

Morrisons Simplifies Fresh Food Clearance with Blue Yonder

Result

- Eliminated two markdown cycles per day, resulting in lower labor costs
- Improved responsiveness via intraday demand forecasting
- Store specific optimised markdown pricing
- Improved markdown revenue

Driving down labor costs via intelligent markdowns

“With Blue Yonder fresh food clearance, we now have one daily markdown touch point that allows us to make a significant saving in labor costs and improved store associate productivity. We have an AI optimized price for each item, defined by store-specific sales history, store-specific forecasted sales and store-specific stock on hand, linked to events outside our control such as weather.” — **Head of Supply Chain Development**

Challenges

- Morrisons is one of the largest grocers in the UK, operating nearly 500 stores serving 11 million customers weekly. Morrisons is proud of its in-store point of difference - Market Street - which includes fresh food counters offering fresh butchery, seafood, delicatessen and bakery products.
- As fresh products have a relatively short shelf life, Morrisons was conducting three manual markdown events daily. Often, the price was too low and eroded margins or, conversely, it was too high and products failed to sell.
- Morrisons had already partnered with Blue Yonder on successful implementation of demand and replenishment solutions, so chose Luminate Pricing Real Time to apply an automated, scientific approach to fresh food markdowns.

Replacing manual labor with speed, accuracy and automation

“We had three markdown points throughout the day where fresh foods would be manually assessed and marked down. This was very expensive in terms of waste, markdown costs and store labor. We estimated that we could save millions of pounds in labor by having an automated, optimized pricing solution. Now the Blue Yonder fresh food clearance solution leverages machine learning algorithms to consider store-specific demand, price elasticity and inventory data to automatically achieve the maximum margin while aiming to clear all markdown stock by the end of the day.”



Leveraging the benefits of cloud and mobile solutions

“A significant benefit of our intelligent fresh food clearance solution is Blue Yonder’s cloud delivery model, which is capital-light and enables us to move with greater speed. In addition, the Blue Yonder solution integrates with our employees’ hand-held devices to support mobility and responsiveness. The solution delivers a direct response within milliseconds that provides the optimal new price and the corresponding discount percentage. Our associates can run queries any time during the day and act on the markdowns immediately.”

Blue Yonder’s expertise

“Prior to engaging Blue Yonder to help improve the fresh food markdown process, Morrisons used a rules-based system open to store manager override. Blue Yonder is a strategic partner that is helping Morrisons transform our technology so we are not just keeping up with the competition, but becoming a world-class grocery retailer. Blue Yonder’s AI- and ML-enabled technology allows us to automatically manage many aspects of our business to meet real-time consumer demand.”

Solution Benefits

- Blue Yonder’s Luminate Pricing Real Time uses state-of-the-art, proprietary artificial intelligence (AI) and machine learning (ML) to calculate store and item specific price elasticities, along with multiple demand-influencing factors such as inventory level, seasonality, weather and events.
- This Blue Yonder solution helps Morrisons consider the costs and impacts of every markdown price, as well as likely consumer behaviors, short code inventory levels, in-code inventory and external data feeds. Markdown prices are automated based on Morrisons’ category strategy and pricing rules.
- Blue Yonder’s cloud delivery model via Microsoft Azure means a rapid deployment, quick value realization, robust security and reliable integration with other retail systems.