

What's in Store



South African Retailer Streamlines Merchandise Planning Processes, Decreases Overstocks and Improves Profitability

PEP Fast Facts

Industry

General Merchandise and Apparel Retailer

Headquarters

Cape Town, South Africa

Description

PEP, a division of Pepkor Retail Limited, is the biggest single brand store network in Southern Africa. Founded in 1965, the retailer operates over 1,400 clothing stores in nine African countries.

Revenues

\$1.5 billion USD

Number of Employees

14,000



Business Challenge

To maintain its leadership position in the competitive retail environment, PEP needed to re-examine its existing business processes and challenge its current merchandise planning processes to incorporate high-level strategic planning, business-unit planning and detail-level, sub-class planning to better coincide with the execution of its overall company strategy.

Business Solutions

- JDA® Strategic Services
- JDA® Demand
- JDA® Fulfillment
- JDA® Enterprise Architecture

Business Benefits

- Improved processes and operating efficiencies across the retail organization
- Achieved greater alignment of supply chain management processes with corporate objectives
- Streamlined in-season and pre-season product planning processes
- Strengthened high-level assortment planning
- Combined proven business needs with industry-leading business practices
- Improved profitability

Quantifiable Benefit

- Decreased stock older than a year from 25 percent to 3 percent

“Working with the JDA Strategic Services team during the BPI workshop series was reassuring and gave us great confidence in our company’s future growth. It was the perfect opportunity to challenge our current processes and to incorporate JDA’s leading-practice suggestions.”

- Schalk Grünewald,
logistics systems and process manager,
PEP

In 1965, PEP set out to offer affordable, quality merchandise to everyone in South Africa at the lowest possible price. Over 40 years later, PEP still keeps its margins to the minimum and has a low-cost culture. As the largest single-brand retailer in Southern Africa, PEP operates over 1,400 stores in nine African countries and sells 400 million products through 220 million customer transactions every year. Often a lifeline in rural and remote areas, there's a PEP store in almost every town and village in South Africa selling a wide range of quality, fashionable merchandise.

Striving to continue as the dominant mass-market retailer for its diverse product range of clothing, footwear, textiles, health and beauty, homeware, and cellular products, PEP continues to invest in its supply chain as well as its planning and merchandising departments, in order to shorten cycle times, respond swiftly to customers' changing needs and reduce prices even further.

As a long-time JDA user, PEP implemented technology from JDA's Merchandising, Demand Management and Replenishment & Fulfillment solution suites over the past 10 years to improve its overall planning processes, allowing the company to grow as a successful retailer and into a mature planning business. As a result of leveraging JDA's proven solutions, PEP has achieved a decrease in stock older than one year from 25 to 3 percent, achieved greater visibility across the enterprise, gained the ability to plan at a weekly level and improved profitability.

Evaluating Existing Processes

For many years, JDA's legacy Arthur Planning solution enabled PEP to implement strategies and helped the company to evolve its business processes. Before upgrading to JDA's more advanced Enterprise Planning solution, PEP needed to ensure that its processes were sound. Additionally, PEP sought to re-examine its existing business and merchandise planning processes to incorporate high-level strategic planning, business-unit planning and detail-level, sub-class planning to better coincide with the execution of its overall corporate strategy.



To help PEP address these business challenges, the retailer elected to participate in JDA's Strategic Services Business Process Innovation (BPI) workshop series. Taking place over a two-week timeframe, JDA's Strategic Services team facilitated a series of workshops with a core team of PEP associates to determine the retailer's current business processes for merchandising; prioritize process-improvement opportunities using financial, strategic and qualitative criteria; and create a new business process for more successful merchandising.

"While PEP is fairly mature in the use of planning principles, we wanted to benchmark ourselves against what JDA refers to as 'leading practice principles.' We also knew that we wanted to implement JDA's Enterprise Planning technology, but needed to benchmark our process prior to beginning that project," said Schalk Grünewald, logistics systems and process manager, PEP.

To launch the BPI workshop series, the JDA Strategic Services team defined PEP's current-state environment by examining processes the retailer utilized, and how these processes functioned independently and with other connected processes. PEP's overall structure was also analyzed to evaluate how its hierarchies and resources matched to its current processes and determine where gaps and breakdowns existed.

Optimizing Product Planning

While the retailer already had confidence in JDA's merchandising solutions, PEP still needed affirmation that JDA's Strategic Services team would successfully combine PEP's business needs with industry-leading best practices for substantial merchandising process improvements.

"The JDA workshops allowed us to fully understand our retail environment, our business challenges and opportunities for improvement," said Grünewald. "The biggest insight for us from the workshops was not necessarily from a process point of view, but more from a strategy/culture point of view. We realized that we needed to move from a receipt-driven, planning culture to an inventory-driven culture, as well as implement a cross-departmental corporate calendar and spend more time analyzing product life cycles."

Grünewald added, "By building these insights into our planning process, we expect to reduce our stock holding significantly while also increasing our stock turns."

JDA's Strategic Services team also helped PEP to identify process gaps. By working through its legacy process with the JDA team in a systematic way and benchmarking against leading practices, PEP was able to identify the areas where it had process gaps as well as areas where business units weren't strategically aligned to the corporate process.

Improving Product Flow

Although PEP had an understanding of the general differences between allocation and replenishment prior to the BPI workshop, the retailer historically planned both functions more from a strategic point of view. Now armed with a better understanding of the important differences between allocation and replenishment, PEP is in a better position to improve product flow and decrease inventory levels.

"We have successfully combined the replenishment execution of JDA's Demand and Fulfillment applications with the strategic planning in the Arthur Planning application," commented Grünewald.

“Although we still have some work to do to find the optimum level between low inventory levels versus the risk of losing sales, JDA’s Merchandise Planning, Demand and Fulfillment solutions are configured to support our business processes for improved profitability. We believe that having our own business process with JDA’s proven supply chain technology to support it, gives us a competitive advantage.”

Achieving Benefits

One of the most important advantages that PEP has realized with the JDA Merchandise Planning technology is the freshness of stock as a result of planning on a weekly basis. As PEP receives weekly updates, stock is efficiently turned. Rotating the old stock out of the business and providing customers with merchandise that they really want to buy has improved customer loyalty and profitability.

With the ability to differentiate its top stores from its bottom stores, the retailer can easily provide customers with a varying selection of merchandise. PEP is then able to compile a full balance sheet report to monitor sales, profitability and stock turns to better manage the overall business for improved bottom-line results.

Grünewald commented, “Utilizing JDA’s Merchandise Planning solution for many years has definitely assisted us in the implementation of business strategies and helped us to evolve our business processes. The functionality of the technology provided us with the enterprise-wide visibility to successfully plan and execute our corporate retail strategies.”

Increasing Visibility Across the Enterprise

By utilizing JDA’s Merchandise Planning solution for efficient product and store planning, PEP associates can easily view planning data on different consolidated levels while the actual planning is being done at different locations, on different product levels, or even with different versions of variables.

JDA’s solutions have helped to increase visibility across PEP’s vast retail enterprise, and also enabled the retailer to better respond to fluctuations in consumer demand.

“Our planners revisit their plans on a monthly basis and where possible, they can quickly react to changes in buying patterns or adjust strategy as needed, these high-level changes are easily done in the JDA Merchandise Planning solution,” explained Grünewald. “To react and execute on lower levels for replenishment products, we utilize the JDA Demand and Fulfillment solutions to forecast our stores’ stock-keeping-unit (SKU) plans on a weekly basis.”

Positioning PEP for Future Growth

With the help of JDA’s industry-leading solutions and services, PEP’s product-level strategies are firmly in place and efficiently executed, supporting the retailer’s business objectives and expansion initiatives. By measuring results on a monthly basis against its targets, PEP can quickly react and easily adjust strategies when needed within the limits of its supply chain.

“Working with the JDA Strategic Services team during the BPI workshop series was reassuring and gave us great confidence in our company’s future growth,” added Grünewald. “It was the perfect opportunity to challenge our current processes and to incorporate JDA’s leading-practice suggestions.”

Grünewald concluded, “Our main focus now is to begin the first phase of implementing JDA Enterprise Planning to ensure that we get the platform in place for future expansion and plan more effectively at a very meticulous level against our established objectives.”

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA’s multiple service options provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise. To learn more, visit www.jda.com or e-mail info@jda.com.

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