About the Grocery Manufacturers Association
The Grocery Manufacturers Association (GMA) represents the world’s leading food, beverage and consumer products companies. The association promotes sound public policy, champions initiatives that increase productivity and growth and helps to protect the safety and security of the food supply through scientific excellence. The GMA board of directors is comprised of chief executive officers from the association’s member companies. The $2.1 trillion food, beverage and consumer packaged goods industry employs 14 million workers, and contributes over $1 trillion in added value to the nation’s economy. For more information, visit the GMA web site at www.gmaonline.org.

About Vision Chain Inc.
Founded in 1999, Vision Chain Inc. powers demand-data networks for the world’s largest consumer products companies. Large firms use Vision Chain to collect, cleanse, harmonize, analyze and integrate retailer point-of-sale and inventory information throughout their organizations. This results in enhanced shelf presence, category captains and advisor positions, reduced stock outs and distribution voids, and consumer insights. Vision Chain is the market-share leader in providing Demand Signal Repository software, and counts among its customers six of the eight largest consumer product companies. Visit the Vision Chain Web site at www.visionchain.com.

About Crossmark
CROSSMARK is a professional services company that helps consumer goods suppliers and retailers reach their performance objectives. CROSSMARK does this by excelling in four key areas—headquarter selling, retail merchandising, store level marketing and streamlining trade practices. In business for over 100 years, CROSSMARK employs more than 20,000 associates worldwide. CROSSMARK is a privately owned corporation and counts many of the world’s largest companies as customers. For more information, visit the CROSSMARK web site at www.crossmark.com.

About Teradata Corporation
Teradata Corporation (NYSE: TDC) is the global leader in data warehousing and analytic technologies that make smart companies smarter. Many of the manufacturing and retail members of the GMA use Teradata to quickly and effectively analyze the data discussed in this paper. Teradata delivers integrated, enterprise-scale analytical solutions based on the most powerful, scalable and reliable technology platform in the industry. For more information, visit the Teradata web site at www.teradata.com.
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EXECUTIVE SUMMARY

“The industry must more readily and freely share information, embracing the concept that the best way to manage increasing complexity is through transparency.”

Joint statement by
Jose Luis Duran, Chairman of the Management Board, Carrefour Group and
A. G. Lafley, Chairman, President and Chief Executive, The Procter & Gamble Company

For years, retailers spent their own money hiring knowledge partners to analyze store-item-week sales and inventory data. Today, a growing number of retailers are outsourcing this process to their industry trading partners—the food, beverage and consumer packaged goods (CPG) manufacturers that supply their stores.

Going further, the data sharing is now as much of a business strategy as it is a technology strategy for the participating trading partners. Retailers are sharing an ever increasing amount of additional data fields, focusing on an ongoing collaboration—such as that found in the New Ways of Working Together initiative—that brings added value to both organizations. For this partnership to succeed, retailers must provide a stream of daily sales, store and distribution center (DC) inventory, and other data to their suppliers. Increasingly this data is free, very detailed and often sent to suppliers daily.

Retailer-direct data sharing emerged in the 1990s. By the turn of the new century, numerous suppliers already had robust ongoing, multi-retailer data-sharing initiatives.

Project Highlights

Among the key findings of this report are:

- Today most U.S. mass merchandisers and grocery retailers with more than $5 billion in annual sales are already sharing data directly with their suppliers free of charge.

- Data this current and available from this many retailers at this frequency have never before been available to CPG manufacturers (in this report called “suppliers”) and are not available from the large third-party data syndicates.

- More than 30 business benefits grow specifically from using retailer-direct data sharing. (See pages 15–21.)

- Successful practitioners communicate clearly with retailers about the parameters of data sharing and the benefits to be reaped by both trading partners. However, they also go deeper and are flexible—e.g., a collaboration that began as an exercise to improve out-of-stocks can morph into other areas as well.

- Currently no data standard exists among retailers covering retailer-direct data, such as what fields are sent, how these fields arrive or the various ways the information can be used with each retailer to make changes that impact the shelf. Most industry executives believe that no standards will emerge in the near future.
• A large percentage of supplier users of retailer-direct data began with a single-retailer approach—typically Walmart—before branching out to collect data from multiple retailers into one centralized database.

• Some new technology is required to receive and utilize retailer-direct data. However, most suppliers already have adequate technology in place today and any incremental investment is outweighed by the benefits.

• Dealing with numerous retailers individually—different people, data frequency, access methods, agreements and restrictions—can create organizational issues. Additionally, supplier business departments—supply chain, trade promotions, dollar store channel, etc.—should not have their own interface with each retailer. The appointment of a “data czar” in supplier organizations could be the answer to managing this one-to-many process.

• One key step applied by successful practitioners is to share the new data throughout the company to ensure that all appropriate departments are adapting the retail data into business-case actions of benefit to both supplier and retailer trading partners.

There can be data sharing without collaboration, but there can be no collaboration without data sharing.

Overview of the Benefits

This report focuses primarily on the supply chain and merchandising benefits possible through retailer-direct data sharing—not on benefits also found in other process areas, such as transportation, sustainability, reverse logistics/unsaleables, etc. A few of the many benefits include:

• Reduced out-of-stocks.

• Strengthened forecast accuracy.

• Reduced inventory in channel.

• Improved perfect order performance.

• Advanced price and promotion optimizations.

• Created more accurate stock-keeping unit (SKU) rationalization.

• Lessened cost of retail execution.

• Placed supplier in better position vis-à-vis end-cap opportunities, increased number of shelf facings or determination of category management captain.

The retailer-direct data initiative gives suppliers greater visibility down the supply chain, allowing them to not only see specific geographic, segment and price performances for a specific SKU but also to act on that information speedily.

Additionally, such collaboration can lay the groundwork for participation in other leading-edge initiatives, such as Collaborative Planning, Forecasting and Replenishment (CPFR) and New Ways of Working Together.
About This Report

The Goal

- To provide a current, detailed view of sales, inventory and other data retailers are sharing directly to their supplier trading partners and to explore the business benefits trading partners are receiving from using this data.
- To describe current successful practices among U.S. supplier firms that are using this direct-from-retailer data to increase business value, enhance value chain, improve on-shelf performance and expand stockholder returns.

The Audience

The target audience is the mid to large CPG supplier firms and their retail trading partners. Business areas most affected include merchandising, sales, customer service, supply chain, finance, IT and others.

The Methodology

This report is based on first-hand knowledge and experience of experts in retailer-based data programs. These range from CPG suppliers and retailers to third-party providers, IT and sales agency professionals, and those successful practitioners that have pioneered the initiative in the industry.

Devising a Retailer-Direct Roadmap

Authors of this report identified the processes and steps that could be followed to create successful partnerships between suppliers and retailers in the direct exchange of demand data. This exchange is defined as large retailers providing recent, frequent, consistent store/item/day or week level point-of-sale, inventory, and other information, usually free and in a proprietary format.

They uncovered numerous successful practices by firms already engaged in the initiative. Among these are:

- Partner at first with two retailers—not one.
- Do not stall after the first partnering efforts.
- Begin with one or two categories.
- Build a culture of analytics.
- Have common master data and continue to work on it.
- Communicate data across all company business groups.
- Avoid having different reporting tools for each retailer.
Retailer-Direct Data Sharing—An Initiative With Staying Power

Retailer-direct data sharing and the resultant collaborative partnership are here to stay. When executed even moderately well, retailer-direct data sharing will enable businesses to cut costs, reduce inventory, forecast better, service customers more efficiently, and engage in the real power of collaboration.

Retailer-direct data sharing may be relatively new, but it has staying power. Investments made here will pay dividends for many years to come as the data fields grow bigger and come faster and as retailers allow suppliers to provide more and more value-added services.

“The more that we (AMR Research) research downstream data, the more convinced we are that this downstream data and the evolution of the supporting analytics will be the foundation of the demand-driven transformation. We are still very early in the evolution; but that should not stop you from using data to make money.”

— Lora Cecere, AMR Research
CASE STUDY:

$3.4 billion producer, distributor and marketer of premium quality, branded food and pet products for the U.S. retail market note that their in-stock rose to 99.5+ percent with focused data sharing.

In 2006, a manufacturing food giant launched a Retailer-Direct data project to strengthen efficiencies by improving order management, supply chain planning and execution, and inventory reduction capabilities.

The company opted to use third-party software for a single, centralized source to receive, cleanse, analyze the real-time, shelf-level customer data and quickly feed it back to the producer’s supply chain management systems.

supplier results

The producer reports that retail store in-stock positions have improved to more than 99.5 percent, lost sales are being cut and customer service requirements exceeded. The initiative also:

- Reduced finished goods inventory and safety stock while increasing inventory turns.
- Lowered raw material and packaging inventories.
- Reduced demand variability.
- Enabled flexibility in physical distribution network design.
- Curtailed operating and transportation costs.
- Eliminated and automated many manual and administrative processes.

Retailer results

The producer reports that its retail trading partners also are reaping benefits, among which are:

- Lower safety stocks at distribution centers.
- Improved gross margin return-on-investment.
- Increased sales through higher in-stock positions.
- Reduced lead-time and improved order fill rates.
- Enhanced co-managed or vendor-managed inventory capabilities.
INTRODUCTION

There are two major methods for a supplier to acquire demand data from a retailer—through a syndicated third-party provider and directly from the retailer. This report deals only with the latter, or retailer-direct method of data transfer.

Recent History

The state of data sharing between retailers and supplier companies historically undergoes a shift or breakthrough every decade or so. In the 1980s, the breakthrough was electronic data interchange (EDI). In the 1990s, the supplier community was exposed to a number of factors that increased their hunger for retailer data. Two key events that led to data sharing and analysis were the introduction of the Walmart Retail Link portal in 1992 and the creation of the Efficient Consumer Response (ECR) pan-industry initiative that same year. Two of ECR’s core principles were its emphasis on trading partner collaboration and category management.

These initiatives started major suppliers down the path of investing and analyzing retailer data. Taken together, the triggers included:

- Some surprise at the insights EDI 852 data began revealing. The data unveiled a picture of price and movement that was often different from what the supplier was expecting should be happening. Concurrently, there was frustration at the lack of standardization in the EDI “standard” and the usability and level of detail of the data.

- As suppliers adopted category management—including the need to populate templates in their new category management processes—it became clear that more timely and detailed data could provide more accurate fuel for SKU optimization, new item introductions and other category management processes,

- Supplier companies with a direct store delivery (DSD) distribution model were supplying drivers with sophisticated online technologies enabling them to record store- and item-level, daily or almost daily true inventory—plus the ability to infer movement. As the anecdotal and case evidence of these systems spread, other suppliers began to correlate the business benefit with this richer data.

- Some leading-edge supplier firms found or cultivated “power analysts” on their Walmart account teams with prowess to extract deep data from that retailer’s new data portal, Retail Link. Companies able to successfully extract, cleanse, manage and work with this data could show immediate and tangible benefits that had not have been achieved with more traditional sources of retailer data.

Soon after the new millennium dawned, several key events occurred in succession. Walmart announced it would no longer make its data available to syndicated providers, who had traditionally resold it to supplier firms. To get Walmart data, the supplier would have to go directly to the free Retail Link data portal. Additionally, Target Corporation made a commitment to deliver its own data free of charge in a portal for suppliers called Partners Online.

The grocery channel in mass-market retailers had grown so large that ignoring their data was not an option—even if it meant more work.
The free portal access was seemingly a trend for the mass merchandiser class of trade. Moreover, the grocery business among these mass retailers was growing so rapidly that—before long—mass merchandisers represented a large share of America’s total food and CPG business. In fact, the Mass retailers’ contribution to total sales was so high that their data could not be ignored simply because it could no longer be packaged by the syndicated data providers. Finally, a string of retailers outside the mass merchandisers channel began opening private portals that also shared free data with suppliers.

Today, retailer-direct data sharing has become a core way of doing business that affords significant advantage to both suppliers and retailers, as proven by the experiences of early adopters. To be competitive in today’s economy, industry companies need to understand the mushrooming retailer-direct data sharing phenomenon and to adopt its collaborative strategies in their organizations.

Four Current Data Sources for Suppliers

Today, suppliers can obtain data from retailers in four primary ways:

- **Electronic Data Interchange.** EDI is a method of sharing standardized, strictly formatted data from the retailer to the supplier, including price changes, item information, shipping notices and sales figures.

- **Syndicated data providers.** Syndicated data providers receive point-of-sale and other demand data (only rarely their supply chain data). The provider cleanses and analyzes the data and then sells the data and analysis to suppliers.

- **Retailer-direct data sharing.** Retailer-direct data is shared directly from the retailer—almost always for free—directly to its supplier trading partner in a format and content specific to that retailer.

- **Point-in-time sharing.** Project-specific data-sharing takes place when a retailer and supplier business people collaborate to solve a specific issue or drive a specific opportunity. The trading partners only analyze and work with specific data relating to the issue or opportunity specified.

Today Retailer-Direct data sharing has become a core way of doing business that affords significant advantages to both supplier and retailer.

Current State of Data Sharing

The state of data sharing today is inadequate but improving. For example:

- More data move between retailers and suppliers now than ever before. At times, more than a gigabyte of data each day can be pulled by a supplier from its providing retailer.

- Data are available much faster. In some cases, a supplier can ‘see’ details of shopper purchases less than 24 hours after they occur.
Supplier companies typically use a mix of approaches to collect data, including EDI and syndicated, as well as the new retailer-direct model.

Retailer-specific differences are tangible. The retailer-direct model has the least standard approach—each retailer provides its own unique set of data and each determines what actions it is willing to take in response to the information the data shows.

Suppliers who begin collecting retailer-direct data generally continue to add more retailer partners, expanding their expertise at data mining as they continue to increase business benefits.

A few retailers continue to charge subscription fees for their data. Subscription fees for retail-direct data inhibits collaboration, whereas freely shared data between trading partners more often results in shared insights and shared value. The analysis of downstream retail data by the supplier community offers greater value focused at core in-store retail objectives than does any revenue stream from the sale of operational retail data through subscriptions.
Approximately 25 large retailers share detailed data outside of traditional electronic data interchange (EDI) with their suppliers at the time this report was compiled. Information on what they share changes frequently, virtually always because the levels of data granularity become deeper, the data come in closer to daily, and the amount of history or other fields of data increases. Additionally, retailers often do not provide details of what is shared to their competitors or place the detail in the public domain. As a result, the data in the graphic below has not been confirmed by the retailer providers, but is an aggregate consensus among supplier firms about regularly provided data in 2008.

<table>
<thead>
<tr>
<th>Retailer Name</th>
<th>Type of Sharing</th>
<th>Frequency</th>
<th>Geo</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albertson’s</td>
<td>Bulk Data Transfer</td>
<td>Weekly</td>
<td>Store</td>
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</tr>
<tr>
<td>BJ’s Wholesale</td>
<td>EDI 852</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Carrefour</td>
<td>Bulk</td>
<td>Daily</td>
<td>Country/Banner</td>
<td>No</td>
</tr>
<tr>
<td>Costco</td>
<td>Via IRI</td>
<td>Daily</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>CVS</td>
<td>Portal</td>
<td>Daily</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Dollar General</td>
<td>Unknown</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Family Dollar</td>
<td>Bulk Data Transfer</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Food Lion</td>
<td>Portal</td>
<td>Daily</td>
<td>Store</td>
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</tr>
<tr>
<td>Hannaford</td>
<td>FTP</td>
<td>Daily</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Harris Teeter</td>
<td>Unknown</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Kmart</td>
<td>Portal</td>
<td>Daily</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Loblaw’s</td>
<td>Bulk Data Transfer</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Meijer</td>
<td>Portal</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Metro AG</td>
<td>Portal</td>
<td>Daily</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>Pathmark</td>
<td>Unknown</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>PetSmart</td>
<td>Bulk</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
<tr>
<td>RiteAid</td>
<td>Portal</td>
<td>Weekly</td>
<td>Store</td>
<td>Yes</td>
</tr>
<tr>
<td>Safeway</td>
<td>FTP</td>
<td>Weekly</td>
<td>Store</td>
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</tr>
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</tr>
<tr>
<td>Walmart</td>
<td>Portal</td>
<td>Daily</td>
<td>Store</td>
<td>Yes</td>
</tr>
<tr>
<td>Wegmans</td>
<td>Unknown</td>
<td>Weekly</td>
<td>Store</td>
<td>No</td>
</tr>
</tbody>
</table>
Types of Data Being Shared

The following graphic displays the types of data typically available from top retailers.
Aspects of a Retailer Data-Sharing Program

Sophisticated software exists to handle the bits and bytes of the widely varying retailer data. However, there are programmatic questions any supplier should ask before engaging in a data-sharing partnership. A sample of these include:

- What security rules does the retailer want the supplier to apply to the data? Are the data required to sit in the supplier's own computer center? Who in the supplier company is allowed to access the data?
- Is a formal contract signed expressing the rights and responsibilities that come with the data?
- How many historical data are available for the supplier to download?
- How does the retailer handle updating historical data that it has audited and changed in its own internal systems? Are these changes communicated to the supplier?
- Is the program open to any supplier or only to select partners?
- Does the program revolve around a handful of specific retailer goals with tight focus and specific metrics? Or is it more ad hoc and responsive to where the retailer or supplier wants to take it?
- Is additional data (outside the standard data-sharing program) available upon request? How often does the retailer share special point-in-time slices of data for specific studies/pilots or other exercises, especially when the retailer may not engage with other suppliers in that fashion?
- Is the retailer willing to act when a supplier uses the data to find a previously unknown problem, such as an incorrect replenishment setting or an out-of-stock?
- What other suppliers have been collecting and analyzing the data heretofore?
- What kind of training is required for supplier employees before they use these data?
- Are there user groups, forums, customer service or other ways to get help or to have questions answered by the retailer?
- Does the retailer allow its data to be co-mingled with other retailers’ data? Some retailers prohibit this. Typically, the reason for this reluctance is the retailer’s belief that the restriction provides more supplier focus on data use for that retailer’s sole benefit.

Through a small number of basic facts, hundreds of standard KPIs can be assembled.
Retailers’ Objections to Collaborating and Sharing Data

Retailers that are not sharing data may not be aware of the program details or the benefits they could derive from such a program. By understanding the possible objections, a supplier can be prepared to respond to the retailers’ concerns and devise a model that could extend the successful Retailer-Direct data sharing the supplier has achieved with other retailers. The following are common concerns a retailer may express:

• “Our data’s no good.” Some retailer staff on the business side may be skeptical about the cleanliness, accuracy and manageability of their point-of-sale data. This—and other objections—are often rooted in previous data-sharing exercises that did not succeed. Be aware those past failures may be based on faults that have since been solved.

• “You’re not going to do anything with it.” The retailer perceives insufficient supplier investment. The retailer may believe that the supplier may not dedicate sufficient resources to make the partnership worthwhile.

• “That’s not how we run our business.” This is a trust gap. Some retailers have a trust-gap about the supplier trying to use the data to “put one over on us.” Some grocery “old-schoolers” may have outdated opinions about whether a supplier is a partner or just a vendor.

• “The technology doesn’t work.” The retailer is worried about previous struggles with the cleanliness of POS data or struggles with technology in general. Rather than sourcing data to the suppliers from their clean internal data warehouse, some retailers previously may have provided raw or other unmanageable data, leading to past failures.

• “We don’t have the IT staff.” The retailer IT department is likely fully utilized. Without a large return on investment (ROI) and executive support, getting IT people to just get the data out the door is impossible. Some third-party firms work in the area of solving just this problem for the retailer and will host their portal.

• “We’re not ready to make the fixes you show us.” Sometimes the retailer is interested but lacks ability or support to implement business process change within the store. Without action on the retailer’s part, major benefits can still accrue (e.g., by producing better supplier-demand planning, leading to more perfect orders and fewer out-of-stocks). However, the retailer misses out on a host of improvements if it fails to take action.

Triggers for Leading a Retailer to Open its Data

Often a meeting between the trading partners can trigger a starting point to direct data sharing. Any of the following events can nudge a retailer to open up its data coffers:

• **Supplier requests.** A supplier could seek the retailer’s data by outlining what could be done with the shared data and the benefits of collaboration. This can be the single force that could trigger a retailer deciding to share data. Often this request has come from a sizeable supplier that the retailer views as critical to its business.
• **Wall Street.** The retailer may be receiving pressure from the CEO or from Wall Street to improve on a specific key performance indicators (KPI)—such as days of inventory or working capital—and the only way to accomplish this is to be faster or leaner in some way. Often improving speed of inventory is essential to KPI improvement. It becomes clear to the retailer that the best way to achieve success is through the exchange of retailer–supplier point-of-sale (POS) and inventory data.

• **Pay to play.** Sometimes a supplier offers to pay for the data and that becomes a catalyst to motivate the retailer. However, unless the retailer desires more than payments from the supplier, then data may change hands but no actual collaboration takes place.

• **Management change.** Perhaps new management at the retailer is more ready to collaborate to improve the company’s bottom line. The new leadership may have seen Retailer-Direct data sharing work at another organization, or he or she understands the company’s supply chain, out-of-stock, and/or sales dependencies can be improved through collaboration. In this case, a once-reluctant retailer may change its position on data sharing.

### Project-Specific Retailer-Direct Programs

An alternate approach exists that is best used in concert with a Retailer-Direct data sharing program. Project-specific sharing or one-time data sharing is the act of two trading partners sharing data at a point in time on a specific subject. This is best described in business shorthand as “Give me the data on a CD.”

Typically, a business program is underway between two companies or a business question is pending that can be answered best by working together. Often a specific product assortment or category planogram request can lead to this kind of data exchange. In this case, the retailer provides a slice of relevant data—usually handed off on a CD—to the supplier. The retailer has prepared the disc specific to a shared goal with the expectation the vendor will load the data and do something with it. This appears to be a frequent practice in the industry, although one rarely hears about it. Since this kind of specific sharing is unlikely to abate, the only recommendation is to ensure your technology can support this type of point-in-time loading of data into a sandbox for quick analysis since the data may be purged later.

**One-time data sharing on CDs between trading partners is a frequent practice and is likely to continue.**

With this type of data, the supplier usually analyzes the data manually and, hopefully, gets insights in order to make the partnership more successful. Situations will always exist where retailers and suppliers will avoid administrative processes and hand off CDs to facilitate working together on solving a particular problem or to focus on action in a specific category.

### Loyalty Card Features

For years, industry members have talked about the potential to use new data fields and data domains from retailers. Loyalty card data is one of these data feeds more talked
about than used. A number of retailers will not release loyalty card data. This is still seen as a very different type of data, and this type of data is treated differently than other data by the retailers.

It is likely that no shopper-level loyalty card data will be shared in any structured way for some time. However, loyalty card data are listed as a kind of Retailer-Direct data potentially available. Two scenarios exist where a supplier can use this data: (1) Occasionally a retailer will provide a small set of scrubbed, anonymized loyalty card data for a specific purpose; (2) A retailer will sometimes allow a supplier to fund a promotion that uses loyalty card data to target and deliver the promotion. In these cases, however, the loyalty card data stay with the retailer or the retailer’s analytic partner and is never seen by the supplier.

Focus on Sales and Marketing Companies

A significant number of suppliers leverage partnerships with sales and marketing companies to fulfill their needs around headquarter planning and execution, retail planning and merchandising, and a variety of other services aimed at impacting the efficiency of the supply chain and enhancing the shopping experience. For this reason, it is important to understand the role of the sales agency in the demand data paradigm. While the capabilities of various sales agencies differ widely, the sales agency’s role in demand data can be categorized around three areas:

- **Store-level execution arm:** The sales agency receives the demand data insight from the supplier, and then distributes that data to field merchandisers that execute retail merchandising activities based on the analysis.

- **Headquarters sales advocate:** The sales agency leverages demand data to affect the supply chain upstream to realize benefits in promotion optimization, price optimization and inventory supply levels at the warehouse level.

- **Strategic analytics partner:** The sales agency leverages field merchandisers to collect observation data at U.P.C. and store levels on a distinct pattern of coverage. The observation data feeds supplier demand data predictive models, triggering greater accuracy in forecasting and prediction.

In general, the sales agency should be an integral part of a supplier’s demand data strategy. The exact role the sales agency plays for a particular supplier will depend largely on the existing relationship between the supplier and their sales agency partner.

“We help build supply chain services that are powered by demand data insights, allowing a client to target the right store and activities to achieve maximum sales results. Whether we receive the data directly from the retailer or via our client is inconsequential. We focus on the need of the client.”

**Jeff Neihart,** Senior Vice President, Client Development, CROSSMARK
For more than a decade, suppliers have been working with standard Retailer-Direct data feeds. This history allows insight into the most compelling benefits suppliers are realizing from collecting and using this type of data.

More than 30 potential benefits for the supplier using Retailer-Direct data are outlined in this section.

There are many ways to classify the business benefits that are possible with Retailer-Direct data. These benefits will be split here by business function into supply chain, merchandising, general cross areas, store execution and collaborative.

Supply Chain Benefits

“The review of promotions was particularly insightful. We found that our promotions were having greater success, but were incredibly disruptive to our supply chain, leading to unacceptable out-of-stock levels. By using retailer data to enable collaboration with supply chain partners to improve demand and supply synchronization, we improved on-shelf availability dramatically; there were examples of comparable promotions where the in-stock percentage grew 30 percent!”

Allan Barr, Operations Manager, The Procter & Gamble Company

Demand planning—forecasting how much product is needed, where and when—provides the most concrete results gained through data sharing, analysis and action. Benefits in areas such as transportation, reverse logistics, sustainability and others are available as well. Some of the supply chain benefits include:

- **Reduced out-of-stocks.** Improved on-shelf availability—both during and outside promotions—is commonly stated by both retailers and suppliers as the number one most profitable use of Retailer-Direct data.

- **Distribution voids.** Voids are groups of stores that have “turned off” or for whatever reason are not receiving, selling or allocating shelf space for items that they could or should be selling. Mining Retailer-Direct data can find a surprising number of voids both for new products and for long-standing, blockbuster products one would expect to be sold at every point of distribution.

- **Reduced inventory in the channel.** By harnessing the Retailer-Direct data benefits (such as mapping stores to retailer distribution center alignments, lack of time lag in understanding demand, and increased granularity), the supplier can match the same service levels to the retailer with less safety stock because deployed inventory more nearly matches demand. All of this leads to reduced warehousing, less labor and improved supplier cash flow.

- **Reduce forecast error in demand planning.** A number of analyst reports note that perfect orders and forecast accuracy are directly correlated with inclusion of demand data (consumption, such as POS, rather than simply supplier ship-
BUSINESS BENEFITS
(cont.)

- **Decrease in inefficient inventory moves.** If a supplier deploys inventory to its DC to serve retailer demand at a retailer DC, then demand happens to arise in a different retailer DC, one potential action is for the supplier to move its inventory from the wrong DC to the right one. These expensive moves can be decreased by determining where the demand is. In the case of direct store delivery (DSD), it means avoiding sending a costly delivery directly from the production facility in order to cover the error.

- **Increase perfect-order performance.** Retailer-Direct data is being proven to increase the number of perfect orders among the trading partners now engaged in the initiative.

- **Reduce buy-backs.** Access to data can help suppliers optimize inventory levels to meet demand, inclusive of seasonal and/or promotional spikes, while minimizing excess inventory.

- **Enable direct production visibility to demand spikes.** In this scenario, certain manufacturing models enable the company to see demand spikes in near-real-time on certain product attributes or specific SKUs, leading to a profitable reaction were they to adjust production lines.

CASE STUDY: Kellogg’s Reduces Inventory Levels by Leveraging Retailer Data

Kellogg utilized Food Lion’s item stratification and excess inventory reporting to identify opportunities for reducing excess inventories. Kellogg found that there was an opportunity to both change structural replenishment practices and implement tactical measures to reduce inventory and inventory obsolescence. By implementing these processes and leveraging the Food Lion Vendor Pulse Data, Kellogg achieved more than a 17% reduction in Distribution Center excess inventory and managed to cut inventory older than 60 days from 15% down to 6% over three months.

Merchandising Benefits

Merchandising in this report covers the entire marketing of product through to its successful purchase, including pricing, promotion, planograms, insights, new items and more. All the levers that can be pulled to make products more attractive and saleable are included here.

- **Promotion optimization.** Rather than the supply chain benefit of ensuring a promotion has enough inventory throughout its cycle, promotion optimization uses Retailer-Direct data to design the right promotion based on demand sensing at the store level.

- **Price optimization.** The benefit of price optimization is to use store-specific product-by-product demand information, aligned to consumer traits, clusters or other variables to design the ideal price, maximizing volume, profit, loyalty or some other business result.
- **Understand and plan for seasonality.** Retailer-Direct data can be combined with weather, seasons, or other cyclical information (e.g., the new Google function tracking U.S. flu outbreaks) in order to use historical buying patterns to better predict future buying patterns.

- **Clustering.** Clustering stores requires a rich mix of store-trait master data (which often only come from Retailer-Direct data), store-specific demand patterns, and shopper insights. Once designed, tailored promotions, prices, planograms and products can be delivered by cluster to better match shoppers in that grouping.

- **Trade spend optimization.** The first step of trade promotion is to match trade funds to volume. Trade spend optimization further refines where marketing dollars are best spent by suppliers based on a deep understanding of shoppers, retailers, segments and other value-chain metrics.

- **New product introduction.** Monitor the test and execution of new product roll-outs in order to maximize exposure to shoppers (and sales) while minimizing supply chain disruption. The secondary benefit is to monitor overall category impact in order to determine the real long-term viability of the product under scarce shelf conditions.

- **More accurate SKU rationalization.** This is the process of identifying items that do not contribute enough volume or profit to warrant facings. Retailer-Direct data can, for example, show that the product about to be cut after a SKU rationalization may have a low volume in the aggregate but may index very high in key stores.

- **Understand impact of shopper segments to demand.** In times of low economic growth, suppliers need to make existing facings more profitable. One of few ways to accomplish this is to tailor the promotions, pricing and programs to the shopper segments shopping at that particular store, rather than to generalize to all shopper segments across the chain.

- **Cross-selling via market basket.** The benefit is to find how shoppers shop items in and across categories, and then adjust merchandising, pricing, and promotions to meet the current goals of increased basket size, more profitable baskets, increased brand-loyal customers' consumption of other products in the brand, etc.

- **Planogram optimization.** With lack of growth in total square footage, suppliers need to make existing facings more profitable. One of few ways to do this is to tailor facings to the shopper segments using that particular store vs. the shopper segments using other stores in the chain.
CASE STUDY: Kimberly-Clark Reaching Toward Indispensable Rating with Retailer Partners

“We want to be the indispensable partner,” states Greg Pike, Delhaize Customer Development, Kimberly-Clark. Ranked as one of the best suppliers in industry, Kimberly-Clark is leading in a number of categories—creating both opportunity and challenge.

“Success is not only about driving sales. It is about defining what success means and establishing joint objectives in areas such as shelf availability, warehouse inventory, promotional effectiveness, shrink and reclaims.”

Being the indispensable partner requires harmonizing all resources—sales, category development, marketing, logistics, supply chain, customer service, finance, etc., into one single goal: partner success!

Data Proliferation Can be Overwhelming

Kimberly-Clark obtained a dual view by complementing weekly total sales data at the chain level derived via syndicated providers, with more granular, real-time data provided by Food Lion. However, with more than 250 products in 1,300 Food Lion stores, 300,000 daily data points, “we needed scalability but had to cleanse, load and reconcile discrepancies between data sources” notes Pike.

Using a Web-based software-as-a-service tool, Kimberly-Clark started with a retail performance scorecard and drilled down within the harmonized granular data to mine for opportunities.

Opportunities—Promotions and Out-of-Stocks Need Not Go Hand-in-Hand

In September 2008, a bath tissue promotion realized an out-of-stock rate of 18 percent. In October that same year, Kimberly-Clark used promotion sales data by store to identify under-allocations, resulting in sales 167 percent higher and an out-of-stock rate of 10 percent.

“This is only the beginning of the development of foundational learnings,” notes Pike. “From the top level to supply chain visibility by store, service levels by warehouse, marketing optimization by event, merchandising and planogram determinations by store, every resource is used to improve retail execution. All of this is done without asking Food Lion for additional resources.”

General Cross-Business Benefits

General cross-business benefits are relevant for all types of goals and actions. These are the urgent, real-time, competitive benefits that occur every hour of every day—benefits that happen to support all types of enhanced performance that are listed and not listed here.

- General visibility. At most industry companies, there are regular requests to understand performance more quickly and at a highly detailed level. Using Retailer-Direct data, one can see specific geographical/segment/price performance yesterday for a specific type of SKU and be able to answer all types of business questions speedily and accurately.
• **Time savings.** Account management analysts, sales people, and supply chain staff or others can now be spared from spending valuable hours manually collecting Retailer-Direct data and cleansing and harmonizing it. Using automation to collect and cleanse the data frees personnel to spend time analyzing and acting on what the Retailer-Direct data shows.

**Retail Execution Benefits**

• **Find needed product in backroom.** This business benefit identifies where inventory is stuck or hidden in the backroom, taking up space and adversely affecting replenishment variables—or just otherwise being unavailable on the store's shelves.

• **Find displays that are stuck in the back room.** Often enabled by RFID data, this business benefit is a way of identifying program performance drops and execution errors due to promotional material not making it to the point-of-purchase. With promotions that cause large volume spikes and are associated with specific time periods (such as cranberry relish at Thanksgiving), actual POS data can be used to locate displays that have not been properly set up. This information can be passed on to retail execution teams for inspection.

• **Decrease cost of execution.** Pre-armed with actionable and instructive, tailored Retailer-Direct data, field sales employees or brokers can go to the right store to take action on the situation rather than visiting for diagnostics. This greatly reduces the number of trips and improves performance.

**Benefits from Partnering with the Retailer**

Partnering with the retailer means “going deep” within any one retailer to show leadership beyond simple compliance or the original objectives of the data partnership agreement. Collaboration may start with report writing or improved orders, but smart suppliers can take the data and offer additional value to themselves and their retail trading partners around any of the supply chain or merchandising benefits discussed in this report.

What may have started out as a project to reduce out-of-stocks could morph into a program that improves promotions. Some retailers do not reward the supplier taking the extra step with facings or other benefits. When the retailer does appreciate and encourage these extra efforts and insights, there is usually a spirit of partnership and natural relationship-building that is intangible in description but specific in situation advantage when a promotion, facing, or business opportunity comes up for grabs.

*It is important for a vested supplier to “get the ties” in those competitive situations over shelf space where a retailer will choose that supplier that performs valuable services for the retailer and is the better partner.*
Business benefits in this area include:

- **Increased number of shelf facings.** Incremental gains can happen either during the year or in annual category reviews. In an annual category review, the supplier that is either doing the best total category reporting and optimization, or the one who can do fact-based selling on his or her items, is best positioned to gain facings. These category recommendations today come from data mining and modeling Retailer-Direct data. The incremental gains between reviews can arise from situations where facings need to have adjustments that cannot wait for a review. In these situations, where the retail merchant has more discretion on which supplier gets what facing, then the supplier in the best position to get it is the one who has been acting as the retailer’s “chief analytics supplier,” furnishing the merchant with accurate and responsive analyses based on Retailer-Direct data.

- **End-cap opportunities.** Another promotional opportunity that a retailer can give to a supplier includes selecting that supplier’s product(s) to showcase at the end of the grocery aisle. This placement enhances the strength of the point-of-purchase’s “moment of truth” and increases volume for the supplier selected. While many factors—including trade funds—can influence end-cap selection, one of the factors is analytical collaboration with the retailer. A supplier is more likely to get end-cap placement if the retailer is speaking regularly with and relies on analytics and answers from that supplier.

- **Category captain or advisor.** In a case where a retailer wants to select one or two suppliers to receive data from all the products in a category—even for competitor products—that retailer will usually select the supplier that is the most invested (typically the largest) or the one that is doing the most insightful work with POS data. While benefits of captaincy are not as measurable as other benefits, suppliers that have had this responsibility typically report it as a big plus.

- **Ability to answer retailer questions as they arise.** Many retailers that are mining their own data and closely watching performance are sometimes mystified by events. They do not understand why certain failures, out-of-stocks or other performance degradations occurred. They will push and seek suppliers who can answer these questions in real-time.

- **Participate in New Ways of Working Together initiative.** Some retailers desire to engage in a leading-edge approach to insightful, focused collaboration called New Ways of Working Together (NWWT). This program requires the supplier have knowledge and sophistication with collecting, analyzing and reporting on Retailer-Direct data.

- **Participate in Collaborative Planning, Forecasting and Replenishment (CPFR).** Some retailers want to conduct CPFR with suppliers. These retailers are willing to share their own forecast data with the supplier, and this is an exception today—not the norm. Collecting and working with demand data as well as the retailer forecast data are required for a supplier to participate in CPFR. Suppliers that are selected to participate, and those that have the sophistication to do so, have reported improved business results.

- **Collaborative trade fund planning.** Trusted suppliers are often allowed to improve their trade spend return through detail planning of promotions sitting shoulder-to-shoulder with the retailer. Minor changes in funding levels, promotion pricing, and promotion elements can lead to major shifts in profitability. Suppliers
must be prepared to justify their recommendations. Retailers will generally have this discussion only with the most knowledgeable and trusted suppliers.

- **Single version of the truth.** One of the top three requirements retailers and suppliers always say any collaboration must have is a common set of data with which to work. The assumption is that when both parties sit together at the table, their own reports will show the same number of cases sold for a specific product and time period. Without consensus on something this basic, the collaboration quickly stalls.

Enabling business benefits does not require retailers to create additional internal organizations. Because the effort to achieve these benefits already ties to specific departments in the retailer, fewer challenges exist in defining the business benefits. Where the challenges may exist is in deciding on which benefits to focus and how to work the retailer–supplier collaboration around initiating shelf action.

As always, the pressure point is not technology or whether it is worth doing. Rather it is how to make a team that includes people from the retailer and supplier work best together.

Attention must be paid to retailer policies and to how the analytics can be implemented. While having the data and analytics is important, suppliers need to establish collaborative relationships and a willingness to work together on barriers.
This section provides insights into how suppliers and retailers can collaborate in sharing Retailer-Direct data to add significant value to both organizations. It also outlines the hurdles and the processes that can arise as the supplier tries to engage in sharing and collaboration with retailers for the first time.

When Retailer-Direct Data Is New, Dirty and Without Support

Rarely does an opportunity come along for a business to see and work with highly relevant business data it has never worked with before. Most businesses today are working with incrementally cleaner, more frequent and more detailed data they have been collecting for years. In the case of using Retailer-Direct data for the first time, there are usually many fields of data—and calculations based on these fields—for which no business processes and successful practices exist to define, tweak and optimize how this data may be used to improve results.

Data cleansing, data audits and data matching are the keys to the retailer and supplier collaborating from a “single version of the truth.”

The data coming from retailers can be “dirty.” It can be missing stores for specific weeks and missing items. It can include items sold by other suppliers mistakenly appended to a data pull. It can have obviously incorrect data, include stores or item codes that do not exist and more than a hundred other issues.

Part of working with the data includes a robust retailer-specific set of cleansing process that makes the data workable and matches what the retailer thinks was sold. When the retailer provides this data, it does not come with extensive documentation or a 1-800 help-line number to call with questions. The supplier needs to find out how to communicate with the retailer on how to get data issues resolved.

When Confusion Exists About the Data

The basics of a data-sharing program in terms of data quality include the following:

• A “single version of the truth,” meaning that when both parties meet to compare reports on what sold and when, both have the quantities and figures that match exactly for the same time, item and region.

• Investment by suppliers in key people to own and manage this process in order to institutionalize the knowledge and maximize efficiency.

• A book of record from which both parties can build insights to determine where there is alignment about a small set of key metrics that tie to root cause and measuring effectiveness.

• An ownership of the data at the source by the retailer for consumption and inventory movement on their side, and ownership by the supplier of data related to inventory until it is handed off to the distributor.

Retail is detail. Be prepared for detail when developing your Retailer-Direct data sharing plan.
When the Supplier Is Too Small

One frequent question relates to the size of supplier firms that can and should participate in working with this Retailer-Direct data. The size of the supplier firm does influence in some ways what types of usage and investment is best. Other variables, however, supersede total company revenue as indicators of how best to respond.

No hard and fast rule exists on which suppliers will benefit and which would not. Some smaller suppliers have not made dedicated commitments in personnel to focus on programs such as optimizing assortment, price, promotions, etc. that can come with data-sharing. Typically, they just do not have the people or time to look at the data. Generally, when this size of company is dedicating people to a customer, they must focus on the basics of ordering, delivery and support. Further, they might have higher IT priorities than building a data system for retailer data — their own data might have more urgent need for support. All that said, if the smallish supplier has a few blockbuster SKUs or a few over-the-top promotions — and wants to commit the resources — the upside will be there, regardless of the supplier size. In general, however, smaller suppliers will tend to stick to using syndicated data since the cost outweighs the benefit of using Retailer-Direct data.

On the other hand, suppliers with significant number of items will be better motivated to work with Retailer-Direct data. As the item count grows, the complexity of the supplier-shopper proposition and the supply chain replenishment process grows exponentially, increasing the value of retail information. Managing pricing and promotion on 2,500 SKUs — some of which are seasonal, for example — is significantly more complex than managing 50 SKUs. The same increase in complexity is true of the supply chain.

The opportunity to gain share should play into the decision. If the category is fairly static and market share is closely held either due to buying relationships, price or entrenchment, then data sharing may be less lucrative. Wherever there is fluidity — with new items, new retailers, lower brand loyalty, promotions with a medium- and long-term impact as well as a shorter-term impact — data sharing can find pockets of success that can be leveraged. Data-sharing can also find weaknesses to be built up.

In sum, a supplier should ignore the Retailer-Direct data sharing opportunity if:

• The number of SKUs is fairly low.
• The distribution is spread out over many retailers, and no one retailer contributes more than 10 percent of volume in a large selling region.
• The items in the categories are static with a low number of new item introductions and the share of market stays mostly the same year after year.
• The number of IT staff is very thin, and they are deployed on other high-ROI activities and will not be able to give consistent time to the project.
• Keeping an eye on orders and getting product out the door is a constant focus, rather than a culture of optimizing item introductions, promotions or assortments one-by-one.
When the Retailer Will Not Act but Will Share Data

The data sharing can help, even if the retailer is not willing to act on the analytics that information reveals. Getting the right person in the retailer organization who will take your recommendations and act accordingly is a great upside ingredient to accelerating benefit. Also, remember that buyers, analysts, leaders will leave the organization from time to time, so revisiting data-sharing decisions needs to occur with frequency.

That said, many of the benefits still accrue although the retailer is reluctant to act on the data. One example is in supply chain planning. Getting a better sense of consumption—one that is faster and better than simple shipments—will make demand plans more accurate. This will lead to better perfect order performance. And this example happens without the retailer taking action on recommendations. There are a number of situations where the supplier indirectly affects (or in DSD, directly affects) the shelf. Thus, the Retailer-Direct data—even without retailer immediate action—is highly valuable, because the data are still valuable and allow the supplier to forecast and supply the customer more effectively.

When the Retailer Is Reluctant to Share

How should a supplier handle a retailer that is reluctant to share data directly?

- **Ask.** To enable point-to-point sharing the first step is to ask. Many retailers do not assume their supplier is interested in their data. Point out to the retailer the benefits of using the data sharing to benefit both trading partners, for example in reducing out-of-stocks. A seemingly reluctant retailer may assume that the supplier already gets data from a syndicated provider, so they must be already doing all they can for the retailer. It is not intuitive, however, for the retailer to know the supplier can do a lot more if it had the data more real-time than is available from a syndicated provider.

- **Build a comprehensive case for the retailer.** Demonstrate business benefits. The retailer IT staff will know that data sharing means more work for them, so it is unlikely they are going to get on board unless the retail business leaders support your request. A clear and measurable business case can overcome most obstacles.

- **Make it easy for IT and legal departments.** The supplier must make the investment in cleansing the data. The retailer believes its data is clean, and—for the cleansing routines and other needs of the retailer—it is. However, there are issues on data provisioning, auditing changes by the retailer, and general clean-up issues. Tell the retailer to give the data in whatever format they can, that the supplier is not asking them to build a big portal or data warehouse just for them. Also, assist the retailer to understand that there is no legal issue if they pass data directly to suppliers even if they also are currently providing it to a syndicated data provider. Be prepared to sign retailer legal documents indemnifying them against unwarranted use of their network.
When the Retailer Cost Is Underestimated

Although most Retailer-Direct data is provided free-of-charge, the work to collect, cleanse, harmonize, analyze and act on the data is not. The total cost of ownership involved does not include subscription fees for the data but does cover a number of other elements. These include cost of time in understanding the data and how it needs to be cleaned; IT people resources to support systems to pull in the data, clean it, and serve it up into applications to analyze it or use it; and a number of other costs. Costs have decreased as more and more suppliers work with the data and learned efficient ways to achieve goals.
Successful Practices in Retailer-Direct Data Sharing

There are many ways to succeed at collecting and using Retailer-Direct data. One formula does not fit all. The successful practices for one supplier may be very different for another supplier. Moreover, one retailer may define success or best practices in a way that is diametrically opposed to the success factors of another retailer. Taken together, these factors might argue that a single set of practices that enable supplier success cannot be found. However, there is a set of common challenges that arise when making use of Retailer-Direct data. The solutions to these company challenges are outlined below, including some of the more robust and long-lasting approaches that enable high return-on-investment (ROI), low total-cost-of-ownership, the fastest and most successful proven way to scale usage to many departments, and other potential benefits.

This section will not cover general project or business successful practices, e.g., securing top executive sponsorship or use of cross-functional teams. These practices are specific to implementing or expanding a program for Retailer-Direct data.

Planning Successful Practices

Shared Retailer–Supplier Objectives

One of the least discussed aspects of retailer–supplier collaboration on data is resolving the different objectives for each. Many suppliers are looking to use the retailer data for headquarters reporting, resolving their product out-of-stocks or answering questions for their retailer. The suppliers may not have retailer objectives top-of-mind at first. Conversely, the retailer is likely expecting the supplier to fulfill the retailer’s objectives, but at first they often get less than they expected. This is an opportunity, and one that leading-edge suppliers think about and leverage.

The primary objectives of the retailer are to build traffic, increase basket size and improve margin. The retailer thinks about the health of the entire category. On the supply chain side, the retailer wants to keep and pay for the least amount of inventory without running out of product. For the supplier, the natural primary objective is increasing volume sales to the retailer.

The retailer community is aware of those supplier companies that are serious about actionable data sharing.

After the First Partnership—Go for It

Some suppliers stall after implementing data sharing with a single retailer. Building momentum after the first partnership should be a simple ROI exercise, allocating your investment by year, creating review points to ensure that return is there, and creating stopping points to divest if the return diminishes. However, this is not happening today at supplier companies. The reasons are many, but some include a lack of communication and collaboration between IT and business, a lack of knowledge by the business that Retailer-Direct data exists from key customers, and a competition for scarce IT resources. Additionally, the reality is that at some supplier companies moving to an IT-supported business approach for additional retailers requires business groups to create “seed” pilots and data sharing sandboxes outside of IT initially.
SUCCESSFUL PRACTICES IN RETAILER-DIRECT DATA SHARING

Collect from Many Retailers, but Not All

• Set a goal to collect data from a set number of retailers or some percentage of total volume, if the ROI seems clear, based on initial tests with Retailer-Direct data. For example, the supplier decides to have and hold Retailer-Direct data for the retailers that sell 35 percent of its total volume.

• Set a time period in which to build the reporting prowess and technology to collect, cleanse, and harmonize the data. For example, the supplier decides it has the capacity for three retailers in the first year and 10 retailers at the end of the second year.

• Use a syndicated provider to round out the retailer that does not provide direct data or the retailer that is smaller than the target group.

Be prudent about spending energy with retailers that are not willing or able to share data.

If the retailer is struggling with or not responding to supplier requests to share data, move to another retailer in your data-sharing strategy. If none of the approaches has worked, then press the issue or ask them once a year. At times, cultivating different parts of the retailer organization (e.g., the vice president for merchandising one year, the vice president of supply chain the next) will eventually reap the desired result. While it is more valuable to collaborate with and invest in retailers that do share and want to collaborate, the annual check-in with hesitant retailers can increase your partner base if successful.

Implementation of Successful Practices

Start with One or Two Categories

The typical approach is to start collecting and analyzing POS data with a single retailer but with all categories. A better approach, according to early practitioners of the Retailer-Direct data initiative, is to start with one or two categories but with more than one retailer. The advantages of starting with only one or two categories are:

• Using one or two categories provides a meaningful sample to extrapolate findings to a wider sample to predict results of expanding the program.

• It increases the likelihood the master data and transactional data for the categories selected are clean and have been regularly scrutinized and understood.

• It decreases the number of end users with whom to communicate and train.

• It increases the chance to go deeper into analytics and study with the initial categories while follow-on categories are being deployed, blazing a trail for the other category analysts or supply chain analysts to follow.

Two caveats are important to consider: Ensure the first one or two categories selected have analysts who are outgoing and effective enough to help train users in the follow-on categories. Secondly, if the supplier plans to do a pilot and only start with one or two categories, use the 80/20 rule: start with the 20 percent of categories that drive the business.
Take Your First Step with Two Retailers

While some tried-and-true practices are intuitive and fit with typical project implementations, this one is not. Most of the business user groups that are using or pushing to use Retailer-Direct data have ties or needs for a specific retailer. The data for resolving those needs arrive in their own unique way with their own challenges. Process-wise, all cues would suggest keeping the user group small, reducing unnecessary challenges, and focusing on one retailer at a time.

The typical first retailer chosen to invest in is usually Walmart, due to its data maturity, granularity, timeliness and accessibility. While sensible, it also means that, with so large a user group and with a consistent set of support needs, progress toward that second retailer will be suppressed. Although Walmart seems easier on the face of it—in part due to the structured, known process of getting the data—the sheer number of data fields at different hierarchy levels and the complex pre-calculated metrics make it a much harder challenge than expected.

Do not start with one retailer and stop.
Start your Retailer-Direct data sharing off with two retailers.

An alternate and better approach on the road to data sharing with multiple retailers is to initially roll out two retailers together. This adds conceptual complexity but it ensures that the program for Retailer-Direct data is multi-retailer from its inception. It prevents one set of users from co-opting or dominating the technology, process, support and other qualities of the program. It forces the supplier to think about the technology and personnel infrastructure necessary to execute multiple retailers—and to design for it early in the initiative. Such a move also enables the participants to better understand the common business benefits likely to accrue to even more users and retailers, while also parsing out the retailer-specific challenges. Building capacity to handle retailer-specific challenges in the context of putting all the POS data together (no silos) is one of the key hurdles to success.

Analytics Successful Practices

Build a Culture of Analytics

Recent work by Tom Davenport (Competing on Analytics, Harvard Business School Press, 2007) documents the transformational business results companies that compete on analytics are achieving. These companies are structuring their competitive strategies around data-driven insight and modifying their business processes to take advantage of the key insights they are finding.

Why compete on analytics? At a time when companies offer similar products and have access to similar technologies, distinctive business processes count among the last remaining points of differentiation.

Davenport talks about a culture of analytics. Do create the leadership, the people, the technology and the processes to encourage data-driven insight. Do not, however, have any of the following traits:

- A culture of basic transaction and support among analysts backing up retailer customers. A mindset of “I wasn’t hired for my analytical capabilities.”
A lack of dedicated focus or a mindset of “This is too hard.”

The idea that making data sharing work is the personal effort of one visionary, who may leave the supplier company.

The presence of technology and data silos that work against the necessary integrated data.

Build Two Views: One for Power Users, One for General Users

There is a natural divide in the end user group of Retailer-Direct data. Most users are routine or casual analysts, but some are the heavy-duty power users. These power analysts are the ones who want or have time to go deeper, use more complex metrics, and envision palettes, dashboards, briefing books and other visualizations. They are more likely to know the data and pick up new technology more quickly. The presence of power users is normal. The amount of time they are willing to spend—and need to spend—on the analysis toolset and functions will always be more than the routine analyst.

The tools that the power user wants are very different from the best tool for the general analyst or user. The general analyst might have less time for analytics, or might be a newer employee, or might have an action mindset rather than an analytical mindset. Whatever the reason, the system these people need is simpler: it is more likely to have fewer areas of presentation, more selection by drop down boxes, more give me the answer versus “let me figure out the question.”

There is no easy way to give both types of users the tool they want. The successful practice is to separate the two groups and list requirements and test interfaces for both separately.

Build Three Domains: Single-Retailer, Multi-Retailer and Supplier-Specific

One of the common themes in analytic requirements will be the need to create three domains for almost every type of output. These domains are: retailer-specific, multi-retailer and supplier-specific. For example, the supplier may want to report sales or inventory data from the retailer along the supplier’s fiscal-year calendar. The supplier’s customer account team will want to report the very same data along the retailer’s merchandising calendar, which differs from the time period in the supplier’s fiscal-year calendar. And some business users will want to understand multiple retailers normalized to a single calendar, which again may be totally different. These do not need to be separate systems. They can be multiple views into the same data using consistent master data. Many examples exist of situations where specific retailer master data are meaningful for some users but not others.

An analytic environment that does not allow customer-focused employees to use the nomenclature, metrics, calendars, hierarchies, and other specifics of their customer is going to fail. Likewise, an analytic environment that does not make sense outside that customer universe will not be used by business groups likely to be at headquarters, such as supply chain demand planning.

The successful supplier will enable retailer-specific universes integrated into an environment that also supports multi-retailer- and supplier-specific analytics.
Have Common Master Data and Keep Working on It

Many of the challenges with the Retailer-Direct analytic system arise around master data. These are the business definitions of a transaction: SKUs become package types and brands, an individual store is part of a zone, suppliers have sales areas, and promotions are categorized by type.

The vast amount of data in a demand data repository is not master data. Most of the data are the transaction details—much simpler than master data. It is not atypical for a supplier to need to collect from multiple internal systems to get a superset of items it sells, even in these days when UCCNet and item synchronization have been around for years. To make the demand data analytics useful, it must match the retailer master data with supplier master data. As such, the presence of retailer master data spotlights any supplier master data errors.

The successful practice is to use the retailer master data to test and harmonize internal master data. For example, work to match the retailer items to the supplier items to ensure the supplier can watch a product all the way from the plant (where the item has the supplier item number) to the retailer (where the supplier item number is shipped and replaced by the retailer’s own nomenclature) and make its way to the shopper.

Suppliers will find that the language of business is facilitated by speaking to a retailer in his/her own language.

Communicate Data Availability Across Business Groups

Surprisingly, even suppliers with a mature Retailer-Direct data program have some business departments that are not aware the data exists to be used in their company. From year to year, business people expect—unless they are told differently—that the data profile available from a retailer is the same as it has been for years. When retailers add new data or unveil a data-sharing portal, it is not publicized for competitive and other reasons. The supplier is left to its own devices on how to spread the word to its own various business divisions.

Educate your company’s business groups about the availability of Retailer-Direct data. Share with divisions such as finance, which can use the information to resolve invoice deductions.

This successful practice is that a supplier does not pat themselves on the back or share amazing reports. It is rather that the supplier educates the different business groups within the participating company that the data are available and at what level of detail. One example is the finance division. Finance may be struggling with retailers taking incorrect invoice deductions. The financial analysts may be unaware that data exists in-house with specific promotional and routine shipment information, purchase order numbers, shipments from DC to store, and other information that would enable them to decipher what the retailer received and used, and what they did not. One deductions expert believes that almost 50 percent of deductions cannot be resolved without Retailer-Direct data.

Avoid Having Different Reporting Tools for Each Retailer

Many suppliers are only now arriving at the concept of using Retailer-Direct data. However, it is highly likely that your company has customer teams or employees who have been using Retailer-Direct data for some time. Sales people, distribution employees, category analysts on the front line may have needed to collect the data from their
customer without a central executive mandate or headquarters information technology (IT) support. It is common that this data collection is happening without the knowledge of most company’s IT departments.

When grassroots data collection and analysis are occurring, it is not infrequent that the supplier employees have paid to implement a small, retailer-specific repository of data and reporting systems. Often, a supplier will find out after the fact that the company has a handful of separate systems its business people are maintaining. These users are often ready to approach IT and ask for help with this software even though the software was not procured according to any standard the IT group has tried to apply.

The successful practice here is to migrate these separate retailer-specific tools into a single IT-supported solution. This may engender some frustration from moderately successful retailer teams. However, typically the frustration ends when they understand the value to their customer of improved product availability provided by the centralized demand data store.
Will we ever see a standard data format for all this retailer data? This is a frequently asked question in the industry. Usually it refers not to a standard method of transferring the data, but rather to a common standard of data subject areas or the data fields shared from a retailer to a supplier firm.

Imagine a collaboration “stack” with business at the top and technology at the bottom. The business top layer could include standards for activities, such as how to engage with retailers, what to talk about and target. Below that might be standards for KPIs to support the top-layer dialogue. (Some standards currently are emerging for these KPIs.) Conversely, at the bottom of the stack would be standards about how the total data set is shared (much of which will be unrelated to any single collaboration business issue) or about what specific data fields are shared.

The standards question for IT does not relate to standards for collaborating with retailers, or which KPIs or metrics will be used to collaborate.

The question about standards fielded by IT people relates to the bulk data being shared. Retailers will share between 10 and a thousand unique fields of data. Each of these field names will be different—even if the subject matter being shared is the same. Each retailer has its own data and field names. Each retailer has its own data types, frequency of sending, and selection of other fields that accompany the data, etc.

Today, some KPI standards are emerging. However, it is unlikely a data standard will ever emerge for Retailer-Direct data.

Most industry observers believe it is unlikely that a data standard will ever emerge. Some of the reasons behind this deduction are:

• Competitive advantage to avoid a standard. Certain retailers today have specific data-sharing programs that include specific data fields, scorecards, KPIs and types of data shared that they would not want other retailers to know about and copy. It is a competitive advantage. If standards were in place, no retailer would offer up the innovative data they are sharing. The retailer would simply say it was not sharing sales and inventory data. The retailers will not mind and may actively pursue engaging in initiatives such as New Ways of Working Together. However, they also will want to create and invite suppliers to their own retailer-specific and retailer-customized collaboration initiatives, or use KPIs that are specific to their objectives. While it may be convenient for suppliers for all retailers to use the exact same processes, the retailer willing to break out of the standard—be it for collaboration or for data—gives itself an opportunity to create competitive advantage if it innovates something perhaps less scalable but more effective or faster than the standard.

• A standard mainly helps the supplier firm. From the retailer’s view, there is little benefit to the company in doing the work to change its method of data delivery, type of data, etc. into a standard simply to benefit the supplier. A standard would allow all retailers to “look” the same from a data model perspective, and the supplier could then invest in a single data transformation routine that fits all retailers. The retailer has little ROI in investing time and effort to make a supplier’s technical challenges easier, especially since many supplier firms today can successfully handle different retailer data feeds. Moreover, if more data are needed to help the retailer than exists in the standard, the retailer is going to pass it on to the supplier firm, even if that piece is not in the standard.
• **Retailers have had success using their own leverage.** This argument holds that a supplier firm is more likely to actually analyze, provide recommendations, and act on direct demand data if that data conforms to a standard. In reality, most retailers have been able—when they desire—to get their suppliers to adopt and invest in data capabilities without having to meet them halfway by making their data conform.

The time for a *data standard* to emerge for Retailer-Direct data has long since passed. Even if a standard were to emerge, at best 80 percent of the retailers would comply with it, but the technology would still need to support the remaining 20 percent of non-standard retailer data, including Walmart. Thus supplier firms would still need a technology and process infrastructure that supports data sharing outside of a standard.

If a standard for the base data fields and formats being shared were going to emerge, it would have done so by now. The number of obstacles to a data standard outweigh the benefits to the retailers—the originators of the data.

If any standards do develop around Retailer-Direct data, they will relate to specific subsets of retailer data tied to collaboration methodologies. As they are a subset, they do not obviate the need to accommodate much more Retailer-Direct data collection that is tied to business processes outside of the structured collaboration efforts. A collaborative business process will have specific facts that need to be derived from Retailer-Direct data, implying one or more “data models” that could easily deliver this handful of facts. The best example is the emerging standard trading partner performance measures’ (TPPM), which relates to a subset of business processes around which the New Ways of Working Together initiative is engineered. More information can be found at:


It is likely a supplier would need to develop a broad and deep multi-retailer demand signal repository with no data standard helping that effort. From that large universal database, the supplier should be able to suck up subsets of that data into aggregated data marts specific to these standards, such as the trading partner performance measures to support its KPIs and New Ways of Working Together. These data marts could match standards to ensure fast compliance and enable the process.
Handling data requires technology. Most companies agree the best technology is robust, cost-effective, easy to use and maintain, and leverages existing investments in technology and training. While some large suppliers can afford and receive a higher ROI with state-of-the-art technology and all the complementary applications, it is also possible for smaller suppliers to embrace Retailer-Direct data with a lower technology investment.

As adoption of any new business process continues, it becomes more expensive for the supplier to build its own custom technology than to buy commercial off-the-shelf technology for the same purpose. Retailer-Direct data emerged in the 1990s, and shortly after the new millennium, a handful of supplier companies had robust multi-retailer databases they had hand-crafted.

Since then, a number of technology providers have developed and sold solutions to handle all aspects of the process. Currently there is wide adoption of this technology; and virtually no supplier starting out today is designing a system from the ground up. The feeds, recipes, business rules of the data; the master data; the base facts, complex metrics, KPIs and the retailers’ commonly requested reports—these have all been incorporated into the technology available for purchase today.

**No supplier beginning Retailer-Direct data sharing designs its own system from the ground up today. Suppliers now purchase the technology for handling retailer data feeds.**

Suppliers can acquire from a third-party an in-house database to configure and operate behind their firewall or they can outsource these tasks to a third party to operate this system in a software-as-a-service (SaaS) model. They also can adopt a hybrid model where an in-house, behind-the-firewall database is fed by a third party.

Some retailers provide their data through a third party, which hosts the retailer data for them and provides reporting to suppliers for a fee. However, most retailers do not provide their data in bulk for download to third parties. Walmart, for example, requires its suppliers sign a data-sharing agreement, and one of the principles of Walmart IT is that its Retailer-Direct data will not be hosted by a third party. The world’s largest retailer also specifies that when its data is in the possession of a supplier, that data will remain in a supplier-owned computer server and database.

For today and tomorrow, it’s important to remember that the Retailer-Direct value is not about technology, but about enabling retailers and suppliers to meet their goals while improving the moment-of-truth for the shopper.

**Necessary Technology**

- **A database.** Retailer-Direct data is stored in a database. These databases used to exist only for the retailer’s use, but now the supplier can have a copy. There is significant benefit to these centralized databases, called demand signal repositories (DSR), a name created years ago by industry analysts seeking to describe a type of database emerging at the bellwether supplier companies. These databases stored item/store/week or item/store/day sales, plus some inventory and other data. These databases at supplier firms held data securely from multiple retailers across that supplier’s own products. The data were provided in near-real-time by the retailers involved. Typically these databases were on-site, behind the firewall,
managed by the supplier’s corporate IT function. Top providers of database software to the supplier space include Oracle, Teradata, Microsoft and IBM.

- **An IT technology landscape.** Some basic foundation must exist for supporting a new database in the supplier company. This chiefly includes having existing databases, such as for finance, order management, demand planning or other business functions. If a supplier has implemented business applications previously, there already exists some training, experience and investments in how best to support the implementation of a new database. For example, the supplier may already have a way to receive data files from outside its organization and have server hardware and database software into which to load a database. Behind this landscape is a team of IT staff. The supplier must have IT staff that support business users beyond just personal computer support. Taking in Retailer-Direct data is not IT-intensive, but the IT function and the experience with business data must exist.

- **Reporting tool.** Most mid- and large-size suppliers already have invested in on-premise software to handle business intelligence (BI) and analytics. The five most common BI tools in the U.S. food and consumer packaged goods industry include: SAP Business Objects or SAP Business Warehouse; Cognos from IBM; MicroStrategy; the Microsoft BI suite and SAS. Most demand signal repository (DSR) software will have extensions and support for these tools, meaning a company can amortize existing investments in BI/analytic software and user training across this new data set. Some reporting may be bundled with DSR applications or be a core part of subscription-based single-retailer portals. Even so, a supplier needs to have some commitment, experience and capacity with BI user software in general.

- **Storage of master data.** Master data are reference data about customers, products, employees, materials, suppliers, shipments, etc. that are non-transactional in nature. It is expected that the supplier has databases that act as the system-of-record to answer questions such as, “What is the list of items we sell today?” or “Show me my shipments for the last year.” or “Which of my distributors/bottlers/merchandising agents cover what retail selling areas?” Supplier master data that a supplier analyst or an end-user might request to be harmonized to the Retailer-Direct data include:

  - Items (with supplier item ID and descriptions);
  - Item-specific information (pack size, form, origin, expiration);
  - Hierarchies (how different levels of analysis — item, subcategory, brand, category — roll up to each other and what populates each specific group);
  - Exchange rates;
  - Distributors, bottlers, merchandising agents, brokers;
  - Shipment numbers, dates, and related information;
  - Purchase order numbers, data and related information; and
  - Shopper information (demographics, loyalty, etc.).

A supplier embarking down the Retailer-Direct data path does not need a pure-play master data management solution now. The supplier does need to have experience with and a system to support its master data (Example: Does all the supplier’s item data reside in a single database or is it scattered in multiple places? Is all new item information managed in a sensible way?) Typically a supplier has
had to go through some level of data standardization internally, anointing potential data “owners” for product, geography, financials, etc. This is as much a process issue as a technology issue.

- **AS2/EDI backbone.** This does not refer to EDI 852. EDI, in the context of POS discussions, usually relates to its role transferring POS data in a structured EDI transaction set called EDI 852. In this case, it refers to the capability for a supplier to receive large file sets from a retailer. Often, a supplier will say “We have EDI; we support that.” However, they may not be aware that they do not have a capacity to receive large files. Specifically, the supplier needs capabilities to process large documents (e.g., multiple files of more than 100 megabytes) without disrupting critical e-commerce operations and filename preservation through the AS2 decryption and decompression processes. Surprisingly often a supplier has invested in sophisticated IT, but the basic blocking and tackling of receiving large files automatically have not—until now—been a requirement.

“Investments in downstream data are a journey, not a project. Processes are evolving, technologies are changing, and the landscape will continue to develop. SaaS applications will be used opportunistically by companies entering the market. As companies mature, data enrichment requirements increase, and predictive analytic requirements accelerate, and companies increasingly bring applications behind firewalls.”

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**Lora Cecere, AMR Research**
The spirit of trading partner trust and collaboration began in earnest in the food and consumer packaged goods industry in 1992 with the creation of the pan-industry Efficient Consumer Response (ECR) initiative and its launch in 1993. The evolution of retailer-supplier collaboration continues today, bringing with it new initiatives and new innovations.

The next decade should be no different. The trends discussed in this chapter are likely to become mature long-term business realities in the upcoming decade.

**New Ways of Working Together Collaboration Model.**

The newest innovation in collaboration is the New Ways of Working Together (NWWT) initiative. Pioneered and refined by bellwether companies such as The Procter & Gamble Company, Wegmans Food Markets, Safeway Inc., The J.M. Smucker Company and others, NWWT is now becoming the banner under which suppliers and retailers resolve business challenges collaboratively.

The initiative offers a roadmap for aligned objectives, methods and commitments on four aspects of the retailer–supplier relationship:

- Focus on the consumer
- Connected business information
- Prepare people for new world
- Share our supply chain

![Diagram of New Ways of Working Together Collaboration Model](image-url)
When two trading partners come together and execute the NWWT process, there is necessarily an exchange of recent shopper-demand data at the store/item level. Collecting and using Retailer-Direct data and the NWWT initiative are two independent activities. However, many of the business benefits available to those using Retailer-Direct data can also be delivered via NWWT. A supplier that has begun working with Retailer-Direct data across many departments will be more enabled to support the business professionals who embark on NWWT.

Service Providers Working with Retailer Data

More and more, third party firms are finding ways to add value to the Retailer-Direct data process. An example can be found when third party firms help retailers host their data. In the typical existing model, the retailer’s internal IT shop takes responsibility for normalizing the demand data, keying it by supplier code, and making it available. The costs of processing or delivery are borne by the retailer. While this model is feasible, a newer trend is emerging wherein a third-party service provider stores the data and handles login and security on behalf of the retailer.

This is an excellent trend for smaller suppliers that cannot make an investment to build infrastructure to collect, store, clean, process and house demand data across many retailers. For these smaller suppliers, logging in to get third party reporting for a specific retailer is ideal. For larger suppliers, this trend may have some value for retailer customer teams, but will not supplant the need for a direct data feed to populate an on-site demand signal repository.

In the future companies will be harnessing demand data as an institutional part of a company’s planning, sales and operations processes.

Demand-Driven Supply Chain Planning

The concept of a demand-driven supply network is not new. However, the number of companies that have implemented the concept is lower than one would expect, especially in the area of demand forecasting. Most demand planning analysts agree that theoretically and actually, weaving in yesterday’s or last week’s demand data from POS can enhance the traditional shipments-based planning.

One supplier reported the following benefits from moving away from shipments and over to a daily point-of-sale and retailer DC-ships-based demand plan:

- Fill rate increased 50 plus basic points to 98 percent.
- Forecast error reduced by 2500 basis points, to 60 percent.
- Inefficient moves decreased 42 percent.
- Rework expense reduced by $2 million plus.
- Untouched (“perfect”) orders increased to 40 percent.

The trend is not the acceptance of the concept. The future trend is that companies will be harnessing demand data as an institutional part of a company’s planning sales and
operations processes. Many suppliers will wait for their demand planning software vendors to model and deliver this functionality. Numerous major providers in this field will deliver these innovations and become a mainstream part of how demand planning is done.

**Price Optimization**

For many years, supplier collaboration with retailers on non-promotional price was limited. Even with the Retailer-Direct data, where suppliers could look at price trends by stores and correlate them with other factors, there was little need, since retailers were not open to partnering in this area. However, some large retailers seem to be moving beyond pure everyday low price (EDLP) and now trust and expect analytical work from suppliers on their data. These large retailers are willing to take recommendations and cues from suppliers in this area. Suppliers are starting to look at price elasticity, using store clusters as proxies for shopper clusters.

**Product Assortment Based on Store Clusters**

In the economies of scale based on the high number of stores per large retailer, suppliers can now apply investments toward optimizing the products on every shelf space in ways that were not profitable in the past. Maturing knowledge of buying behavior and shopper insights have led retailers and suppliers alike to begin to understand the limitations of basing planogram decisions on distribution costs and tying planograms to the cheapest distribution approach—geographical. In a geographical approach, stores located near each other—for example in the same U.S. state—are treated as a group, although shopper product tastes, climate, shopper income, buying patterns, and other factors are different. Shoppers in two nearby regions are likely willing to pay different prices, want different products on the shelves, and respond to promotions differently. The trend now is to use shopper insights found in the Retailer-Direct data and outside it to customize product assortments to non-geographical clusters more representative of shopper behavior. The Retailer-Direct data is a source for both the insights and the necessary retailer master data to actually implement the customized assortments and other tailored executions.

A “data czar” may be the only effective, fast way to manage the one-to-many relationship between a supplier and the retail customer with whom it shares data.

**Movement Toward a “Data Czar”**

As the financial benefits of this Retailer-Direct data become clear in companies, an organizational issue arises. Dealing with each retailer is different—different contact people, data frequency, access methods, data security agreements and restrictions. Each retailer’s business program requires management to participate and stay up to date with new data fields and collaboration opportunities. The business department at each supplier (supply chain, finance, trade promotions, dollar store channel, etc.) should not have its own retailer-facing management process for each retailer. However, central
departments of business users—supply chain planning, for example—should leverage as much of the direct data as it can. This leads to an obvious need for a single clearing-house of management, process and information for all key retailers within the supplier company. This dynamic naturally leads to organizations appointing a “data czar” to deal with all the players and enable a smooth flow of benefit. Whether this role emerges as an IT or as a business function is not yet clear.

Moving Demand Data for Instant Use

More and more, supplier companies that have worked with Retailer-Direct data for some time apply alert criteria to the data as it comes in near real-time. Then they can send those alerts selectively to the sales people who handle that store. Sometimes this is in a direct store delivery model; sometimes this means moving those alerts to third-party merchandisers. At other times it means sending the information to handhelds or other systems outside sales people when products are in a warehouse distribution model.

This is a reaction and intervention model of use where the data identifies a change needed at the shelf. Beyond this model, the supplier can benchmark a typical store using the Retailer-Direct data, then find differences store-by-store and highlight those, link these alerts to specific actions that benefit retailer and supplier, and let the supplier sales person do fact base selling around these insights to each store they handle.
Retailer-Direct data sharing is here to stay. Most retailers know what data they share with exactly which suppliers—and why they do it. Today, all the industry’s supporting cast—including many merchandising agents, independent technology vendors, large-system integrators—can talk about this topic, detailing their offerings and their success stories. However, if a member of a supplier company is asked if the firm has shopper transaction data from yesterday by store-item for Retailer X or store inventory for Retailer Y, there is a good chance they will not know.

The initiative is still new, and each supplier’s efforts are different. As a result, very little information is out there, and suppliers are desperately seeking knowledge and successful practices about what their peers are doing and what might work best for their organizations.

Retailer-Direct data sharing is new enough that most adopting suppliers gain significant benefits with unlimited opportunity and learning ahead.

The supplier of the future must be able to go wide across a number of retailers and go deep within any one retailer to show leadership beyond the original objectives. For example, retail collaboration in Retailer-Direct data may start as an exercise to improve orders, but smart suppliers can take the data and offer additional value to themselves and to the retailer around retail price analytics. Or what starts out as a project to reduce out-of-stocks could morph to improved promotions if the supplier adds the necessary master data and transactions to improve promotional business processes.

These imperatives to understand what is available, to act on the information, and to build flexibility lead to a design and organizational issue. Design-wise, the supplier must create an adaptive IT architecture that can be modified simply to handle multiple retailers and business intelligence analytic tools that can produce repeatable analyses within like data structures. Organizationally, it pays to build a culture of analytics within the customer and brand groups that: (1) share analytic formats and common technology; and (2) can quickly adapt retail data into actionable, business-case formats with which account teams can engage their retailers. The smartest and most adaptable companies will get the retailer’s attention.

The recommendation is to begin collecting and analyzing Retailer-Direct data in your organization. Enough supplier companies have tested and found strong business benefits. Start pulling data from more than one key customer and build IT capacity. Share information about the initiative throughout the company and ensure all departments that can are using the data. Clear communication about supplier commitment to the retailer and vice versa will reduce potential issues later.

When executed moderately well, Retailer-Direct data will enable businesses to cut costs and inventory, to forecast better, service customers more rapidly and efficiently, and engage in the real power of collaboration, such as has been seen in New Ways of Working Together.

Retailer-Direct data is one of the newest opportunities in the CPG business, but industry analysts believe it has staying power. Investments made in this practice will pay dividends for many years as the data fields get bigger, come faster, have more depth and detail, and as the retailers turn over more decisions and actions to the oversight of suppliers. •
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