



Case study:

Global Data Synchronisation improves sales and efficiency in the retail industry

By synchronising product master data, companies see significant improvements

Seeking real improvements

When suppliers and their customers try to order, deliver and invoice using a mismatched set of spreadsheets, web portals, e-mails and paper catalogues, it creates complexity, redundancy and inefficiencies. Significant time and resources are consumed, and errors are all too frequent. The negative results can really affect the bottom line. A product is coded incorrectly? Lost revenues. Orders are misunderstood or take too long to process? Out of stocks. Incorrect delivery? Return costs and empty shelves. And with any of these incidents comes the risk of disappointing shoppers, losing loyal customers and projecting a poor brand image.

Under the leadership of GS1 Colombia, a group of business partners in that country **undertook a project to reduce and even eliminate these sorts of problems** via the use of Logyca Sync, GS1 Colombia's Global Data Synchronisation Network-certified Data Pool, formerly known as CABASnet.



A wide range of participants from multinationals to SMEs

GS1 Colombia engaged a range of different companies and organisations in the effort. Participants included major retailers Grupo Exito and Carrefour; several national social welfare service agencies including Cafam; six different manufacturers including Compañía de Galletas Noel and Productos Familia; and two small local businesses.

Some were already users of Logyca Sync, and others deployed data synchronisation for the first time as part of the project.



In addition to implementing the synchronisation of master product data such as GS1 Global Trade Item Numbers (GTINs) and GS1 Global Location Numbers (GLNs), the business partners also exchanged sales data (SLSRPT) and inventory reports (INVRPT) as standardised electronic business messages.

The information shared was used to define buying volumes and determine schedules for production and delivery.

Trading partners found that the percentage of items delivered without problems or issues increased from 83% to 90.8%

The numbers reveal the successful results

GS1 as a global organisation, and GS1 Colombia in particular, have long held that global data synchronisation is an important way to increase efficiency levels and make the flow of product and information simpler.

Careful monthly surveys carried out on all the participants in this Colombian project revealed a direct and measurable relationship between data synchronisation and fundamental business indicators such as **precision of purchase orders, service level, percentage of out-of-stock, vendor lost sales and retailer lost sales.**



Results conclusively show performance improvement across these indicators. In fact, the positive impact of global data synchronisation through Logyca Sync is often visible as soon as one month after beginning the process.



To summarise a few of the key results:

- Average purchase order accuracy among participants evolved from **92.9% to 96.4%** in the first four months
- Problems associated with retailers ordering discontinued products **dropped from 2.8% to 0.7%**
- Pricing errors **dropped from 4.4% to 3.4%**
- The level of service, defined as the total percentage of item references delivered without problems or issues, increased almost 8 points, moving **from 83% to 90.8%**
- Once SLSRPT and INVRPT electronic messages were added to the process, the percentage of references that could not be delivered because they were not in stock at the time of ordering **dropped from 6.7% to 2.1%**
- Lost sales, defined as a percentage of shelf stockouts, dropped **from 4.1% to 2.8%** for fast-moving consumer goods, and **from 7.3% to 4%** in confections.

And although cost savings and time savings were not formally measured as part of the project's survey data, it is obvious that there were measurably **fewer unnecessary administrative processes**, such as those that previously would have been devoted to returns.

Lost sales from shelf stockouts dropped from 4.1% to 2.8% for fast-moving consumer goods, and from 7.3% to 4% in confections

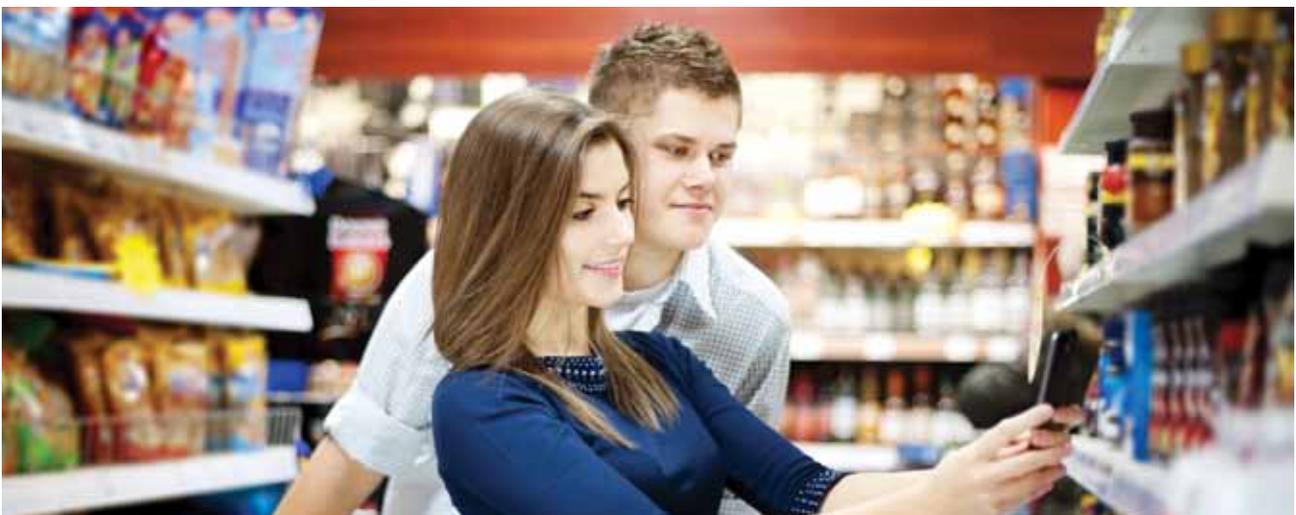
In short, the project clearly demonstrated how GS1 GDSN and the electronic exchange of sales and inventory data can quickly and consistently generate a positive evolution for many of the key performance indicators associated with efficient business practices and perhaps even more importantly with a company's financial health.

The elements of success

There were a variety of factors critical to the success of this project, most of them based on **open collaboration and agreement** on various options and questions early in the process. For instance, the trading partners needed to agree on the conditional fields to be used in the electronic messages and had to commit to keeping sales and inventory as up to date as possible.

The **support of senior management** is a must for any new data synchronisation undertaking, as it is often necessary to adjust internal policies and procedures and there must of course be a company-wide willingness to abandon old-fashioned manual processes in favor of multidisciplinary and collaborative procedures.

And finally, the very foundation of the project was built upon the assumption that all products and logistics units are properly identified using GS1 standards.





Next steps

GS1 Colombia knows that data synchronisation programmes cannot function successfully in the absence of **data quality programmes**, because good quality data is foundational to collaborative commerce. By improving the quality of data, trading partners can further reduce costs, improve productivity and accelerate speed to market. As smartphone and tablet applications become more prevalent, data quality will become even more important than it already is.

As a result, as GS1 Colombia moves forward with the participants in this project and other users of their LOGyCA Sincronización GDSN Data Pool, they will be giving extra attention to data quality.

GS1 Colombia also sees Logyca Sync as a key factor in the development of **traceability services**, so that their user companies can meet national regulations, for example; and so that Colombian entrepreneurs who export their products can respect various mandates and clauses they often find in their free commerce agreements.

GS1 standards

GS1 is a neutral, not-for-profit organisation that develops supply chain standards. The GS1 Global Data Synchronisation Network® (GDSN®) is a network of interoperable data pools enabling collaborating users to securely synchronise master data based on GS1 standards.

Contact information:

Interested in learning more about this case?
Contact GS1 Colombia: www.gs1co.org

Interested in learning how the GS1 Global Data Synchronisation Network and other GS1 standards could benefit your company?
Contact a certified data pool: www.gs1.org/gdsn