



SUMMARY
PACSUN

Customer
PACSUN

Industry
Retail

Challenge

Lower shipping costs by reducing split shipments and order zone hopping for online fulfillment

Balance inventory across distribution centers, web-depot stores, and regular stores for omnichannel shopping

Solution

- Allocation
- Fulfillment
- Analytics

Results

- Doubled ship completes
- Forecasted and allocated for store and online demand
- Balanced inventory between stores, DC, and web-depot locations for in-store and online sales

PACSUN Boosts Inventory Efficiency and Lowers Costs through Omnichannel Allocation and Fulfillment

Summary

Retailers have seen their online sales and fulfillment costs accelerate due to the pandemic. The increased online sales strain operations while the higher costs depress margins. Because of these factors, PACSUN added intelligence to their allocation and fulfillment processes to optimize their inventory efficiency across their enterprise.

About

Pacific Sunwear of California, LLC and its subsidiaries (collectively, “PACSUN” or the “Company”) are a specialty retailer delivering a curated collection of the most relevant brands and styles to a community of inspired youth. Through partnerships with Adidas, Brandy Melville, Essentials Fear of God, private label brands, and many more, they offer unique products that all youth can express themselves through. PACSUN operates nearly 400 stores in all 50 states and Puerto Rico, and is recognized as a top 3 clothing brand for Gen-Z customers.¹

“PACSUN represents the mass version of street and youth culture fashion.”

Dre Hayes, president of Kappa North America²

Challenge

After the 2019 holiday season, before the pandemic, PACSUN foresaw the need to adjust its operations to account for online growth. Their DC’s didn’t have the necessary capacity, stores had to fulfill orders, and shipping costs would explode if they didn’t adjust their processes. Then the pandemic hit, along with a realization of this stark reality.

Solution

PACSUN’s primary goal was to reduce costs by lowering split shipments and order zone hopping. This goal seems straight-forward enough, yet it’s easy to underestimate the bold leadership taken by PACSUN.

Artificial Intelligent solutions process large amounts of data to provide suggestions and automation. Predictions are much easier when the underlying data is stable with repeatable patterns. Yet as everyone knows, data is never perfect. On top of that, pandemic shopping, unprecedented online sales growth, fluctuating consumer demand, new fulfillment options, and various government regulations messed up everyone’s data.

At the same time, PACSUN changed its fulfillment strategy. Rather than every store fulfilling online orders, they concentrated online orders into specific stores, called web-depot stores. The goal was for web-depot stores to handle approximately 30% of peak volume while being within two shipping zones. But for this to work, inventory had to be properly allocated across DC’s and stores to manage both online and store demand.

SUCCESS STORY

PACSUN

It would have been easy to wait until next year, but PACSUN's leadership understood the consequences of waiting. Fulfillment costs were escalating. A simple 1% reduction in shipping costs would pay for the project. With complete determination, PACSUN implemented their web-depot strategy and antuit.ai's Allocation before the 2020 holiday season. Then shortly after, implemented the fulfillment module which adds more insights to the retailer's order management system.

"PACSUN wanted to be ready for the holiday season by proactively managing our costs created by the increase in online sales. By adding more intelligence to our allocation processes with antuit.ai, we allocated inventory for the omnichannel demand and minimized split shipments."

Mike Relich, Co-CEO PACSUN

Results

- Doubled ship completes
- Forecasted and allocated for store and online demand
- Balanced inventory between stores, DC, and web-depot locations for in-store and online sales

PACSUN selected approximately 100 store locations to serve as their web-depot stores based on their geography and space. These web-depot stores were assigned specific zip codes for online fulfillment which antuit.ai's Allocation solution would forecast, considering both in-store and online demand, to concentrate inventory into these areas.

"Antuit.ai's solutions and expertise ensure we have the right inventory in the right stores, which significantly improves our ship completes."

Shirley Gao, CIO PACSUN

Antuit.ai fulfillment module provided store inventory Days of Supply forecast for both in-store sales and online fulfillments. Days of Supply is one of the primary factors used by Manhattan Active Omni OMS fulfillment optimization engine. Using Days of Supply with the other factors, such as shipping cost and labor cost, PACSUN reduced shipping costs and cancellation rates.

Antuit.ai analytics also helped PACSUN with testing and evaluating new strategies, gaining more omnichannel fulfillment insights, and improving fulfillment optimization configuration.



¹ Piper Sandler. Taking Stock with Teens®. 42nd semi-annual Generation Z survey of 10,000 U.S. teens. Fall 2021 Survey. <https://www.pipersandler.com/1col.aspx?id=6216>

² Glossy. Fashion Briefing: From mall brand to cultural hub: How Pacsun is beating the odds. July 30, 2021. <https://www.glossy.co/fashion/fashion-briefing-from-mall-brand-to-cultural-hub-how-pacsun-is-beating-the-odds>

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