

Case Study

Luminate Demand Edge



Supermercados Peruanos Achieves Accurate, Low-Touch Daily Forecasting

Improved forecast
accuracy from 65-70% to

90-95%

Improving forecast accuracy to 90-95% for ultra-fresh foods:

“We partnered with Blue Yonder on an automated, real-time approach to forecasting demand for ultra-fresh foods that considers complexities like price, cannibalization, seasonality and even the weather. Forecasting fresh foods requires extreme accuracy; you need to balance the risk of waste with the risk of lost consumer loyalty that might never be recovered. Luminate Demand Edge improved our accuracy from 65-70% to 90-95% for some products.”

— **Planning and Supply Manager**

Founded in 1993, Supermercados Peruanos (Peruvian Supermarkets) is the largest supermarket chain in Peru, with 600 stores.

Business challenge:

Supermercados Peruanos was a long-time user of Blue Yonder’s replenishment solutions covering its consumer packaged goods (CPG) and center-of-store categories. But, using a manual and decentralized process, the retailer struggled to accurately forecast demand for fresh and ultra-fresh foods such as produce and meat.

The Blue Yonder solution:

Supermercados Peruanos partnered with Blue Yonder to implement Luminate Demand Edge, a cloud-native application that leverages artificial intelligence (AI) to consider real-time external variables and arrive at an extremely accurate forecast.





Replacing manual forecasting with automation and precision:

“Traditionally our planners relied on Excel spreadsheets and manual processes to forecast ultra-fresh products, based on history. But the pandemic revealed the problems with that approach. We needed an advanced, automated tool that could manage uncertainty and go beyond human cognition. We have millions of dollars invested at our distribution centers. We must protect those investments with precision, not with averages. Many times we forget that the forecast drives the entire supply chain, at least in retail.”

Considering complex, retailer-specific demand variables:

“Luminate Demand Edge considers some really complex variables like weather patterns, but also specific features of our business. Since the pandemic, some stores are closed on Sundays. Luminate Demand Edge managed to understand that and anticipate the supply needed to cover sales on Saturday with greater accuracy.”

Achieving cultural and business benefits:

“We’ve realized many business benefits, but also a cultural change. From a purchasing calendar to the shelf life of a product, everything was normally found in a computer, in a person’s knowledge, in a printout, but it was not in any system. I’d say that was the biggest challenge. People gradually realized that they could generate much more value if they focused on strategy and not manual analysis.”

Solution benefits:

- Blue Yonder’s cloud-native Luminate Demand Edge on Microsoft Azure allows Supermercados Peruanos to automatically respond to demand fluctuations, quickly and accurately. It enables the retailer to minimize waste, while also maximizing service and profits, in the face of extreme volatility.
- Luminate Demand Edge enhances forecast accuracy by combining internal data with external, complex and interrelated variables like weather patterns, price and promos, holidays, product characteristics and events to create a holistic, risk-aware forecast.
- Machine-learning capabilities allow Luminate Demand Edge to ingest and analyze massive volumes of data without overwhelming users. Supermercados Peruanos can assess probabilistic impacts and risks as it weighs different forecasting outcomes.

Blue Yonder’s expertise:

“Our partnership with Blue Yonder is generating economic benefits. We are still defining the economic impacts that are being achieved, but there is also a very positive impact on our culture. People really value this type of project; they feel they are moving from the Stone Age to modernization. That jump is what people value. Blue Yonder is truly focused on cultural change at the system level and not only in individual technology projects.”

— **Planning and Supply Manager**

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