SELGROS Saves Distribution Costs for Advertising Materials

Customer

Country Germany

Vertical Wholesale

Solution Customer Targeting

- **Substantial savings in advertising costs with unchanged revenues**

- **Quick return on investment**

"We were convinced by the professional expertise and knowledge of the employees. Still, Blue Yonder first had to prove that the solution would work in practice, and they did that."

Holger Penndorf
COO, SELGROS Cash & Carry

BlueYonder
Best decisions, delivered daily

Business Challenges

Every two weeks, SELGROS would mail up to one million brochures to its customers. Deciding which customer should receive a catalog was a manual process using segmentation and decision trees. This created a significant drain on the company's time and resources. As there was also no capacity to consider all the elements that influence customer spending, it was acknowledged that the marketing budget was not being used efficiently.

SELGROS met with Blue Yonder to evaluate how automating the process could reduce advertising costs and improve their customer targeting.

Solution

Blue Yonder analyzed five years of individual customer purchasing history. Using Blue Yonder's algorithm, forecasts for purchasing probability and shopping cart size at customer level with and without advertising material were developed. The results delivered an optimal customer selection.

Before each catalog mail-out, SELGROS now receives a recommendation from Blue Yonder and automates it into the campaign process. For the automation of operational decisions, Blue Yonder use their own causality model, which extracts information from the data revealing the effects of promotions on individual customers' purchasing decisions. This way, only those customers whose purchasing decisions are positively influenced by advertising material will receive brochures.

Results

The Customer Targeting project started with an A/B test over 13 biweekly modules. During the A/B test, substantial savings were achieved in the Blue Yonder test group, and this was attained while keeping revenues consistent. After the first month, SELGROS realized their return on investment due to measurable savings.

In the Spring of 2016, SELGROS expanded the automation selection process to further optimize the catalog mail-out.

About Blue Yonder

Blue Yonder, a JDA company, enables retailers, consumer products and other companies to intelligently transform their operations and make more profitable, automated business decisions that deliver higher profits and optimized customer experiences.

With AI/ML learnings embedded into their core supply chain and merchandising processes, companies can respond quicker to dynamic market conditions and customer preferences, resulting in increased revenues and margins.

BlueYonder
a jda. company

info@blue-yonder.com
blueyonder.ai

jda.com
info@jda.com

Blue Yonder GmbH
Ohiostraße 8
76149 Karlsruhe
Germany

+49 721 383117 0

Blue Yonder Software Limited
19 Eastbourne Terrace
London, W2 6LG
United Kingdom

+44 20 3626 0360

JDA Software
15059 N. Scottsdale Road, Suite 400
Scottsdale, AZ 85254-2666
United States

+1 833.JDA.4ROI
+1 833.532.4764