

# Globus CR Focuses on Value with ML-Driven Automation

## Result

- Reduced out-of-stock rate by 20%
- Improved promotion presentation rate by 15%
- Reduced promotion leftover stocks by 40%
- Increased automation rate to 85%
- Less strain on supply chain through smoothing of delivery patterns

## Supply Chain Complexities

From the beginnings of commerce, promotion has been vital to retailers. Amidst increasing technology sophistication, the right promotions strategy can increase brand loyalty, accelerate buying decisions, attract new customers, move excess inventory, and increase the average value of sales transactions. And you can't promote what you can't supply so managing inventory replenishment is key.

Globus Group has 18,500 employees and operates in three countries. In addition to a total of 47 hypermarkets, 91 DIY stores and six electronics stores in Germany, the Globus Group also includes 15 full-range stores in the Czech Republic, 15 in Russia, as well as two DIY stores in Luxembourg.

For Globus CR, keeping a focused eye on these two areas is essential to their supply chain management strategy. With promotion shares very high and labor costs significantly increasing recently, they took a strategic look at how to reduce high planning and handling costs and realized the root cause was costly manual processes and high leftover stocks after promotions. To future proof the business and remain resilient they looked to partner with Blue Yonder.

## Challenges

- Market landscape is extremely promotion and price driven
- Manual and cumbersome promotion planning processes
- High promotion leftover stocks fill backroom storages
- Increasing labor costs driving need for automation



## Predict Promotion Demand

Before implementing Luminate Demand Edge and Luminate Store Fulfilment, centralized and automated processes seemed out of reach. With data insights and planning activities housed across different parts of the business, it was difficult to maintain both promotion leftovers and out-of-stocks at a reasonable level. With close coordination between Globus and Blue Yonder, these solutions were a game changer towards achieving higher promotion forecast accuracy and more demand-driven, automated and centralized promotion planning and replenishing processes.

## Taming a Volatile Market with Automation

Many retailers are looking to leverage the power of machine learning in their forecasting, planning and replenishment processes. With Luminate Demand Edge, Globus CR was able to develop highly accurate forecasts that go beyond traditional deterministic forecasting algorithms by including hundreds of additional demand influencers.

Results were realized in a sustainable manner with a 20% reduction in out-of-stocks during promotion, 40% reduction of promotion leftovers, and significant automation of promotion planning and replenishment processes. Globus CR successfully moved from a store-based manual promotion process to a future-proof centralized and automated process to achieve greater value and serve their customers more effectively.

The Globus and Blue Yonder joint team were particularly focused on managing the changes resulting from ML-driven automation and, in parallel, tracking the relevant KPI improvements. Working hand in hand, both organizations relentlessly drove a successful adoption.

Promotions represent almost half of Globus' Food business: in the assortments using AI-based automated ordering from Blue Yonder, the result is 20% less out-of-stock while reducing leftover stock after the promotion by 40%."

— Hans-Jörg Bauer CEO of Globus CR, v.o.s.

## Solution Benefits

- Comprehensive forecasting with increased accuracy for decision making
- Improved data quality, data processes, technical and business processes
- Centralized and automated store-based promotion process

## Blue Yonder's Expertise

Blue Yonder is the leading provider of SaaS-based, end-to-end, integrated retail and supply chain planning and execution capabilities for more than 4,000 customers worldwide. Our unique capabilities empower our clients to achieve more by optimizing costs, increasing revenue and reducing time to value so they can always deliver on their customer promises.