

Peapod drives supply chain innovation and efficiency with AIMMS

Peapod®



About Peapod

Founded in 1989, Peapod is one of the most popular grocery delivery services in the U.S. The company is based in Chicago, IL and operates in several cities across the East Coast and Mid-West. It is owned by Ahold Delhaize and delivers from its parent company's physical stores, as well as from its own warehouses.

Problem

Peapod was looking to drive efficiency by improving its Warehouse Slotting process. The company has many warerooms – small fulfillment locations attached to Ahold Delhaize grocery stores. Items for home deliveries can be picked from these warerooms, or if needed, from stores. The fastest moving items need to be in the wareroom. Slower moving items can be picked from the store, which has a broader selection of items. Peapod wanted to minimize the number of picks and time spent in stores and maximize the number of wareroom picks. These picks are much more efficient than store picks and less disruptive to customers. The process for pick selection was fairly manual and decisions were not centrally made. Considerations like seasonal changes, new product introductions, and discontinued products made the process even more complex. The team at Peapod decided it was time to embrace a more automated process. They were looking for an optimization solution that included a planogram visual and could provide a list of items to move every week.

Solution

Peapod considered warehouse slotting tools and planogramming software, but none of these solutions supported their unique situation: a store-like warehouse that shares inventory with shops. What they wanted was a solution that combined the usability of out-of-the-box tools, with the ability to customize it for their needs. Dstricon, an AIMMS implementation partner, developed an AIMMS-based solution, called Podslotter.

The tool provides a visual diagram indicating which items should be in the wareroom and how they should be placed in shelves. The math that determines which items to move happens behind the scenes and is fully automated. The tool also ensures fast moving items are slotted at ideal grabbing height, minimizing reaching or crouching.

Results

Podslotter has made the picking process a lot easier for wareroom employees. The wareroom team no longer needs to dive into various reports, such as last year's seasonality numbers, and manually look up individual item sales history. Over 40 different business rules are automatically factored into the solution, ensuring compliance with food safety, OSHA rules, quality assurance requirements.

Peapod can also use the solution to set up new warerooms in an efficient way. Slotting a wareroom from the ground up used to take around 500 hours in the past. With Podslotter, it takes the team 4 hours - a great step forward for Peapod's expanding network.

Results

- 20% reduction in out-of-stock occurrences
- 6% increase in units picked from the wareroom vs. the store
- 4.5% increase in units picked from the ideal height
- New wareroom slotting time reduced from 500 to 4 hours

Contact Us for a Demo

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About AIMMS

The AIMMS Prescriptive Analytics Platform helps you evaluate and identify the best options to tackle your most pressing challenges with sophisticated analytics that leverage mathematical modeling and scenarios while pulling from multiple data sources. You can immediately gauge, not just what is likely to happen, but what you should do about it for the best possible outcome. Whether you seek to improve your strategy, planning, operations or transform your entire supply chain, AIMMS software is the ideal combination of being tailored to your unique situation paired with speed to value (ROI). That's why teams at Shell, Johnson & Johnson, GE and Heineken and many more fire up AIMMS every day.

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