

46% of UK Grocery Retail Directors say replenishment is still driven by gut feel

Grocery retailers feel they are meeting expectations in terms of product availability, but their ability to deliver at the clock-speed of the shopper is falling behind

Blue Yonder, 10th September 2016 – Research by [Blue Yonder](#), a leading provider of predictive applications for retail, has revealed that grocery retailers are struggling to optimize their replenishment processes, with many decisions still based entirely on ‘gut feeling’. These findings come from customer experience delivery interviews with 750 grocery managers and directors in the USA, UK, Germany and France.

In spite of a rise in accurate machine learning algorithms for automated replenishment and demand planning, 46% of surveyed directors in the UK say replenishment is still an entirely manual process. This is surprising given 85% of respondents identified automation as a key tool for making the fast decisions needed to meet customer demand. The research also identified that 31% directors in the UK feel there are now too many decisions to be made manually, with the same number stating that gut feel is slowing them down.

Professor Michael Feindt, founder of Blue Yonder, says: “Getting replenishment right is critical to ensure the shopper can get what they want, when they want it and through the channel they want to purchase it. This is particularly difficult in the area of fresh food, where a fine balance needs to be struck between availability and waste. With increasing customer demand for immediate availability on all products, grocery retailers need the marginal gains that machine learning algorithms and automation can offer in delivering the best decisions on a daily basis to their replenishment strategies.”

The research also revealed that although UK grocery retailers recognize the need to invest in replenishment optimization, the process is still largely manual or subject to manual override.

- 62% of directors say they have invested in replenishment optimization in the last two years
- 31% of directors say they will be investing in further replenishment optimization in the next two, years
- 46% of directors said that replenishment is a manual process and a further 46% say that although the process is automated it can be overridden by managers, suggesting a reluctance to rely on automation

Additionally, while 90% of directors say that they are delivering on product availability, nearly 25% of UK grocery directors do not feel they are delivering in terms of quality, fresh produce highlighting a disconnect in replenishment strategies. In addition, with over 4 million tons of food being wasted every year in UK supermarkets, it is clear that retailers are not striking the balance needed and are throwing away profit in the process. This comes as no surprise when the replenishment strategies are very much driven by manual processes.



The Kaufland Group, which operates supermarkets in Germany, the Czech Republic, Slovakia, Poland, Croatia, Romania and Bulgaria is already using automated goods management: "For us it is absolutely critical to success to have the required amount of fresh meat available in each store," says Ralph Dausch, executive vice president, in charge of the process chain of fresh meat at Kaufland. "The automated goods replenishment solution precisely forecasts sales, which plays a central role. Our work with Blue Yonder has significantly optimised our processes. As a result, our products have a higher quality of freshness and we have less waste, whilst being able to maintain the availability of products."

To download the full findings and whitepaper, click [here!](#)

The research was conducted by Censuswide, with 750 key decision-makers surveyed in the US, UK, Germany and France. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

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About Blue Yonder

Blue Yonder is the leading provider of cloud-based predictive applications for retail. Every day, we deliver decisions to our customers that boost revenues, increase margins and enable rapid responses to changing market dynamics. Our replenishment and pricing solutions are driven by sophisticated machine learning algorithms, developed by one of the largest teams of PhD-level data scientists in retail. Founded in 2008 in Karlsruhe, Germany, by ex-CERN scientist Professor Michael Feindt, Blue Yonder now operates in both Europe and the United States. We are backed by leading private equity firm Warburg Pincus and the Otto Group and established the Data Science Academy, in 2014, to provide businesses with relevant data science know-how for retail. Blue Yonder has been awarded, among many others, the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Technology Award.

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