



■ ERI PARTNER PROFILE |

In Sync: Wegmans and P&G Collaborate on Product Data

By Deb Navas,
Contributing Editor

Wegmans Food Markets, a New York-based, \$3 billion upscale grocery chain supporting 70 mid-Atlantic stores, has successfully differentiated itself in an extremely competitive field by offering better-quality packaged, fresh, and ready-made foods and focusing on customer service. The retailer anticipates that an ambitious five-year data synchronization program with all of its major suppliers will dovetail nicely with its premium customer service focus, as well as earn at least \$1.5 million per year within the next five years, once all of its major suppliers are on board.

From the customer service point of view, data sync reduces out-of-stocks and speeds product introductions to shelves by 80 percent, and in Wegmans' case, it will support a one-touch online service where customers can easily have access to the latest information on the retailer's entire product line.

Wegmans has long prided itself on taking a proactive approach to technology. The retailer was one of the first supermarkets to introduce barcode scanning in 1974 and electronic discounts in 1990. More recently, Wegmans has been a pioneer in data sync, with more than 82 percent of its suppliers 100 percent synchronized to date, according to Wegmans E-commerce Manager Brad Papietro. The company has partnered with Procter & Gamble (P&G), a notable technology innovator on the supplier side, to synchronize its P&G product IDs.

Data synchronization is a global effort to synchronize product data among manufacturers, retailers, and intermediaries via public or private data services such as GXS, 1Sync, and Adentric. These services provide trading partners a single platform with continuously updated item data. The data synchronization initiative began in earnest with the development of the UCCnet data registry in 2001, as a prerequisite for global standards-based electronic collaboration and ordering/procurement.

A 2003 A.T. Kearney/GMA-FMI study of a number of manufacturers and retailers engaged in data sync projects (two of whom were Wegmans and Procter & Gamble) projected that the manufacturers would reap benefits in the range of \$1 million additional earnings for every \$1 billion of sales, and retailers would gain in the range of \$500,000 additional earnings for every \$1 billion of sales. The increased earnings represent estimated savings from the prevention of wide-ranging inventory and stocking problems caused by item discrepancies due to bad data.

Retailer Savings

"On the merchandising side, accurate and synchronized data will eliminate manual item setup and maintenance processes," Papietro said during a joint presentation by Wegmans and P&G, "Realize the Benefits of Data Synchronization and the Global Data Synchronization Network (GDSN)," held at the recent Retail Systems 2006 Conference & Exposition/Value Chain Vision in Chicago, Illinois. "And if we're synchronizing these items and getting them out faster, obviously we're improving

KEY INFLUENCERS

| ECONOMIC |

Despite a commonly held assumption that the supply chain has already been wrung for maximum value, there are still many remaining inefficiencies, such as high levels of out-of-stocks. Data synchronization programs like the one Wegmans and P&G are running can reduce out-of-stocks to the significant financial benefit of all trading partners.

| SOCIAL |

Trained to expect instant gratification from the Internet, consumers are less willing than ever before to accept out-of-stocks. Customer loyalty is also on the wane, as consumers will shop wherever prices are low and service is high. A customer who visits a store and finds a desired product to be out of stock will then purchase it from a rival organization, and very possibly never come back.

sales. The more info we can give the Procter & Gambles of the world, the better they can make our business.”

Manufacturing Change Management

P&G has been actively involved in cleansing and synchronizing its product data about as long as Wegmans. In fact, both partners are 100 percent synchronized. “When P&G does a sync on one item, it goes to every company we work with. Small changes over time allow for better planograms, truck usage, and overall efficiency,” Procter & Gamble Senior Program Manager Simon Glass noted during the same Retail Systems 2006 presentation.

“But synchronized data does not guarantee value creation,” said Glass. “To create value, trading partners must transform business processes hand-in-hand with data synchronization. For example, by eliminating such redundant processes as manual entry of new line form data. It’s a chance to identify new and enhanced collaboration opportunities.”

In terms of change management, 1Sync suggests that trading partners need to look at all areas impacted by current data-handling processes, and identify those that have been built into the organization to handle data errors and inefficiencies before implementing data synchronization.

“Start small,” Glass said. “There’s no point in starting to sync all of your item attributes. We learned during the last couple of years that we should start small and work the business process as well as synchronize data. Focus on a small set of SKUs or a category for a specific customer. By starting small you also focus on process and the people involved — get success and grow it. It’s difficult to make a single version of the truth a reality, but we feel it’s absolutely essential to implement for the future of our business.” **ERI**

Editor’s Note: This article includes information from “Realize the Benefits of Data Synchronization and the Global Data Synchronization Network (GDSN),” a presentation given by Wegmans E-commerce Manager Brad Papietro and Procter & Gamble Senior Program Manager Simon Glass at the Retail Systems 2006 Conference & Exposition/Value Chain Vision, held May 21-24, 2006 in Chicago, IL. For more information visit <http://www.retailsystems.com>.

Data synchronization gives Wegmans a crucial edge in satisfying customers looking to buy popular P&G items.

| TECHNOLOGICAL |
The availability and accessibility of the UCCnet data registry and hosted platforms such as GXS and 1Sync makes data synchronization highly feasible from a technological standpoint. ERI companies can launch data sync programs without extensive in-house technology investments.

AT A GLANCE: WEGMANS

FOUNDED: 1916

OWNERSHIP: Private
CORPORATE

HEADQUARTERS:

Rochester, NY

ANNUAL

REVENUE: \$3.8 billion

NUMBER OF STORES:

70 stores in NY, PA, NJ,
VA, MD

PRODUCT

ASSORTMENT: More
than 70,000 grocery
items

AT A GLANCE:

PROCTER & GAMBLE

FOUNDED: 1887
OWNERSHIP: Public
CORPORATE
HEADQUARTERS:
Cincinnati, OH
ANNUAL
REVENUE: \$56.7
billion
NUMBER OF
EMPLOYEES: 140,000
PRODUCT
ASSORTMENT:
Wide variety of CPG
products including health,
beauty, and home goods

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