

**To learn more about POS Data Sharing or ECR Europe,
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POS Data Sharing – The path to joint value creation

How to get started

What is changing?

There no longer is a debate about how sharing downstream data (such as point-of-sale and inventory, by day, by item and by store) can generate revenue growth as well as drive both efficiency and effectiveness in the joint manufacturer-retailer supply chain. The trend towards more transparency and more joint action based upon near real-time, granular data is accelerating:

>> More and more retailers are sharing data with their trading partners

>> Technology barriers are disappearing fast, with solutions now able to handle this data and translate it into value

>> Both data quality and awareness have increased, thanks in part due to data synchronization
As retailers and manufacturers are facing saturated, mature retail markets, data sharing becomes a compelling opportunity to together generate a more compelling and differentiated offering for the shoppers, identify new sources of revenue growth and actionable levers to optimize the shared end-to-end supply chain.

Where is the value?

Downstream data sharing helps create the single version of the truth retailers and manufacturers need to act together on their shared priorities. **ECR Europe has identified four primary sources of value**, examples of which are developed inside this folder.

Use case	Benefit potential
On-Shelf Availability	2% improvement in on-shelf availability
Inventory Management	10-15% reduction in inventory
Forecasting	10% increase in forecast accuracy
Shopper Insights/Category Management	More effective, fact-based category management

Building the right culture and environment for data sharing

How open should data sharing be?

As they transition towards more transparency, retailers sometimes restrict data availability to some suppliers or make it conditional to elements in the negotiation. To best leverage the benefits of data sharing, **ECR Europe recommends that data sharing be open and unconditional**, to ensure both retailers and manufacturers' efforts investments bear fruit without hinging on the fits and starts of the relationship.

Should suppliers pay for retailer data?

Similarly, some retailers are selling rather than sharing their data. In mature, collaborative markets, data sharing is free, as benefits associated with using the data dwarf data sale proceeds. **ECR Europe recommends that the data set, as described in the attached matrix and powering better joint execution, always be free**, to eliminate barriers to adoption at suppliers and get to value faster.

Can retailers mandate a particular system to use their data?

Retailers also sometimes mandate a specific system or solution provider to leverage their data. However suppliers, bearing the bulk of the system cost of downstream data management, need to be able to make their own decision on the best solution for their organization. Similarly to the principles of GDSN, **ECR Europe recommends downstream data sharing be an open, interoperable system**, where retailers make data available the way they wish and where suppliers access and leverage this data in the most effective way.

Where do retailers and manufacturers stand today in the adoption of data sharing?

At a retailer, maturity is related to the organization acceptance for joint usage of the data:

>> Basic: data shared without clear goals, objectives or processes

>> Medium: data sharing linked to priorities, retailer listening actively to supplier recommendations

>> Advanced: mutually agreed-upon, standardized processes in place involving both the supplier and the retailer to ensure action and ROI

At a manufacturer, maturity is related to usage patterns for the data:

>> Basic: used primarily for information sharing, some ad-hoc correction mechanisms in place for "big" issues

>> Medium: generating insights, with correction mechanisms automated internally

>> Advanced: alert-based system, correction mechanisms automated in close cooperation between the retailer and the supplier

Maturity levels vary broadly across the continent, even within a single retailer. **ECR Europe is currently developing a framework to help each organization evaluate its level of maturity** and the possible next steps.

Getting started with data sharing

ECR Europe has developed a comprehensive data matrix associating data with the key sources of value creation. Both retailers and manufacturers can take advantage of this matrix today to start building the information infrastructure leading to a more effective shared, end-to-end supply chain:

Retailers

1. Evaluate your key priorities and start sharing the necessary data with your trading partners
2. Establish collaborative business processes to ensure suppliers know how to utilize your data
3. Build and share a scorecard aligned with the data and your priorities to monitor joint progress

Manufacturers

1. Communicate about the objectives, needs and joint wins of data sharing, both internally and with your customers
2. Think about how downstream data can enhance the productivity and effectiveness of existing processes rather than how you need to build new processes to handle that data
3. Ensure you have the system capabilities or software on-demand (SaaS) service providers to handle vast amounts of near-real time data

CASE STUDIES

The value in Data Sharing

There is no “magic recipe” to value creation with data sharing: each manufacturer-retailer relationship can yield success, often in different ways. However, a series of common factors have proven critical in determining a positive outcome for both parties:

- >> Openly communicate on objectives, targets and goals
- >> Align data shared with business priorities
- >> Build the right mindset for collaboration across functions and organizations
- >> Establish joint business processes with clear roles and responsibilities, from analysis to action
- >> Create follow-up mechanisms to track success from both points of view

The case studies below highlight some replicable stories where data sharing was instrumental in driving value both for the retailer and the manufacturer.

OSA – Reducing OOS through Store-Level Alerting (Advanced)

Retailer: Top 5 Global Mass Retailer
Manufacturer: Top 5 CPG company

Shared Business Need: Significant OOS at retailer led to lost sales for both the retailer and the manufacturer

Data & Analysis: Analyzed daily store, on-hand and supply chain information by day, by store by SKU, using advanced algorithms to transform data into a prioritized list of alerts showing which products were likely to be OOS at the retailer and showing root cause (phantom, shelf, distribution voids)

Actions Taken: Sent alerts based on field sales force scheduled visits to address store-level issues
Feedback loop enabled to track accuracy and actions taken to recover sales

Results & Return on Investment:

- Each alert able to recover between €30 and €100 in potential lost sales
- All root causes addressed, with a particularly good results in phantom inventory
- No change in store visit pattern or field resource expenses
- Total year results show a net gain of 1% total sales, significantly exceeding initial expectations, set at 0.7-0.8% (see chart below)

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Inventory Management – Cutting DC Inventory Levels (Medium)

Retailer: Large grocer
Manufacturer: Top 20 Food & Beverage Company

Shared Business Need: Reduce high inventory levels, which tie up capital and can contribute to product obsolescence, which in turn have a tendency to drive up reclaim

Data & Analysis: DC and store-level inventory reports combined with retailer item velocity classification

Actions Taken:

- Included item stratification into VMI process and adjusted its replenishment practices for some of the D through F items (pallets vs. tiers) while changing order triggers
- Designed tactical initiatives (such as adding these products to upcoming promotions) and submitted them to retailer for approval.
- Involved their field team in the process: for instance, the retail team was in charge of applying stickers to items with very high inventory to speed up sales and avoid reclaim.

Results & Return on Investment:

- 17% reduction in DC inventory
- Cut inventory older than 60 days from 15% down to 6% over three months

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Forecasting: Driving Promotion Effectiveness through Better Store-Level Forecasting (Medium)

Retailer: Lager grocer
Manufacturer: Top 20 CPG company

Shared Business Need: Reducing OOS during a promotion could significantly increase POS, as well as customer satisfaction

Data & Analysis: Manufacturer leveraged sales and inventory identify OOS episodes by store, item, day for a September promotion
Amount of under-allocation to stores during the promotion was quantified by item

Actions Taken: Manufacturer and retailer category management jointly reviewed the analysis and decided to increase force-out quantities by an average of 60% for a virtually identical promotion occurring the following month

Results & Return on Investment:

- During the identical promotion period in October, sales increased by 167% vs. the September event
- The out-of-stock rate was reduced by 41% from September to October

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Category Management/Shopper Insights: Merchandising Vehicle Optimization (Basic)

Retailer: Lager grocer
Manufacturer: Top 20 Food & Beverage Company

Shared Business Need: Need to determine best display vehicle to utilize to drive sales performance.

Data & Analysis:

- Comparison of various merchandising vehicles
- Utilized historic unit movement and inventory levels to compare event performance
- Able to leverage data to determine which display vehicles demonstrated the best performance for certain items

Actions Taken: Used display vehicles that were determined to be optimal for each item on upcoming promotions

Results & Return on Investment:

- Increased sales by 55% by changing the display types for the same product in a future promotion
- Will increase focus on most successful merchandising vehicle in subsequent events

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OSA - POS Data sharing for efficient replenishment (advanced)

Retailer: Veropoulos No. 4 Retailer in Greece
Manufacturer: Nutriart Leading Greek bakery product company

Shared Business Need: Optimization of daily replenishment process, store inventory levels, product freshness and on shelf availability, combined with less costs.

Data & Analysis: Retailer shares POS data, supplier shares deliveries and returns. Data analysis leads to certain demand and sell-out patterns. Taking these into consideration, a customized algorithm for an order proposal was developed.

Actions Taken: Pre-planned route frequency. Daily monitor store stocks vs. the prescribed stock levels. Deliver the amount needed based on the forecasted demand. Re-define the planned route in case that an OOS is expected.

Results & Return on Investment:

- Through an appropriate adjustment made to the corresponding time series, peaks of demand are considered and planned.
- Frequency of delivery tends to be reduced and routes will be rescheduled.
- No OOS appears at any time for the fast moving products that were analyzed.
- Percentage of returns is decreased
- Expected roll-out results: Visits to the store are expected to be reduced by 20 - 50% for the 7 big Greek retailers, without the need to place exceptional service to meet demand.

POS data sharing benefits:

- Consumer's perspective:**
 - Fresh products on shelf
 - OSA > consumers find the products they need
- Supplier's perspective:**
 - Decreased costs for the replenishment process
 - Decreased returns
 - OSA > enhance consumer's loyalty to the brand
- Retailer's perspective:**
 - Optimized store inventory levels
 - OSA > enhance consumer's loyalty to the store



