Case study
Demand Forecast and Replenishment

Morrisons
Since 1899

Morrisons Puts the Customer at the Heart of Every Decision

2.6%
same-store sales growth

30%
improvement in on-shelf availability

2-3
days reduced in store inventory

On achieving revenue growth:

UK grocery retailer Morrisons achieved same-store sales growth of 2.6% by leveraging an artificial intelligence-infused planning solution from Blue Yonder to increase the shelf availability of 29,000 SKUs across 130 categories at its almost 500 stores. Better serving its over 11 million customers with the right products in the right place is a smart growth strategy at Morrisons.

Challenges:

- UK-based supermarket chain Morrisons wanted to increase on-shelf availability through improved demand planning and replenishment based on analysis of customer behavior at every store. The goal is to put the customer at the heart of every decision.

- Store replenishment based on manual ordering by in-store teams proved time consuming, created inconsistencies between stores and was not always accurate.

- Morrisons wanted any new planning solution to easily integrate with, and streamline, its complex IT infrastructure, as well as be capital light.

On putting the customer first:

The key to putting customers at the heart of every decision is to ensure the products they want to buy in each store are available on the shelf when they shop. This required solving Morrisons' two biggest challenges, understocking and overstocking, that were caused by manual ordering processes based more on historical practices and intuition than on scientific analysis of local customer behaviors.

Morrisons chose Blue Yonder's Luminate™ Planning suite of forecasting and replenishment capabilities to optimize merchandise availability at each store.

The artificial intelligence (AI)-based solution automatically forecasts orders daily per store and per SKU to meet customer demand, and its self-adjusting capabilities mean demand can be optimized down to product level by factoring in influences such as store demand patterns, shelf sizes, seasonality, weather and promotions. The results are an up to 30% increase in on-shelf availability and reductions in store inventory of two to three days.

On increasing profitability:

Morrisons understands that increasing revenue and customer satisfaction is only half of the job needed to increase profitability. The other half is reduction in costs through improvements in efficiency and reductions in waste. Luminate Planning not only optimizes on-shelf availability through automation of labor-intensive ordering in each store, it also reduces waste. And since the solution is AI-based, it continually learns and improves decision-making by modeling what is expected to happen, not just what transpired in the past. It detects and responds to changing customer demand patterns as they are happening, ensuring stores are stocked with the right merchandise and reducing waste.

Besides making the order placement process more accurate and efficient, the automated solution frees managers and associates to spend more time on the store floor helping customers and performing other tasks that improve the shopping experience.

On rapid return on investment:

Blue Yonder began the deployment of Luminate Planning at Morrisons with a three-month pilot program. As a Cloud-based solution with industry-standard IT interfaces, the deployment was rapid, returning immediate results on Morrisons' investment.

"The system is capital light, utilizing cloud technology and store specific historic sales data to forecast stock requirements. It is reducing costs and stock levels, while also saving time for colleagues and providing a better offer for customers."- Morrisons' CEO

Solution benefits:

- Replaced inefficient, inaccurate and inconsistent manual ordering processes with a fully automated, AI-based forecasting and replenishment solution

- Increased same-store sales 2.6% across 130 categories and over 29,000 SKUs

- Improved on-shelf availability by up to 30% while reducing store inventory by 2-3 days

- Frees store managers and associates for customer-facing activities

Blue Yonder expertise:

"Our new automated ordering system is now fully operational in all stores across all food categories, and we expect it to continue to improve availability and save time for colleagues in the important period ahead over Christmas and New Year. We were pleased the new system was named Supply Chain Innovation of the Year at the IGD Awards."
– Morrisons' CEO

Luminate Planning

BlueYonder