Case study
Forecasting and Replenishment

Rexall

Rexall's Prescription for Success

- Reduction in inventory

- Improved product availability

- Positive top line sales growth

- Streamlined collaboration

Improved productivity

"Rexall has seen a significant labor efficiency improvement at store level and an improvement in on shelf availability supporting a positive trend in top line sales growth." **– Director of IT Applications, Rexall**

Challenges

- Rexall has been riding the wave of growth within the Canadian retail pharmaceutical industry for some time, but Rexall's reliance on older technology and processes caused several issues that impacted the profitability, efficiency and competitive agility of the business.

- The store replenishment process was initiated at the store level based on the results of daily physical inventory counts that leveraged handheld RF technology. Store managers had limited visibility to future store-level demand pattern changes, item cannibalization, safety stock requirements or days coverage prior to placing these manual orders.   This resulted in frequent demand-supply imbalances. Additionally, purchase orders to vendors were conducted via non-EDI channels with patterns and volatility that resembled the patterns within the stores, causing similar imbalances with the DCs.

- As such, the organization sought to establish an advanced planning model that would eliminate the extremely labor intensive and manual replenishment process.

Real solutions

Rexall implemented Blue Yonder's forecasting and replenishment capabilities to provide an automated decision support platform to perform advanced planning activities and to improve Rexall's operations and ultimately its bottom line. The entire project was completed in 30 weeks. To date the solution controls the replenishment operations for 317 stores corporate store locations across Canada.

Now, all non-direct to store products are replenished leveraging Blue Yonder solutions. The entire replenishment process has been revamped across Rexall's network to utilize a centralized, newly defined recommended order process, whereby stores are provided a daily list of recommended purchases. The recommended orders that are derived from a combination of store-level demand forecast, promotional input and time-phased inventory positions is compared and approved by the store for replenishment. This process has reduced a labor intensive and time-consuming effort that often took stores 2–5 hours per day to complete down to minutes. Further, this solution has allowed the organization to re-allocate store labor used for manual replenishment orders to other customer-facing/sales-driving activities.

Clear results

The implementation of Blue Yonder solutions has brought about a profound set of business and operational improvements. With centralized visibility and better inventory control, Rexall can effortlessly manage and analyze key business metrics to ensure alignment with strategic operational goals. Furthermore, expanded collaboration capabilities with internal teams and third-party suppliers reduces redundancy and delays.

Why Blue Yonder

Rexall's investment in Blue Yonder has led to several notable competitive improvements. Rexall has seen an improvement in working capital as previous inventory related losses improve, as well as a significant improvement for in-store product availability, reducing lost sales.

"These solutions have helped us up our game. They were chosen for a number of business benefits including their expansive capabilities, scalability and security." – Director of IT Applications, Rexall

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