

A Skeptic's Guide to Practical AI Deployment in the MidMarket Retailing

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Contents

A Skeptic's Guide to Practical AI Deployment in the MidMarket Retailing	1
Section 1: The AI Bet: High Stakes, High Risk, and the Sobering Reality	2
Section 2: Why AI Projects Crash and Burn (and How to Avoid the Wreckage)	3
Section 3: The Mid-Market AI Playbook: Three Real-World Wins You Can Copy	4
Case Study 1: The Efficiency Play – How AKA Brands Found \$5 Million in Savings 4	
Case Study 2: The Cash Flow Play – How mnml Cut Inventory by 40%	5
Case Study 3: The Margin Play – How Stio Slashed Costly Returns by 30%	6
Section 4: A No-Nonsense Guide to Getting Started with AI	7
Section 5: What's Next? (If You Get the First Part Right)	8
References and Links	9



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Section 1: The AI Bet: High Stakes, High Risk, and the Sobering Reality

Let's be honest. As a retail leader, you're tired of the hype. Every year, a new technology promises to be the silver bullet that will solve every problem from messy inventory to poor staff training and even those fickle customers. Today, that silver bullet is Artificial Intelligence. We're told it's a revolution, a game-changer, an absolute necessity. But the reality on the ground tells a much different, and far more expensive, story.

Before you write another check for a promising AI pilot, consider the odds. Recent data from S&P Global is startling: **42% of companies are now abandoning the majority of their AI projects before they ever see the light of day.**¹ That's a massive jump from 17% just a year prior, which means the problem is getting worse, not better.¹ This isn't just about failed experiments; it's about "implementation debt"—the compounding cost of wasted time, burned-out teams, and capital that vanishes with nothing to show for it.¹

A failed AI project in planning and forecasting isn't a small misstep. It's a significant financial wound. The initial investment for a mid-market retailer can easily run from \$50,000 to over \$100,000 for the platform alone, with tens of thousands more for integration and training.³ When that project fails, the money is gone. But the real cost is far greater. It's the six to twelve months your team spent trying to make it work instead of focusing on the core business.³ It's the hit to morale when a promised "solution" becomes another frustrating problem. And it's the strategic ground you lose to competitors who get it right.

The paradox is that while most companies are failing to see any real financial return from their AI initiatives, a small number are quietly generating massive value.⁴ They aren't smarter, and they don't have a secret playbook. They are simply more pragmatic and disciplined. They treat AI not as a magic box, but as a powerful and dangerous tool that demands a clear plan, clean data, and a healthy dose of skepticism. This guide is for leaders who want to join that winning minority. It's not about the hype; it's about how to make a smart bet and avoid the costly mistakes so many others are making.

Section 2: Why AI Projects Crash and Burn (and How to Avoid the Wreckage)

AI projects don't fail because the algorithms are flawed. They fail because of entirely predictable—and preventable—business problems. Before you can succeed, you have to understand the common traps that turn promising initiatives into expensive write-offs.

- **Trap 1: Treating AI as an IT Project.** The single biggest mistake is handing the AI initiative off to the IT department.⁶ Getting value from AI isn't about installing new software; it's about changing how your business thinks and operates. Your merchants, planners, and finance teams have to be in the driver's seat from day one. When the business doesn't lead the project, you end up with a technically sound tool that solves no real-world problems.
- **Trap 2: The "Garbage In, Garbage Out" Data Problem.** AI models are hungry for data, but they're picky eaters. They need clean, accurate, and well-organized information to produce reliable forecasts.⁷ The hard truth is that most retailers' data is a mess. It's trapped in old, disconnected systems, full of inaccuracies, and requires a massive cleanup effort before it's usable.⁹ A staggering 67% of retailers admit they can't even collect usable data in the first place.¹⁰ Building an AI initiative on a foundation of bad data is a fool's bet.
- **Trap 3: Trying to Do Too Much at Once.** In the rush to catch up, many leaders place too many small bets across the company, hoping one will pay off. The data shows this is a losing strategy. Research from the Boston Consulting Group found that the most successful companies focus their efforts on an average of just 3.5 high impact problems, while laggards spread their resources thinly across more than 6.⁵ Focus wins. Pick one or two repeatable process problems - and solve them completely.
- **Trap 4: Ignoring Your People.** Your team of merchants and planners has decades of experience and intuition. If they see AI as a threat or a "black box" they can't understand, they will never trust it.⁷ Resistance from the workforce is a top reason for failure.¹⁰ A successful rollout requires bringing your team along on the journey, showing them how the tool makes their jobs more strategic (not obsolete), and giving them the training and confidence to use it effectively.⁹

Avoiding these traps isn't complicated. It's about discipline. It means having the courage to tell your board that you need to spend six months cleaning up your data before you even think about AI. It means saying "no" to scattered pilot projects and "yes" to a single, focused initiative. And it means putting your business leaders, not your tech team, in charge.



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Section 3: The Mid-Market AI Playbook: Three Real-World Wins You Can Copy

Enough with the theory. Let's talk about what's actually working for retailers in the real world.

The following examples are from mid-market brands that faced common, painful problems and used AI to generate clear, measurable wins. These aren't billion-dollar giants; these are companies you can relate to.

These companies didn't try to do everything at once. They each picked a single, painful problem and used AI as a targeted tool to solve it. This is the blueprint for success in the mid-market: start small, prove the value, and build from there.

Case Study 1: The Efficiency Play – How AKA Brands Found \$5 Million in Savings

- **The Company:** AKA Brands, a portfolio of digital-first fashion brands.¹¹
- **The Problem:** As AKA Brands acquired more companies, their product catalog exploded. They were drowning in SKUs, which created a massive drag on the business. Too many products meant more complexity, bloated inventory, and money tied up in things that weren't selling. They knew a huge portion of their assortment wasn't pulling its weight, but they were afraid to cut anything without hard data.
- **The Fix:** They brought in an AI tool with a specific mission: SKU Rationalization. The system chewed through all their sales data and clearly identified the winners and the losers. It gave the merchants data-backed recommendations on which products they could safely eliminate without hurting sales. It replaced guesswork with confidence.¹¹
- **The Result:** The outcome was stunning. AKA Brands cut its total SKU count by **5075%** while maintaining the same level of sales. This move is projected to deliver **\$5 million in cost savings and efficiency gains**.
- **The Playbook:** If your business is getting more complex, your assortment is probably too big. Use AI to surgically prune your product catalog. Focus your money and energy on the items that actually make you money.



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Case Study 2: The Cash Flow Play – How mnml Cut Inventory by 40%

- **The Company:** mnml, a fast-growing contemporary fashion brand with revenues approaching the \$50 million mark.¹²
- **The Problem:** Like many growing retailers, mnml was running its inventory planning on spreadsheets. This meant they were always looking backward, trying to guess future demand based on old data. To avoid running out of popular items, they did what most retailers do: they overbought. This resulted in warehouses full of excess inventory, which is just another way of saying "piles of cash sitting on a shelf."¹¹
- **The Fix:** They ditched the spreadsheets for an AI planning platform. The system gave them two things they desperately needed: a real-time, accurate view of their inventory and much smarter demand forecasts. This allowed them to shift from a "just-in-case" buying model to a "just-what's-needed" model.¹¹
- **The Result:** The impact on their finances was immediate and powerful. mnml **reduced its on-hand inventory by 40%**. This freed up a huge amount of working capital that they could reinvest in growing the business, all while keeping their key products in stock.¹¹
- **The Playbook:** Your inventory is your cash. If you're constantly overstocked, you're limiting your own growth. Use AI to get a smarter, leaner inventory position and put your capital back to work.



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Case Study 3: The Margin Play – How Stio Slashed Costly Returns by 30%

- **The Company:** Stio, an outdoor lifestyle brand with revenue topping \$100 million.¹⁴
- **The Challenge:** Stio was growing fast across multiple channels, but this growth created a new problem. They were struggling to get the right products to the right stores. At the end of the season, they were dealing with a mountain of returns coming back to the warehouse from their retail locations. These "send-backs" were a direct hit to their profits, costing them money in shipping, handling, and eventual markdowns.
- **The AI-Powered Solution:** Stio used an AI platform to get smarter about allocation. The system analyzed sales data from all their channels to predict where specific products would sell best. This allowed them to send inventory where it was most likely to sell at full price, instead of making a best guess and cleaning up the mess later.¹¹
- **The Quantifiable Results:** The switch to AI-powered allocation directly protected their bottom line. Stio **cut its end-of-season returns by 30%**. This reduced logistical costs and, more importantly, improved their sell-through rates, preserving precious gross margin.¹¹



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Section 4: A No-Nonsense Guide to Getting Started with AI

If you're ready to move forward, here is a straightforward, four-step plan to get started without getting burned. This isn't about complex technology; it's about smart business execution.

- **Step 1: Pick Your Fight.** Don't boil the ocean. Get your leadership team in a room and agree on the single biggest problem you need to solve. Are you drowning in unsold inventory? Are you constantly out of stock on your bestsellers? Is your forecast accuracy a running joke? Pick one—and only one—to start. Make sure it's a problem that, if solved, will deliver a clear, undeniable financial win.¹⁶
- **Step 2: Get Your Data House in Order.** This is the boring, unglamorous work that everyone wants to skip, and it's the number one reason AI projects fail. You must be brutally honest about the state of your data. Before you even talk to a vendor, launch a "data audit" to figure out where your information lives, how clean it is, and what it will take to make it reliable. You'll likely need at least two to three years of clean sales and inventory data for an AI model to be effective.¹⁶ This step is nonnegotiable.
- **Step 3: Run a Focused Pilot.** Once your data is clean, launch a small, controlled pilot project. Don't try to roll out a new forecasting system across your entire business. Test it on a single product category or in one retail channel.¹⁹ Set clear, simple goals for the pilot (e.g., "improve forecast accuracy by 15% in the pilot category within 90 days"). This approach lowers the risk, allows your team to learn, and gives you a quick, tangible result to prove the value of the investment.⁹
- **Step 4: Put Your People First.** Technology doesn't deliver results; people do. The success of your AI project will depend almost entirely on whether your team trusts and uses the new tools. This means investing 70% of your effort not on the algorithms, but on the people.⁵ Involve your merchants and planners from the very beginning. Invest in training to make them comfortable with the new system. And celebrate the wins from the pilot to build enthusiasm and turn skeptics into champions.¹⁰

This methodical approach may seem slow in a world obsessed with speed, but it's the surest path to success. It's about building a solid foundation, proving the value at every step, and bringing your organization along with you.



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Section 5: What's Next? (If You Get the First Part Right)

Getting your first AI project right—whether it's smarter forecasting or leaner inventory— isn't the end of the story. It's the ticket to the next level of competition. Once you have a solid data foundation and a team that trusts the tools, you can start exploring more advanced capabilities that will further widen the gap between you and your competitors.

The next wave of AI is about creating a truly responsive retail operation. Imagine systems that don't just predict a spike in demand but automatically move inventory to the right stores, adjust prices online, and trigger a marketing campaign to capture the opportunity—all before a human even has to look at a report.²¹ This is where the industry is heading, toward a state of "agentic AI" where intelligent systems execute complex decisions on their own.²¹

The choice is yours You can look for a “magic bullet” solution, or you can begin the disciplined, pragmatic journey of building a smarter, more resilient retail business. The learning is here, the path is clear, and the time to act is now.

About ANT USA

Since 1992, ANT USA has focused on solving real-world retail planning challenges. Our flagship Buyer's Toolbox AP software is a testament to this practical, results-driven approach, helping retailers around the world modernize their planning, achieve real-world forecast accuracy, and drive tangible profit growth.

We provide the tools and the expert partnership to help you transform your Merchandise Financial Planning (MFP) and Open-to-Buy (OTB) processes.

Ready to empower your planners?

Visit www.antusa.com to learn how our solutions can help you reduce markdowns, optimize inventory, and improve gross margins.



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