



# **HARNESSING THE WEATHER: TRANSFORMING UNCERTAINTY INTO A COMPETITIVE ADVANTAGE**

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A Strategic Approach for Merchandising, Inventory, & Supply Chain Excellence

# WEATHER'S IMPACT ON SUPPLY CHAIN EXPENSES

- Supply Chain Disruptions
- Demand Forecasting Difficulties
- Agricultural Impact on raw materials
- Operational Interruptions
- Consumer Behavior Shifts
- Inventory Imbalances
- Price Volatility
- Revenue Loss

Home ▶ Supply Chain  
**Hot summer turning up climate change heat on supply chains**

CNN BUSINESS Audio Live TV Log In  
**'It comes up on you fast:' Scorching heat is crushing American businesses**

**Wet weather dampens retail sales in Great Britain**  
Shoppers shun high street as quantity of goods bought falls 1.2% month on month in July

BUSINESS / RETAIL  
**Retail's Looming Threat: Extreme Weather**  
Questions are being raised as to whether retailers can beat the heat or succumb to the preponderance of record high temperatures and sudden and severe weather events due to global warming.

Home / Money / Investing / Wheat Prices: Impacts of Wea...  
**Wheat Prices: How Weather and War Affect Commodities**

Forbes  
**Bad Weather – Another Concern For A Stressed Global Supply Chain**

SUPPLYCHAIN DIVE Sign up  
**4 types of billion-dollar weather events tested supply chains in 2020**

***Drought Saps the Panama Canal, Disrupting Global Trade***  
The number of ships that can travel through the vital route has fallen sharply this year because of a lack of water for the locks, raising costs and slowing deliveries.



# YOUR TEAM MAKES DAILY WEATHER DECISIONS



## MERCHANDISING MANAGERS

- Product Selection and Forecasting
- Seasonal Display Adjustments
- Product Rotation
- Promotion Strategy



## INVENTORY PLANNERS

- Adjusting Reorder Points
- Safety Stock Level Calibration
- Demand Forecasting
- Optimizing Inventory Turnover



## STORE MANAGERS

- Staffing Level Adjustments
- Emergency Planning
- Snow Removal & Operations
- In-Store Promotions

# OUR RESEARCH SHOWS WEATHER IMPACTS EVERYTHING

## High Impact Categories

Seasonal Apparel

Auto Accessories

Air Conditioners and Heating

Sunscreen and Skincare

Bug Spray

Outdoor Attractions and Tourism

## Moderate Impact Categories

Gardening Tools and Plants

Patio Equipment

Cough, Cold and Allergy

Sporting Goods

Travel Accessories

## Low Impact Categories

Indoor Entertainment

Non-Perishable Food

Hot and Cold Beverages

Grilling Related Food

Indoor Fitness

**Percent of Product  
Categories**

**10%**

**20-30%**

**20-30%**

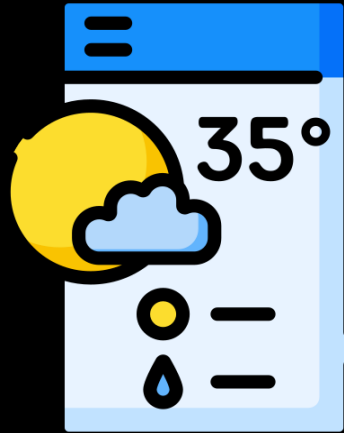
**Demand Forecast  
Accuracy Opportunity**

**25-40%**

**10-25%**

**2-10%**

# RETAIL'S UNIQUE TIME HORIZON FOR SUPPLY DECISIONS



## Typical Weather Forecasts

(next 7 days) are too late for retailers to make meaningful inventory difference to the bottom line.



## For seasonal product categories

Much more important to get the start of season and peak of season right store by store.



## Most important decisions are made

**looking weeks to months out**

Product Selection | 3-6 months

Product Display | 1-2 weeks

Promotions | 1-3 months

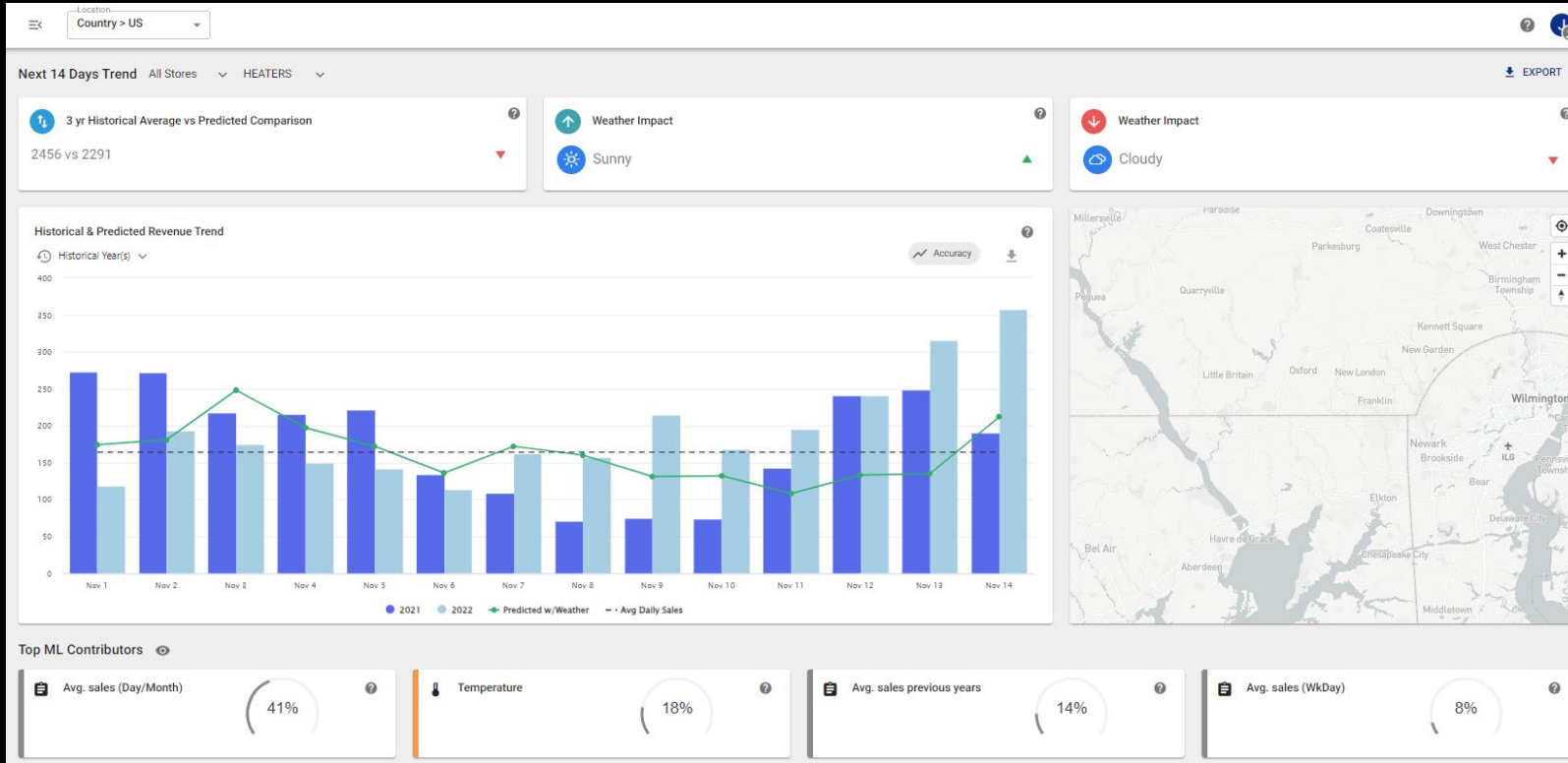
Inventory Reorder | 1-3 months

Stock Redistribution | 2-8 weeks

Staffing | 1-3 weeks

Demand Forecasting at the  
Hourly/Weekly/Monthly Levels

# OUR SOLUTION: WEATHER INSIGHTS PLATFORM (WIP)



- Focused on the Long Term: Weekly forecasts 52 weeks into the future.
- Role based screens for Inventory Planner, Merchandiser, Store Manager
- Proven Demand Forecasting Analytical Models for weather impact, already deployed at multinational retailers.
- Incorporates your historic sales and promotions data, to create SKU-store level predictions
- Historical Analysis to quantify business loss/gain due to weather.
- Generative AI approach to get your team the right information without digging through dashboards.

# CLIENT SUCCESS STORIES



## TOP FIVE GLOBAL RETAILER

Uses the WIP Platform to improve demand predictions by **10-15%** across over 1000 product categories.



## SIR CORP

WIP improved daily demand predictions by **20-25%** at quick service restaurants to optimize staffing schedules.



## MAJOR THEME PARK

Uses WIP to quantify a **5-15%** weather impact on revenue at the gate and concessions. This translates into a **\$4M** increase in sales due to weather.

# WEATHER SWINGS REVENUE 1-3% FOR MANY RETAILERS

## Assumptions

- \$10B retailer
- Historical Overstock Costs: 1% of revenue
- Historical Stockout Loss: 2% of revenue
- Product Category Impacted by weather: 45%
- Average Accuracy improvement for weather categories: 8%

## Stockout Reductions

### \$10B revenue

- 2% historical stockout
- 8% improvement in accuracy
- 45% of product portfolio  
= \$7.2M in revenue improvement

## Overstock Cost Reductions

### \$10B revenue

- 1% historical Overstock Costs
- 8% accuracy improvement
- 45% of product portfolio  
= \$3.6M in cost reductions.

***Weather Insights Platform has a \$10.8M dollar annual value for a \$10B retailer.***



# HOW TO GET STARTED

## 1. **Send us example historical sales and promotions data.**

Our data scientists and weather insights experts will want 3 years of daily level SKU-Store data with promotions information, but for the example you can just send us a brief sample so we can get our head around your data formats and make sure we understand everything.

## 2. **We will get you a quote.**

We will need to know a little more information:

- How many users
- Which role types
- How many stores and SKU combinations
- Any downstream integration required to ERP, inventory management systems, etc

## 3. **Sign up! If you're ready to start, let's get paperwork in place.**

Here is what happens next

- Send us the full three-year sales and promotions data
- We need about 2 weeks with your full dataset to create the analytics model and historical analysis In two weeks, we will have the dashboard up and running with your insights flowing!

# WHO WE ARE

- The largest portfolio of consumer weather apps and television stations with presence in more than 15 countries and content produced in English, Spanish, and French with 60 million consumers using our information 24/7/365.
- Weather Source is the B2B core within Pelmorex and provides enterprise level weather information to many of the world's largest companies to help them manage global weather risks on time scales from minutes to hours, days, weeks, months and years. Weather Source supports numerous sectors including automotive, transportation, energy, retail, and insurance, among others.
- The first company to pioneer using Generative AI in the consumer weather experience.

## FOR MORE INFORMATION:

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[weathersource.com](http://weathersource.com)



## Direct to Consumer Brands



## B2B Brands



WEATHER  
SOURCE

