The Global Data Synchronization Value Proposition: A retail perspective

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Agenda

• Who We Are
• Why We Do Global Data Synchronization?
• Benefits to Wegmans and our Trading Partners
• Summary of Key Insights
Wegmans Food Markets: Who We Are

- Founded in 1916, Privately Held
- ~$5 Billion Food Retailer, 73 Stores
- Headquartered in Rochester, New York
- Self-Distributing Chain with DC’s in Rochester, Syracuse and Pottsville PA
- Last 5 Years, Top 5 on Fortune 100 Best Places to Work
Why Do We Do Global Data Synchronization?
Information Driven Supply Network
… Starting and Ending With The Consumer

Leveraging our Information is Mission Critical
The World We Live In Today

- Every decision we make has our customer in mind. Including the decision to do Data Sync … will the impact affect our consumer in a positive way?

- Our consumers expect innovation, unique products, services, freshness and social awareness

- Leveraging information is a competitive Supply Chain advantage

- Resource availability is volatile and is changing the way we run our business
  - Preserving Natural Resources
  - Recruiting and Retaining People Resources
  - Volatile Economy
Why Global Data Synchronization?

Connecting Our Business Information is Only The First Step!

• High quality, synchronized information is foundational to a productive trading relationship

• “Push Button” execution across enterprises is a competitive advantage

• Harnessing the true power of the Internet is mission critical

• Strategic sharing of data with partners will enable business growth
A Synchronized Relationship Enables Synchronized People

• We all speak the same language
• Our people collectively agree on goals & measures
• The information we share is timely, useful and accurate
What Attributes Are Wegmans Synchronizing Today?

• Mandatory Attributes
  – GTIN
  – Dimensions
  – Gross Case Weight
  – Net Content

• Plus …
  – EANUCC Code
  – TI/HI (pallet configuration)
  – Coupon Family Code
### Mandatory Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Trade Item Number (GTIN)</strong></td>
<td>A particular Global trade item Number, a numerical value used to uniquely identify a trade item.</td>
</tr>
<tr>
<td><strong>GTIN Name</strong></td>
<td>Name of the GTIN</td>
</tr>
<tr>
<td><strong>Product Type</strong></td>
<td>Identifies the level of the hierarchy (Pallet, Case, Inner Pack, Each, etc.)</td>
</tr>
<tr>
<td><strong>Target Market</strong></td>
<td>Area where the product will be sold.</td>
</tr>
<tr>
<td><strong>Language</strong></td>
<td>Language on the packaging</td>
</tr>
<tr>
<td><strong>Information Provider</strong></td>
<td>Unique location number for the Information Provider</td>
</tr>
<tr>
<td><strong>Owning Organization</strong></td>
<td>GLN of the Brand Owner</td>
</tr>
<tr>
<td><strong>Brand Name</strong></td>
<td>Product’s Brand Name</td>
</tr>
<tr>
<td><strong>Pack</strong></td>
<td>Number of Units inside this level of the hierarchy.</td>
</tr>
<tr>
<td><strong>Global Item Classification Scheme/Code</strong></td>
<td>Unique Code used to classify products</td>
</tr>
<tr>
<td><strong>Manufacturer (GLN)</strong></td>
<td>Unique location number for the Manufacturer.</td>
</tr>
<tr>
<td><strong>Is Private</strong></td>
<td>Yes/No: Is this GTIN private meaning no retailers can search for this item?</td>
</tr>
<tr>
<td><strong>Ordering Unit Indicator</strong></td>
<td>Yes/No: Is this GTIN orderable?</td>
</tr>
<tr>
<td><strong>Length/Unit Of Measure</strong></td>
<td>Measurement from Left-to-Right</td>
</tr>
<tr>
<td><strong>Height/Unit Of Measure</strong></td>
<td>Measurement from Top-to-Bottom</td>
</tr>
<tr>
<td><strong>Width/Unit Of Measure</strong></td>
<td>Measurement from Front-to-Back</td>
</tr>
<tr>
<td><strong>Gross Weight</strong></td>
<td>Gross weight of the level of the hierarchy.</td>
</tr>
<tr>
<td><strong>Start Availability Date</strong></td>
<td>Date when the product is available for the retailer</td>
</tr>
<tr>
<td><strong>Parent Item</strong></td>
<td>Yes/No: Is this GTIN a parent in the hierarchy?</td>
</tr>
<tr>
<td><strong>Child Item</strong></td>
<td>Yes/No: Is this GTIN a child in the hierarchy?</td>
</tr>
<tr>
<td><strong>Quantity of Child Item</strong></td>
<td>Number of units in the next lower level of the hierarchy</td>
</tr>
<tr>
<td><strong>Product Name</strong></td>
<td>Name of the Product</td>
</tr>
<tr>
<td><strong>Product Description</strong></td>
<td>Description of the Product</td>
</tr>
<tr>
<td><strong>Base Unit Indicator</strong></td>
<td>Yes/No: Is this the lowest level of the hierarchy?</td>
</tr>
<tr>
<td><strong>Consumer Unit Indicator</strong></td>
<td>Yes/No: Is this GTIN consumable?</td>
</tr>
<tr>
<td><strong>Dispatch Unit Indicator</strong></td>
<td>Yes/No: Is this GTIN the shipping unit?</td>
</tr>
<tr>
<td><strong>Invoice Unit Indicator</strong></td>
<td>Yes/No: Is this GTIN the billing unit?</td>
</tr>
<tr>
<td><strong>Variable Weight Trade Item</strong></td>
<td>Yes/No: Is this GTIN variable weight?</td>
</tr>
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<td><strong>Packaging Marked Recyclable</strong></td>
<td>Yes/No: Is this GTIN marked recyclable?</td>
</tr>
<tr>
<td><strong>Packaging Marked Returnable</strong></td>
<td>Yes/No: Is this GTIN’s packaging marked returnable?</td>
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Benefits to Wegmans and Our Trading Partners
The Value of Synchronization

- Shared Supply Chain
- RFID/EPC
- Price Synchronization

- Logistics & Distribution
- Demand Forecasting
- Replenishment & Procurement

- Data Synchronization
- Data Accuracy
- Catalog
- Global Registry, Standards
Retail Benefit

*Merchandising and Sales*

**Accurate and Synchronized Data** will eliminate many manual processes in the item setup and maintenance process.

**Sales Representative Value Add**
- No need to fill out new item forms for all customers
- No need to communicate changes and corrections
- More time can be spent building sales

**Merchandising Administration**
- No more data entry of new item forms, paperless process
- Data changes and corrections flow through GDSN seamlessly
- Eliminate key entry errors

**Improved Sales**
- In some cases, new item processes reduced by ~14 days
- Former Merchant administrative time can be reinvested in building sales
- Better visibility to more supplier catalogs which will allow for more options for assortment and negotiation
Retail Benefit

*Logistics and Distribution*

Synchronized and accurate cube and weight data will enable
An efficient and shared Supply Chain

- Inbound truckloads to be better utilized reducing freight expense
- Flow through distribution will occur without frequent stops and starts of an unsynchronized supply chain
- Trucks will be loaded and unloaded more efficiently reducing time, handling, cost and improving shelf service level
- More efficient utilization of outbound trucks across enterprises, reducing cost, improving service, eliminating disruptions and improving efficiency
Retail Benefit
*Store Operations*

Accurate and Synchronized Data will improve Store Operations efficiency and the customer shopping experience

**Improved Customer Shopping Experience**
- Error free scanning at front end
- Improved shelf planning for ease of shopping
- Improved shelf tag accuracy for price comparisons
- Improved shelf service level, having the products our customers want

**Front End Efficiency**
- More items will scan, improving efficiency and increasing sales
- Improved coupon scanning efficiency eliminating double checks on customer order

**Improved Back Door Management**
- Reduced discrepancies which stop product flowing onto the shelves
- Reduced invoice discrepancies (DSD)
Retail Benefit
Accounting and Finance

Accurate and Synchronized data will improve accuracy and associated reconciliation processes

Invoice Reconciliation
- More invoices will be accurate
- Ability to handle complex financial relationships efficiently
- More streamlined/timely processes for resolving invoice discrepancies
- Reduced out of period adjustments which will make financial information more actionable

Coupon Handling
- Reduced time spent reconciling coupons
- Reduced time fixing family code discrepancies
- Improved reimbursement processes and accuracy
Retail Benefit

*Qualitative*

- Improved Service to Consumers

- Shared Supply Chain – Visibility and a Common Language

- Improved Inventory Management

- More Productive Trading Partner Relationships
Retail Benefits

*Other Improved Processes*

- Focusing on higher priority trading partner relationships
- Employees and partners working on value added activities
- Automated workflow and processes
- Aligning master data projects with business processes
Our Suppliers Are Finding Additional Benefits Too!

| **Transportation Savings:** |  
|-------------------------------|---------------------------------------------------|
| • One company corrected a weight error on a top selling item and saved $2.5 million in transportation costs for one product line – with a potential to save an additional $1.5-3 million for additional product lines |

| **New Item Introduction:** |  
|-------------------------------|---------------------------------------------------|
| • One company improved the speed to shelf of new products from 4-8 weeks to 2 weeks |
| • Another company increased the number of new items introduced in one year by 50%, yet did not require additional headcount |

| **Order Administration:** |  
|-------------------------------|---------------------------------------------------|
| • One company will increase administrative productivity by 59,000 hours annually by reducing inspection time of each order by just 5 minutes |

| **Distribution Network:** |  
|-------------------------------|---------------------------------------------------|
| • One company improved information transfer through its distribution network from 5-6 days to 2 days |

**And there is more!**
**Synchronization Is The First Step**

*How to Get Started*

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<td>• Broadly share business processes, objectives &amp; KPIs</td>
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JOINT ACTIVITIES

• Work with industry groups to provide roadmap
• Clearly Define Measures and monitor mutually established goals
• Define process changes and timing
• Learn and build confidence through Pilots

Retailers/Recipients

• Spot audit on item characteristics received
• Single source of truth network architecture
• Integrate data touch points – starting with procurement
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Summary of Key Insights

• Tremendous Supply Chain value in making data accurate

• This is not about technology, get the business units engaged early

• Data should be used to interact and operate differently inside and between companies

• Leading companies are realizing the greatest benefits
Thank You!