

# Giant Eagle reduces costs and increases customer value

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**Giant Eagle is one of the largest food retailers and distributors in the United States. Multiple outdated systems created barriers to greater efficiency and cost reduction. With the solutions of Manhattan Associates the company improved its accuracy and productivity.**

Giant Eagle is the number one supermarket retailer in its region with 221 supermarkets and 140 fuel and convenience stores throughout Pennsylvania, Ohio, West Virginia and Maryland. Each store carries between 20,000 and 60,000 items, more than 7,000 of which are offered under the company's own brands program.

Giant Eagle operates five distribution centres located throughout its service area - ranging from 27,000 to 244,000 square meters - and was using outdated, batch technology with multiple systems in several locations to run its supply chain operations. Basically, Giant Eagle had maximised its capabilities and the cost efficiency that could be achieved with its current systems. The company wanted to find a single vendor that could meet all of its supply chain requirements and accommodate advanced functionality, including flow-through order processing, put-to-store picking, and expanded RF and voice functions.

## **Solid understanding**

Giant Eagle initially interviewed more than 10 companies in its quest for the best solution. Four vendors made the final list and Giant Eagle required a detailed demonstration from each finalist. Hilzendeger explained, "We wanted to work with a supply chain company that had a solid understanding of our industry and could grow with us. We needed to feel comfortable that they could come in and partner with us to develop the grocery-

specific functionality we needed.” According to James Hilzendeger, Director of Giant Eagle, “Bottom line, we needed to continue to reduce costs and improve our customer value proposition. We use the Toyota Production System methodology, which considers customers, quality and people in an effort to increase overall operational efficiencies. Manhattan’s warehouse and labour management solutions are a big component of this strategy.”

**"Manhattan's solutions give us the capabilities and efficiency we need while taking costs out of our supply chain."**

James Hilzendeger, Director, Giant Eagle

### **Co-development**

The implementation strategy was to go live with Warehouse Management and Labour Management at the most complex facilities first, then to roll out the solutions to the other facilities. A dedicated Giant Eagle and Manhattan team co-developed a number of advanced grocery-specific capabilities, including enhanced code dating, advanced directed putaway options, real-time tasking and put-to-store functionality.

The solutions’ realtime capabilities enable replenishment priority bumping, which ensures product is at the pick slot at the right time, reducing skipped picks or order shorts and eliminating the need for follow-up chases.

Labour Management was a necessary component of the go-live for every facility given that some labour standards were already in place. Today, Giant Eagle uses the Manhattan solutions to run all operations in its five distribution centres, including RF receiving, directed putaway, directed replenishment using the priority bumping capability, voice selection, RF loading, put-to-store, trading partner management, labour management and advanced reporting.



## CHALLENGE

Giant Eagle was using outdated batch technology and relied on multiple systems in various locations. The company needed to reduce costs and improve its customer value proposition.

## SOLUTION

Giant Eagle implemented Manhattan's Transportation Planning & Execution, Warehouse Management, Labour Management and Extended Enterprise Management solutions to gain new capabilities and efficiency while reducing supply chain costs.

## PROGRESS & RESULT

Inbound/outbound accuracy exceeds 99.9%; productivity improved 8-10% in Giant Eagle's health & beauty DC and 3-5% in other DCs.

### Productivity rises 8-10%

Since implementing the solutions, Giant Eagle has improved accuracy in inbound and outbound receiving. "In the past, items were often mislabeled. Now we are 99.9% correct on LPNs and receive the right items in our warehouses," said Hilzendeger. In addition, the company has reduced the number of mis-shipped totes to zero. Totes transport a number of small products such as health and beauty items to Giant Eagle's stores. Giant Eagle has doubled the number of direct labour hours on a labour standard, resulting in significant gains in productivity. Hilzendeger explained, "We now have the majority of direct labour hours used on a labour standard, which has improved productivity eight to 10% in our health and beauty care distribution centre." Other facilities have seen a 3-5% increase in productivity. Giant Eagle plans to keep reducing time to replenish store shelves, time from order placement to delivery to the distribution centre, and time from the vendor to the distribution centre. Hilzendeger said, "With real-time capability provided by the Manhattan solutions, we're able to capture and analyse the time required for each step of the distribution process. These improvements will enable us to increase throughput and ultimately reduce our inventory investment and space requirements."

"We're growing at a much faster rate than the industry overall and wanted to support our growth without adding brick and mortar. The functionality provided in the Manhattan solutions gives us the capabilities and efficiency we need while taking costs out of our supply chain."