Islands

How to Spot Fake AI

With so many different things tagged as AI, it's important to be able to tell the difference between real and fake AI. Although it's not always simple, one key thing to look for is terms like "AI module".

Think of fake "AI" as an island, a dataset disparate and detached from the rest of the business process flows. It doesn't take much to build an AI module disconnected from other facets of the platform; no real analysis can occur without communicating with other datasets. While AI can benefit an individual module—emphasizing its capability—the power of true AI lies in its ability to digest and analyze multiple datasets. Real AI should be able to provide robust analysis of multiple datasets without a data scientist's expertise.



The term "AI module" implies that the services, products or systems function with AI, but the technology isn't intrinsically tied to the foundational function. AI modules enhance the user experience through the addition of features or capabilities via AI, similar to the way smartphone makers tout their cameras as using AI to improve photography.

On the other hand, "AI-native" platforms, products or services place the technology at the core of product development, decision making or business processes. AI isn't just an add-on technology that provides additional features or decision-making capabilities. It's embedded into the very DNA of the product or service.



Case Study Jimmy Jazz

The Problem: Jimmy Jazz, a SNIPES company, used manual, disjointed and error-prone planning processes that led to inaccurate data in silos. While necessary data was readily available on the company's systems, the analysis, planning and forecasting became a challenge as the company grew. It became increasingly more difficult to meet customer needs, and they sought a system that could support their growth.

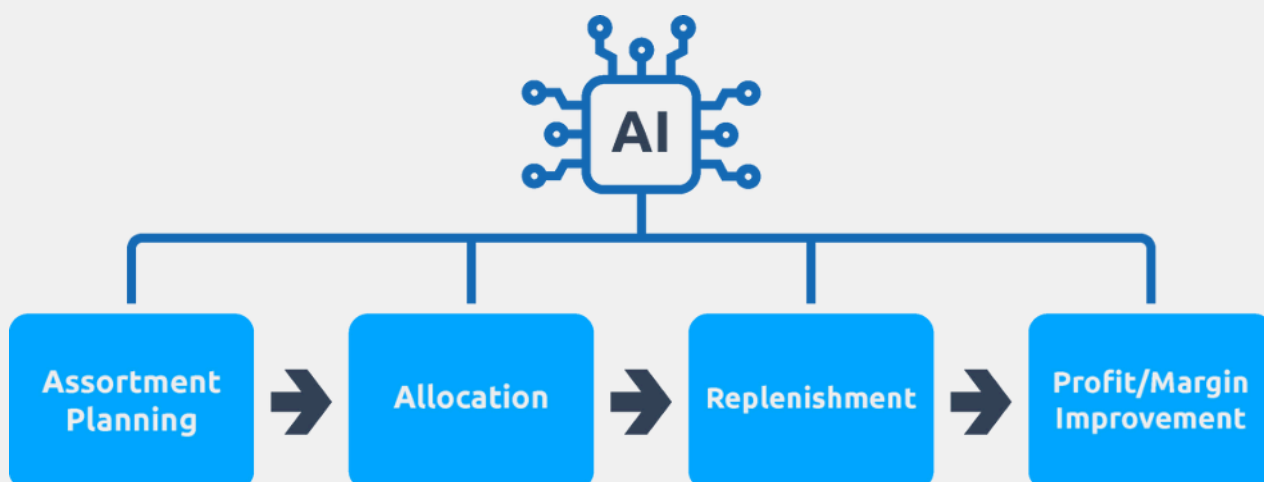
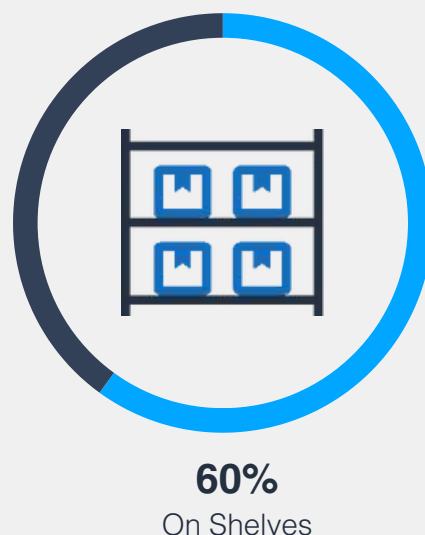
The Solution: Using 7thonline's AI-powered OTB and Report Builder, Jimmy Jazz was able to modernize their planning processes, empowering them to quickly respond to in-season trends and drive improving margins. The planning team could stock the most cutting-edge trends and ensure their channels had the products before customers arrived to purchase them. Jimmy Jazz also had the infrastructure in place to scale efficiently and thus become a strategic acquisition target.

How Real AI is Done in Retail:

Inventory Management

To achieve real value from AI, retailers need to move beyond buzzwords and embed AI into every step of their daily processes. For inventory management, AI can impact everything from assortment planning to allocation and replenishment and in-season inventory management, improving product sellthrough, profit margin, customer experience and more.

60% of retail merchandise ends up sitting on the shelf or gets stocked out due to poor assortment accuracy; AI provides greater accuracy than manual processes and can optimize allocation based on propensity to sell for each product at each store location. When developing an assortment plan, AI-powered systems are able to analyze past sales and forecast consumer demand to ensure store inventory aligns with customer needs as closely as possible—it empowers retail professionals to make smart planning decisions on how to stock the right products in the right place at the right time.





Case Study Bestseller Group

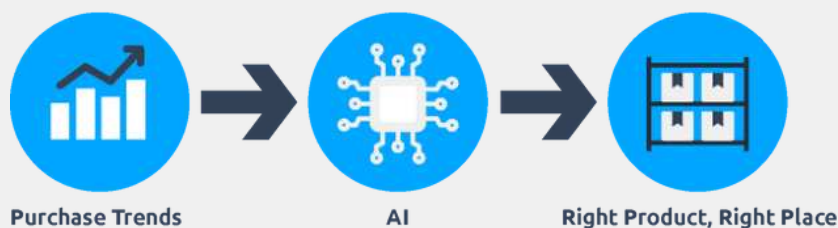
The Problem: In China, Bestseller Group was dealing with growing competition and softening domestic demand; they wanted to improve allocation productivity and reduce operational costs for their 7,000 stores and ecommerce site. Bestseller's manual allocation and replenishment processes were not only costly, but also imprecise—leading to reallocation.

The Solution: Bestseller systematically rolled out 7thonline's AI-powered Allocation Solution across their matrix of brands. Using the allocation forecasting capabilities, Bestseller was able to better align stock to consumer demand and improve their inventory accuracy from 60% to 92%. The platform caters to short-lifecycle fashion and apparel, uncovering store-level profit opportunities by automating manual processes that boost operational efficiency through tailored, advanced algorithms.

Precision Allocation and Smart Sizing

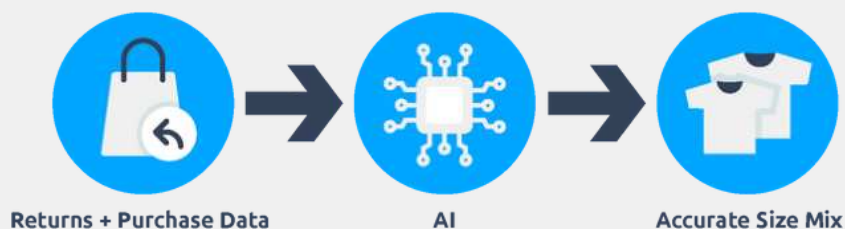
Allocating the right products to the right locations reduces inventory risk—minimizing overstocking and understocking to ensure products are available to customers. AI can optimize the allocation and replenishment process by analyzing purchasing behavior trends to ensure maximum inventory efficiency, aligning stock with consumer demand. Through these demand-driven factors, AI-powered algorithms can predict when and where certain products are likely to sell out, allowing retailers to proactively replenish stock—in the right style, color and size. This type of precision reduces stockouts and ensures that customers are always able to find what they want when they visit a store or browse online.

AI in Allocation & Replenishment



Retailers who specialize in clothing or footwear know that accurate sizing is critical to customer satisfaction and profitability. Inaccurate sizing can lead to returns, customer dissatisfaction and lost sales. AI improves size profiling by analyzing customer purchase patterns, returns data, to identify the most accurate sizing distribution for different customer segments. When AI fine-tunes sizing strategies, retailers benefit from higher profit margins as they avoid overstocking unpopular sizes while ensuring they have enough of the right sizes to meet demand.

AI in Sizing



With AI-native systems, such as 7thonline, forecasting and data analysis is continuously refined with real-time data, industry-specific algorithms and expert-authorized adjustments made by team members that understand the nuances unique to business goals.



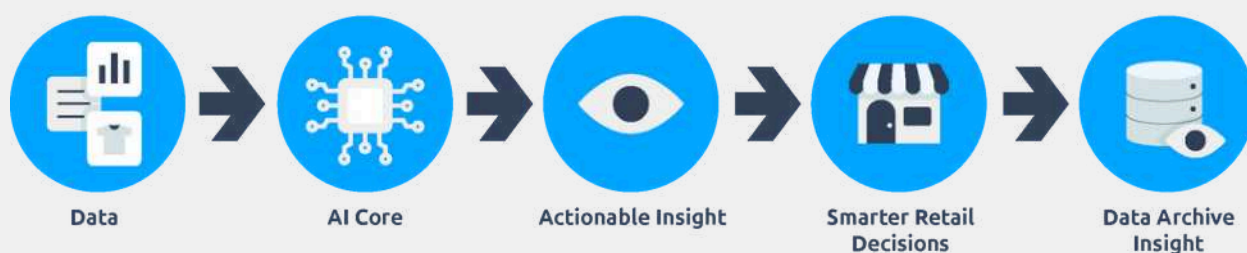
Real AI at Work

Having AI embedded throughout the platform and tapping into every data set is critical because it provides a level of granularity that isn't possible with individual AI modules—data is disconnected on an island. With AI at the core of the platform, multiple datasets and components work together, ensuring retailers have no wasted demand because the AI is deriving actionable insight at the lowest level. The power of AI in retail lies in its ability to drive profitability by empowering smarter, data-driven decisions every step of the way—from product assortment and allocation, AI can optimize inventory management. It's not just about throwing AI into a tool and hoping it works; it's about embedding it deeply into every step of the retail process.

When AI is working, users shouldn't even know they're using AI. They should just realize how accurate the data analysis is.

7thonline is the leading AI-powered demand planning and inventory management solution, spanning across all key channels: retail, wholesale and ecommerce. For 25+ years, 7thonline has enabled leading retailers and wholesalers to make smart, integrated merchandising decisions with rich analytics and industry best practices. Utilize the power of AI and data visibility to understand consumer demand, react to emerging trends and drive revenue and margin growth.

Data from Multiple Areas





Case Study

The Problem: A long-term, multi-billion dollar wholesale client was dealing with growing supply chain costs amid an increasing number of brand acquisitions. As a result, the company had to continually improve its operational efficiency and production accuracy across its brands to drive immediate returns on its investments alongside sustained success.

The Solution: Expanding its partnership with 7thonline, the company leveraged our scalability and AI-embedded platform to improve supply chain efficiency and production accuracy for 11 global brands and business units. They were even able to place production orders one week earlier than their competitors, resulting in a \$1/garment cost reduction.

Utilizing a single system enabled them to standardize merchandise planning processes across brands and drive continual improvements for its wholesale business, improving fill rates, prompting proactive selling and reducing administrative costs.

About 7thonline

7thonline is the leading cross-channel merchandise demand planning and allocation solution for retailers and wholesalers—powered by AI. For 25+ years, 7thonline's AI-native platform has been enabling industry leaders such as Birkenstock, Calvin Klein, Canada Goose, PVH, and VF Corp to make dynamic, data-driven merchandising decisions and streamline business processes. Advanced AI is embedded into the platform to accurately forecast consumer demand and ensure inventory decisions align with customer needs, maximizing profitability.

7thonline is headquartered in New York City with global offices.



For more information, please visit www.7thonline.com