Title C: **4 Ways AI Is Disrupting the FMCGs (In a Good Way)**

Subtitle: *Stocking products, having promotions, and choosing the right product combinations is changing and getting FMCGs a new competitive advantage.*

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The number of variables that play into correctly stocking a vending machine or convenience store may come as a shock to someone outside of the industry, but those who work with FCMGs (fast-moving consumer goods such as Unilever, Procter & Gamble's, Coca-Cola, Mars) know that stocking their products in a way that maximizes revenue is no easy task.

FMCGs are found pretty much everywhere – universities, office buildings, stadiums, malls, metros – and offer a wide array of different products, so the options are endless when it comes to picking out the right combination of goods to sell at the right price, in the right location. Even if you manage to find the "perfect" pairing of products, you are still caught up in the practical challenges of correctly stocking items at the right place, successfully managing different categories of products, and making sure you offer promotions at the most profitable times.

The human brain is great at reading emotion, persuasion, and analysis, but it isn't so great at dealing with infinite options, so the process of setting up and managing your FMCG products can perplex even the most experienced industry leaders. This is why the fact that new technologies are making their way into the FMCG industries – particularly with the use of FMCG artificial intelligence (AI) and FMCS advanced mathematics – is so exciting.

AI and advanced mathematics are allowing FMCG/S distributors to optimise their product selection and stock processes like never before. Here are four of the major ways this is happening.

1. AI can go beyond standard market segmentation (e.g., locations, seasonality, demographics, etc.) developed by "human constructs"

Personalization is making its way into mainstream marketing, and customers are getting used to having their personal needs and wants catered to by the companies they love. One might think that a general industry such as FMCGs would exclude itself from this personalization strategy: how can you possibly personalize something as public and generic as groceries shelf or vending machine? [Think again.](#) With the emergence of AI, this is no longer the case.

With AI, you don't need to think about locations, demographics, and specific tastes, because it's all naturally embedded in the data. This is why at HIVERY we often say "Data Has a Better Idea." Our AI algorithms, part of our Retail Genome, use this data and uncover new patterns and relationships that human cognitive ability never could. This is what we are doing with vending machines and store inventory. When retail physical space is restricted and products need to fight for a place, we have self-learning algorithms to tell what you should do.

Training AI algorithms with a range of FMCG/retailer relationship constraints and rules can be complex, but once done right, companies with vast amounts of data and variables can stock FMCG products in vending machines or on shelves beyond the "human constructs" of location temperature, target customer socioeconomic status distribution, etc. This kind of "fingerprint" recommendation can lead to big profits quickly. It essentially takes the human guesswork and biases out of stocking at the individual store/vending machine level.

When it comes to choosing the right products for a specific location, the choice goes beyond what your target demographic is buying – you also need to consider what products go well together. Product pairings should be placed in the same store, and even beside each other for added effect. For example, if putting Coca-Cola next to a Snickers bar leads to customers buying both products instead of just one, it is in your best interest to consider this in your arrangement and product choice.

Some say this might be store-level product replenishment and stock optimization wizardry, but in fact, it's scientific optimization based on AI/ machine learning instead of a rule-based system.

AI in FMCG companies can allow you to consider these hundreds of thousands of potential product combinations, ranking the most popular ones to give you a perfectly balanced product selection. It can also create AI planograms that can help FMCGs advise retailers exactly where each product should be placed, how much stock to have of that product, and what the price to set in order to maximize profit. Some say this might be store-level product replenishment and stock optimization wizardry, but in fact, it's scientific optimization based on AI/machine learning instead of a rule-based system.

2. AI can see data patterns unlike humans and learns from its mistakes.

When it comes to managing and storing any large datasets, we have come to a point where it is becoming next to impossible to achieve any sort of strategic analysis without the help of AI. There is just

too much data out there, and not enough brain power. Conventional methods just don't work. What makes this process even more interesting is that with AI or machine learning, the system learns from its mistakes and gets better. This means that it not only learns over time – its recommendations or "predictions" are more accurate than those of a human.

The benefit to incorporating AI into your product selection and stocking strategy is that the software will store, analyze, and learn from past actions and continue to track and store all future decisions. This means your data will become a goldmine for the AI to find new patterns, discover new opportunities, target mistakes or errors, and improve the overall efficiency of your process over time. AI has the unique ability of being able to learn faster than any human brain, and this is exactly what you need if you want to keep your sales above your competition's.

3. AI can streamline your whole operations efficiently.

Restocking a vending machine or store requires coordination, strategic planning, and cooperation between teams to ensure that the correct products are available and distributed at each specific location. AI technology can streamline this process by offering AI category management solutions that make the most sense for each location, helping to keep things organized and efficient.   What does this mean? Not only do you get the right products in right stores with the right price and promotion, but you also get lower supply chain distribution and logistics costs of getting those products in these stores using route optimization. Furthermore, with AI, you can go one level down and optimize the route for per driver or business rules. That way, the system learns both product assortment and route optimization at a store-driver level.

The management of different product categories tends to get difficult for the human brain to process as stores get more and more personalized to the specific tastes. This is where AI can help cut through the noise and create fingerprint planogram for each product category that caters to each store location.

4. AI in FMCG keeps you – and your calendar – objective.

One of the biggest benefits to implementing AI technology into your business, no matter the industry, is the objectivity that AI systems grant you. As humans, we are simply unable to be completely objective when we consider a situation, decision, or challenge. Even if we make it a priority to be as objective as

possible, we cannot guarantee that the colleagues providing us with information are being equally as committed to objectivity.

[This is why CEOs are turning to AI to provide them with objective advice and guidance](#), and why using AI when making decisions about product choices, planograms, category management, and promotional calendars is a step forward. Promotional effectiveness calendar optimization allows you to rely on artificial intelligence to decide on a time to offer a product promotion. This means you are guaranteed to make the most optimized decision for your business instead of basing it on how you are feeling about a particular product or opportunity at that time. The ability to create a promotional calendar free of emotion and judgement will allow you to create a customer experience that will keep people incentivized to buy all year round.

How we can help

Hivery clients that have implemented our AI vending analytics and FCMGs advanced mathematics have seen a [15% increase in sales revenue and an 18% reduction in restock costs.](#) Now that the technology exists, it has begun to disrupt the FMCG market – and there is no turning back. Getting on board with artificial intelligence and maximizing the efficiency of your vending machines or retail distribution strategy through fingerprint level while product pairings that were not previously possible will put you ahead of the competition and be a real game changer in your business.