EBOOK

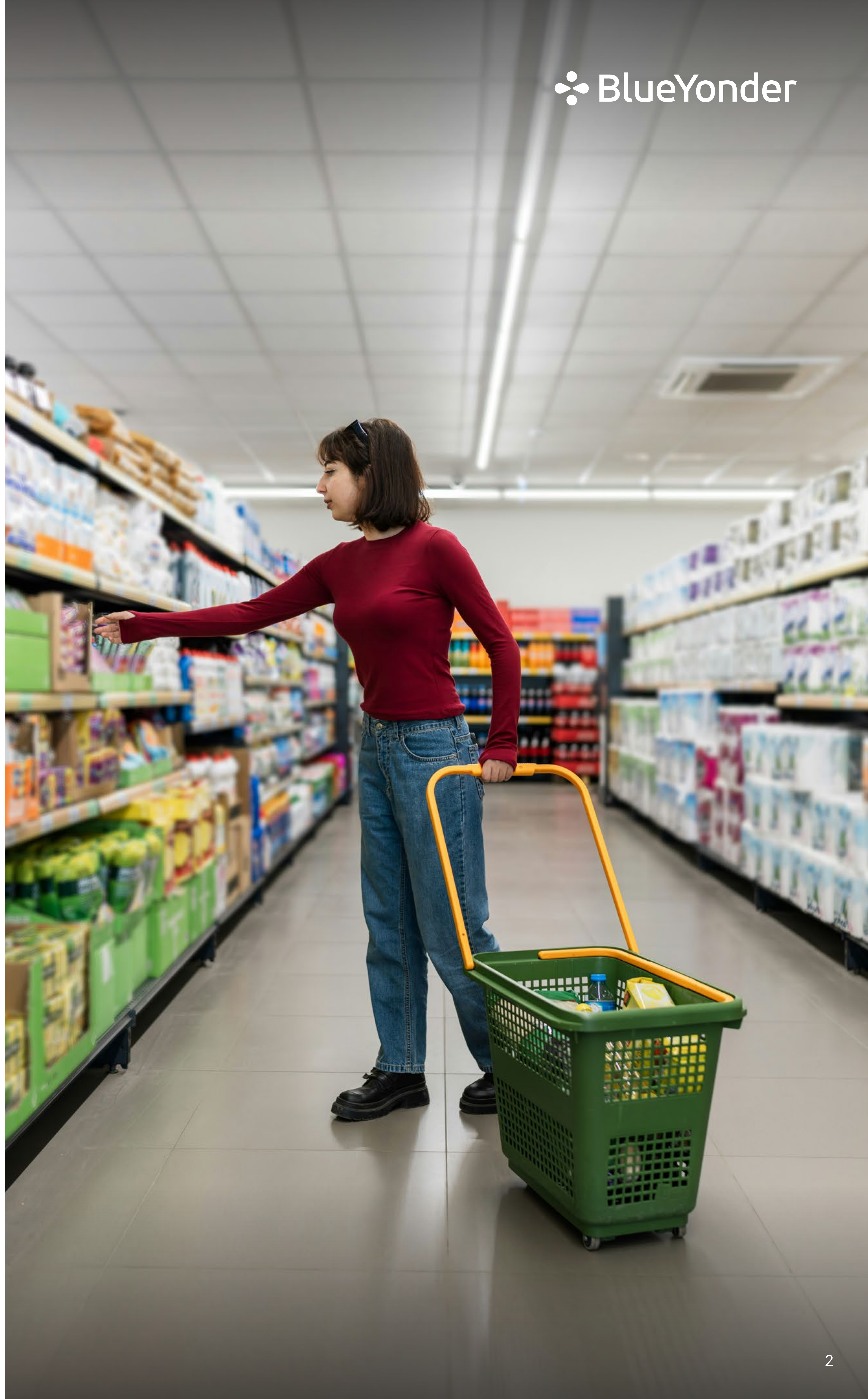
BlueYonder

# Making size an asset

## How retail giants can convert complexity into agility

# AI-driven connectivity can restore multi-sector, multi-category models to their former glory, with scale reestablished as an advantage, not a bottleneck

Complete convenience for customers often means chaotic complexity for the retailer. The more verticals, channels, categories and business models on offer, the easier it is for gaps to form across the supply chain. In between those gaps falls revenue, customer loyalty, efficiency, sustainability targets, employee satisfaction and general operational cohesion.



# Life of a mass market retailer

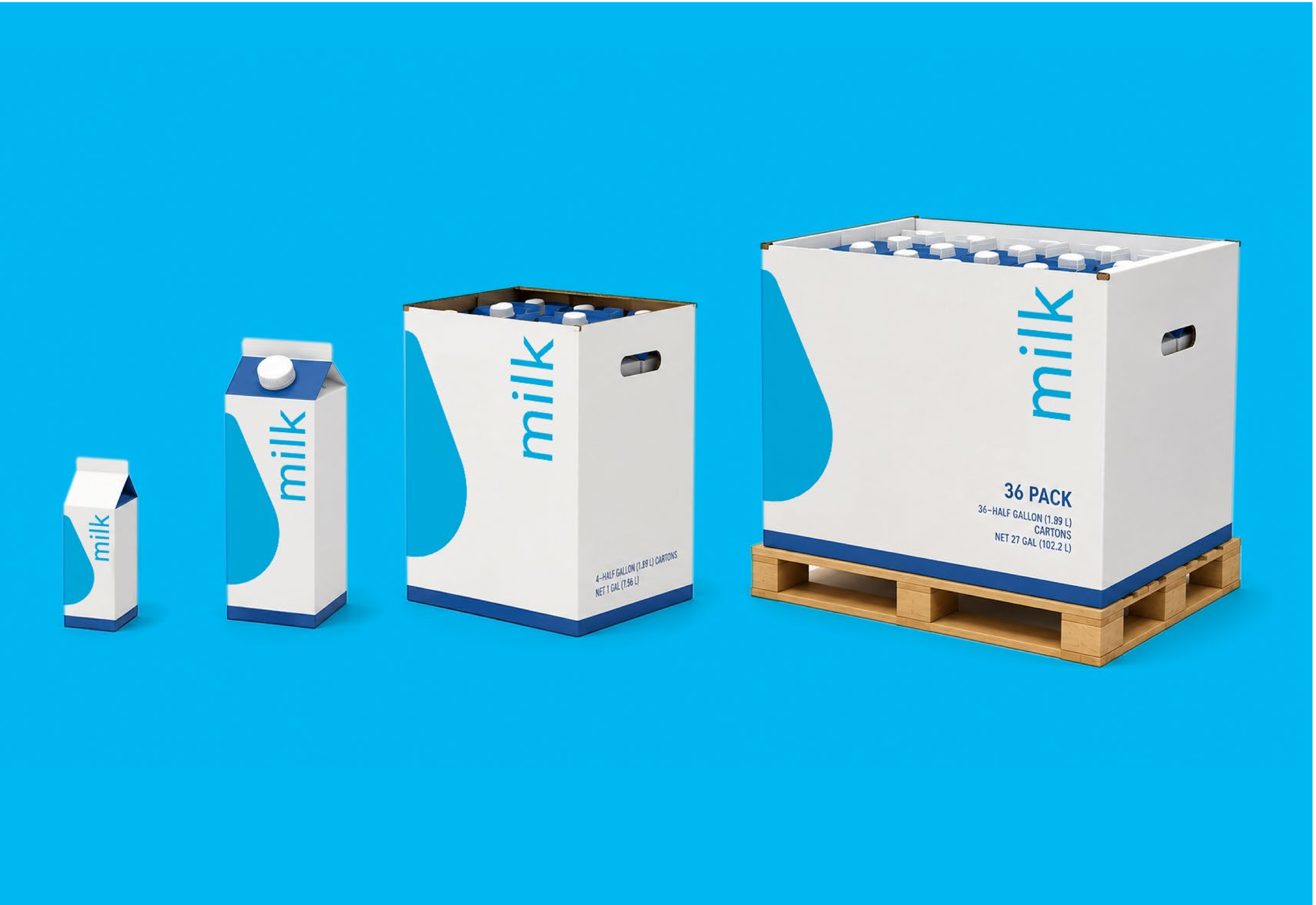
Supply chain complexity is so vast for this sector that it has the potential to not only hamstring real-time operations, but it can also inhibit companies' abilities to scale – a significant issue when the overarching differentiator of the business is, indeed, scale.

What these mass market retailers are ultimately striving for is the ability to make their scale an advantage once again – to really maximize the potential of those multiple echelons, channels and product categories on offer.

For this to happen, however, every element of the vast and complex supply chain must be singing from the same hymn sheet.

The value of a shared data foundation cannot be overemphasized in this context. It unlocks an ability to connect planning, warehousing and transportation with real-time, optimized actions based on AI-driven analysis.

By connecting these dots, and therefore planning and execution, and when every element of the company's 'scale' is working as one, then both the present and the future can be more than just handled or navigated – it can be exploited and built upon.

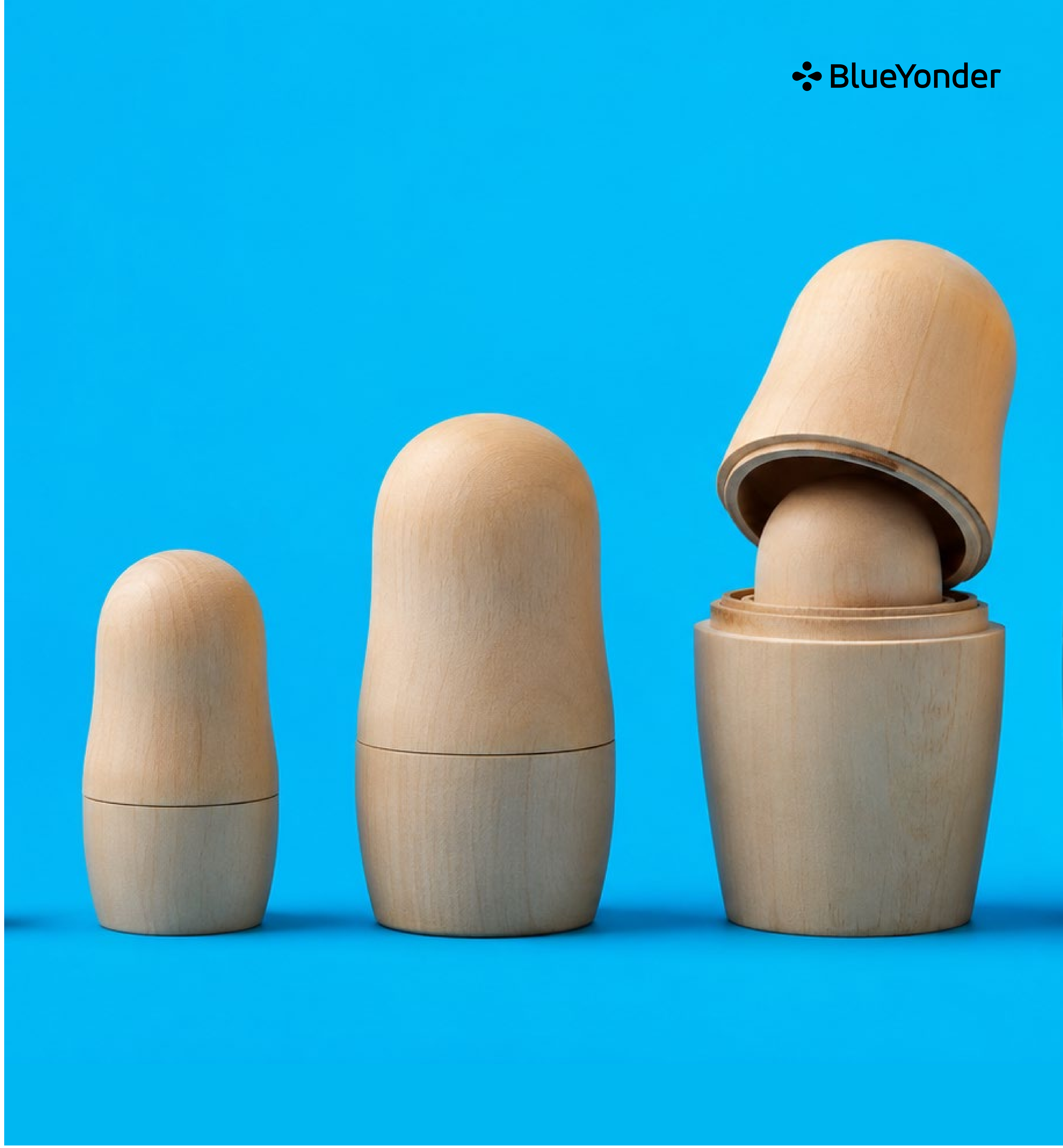



This ebook explores how mass market retailers can scale with simplicity in a future unburdened by fragmentation, disconnection, gaps, losses and inefficiencies. We explore the pain points at play today, and what these retail giants should be aiming for moving forward in order to maintain their reputation and to maximize their potential.

# Why size doesn't currently mean simplicity

## With scale comes:

- **Large and diverse SKU counts** usually spanning different sub-sectors, each with their own handling and storage requirements.
- **Geographic complexity,** with stores spanning multiple regions with different regulations – and that's not inclusive of online and omnichannel considerations, too.
- **Inventory imbalances,** as that aforementioned SKU diversity impacts warehouse and distribution center operations.
- **Lead time variations.** Some items might be seasonal, some might be perishable, some might spike unpredictably according to trends, some might be evergreen and predictable.
- **Local demand differences.** Not only does planning need to keep on top of demand across different product categories, but that demand might not be consistent across the geographic network either. Maximizing profits means staying agile at a granular level.
- **The pressure to modernize.** Customer control is such that errors, delays and inconveniences aren't easy to forgive. Even as a company scales, it's also expected to become more reliable, sustainable and transparent.



COMPLEXITY IN ACTION

# The challenge matrix

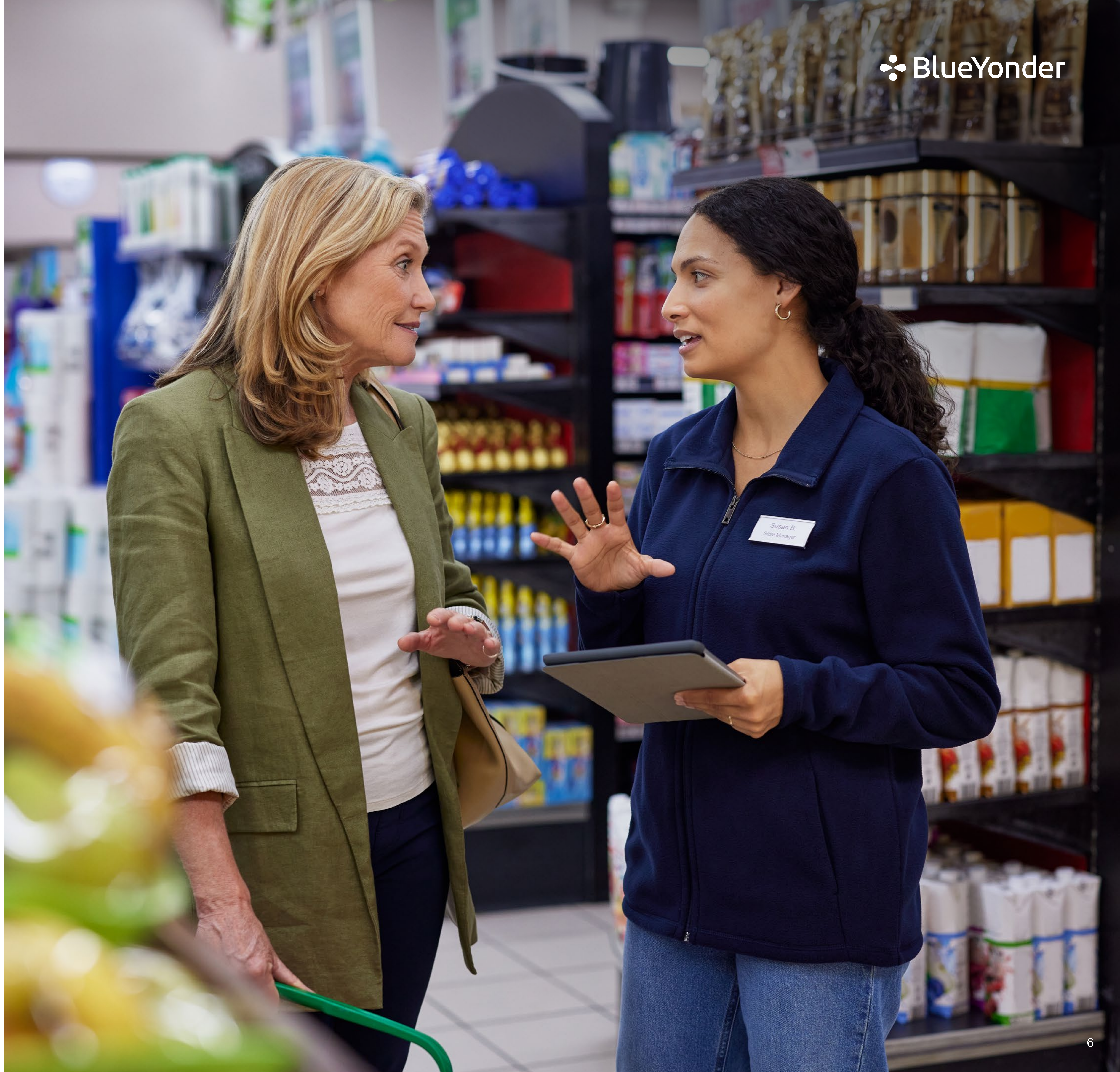
## There are specific pain points faced within mass market retailers' supply chains, there are four overarching pillars that typify the complexity.

**To combat demand diversity,** planning is often aggregated at a higher level, causing assortment and inventory decisions to fall out of sync with local demand and leaving revenue opportunities untapped.

**To keep up with the pace and pressure of mass merchandising,** businesses often over-invest in inventory, locking up working capital in slow-moving stock while still risking availability issues elsewhere.

**To manage complexity across the business,** merchandising, planning, supply chain and store operations frequently rely on disconnected data and separate budgets, making aligned decision-making difficult.

**To modernise without disrupting operations,** many mass merchandisers delay transformation, concerned that changing established systems and processes could put scale and continuity at risk.



This fear and these bottlenecks create, or lead directly to supply chain challenges, that continue to stifle growth opportunities and erode profit margins. The common theme throughout is a lack of connectivity.

## Local demand

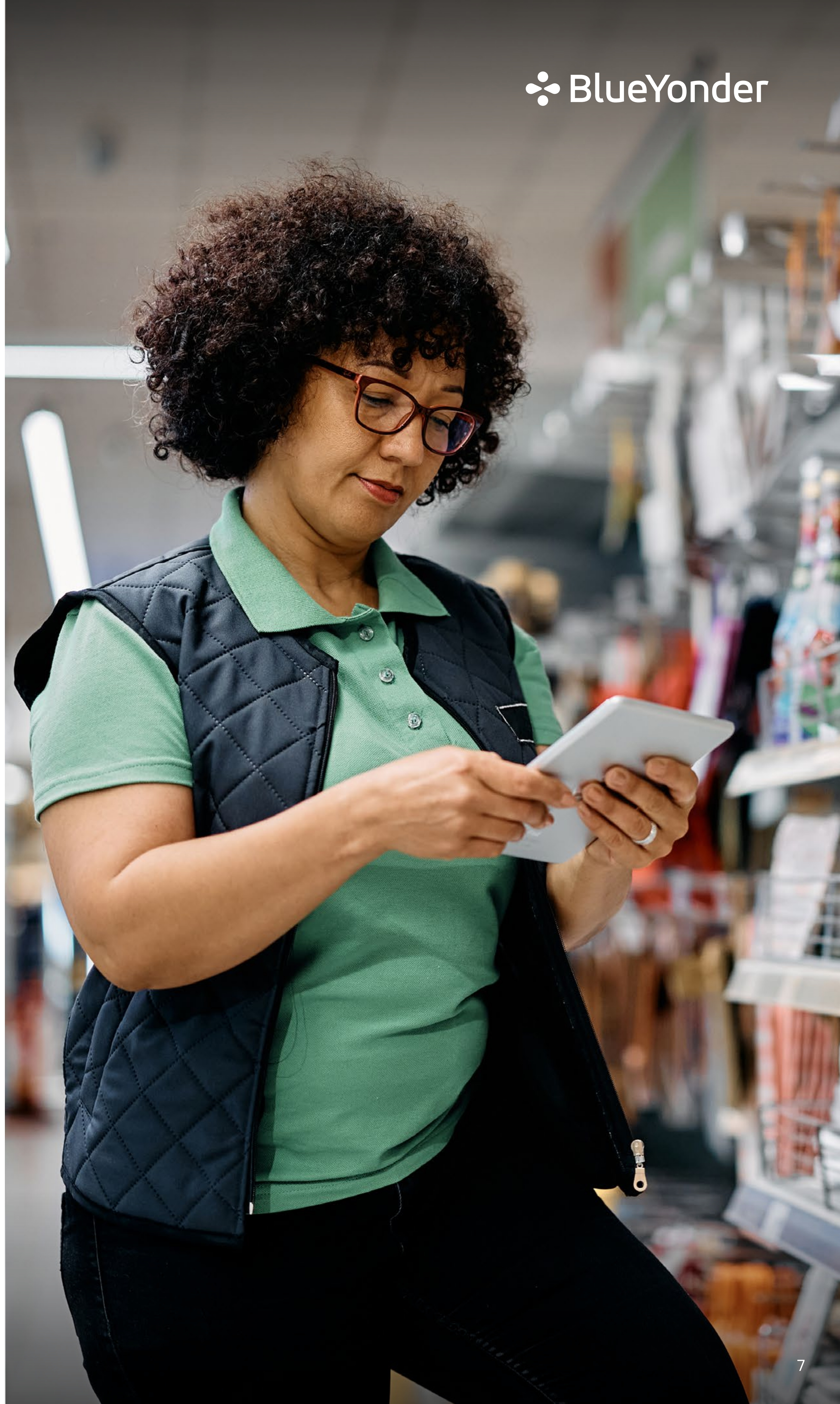
Not every store or location produces the same demand behaviors. Diverse demographics, climates, seasons and trends mean a one-size-fits-all situation even within the same product category is rarely suitable. Without localized planning and allocation, retailers will miss out on big local opportunities or promote items that certain regions simply don't want.

## Cross category complexity

The numerous retail categories usually involved create complex planning needs due to varying demand, product velocity and diverse replenishment requirements. When planning is too aggregated or disconnected, it becomes difficult to align assortment, purchasing and inventory with changing demand across the network.

## Lead time variability

Many mass merchant categories, including home, seasonal, gardening, toys and electronics, rely on long-lead time sourcing. Once orders are placed, retailers have limited ability to adjust supply if demand forecasts shift, requiring earlier commitments and increasing the damage caused by those demand inaccuracies.



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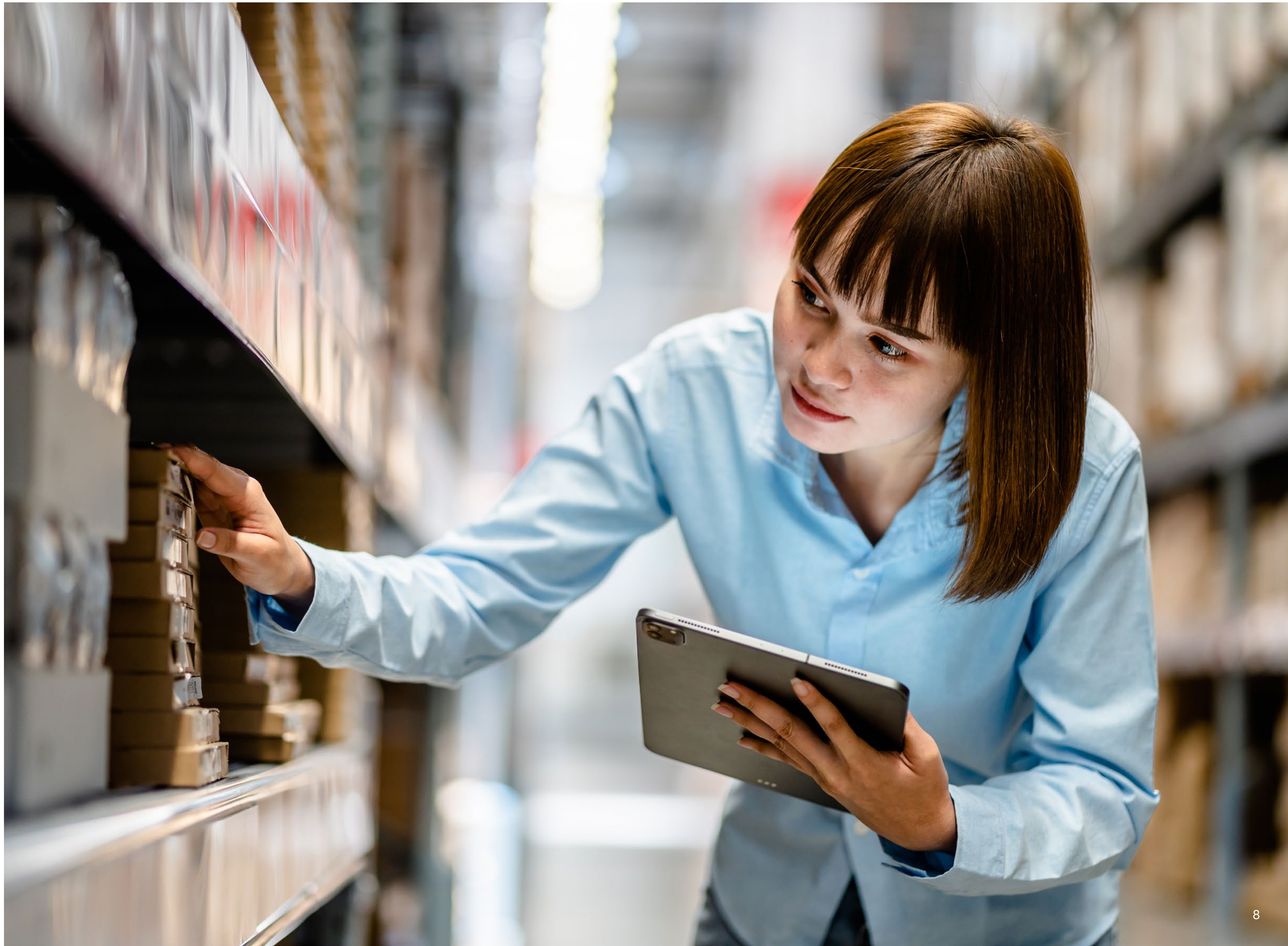
## Fragmented data and decisions

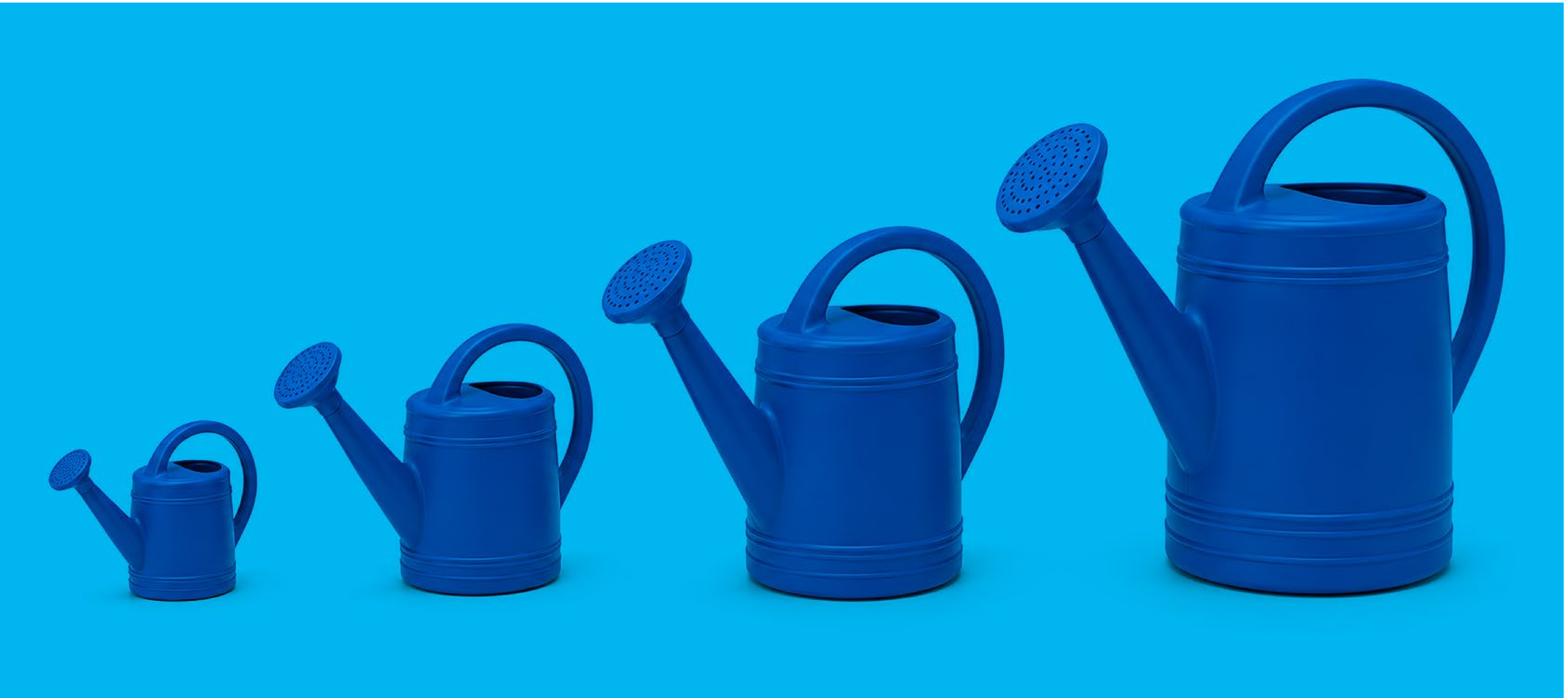
Merchandising, planning, supply chain and store operations often rely on disconnected systems, siloed data and even separate budgets. This not only slows down decision-making, but it increases manual effort, causes more inaccuracies, and results in profit-eroding allocations and assortment. Finding solutions for just one of those disciplines in isolation is unlikely to turn the tide.

## Inventory imbalances

Planning errors are costly across such vast networks and product volumes, and much of this cost is generated through inventory mismanagement. It's so easy in this context to either overstock or stockout, with either excess or a lack of availability eating into profits. Increased markdowns reach the same result, as does the tying up of working capital. Legacy tools and high-level planning approaches often lack the granularity needed to find a more suitable balance.



# What mass market retailers need



Ultimately, what all mass market retailers would want from their supply chains if they could just flick a switch, is ease. An easier way to manage the complexity. An easier way to manage the scale. An easier way to maximize the potential of their inherent sizes and product diversity.

To this end, we've pinpointed five standout goals that would signify a more connected, conducive and coordinated supply chain at the other side of a digital transformation roadmap.

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# An optimized mass merchandise supply chain should:

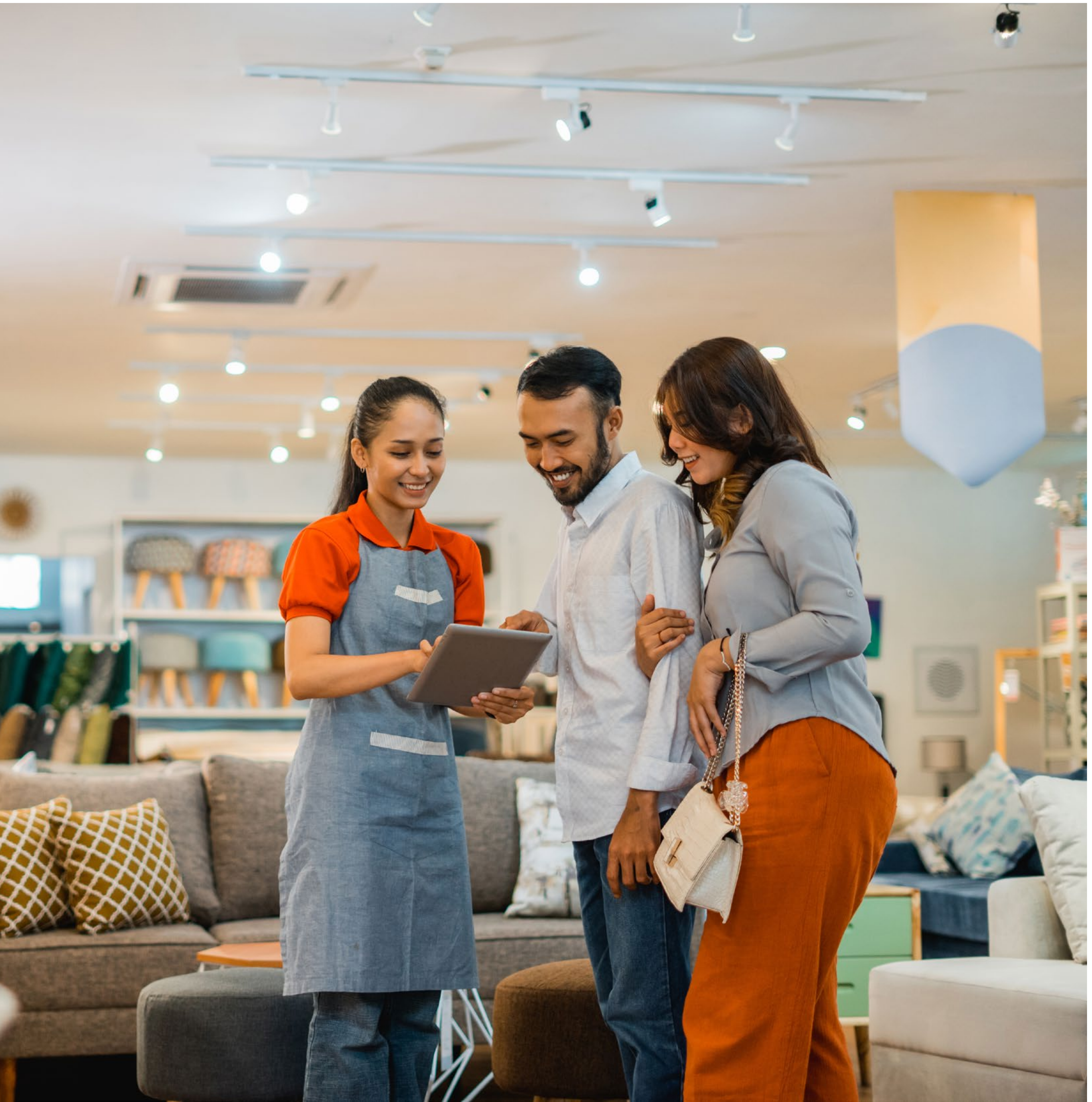
Run on AI-driven decisions, with forecasting improved, workflows smoothened and manual burden lifted.

Modernize according to your needs, with the chosen solution or platform working seamlessly alongside existing systems for faster innovation and less risk.

Connect planning across merchandising, assortment, allocation, replenishment, demand and supply to ensure inventory decisions are made based on a single source of truth.

Achieve precision at scale, ensuring less excess stock, fewer stockouts and improved working capital performance even across large SKU and store counts.

Enable execution agility, with warehousing, transportation and distribution all responding to real-time opportunities, disruptions and capacity.



# Connectivity at scale

Blue Yonder, time and time again, has helped mass market retailers reach these desired outcomes. We help them convert complexity into simplicity.

Our belief in the value of shared data as the foundation of optimized supply chain planning helps connect all strands of execution as well, ultimately bridging the gaps where profit and efficiency have typically fallen through.

It's achieved through our own data and AI capabilities which create seamless, automatic loops to and from all elements of the supply chain, meaning that scale becomes an asset rather than a bottleneck. The bigger you become, the more data points are interacting with each other through one central platform to generate an optimal decision relative to any store, product, location or inventory movement at a given moment in time.

# Planning

### Merchandise Financial Planning

Align financial targets with merchandising decisions through connected planning that links budgets, forecasts and inventory investment across every category.

### Assortment Planning

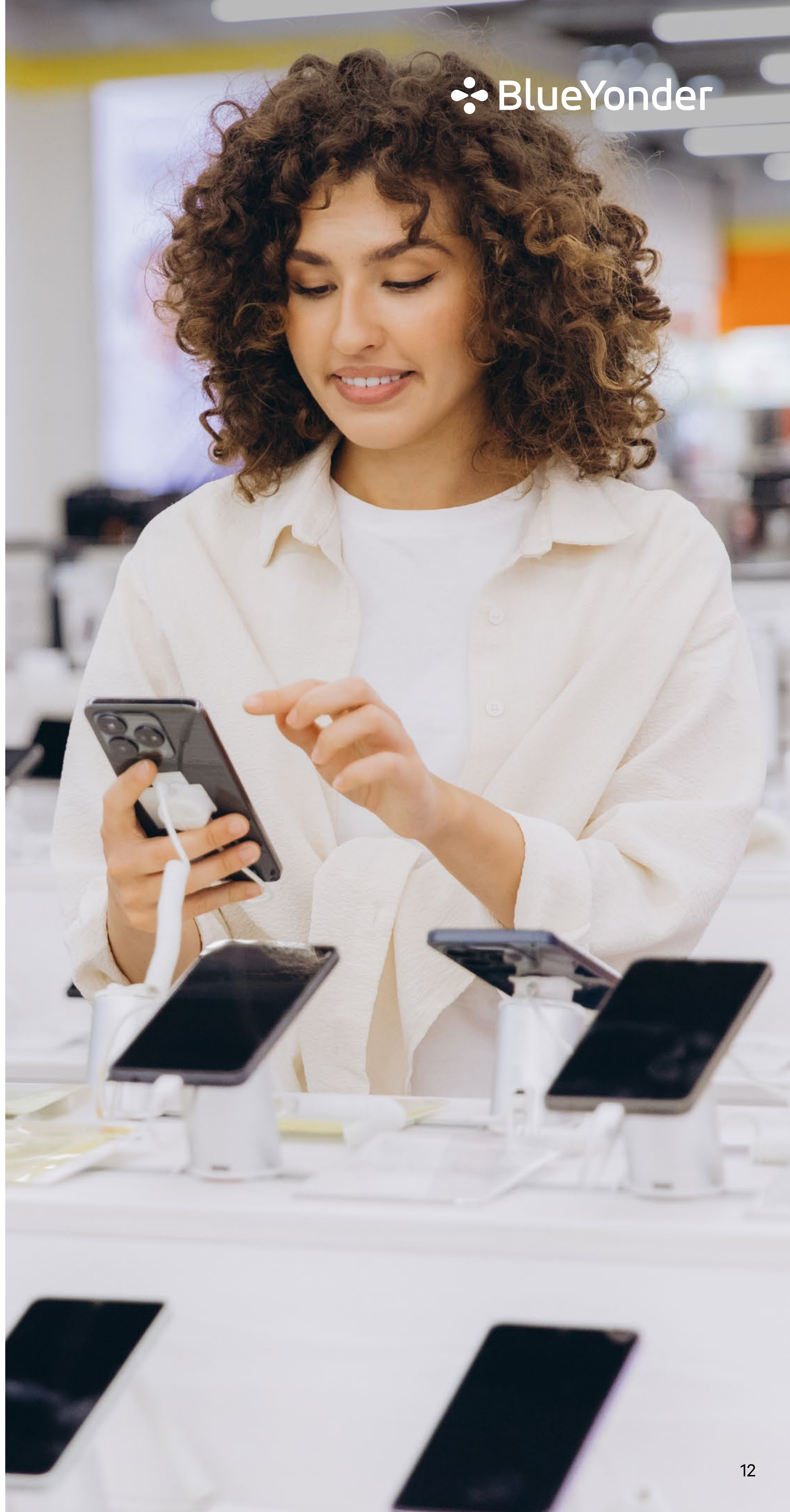
Build assortments that reflect customer demand, regional preferences and business objectives, ensuring the right products reach the right stores.

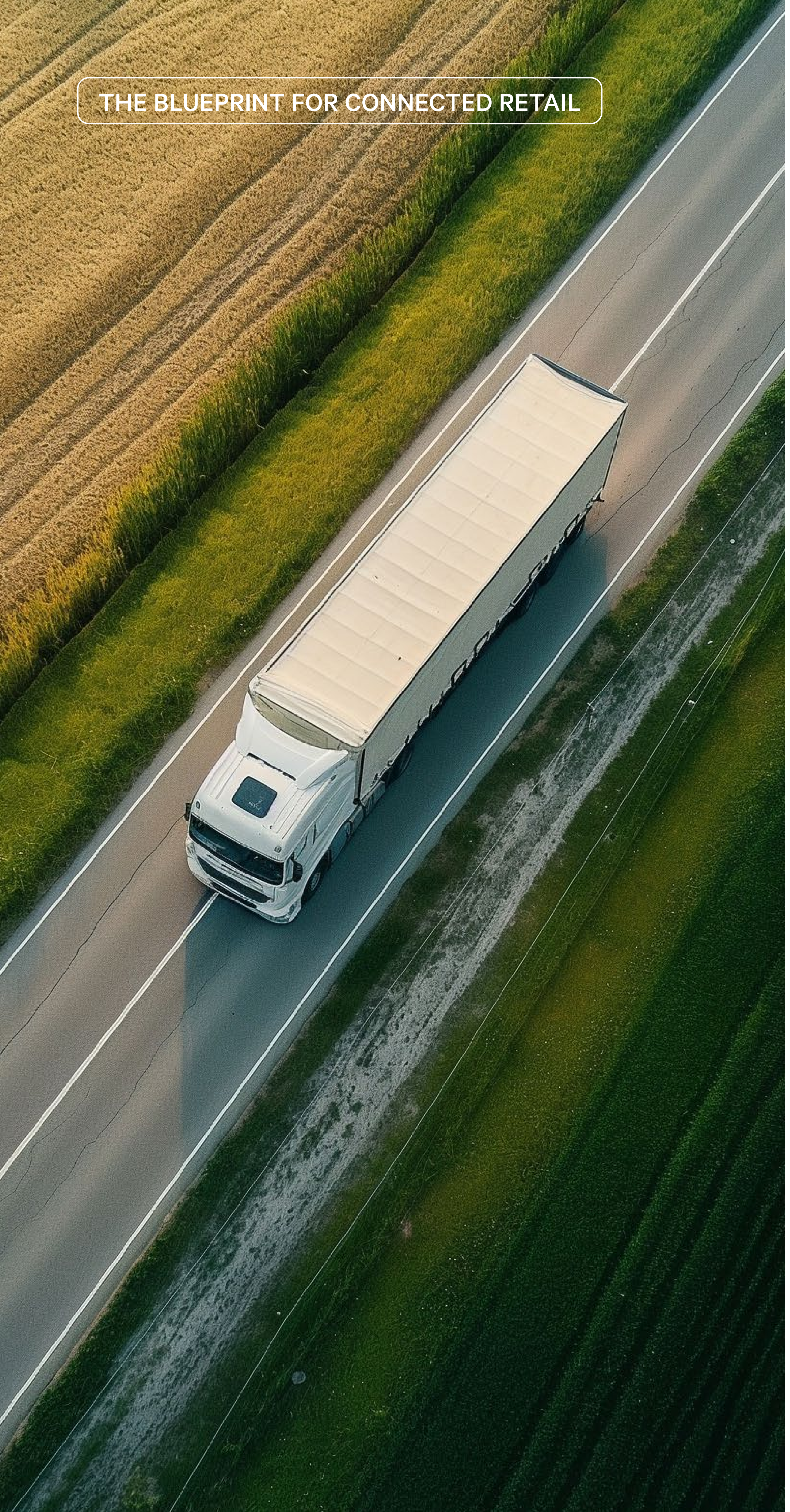
### Allocation & Replenishment

Continuously optimize inventory placement using AI-driven allocation and replenishment that adapts to demand, availability and changing trading conditions.

### Space Planning

Optimize store layouts and shelf space to maximize product performance, improve customer experience and make the best use of available retail space.





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# Execution

## Warehouse Management (WMS)

Increase warehouse productivity with intelligent task management, automation and real-time inventory visibility that improves fulfilment speed and accuracy.

## Transportation Management (TMS)

Plan, optimize and execute transportation across complex carrier networks with real-time visibility, helping reduce costs while improving service levels.

## Network

Connect suppliers, distribution centers, carriers and stores through a shared operational network, enabling near real-time visibility, collaboration and coordinated execution across the supply chain.

## AI Agents

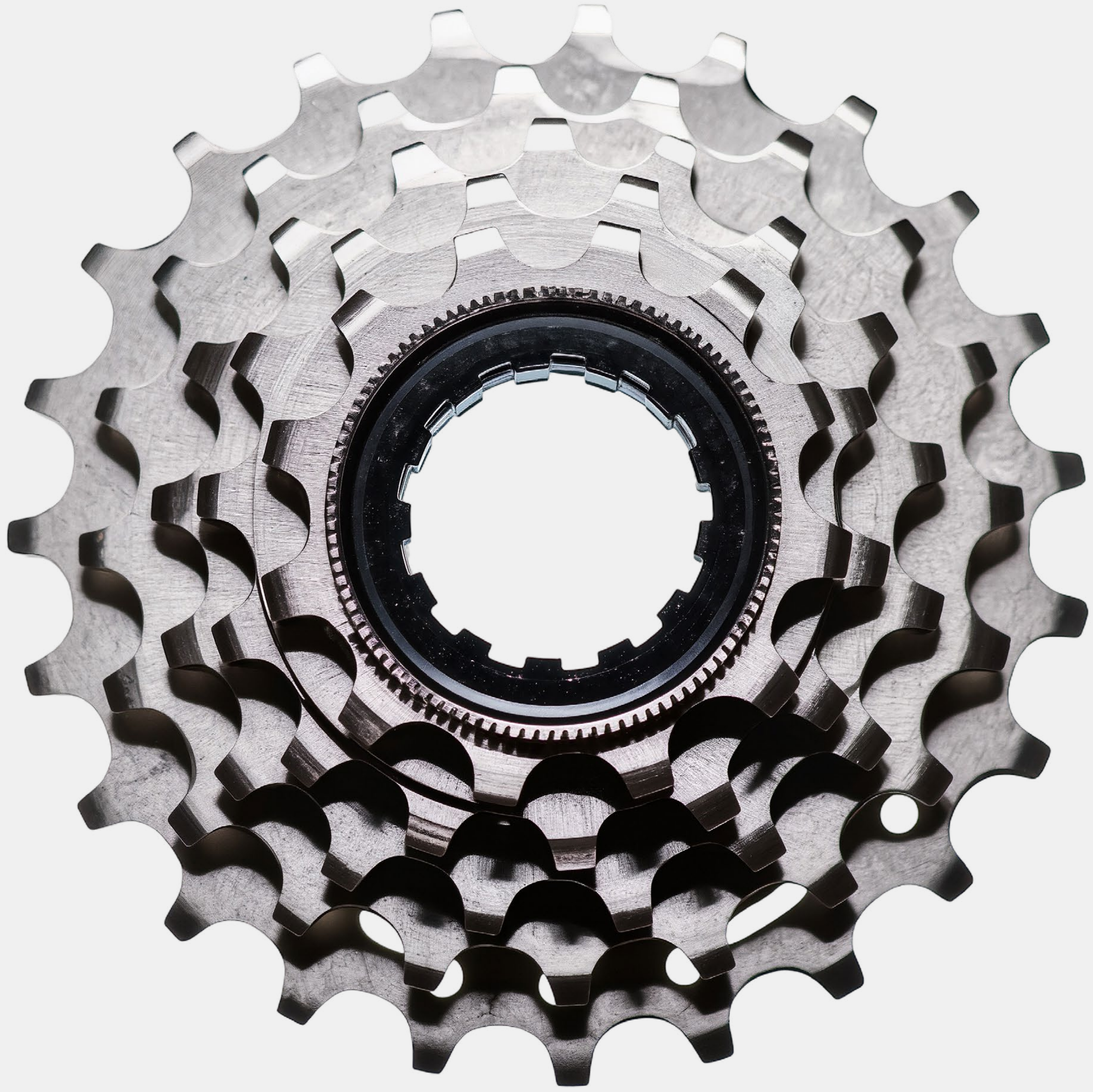
Embedded AI Agents work across planning and execution to automate routine decisions, identify exceptions and recommend the next best action. They integrate with existing technology, allowing retailers to introduce AI where it delivers the greatest value while reducing the risk of large-scale transformation.

# Closing gaps and creating loops

Blue Yonder's platform replaces fragmented, department-specific decisions with connected workflows across all key planning and execution components. It does so by closing gaps and creating loops that keep all elements of the supply chain reading from the same reliable information relative to what's required, what's possible and what needs to happen at any moment in time.

For mass market retailers this makes their scale no more complicated than if they were just one store in one location. Because, ultimately, the whole network and supply chain is being treated as one unified concern. All trade-offs, scenarios, outcomes and impacts are weighed up almost instantly to inform an optimal decision related to supply, demand, warehousing, transportation, allocation, assortment and replenishment.

Scale simply goes back to being an advantage of size, rather than a disadvantage of complexity.



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# We know this because of the benefits our customers are already unlocking

**70%**

reclaimed planning time

**50%**

reduction in fulfilment, storage and handling costs

**30%**

improvement in forecast accuracy

CLIENT STORIES

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# And because of the companies we continue to attract

GLOBUS

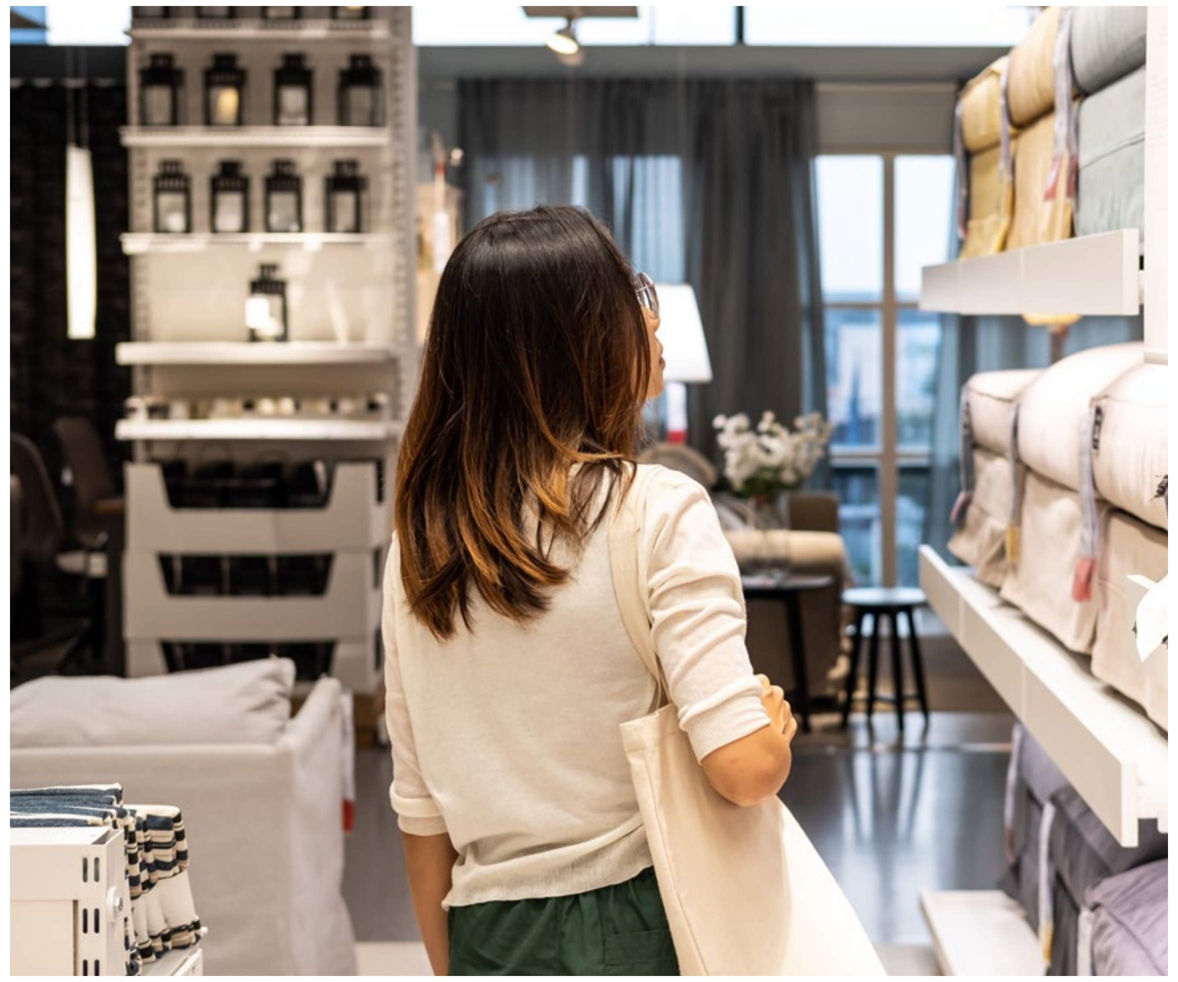
- Reduced out-of-stock rate **by 20%**
- Reduced promotion leftover stocks **by 40%**
- Increased automation rate **to 85%**

Learn more

at home

- Improved inventory planning across **129 locations in 31 states.**
- Implementation of Cloud-Based Blue Yonder System for **allocation 50,000 SKUs**
- **Improved network connectivity** and consistency across stores

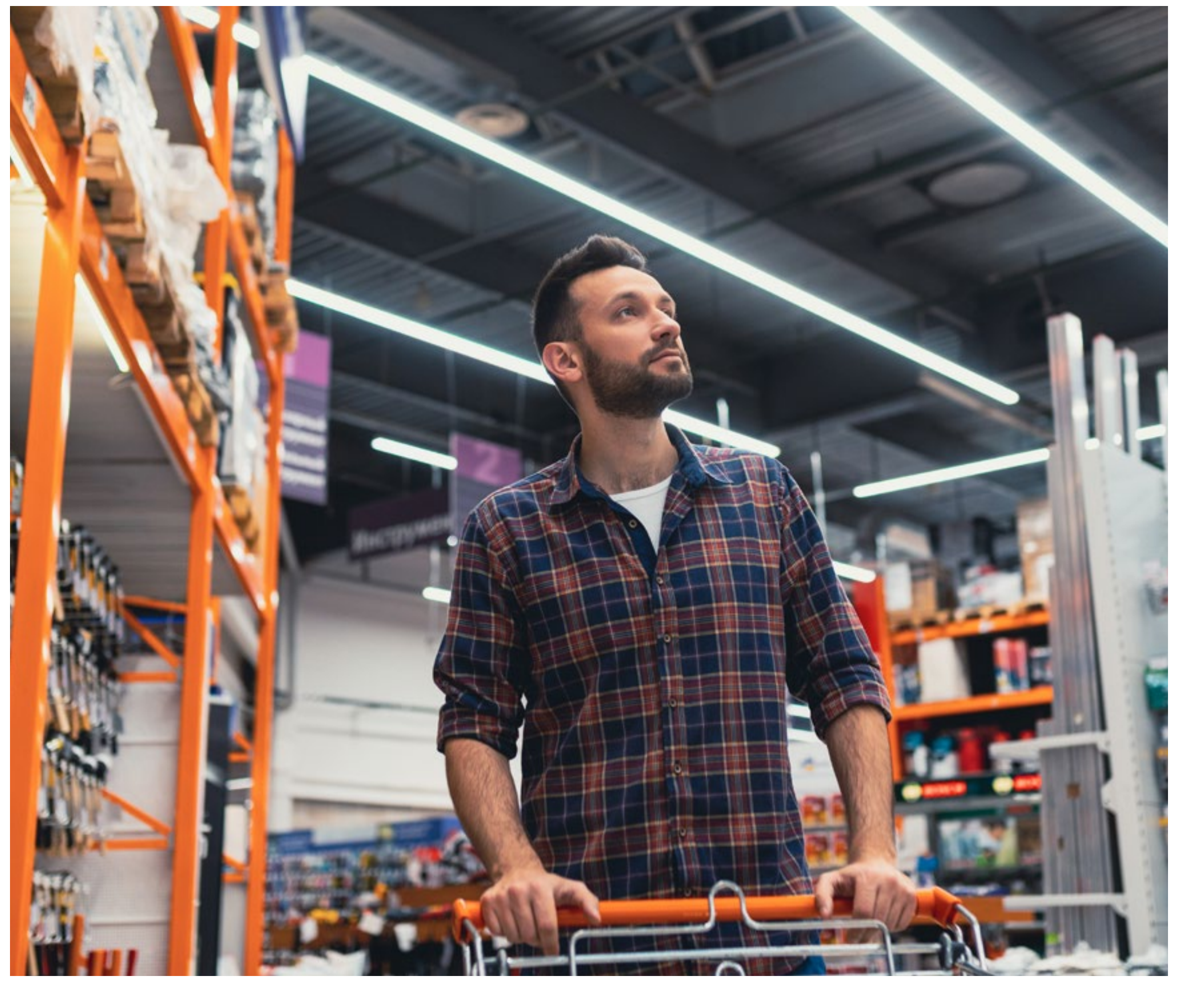
Learn more



DELSOL MERECE TU CONFIANZA. Woolworth Es para ti

- **10-30%** category growth
- **25%** boost in forecast accuracy, now standing at 90% across demand planning and fulfilment
- **Fewer than 2.5%** of stockouts sustained across assortment

Learn more



PROMART HOMECENTER

- **40% gross margin** ROI increase across implemented stores
- **10% increase in net sales** in optimized categories
- **3,000 low impact SKUs** replaced by 800 higher potential products

Learn more

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# The right decision for you

With the right technology, scaling doesn't have to mean added complexity. In fact, scale itself doesn't have to be an inherent challenge anymore.

Blue Yonder's platform makes size an advantage once again by ensuring that demand diversity becomes an asset, that inventory pressure can be handled seamlessly and quickly, that connected systems lead to connected outcomes, and by developing a modernisation roadmap that suits your exact needs and priorities.

For more information on how to strive for simplicity across your mass merchandise operations, discover more here.

**Contact Blue Yonder** to begin your journey towards complete supply chain connectivity today.

Find out more