Cracking the Code at Wal-Mart and other large retailers

Mark Tobin: BI Director Chateau Ste. Michelle
Maggie Popplewell: PM/EC-Supply Chain Leader
Moderator: J. Smoke Wallin

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Who are the large retailers ?

- **Kroger : 40M Wine ($76B)**
- **Safeway : 34M Wine ($44B)**
- **SuperValu : 22M Wine ($43B)**
- **WalMart : 12 – 13M* Wine ($375B)**
- **Costco : 12 – 13M* Wine ($71B)**

Source: Nielsen scan data; Wine Consortium data, annual reports, *SMWE estimates

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How do they make buying decisions?

- Corporate strategic direction decision
- Wine's role – destination, convenience, profit center
- Role determines pricing, selection, advertising strategies
- Strategies in constant flux
- Role of category management
- Information (EDI) role in service of strategy

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How does EDI help?

- Improves decision making speed
- Provides greater inventory control
- Reduces cost
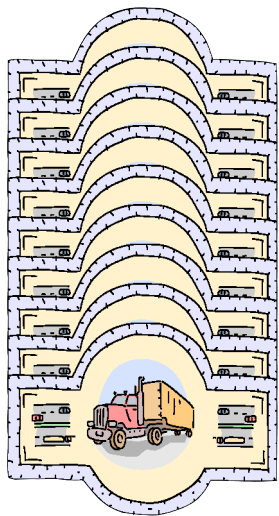- Facilitates store level customization
- Reduces errors

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WalMart VMP

- Participants determined by buyer
- No WM fees, but significant cost to start up
- Some suppliers build, some buy the interface
- SMWE partners with eSkye
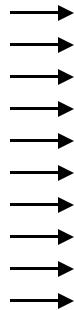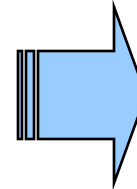- Fully implemented as of June 1

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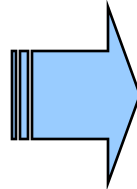
Before VMP

30 ?? Days

Distributors

Paper Forms

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After VMP

24 – 48 Hours

Distributors

eSkye

Internet

Ste Michelle WINE ESTATES

Walmart *Save money. Live better.*

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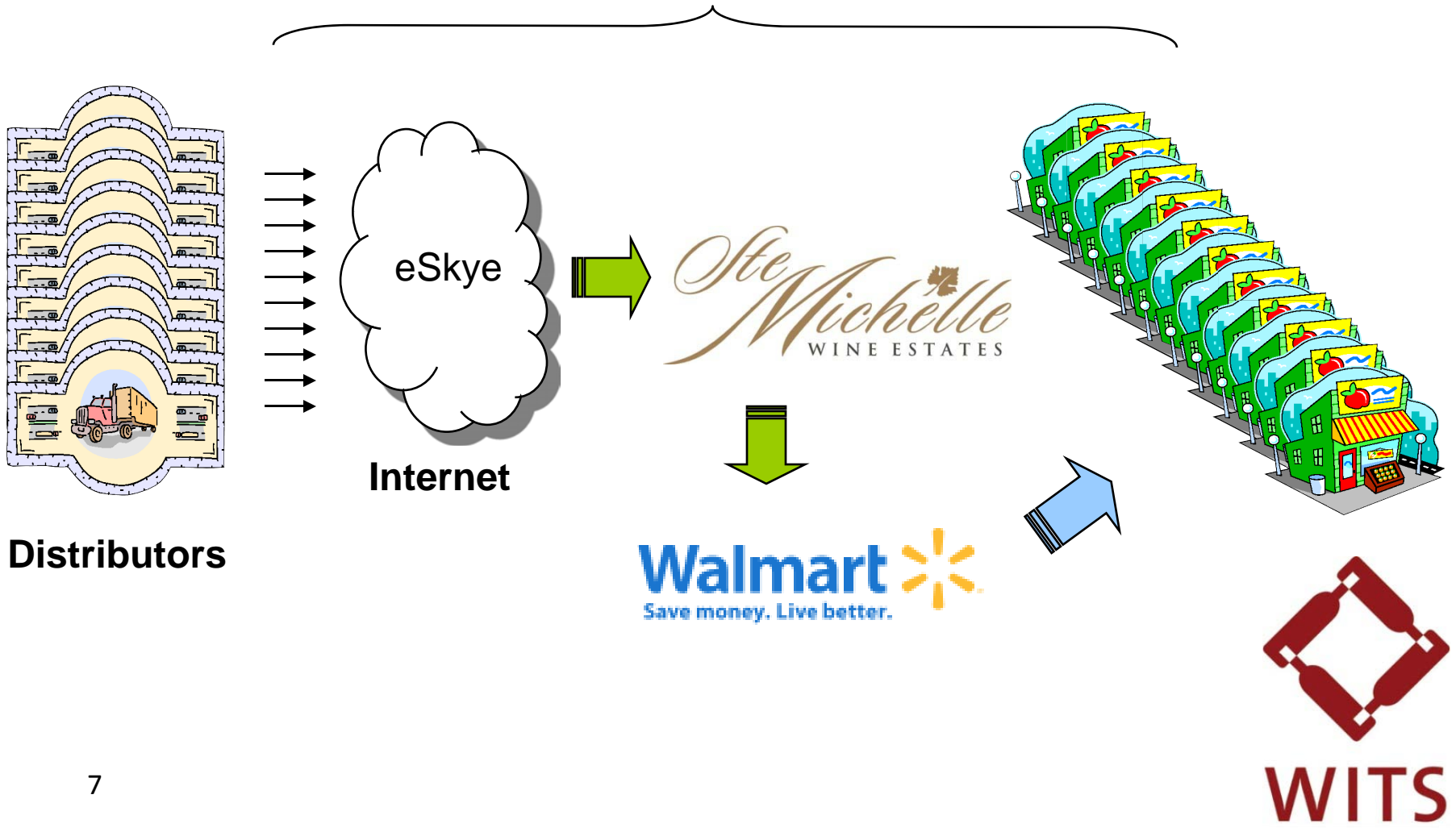
Other industry uses of EDI

- Retailer to Distributor ordering
- Electronic payment authorization and execution
    - Between distributor and retailer
- Distributor to Supplier sharing of depletion/sales information
- Price synchronization
    - WalMart has done the most since the late 1990s
    - Darden, Brinker and other efforts to be discussed
- Control state activities

Source: Nielsen scan data; Wine Consortium data, annual reports, *SMWE estimates

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Auto Identification and Data Capture (GS1)

- GTIN – Global Trade Identification Number
  - 14 Character – GTIN
  - 13 Character – EAN (European Article Number)
  - 12 Character – U.P.C. (Universal Product Code)
- UCC –128
- RFID (Radio Frequency Identification)

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Basic Supply Chain Messages

- Product Data Catalog = ANSI X12 832

- Purchase Order = ANSI X12 850

- Product Activity Data = ANSI X12 852

- Advance Ship Notice = ANSI X12 856

- Invoice = ANSI X12 810

- Payment Order/Remittance Advice = ANSI X12 820

- Application Advice = ANSI X12 824

- Functional Acknowledgement = ANSI X12 997

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Standard's Organizations

- **ANSI** – American National Standards Institute

  www.ansi.org

- **ABIEC** - Alcohol Beverage Industry Electronic Commerce –

  www.abiec.org

- **DISA** – Data Interchange Standards Association

  www.disa.org

- **GS1** – Global Standards (US)

  www.gs1.org formerly www.uc-council.org

- **UCCNet**

  www.uccnet.org

- **Transora**

  www.transora.com

- **VICS** – Voluntary InterIndustry Commerce Solutions (**UCS - Grocery**)

  www.vics.org

- **NRF** – National Retail Federation

  www.nrf.com and www.nrf-arts.org

- Vendor Compliance Federation

  www.vcf.org

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