

# MASS DISCOUNTERS

## CASE STUDY

# Mass Appeal

## With Support From JDA, Massdiscounters Sets Its Sights on Growth and Expansion

As one of the largest value retailers in South Africa, Massdiscounters (Pty) Ltd. is also building a significant presence in sub-Saharan Africa, including Namibia, Botswana, Zambia and Mozambique. As part of its aggressive corporate growth strategy, Massdiscounters recognized the need to re-evaluate its best-of-breed technology strategy.

“If we talk about the state of the retail industry in South Africa, the focus is on supply chain, as it is globally. Sales growth is very hard to come by. For businesses to post profitable growth, they really need to strip costs out of the supply chain,” said Steve Pearson, replenishment executive at Massdiscounters. “We have a very clear view of the kind of costs we can remove. I think victory in retail in the next 10 years is going to be given to those who can eliminate those costs first.”

To help optimize its supply chain and position the company for future growth, Massdiscounters has formed a long-term relationship with JDA Software. “We’ve been using JDA products for 12 or 13 years, beginning with planning and progressing to allocation,” said Pearson.

### Groceries Increase Revenues — and Complexity

Recently, executives at Massdiscounters made some significant strategic decisions that have affected the retailer’s supply chain planning needs. Already operating under two formats — Game, a general merchandise retailer, and DionWired, an electronics and appliances specialty store — Massdiscounters has added food to its merchandise array. Food sections have been incorporated into four Game stores under a new FoodCo brand. The retailer plans to replicate this new grocery format in about 15 Game stores per year.

“Fast-moving consumer goods is our growth engine as we move forward,” noted Pearson. “We’ve traditionally focused on general merchandise, but our strategy now is to grow into food to increase our foot traffic.”

Its new grocery business might lead to increased market share, but it is also adding to the complexity of Massdiscounters’ supply chain model. To support

### OBJECTIVE

Support more accurate demand forecasting and more efficient fulfillment across an expanded, multi-tier supply chain.

### SOLUTIONS

- JDA® Demand
- JDA® Fulfillment
- JDA® Promotions Optimization
- JDA® Allocation
- JDA® Assortment Planning
- JDA® Intactix Knowledge Base
- JDA® Market Manager
- JDA® Order Optimization

### SERVICES

- JDA Cloud Services
- JDA Consulting Services
- JDA Strategic Services

### REAL RESULTS

- Improved in-stock availability
- Expanded planners’ daily involvement with demand forecasts
- Increased visibility into promotion-driven demand swings
- Created a unified fulfillment system for new multi-tier supply network



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**Steve Pearson**  
Replenishment Executive  
Massdiscounters

this move, Massdiscounters has invested heavily in new physical infrastructure, including three large distribution centers.

“Our previous technology solution couldn’t cope well with our new tiered supply chain structure. We recognized we needed to own more of the supply chain. There was limited interaction with the forecast, and we needed a new solution, which we could gather other applications around, to steer us into the future,” said Pearson.

Massdiscounters decided to move from a best-of-breed to a best-of-suite strategy, selecting JDA’s demand management, replenishment and promotions optimization solutions. According to Pearson, the decision to expand the JDA partnership was an easy one. “I think it all boils down to pragmatism. In a supply chain partnership, you must choose your partner based on their vision and responsiveness. We’ve had a long relationship with JDA. We like the JDA strategy. We think they have the capability to deliver it. Why would we want to change? The relationship was already there,” he explained.

### Driven by Demand: A Paradigm Shift

Since implementing the new JDA solutions, Massdiscounters has shifted its approach to demand management. “The previous solution that we had in place operated on a kind of ‘black box’ approach,” explained Pearson. “It would just spit out a forecast, which our planners wouldn’t really interact with at all. We’d just use that forecast to place orders. If our planners wanted to interact with it, after they’d seen

the forecast they would say, ‘Okay, I’m not comfortable with that number. I’d like to order more, or I’d like to order less.’ So they were only interacting at the fulfillment stage.”

With capabilities from JDA’s Intelligent Fulfillment™ and Retail Planning solutions, Massdiscounters has turned that paradigm on its head. The ability to understand demand at a granular level has created new power – and new responsibility – for the planning team at Massdiscounters. “We’ve now said to the planning team, ‘If you want to make a difference, you have to start with demand. You have to interact with the demand workbench. Demand must be the driver.’ We’ve taken away their ability to interact only at the fulfillment level. That has been a massive shift for the team. We have started to see the benefits of focusing upstream and focusing on the demand,” he continued.

Pearson noted that Massdiscounters’ business model is driven by frequent promotions, making true demand signals especially critical. “The solutions provide us with more science around demand elasticity,” he said. “That’s particularly important for a retailer like us that’s very high/low in our promotional planning.”

### Rapid Results via the Cloud

Massdiscounters credits the successful rollout of its new JDA solutions to a rapid, streamlined deployment enabled by JDA Cloud Services. The retailer’s previous IT strategy had been to sub-contract the hosting of all of its applications to a third party.

“We recognized that our business had grown significantly larger and too complicated for our third-party service providers to wrap their arms around. It was at that point we decided to change from a hosting strategy to a cloud strategy,” said Pearson. “The most logical route seemed to be: give the entire solution to JDA. Then there’s no more finger-pointing. JDA offered us the possibility of hosting the solutions end to end, and we were excited.”

## Positioned for Success

According to Pearson, today Massdiscounters is positioned for growth and is ready to support its continued expansion into the grocery business. “When you talk about the benefits of implementing solutions like JDA Demand and JDA Fulfillment via the cloud, it’s a difficult question to answer – because you don’t know what might have been if you hadn’t moved to the cloud,” said Pearson. “I think for us, having invested so much in infrastructure, the first benefit is survival. We get to be a competitor in retail. If we had stayed too long with our old system, we would have encountered some serious challenges.”

The new capabilities have provided Massdiscounters with a new insight into its business processes. “I think it’s fair to say that JDA has given us a competitive advantage,” he added. “It has helped us think more clearly about supply chain. It has helped us think more clearly about how we can serve our customers. We’ve recently been acquired by a large American retailer, and it has helped us think more clearly about how we can integrate our processes with theirs. We’ve been in a learning frame of mind. We’ve been open to changing our processes, and the JDA implementation has come at a good time.”

The next phase of implementation is currently underway at Massdiscounters. The retailer is implementing advanced replenishment functionality, including statistical safety stock capabilities to better control stock levels at its stores and distribution centers and across the network, and load-building capabilities that enable planners to pre-build and plan truckloads. It is also integrating its promotions and replenishment capabilities, providing a standard workflow for planning a promotion and forecasting the promotional sales uplift that brings together marketing, planning, buying and merchandising functions.

“We anticipate realizing many other benefits in our second phase of the implementation,” Pearson predicted. “Those are really about stock efficiency, improved supplier relationships through interaction with the demand forecast, strengthening the role of the planner as a key, pivotal role in the supply chain, and the integration of our applications.”

Pearson notes that Massdiscounters’ long-term relationship with JDA has been an overwhelmingly positive experience. “What we value about JDA is the notion of partnership,” he said. “We value the strategy, and we value the ability to have an honest conversation and to work through any differences that we come across. We have a solid relationship with JDA.”



[jda.com](http://jda.com) [info@jda.com](mailto:info@jda.com)