

## New Blue Yonder Solution Helps Grocers Optimize Replenishment for Fresh Assortments

Blue Yonder helps grocery retailers remove complexity for profitable trading

**Blue Yonder, 1st December 2016** - Set against a backdrop of declining profitability and significant changes in consumer lifestyles, retailers are under pressure to deliver the best freshness and optimal availability to their customers without the ability manage cost-to-serve. Typically, 40 per cent of grocery revenue is driven by fresh, according to the latest [McKinsey report](#): get this right and the rest will follow, including the customer and profits. Grocery has traditionally struggled to deliver the right customer experience in fresh without forsaking margin.

From today, this challenge can be overcome using Blue Yonder Replenishment Optimization. Its industry-leading machine learning solution supports improved grocery trading performances by optimizing replenishment decisions and processes for fresh assortments.

Professor Feindt, Blue Yonder's founder, says: "The real battle for grocery success lies in fresh and getting that right profitably. The struggle is unsurprising as 'gut feel' replenishment for fresh is still common. According to our survey of 750 grocery retail managers and directors across the globe, 46% grocery managers and directors still use manual processes for replenishment (*Six Key Findings on Why Grocers Need to Speed Up Decision-making*, Blue Yonder, September 2016). The new retail world has seen an increase in the complexity of effective decision-making. Gut feel – and decisions based on historical data – are not good enough. For the first time, Blue Yonder Replenishment Optimization will help grocery turn challenges to opportunity, delivering the perfect combination of best fresh, best availability without waste or missed sales – ultimately securing their future success."

### Blue Yonder Replenishment Optimization:

- **Removes the complexity for improved profits:** Blue Yonder's machine learning solution provides grocery retailers a level of control and precision that has been impossible to manage in fresh assortments until now. By automating replenishment decisions at the lowest level of the business, retailers can finally align category plans to daily trading decisions, closing the gap between trading and supply chain.

- **Simultaneously optimizes demand and KPIs:** Blue Yonder Replenishment Optimization ensures that individual ordering decisions align with the retailer's strategic goals and key performance indicators (KPIs). For instance, if the retailer's priority is margins over revenues, the algorithm will adjust decisions accordingly. Using portfolio theory, it can work towards improving several KPIs at the same time.

Kemal Koeksal, Vice President Product Management, Blue Yonder says: "We have worked together with the industry to come up with additional functionality that we expect will reduce out of stock or waste scenarios by up to 50 per cent – importantly improving service levels and margin contribution. Let's take tomatoes as an example – if they do not sell in time it is not just the inventory cost the grocer writes off, it is storage, transport, people costs; it's the costs along the whole supply chain. On the flip side, if you don't provide the best freshness, you risk customers going elsewhere and lose revenue."

## 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.

Blue Yonder. Best Decisions, Delivered Daily.