



# Supplier Collaboration

## Real-Time Operationally Collaborative Merchandising™

Retail success necessitates attracting Trade Funds to maximize traffic, revenue and profits. Is your team leaving money on the table?

Not collecting all that is due? How does this impact your ability to fuel customer delight, operate with excellence and meet your performance targets? So, why then is such a vital retail function still dominated by outdated, manual spreadsheets, emails and phone calls/messages?

Transform the interaction between your Traders/ Buyers and Suppliers to drive increased supplier funding and better offers whilst dramatically improving the collection of funds, reducing the cost and timescale of collection. Return your Traders to what they are good at, selecting, negotiating, planning, and managing Promotions, rather than drowning them in the admin.

Retail Express Supplier Collaboration brings together the Traders and Suppliers in one purpose-

built solution to plan and negotiate promotions, deals, and supplier funds. Create digital contracts with full deal/contract negotiation and audit trails. Easily share data with Suppliers on their Product and Deal performance, extend the AI-driven forecasts and analytics into the heart of the negotiation and utilise powerful automation tools with trusted suppliers.

Functions within the module:

- Supplier Planning
- Supplier Negotiations
- Deal Management
- Automation
- Vendor Funding
- Joint Supplier/Retailer Business Plan
- Track, trace and monitor/report Supplier activities

Retail Merchandising teams typically collect funds that are equivalent to 95-100% of the discounts used to fund and incentivize promotions which in turn typically run at 30-35% of total sales. For a

\$10B retailer, this could amount to a trade funds budget in excess of \$500M. In addition to this, the Suppliers supplementally fund advertising and media activities. If you are still relying on EDI “dumps” of promotional offers or Portals for Suppliers to upload their standard deals, of just spreadsheets from your suppliers your organization is not operating at its peak.

### Benefits of Collaborative Merchandising Transformation

- ▲ Revenue
- ▲ Gross Margin
- ▲ Trade Dollars
- ▲ Competitiveness
- ▲ Employee Retention
- ▼ Merch Operating Costs
- ▼ Collection Costs

# SOLUTION:

## Real-Time Shared Visibility to Truth

While EDI and FTP data transfers were typically bulk data “dumps” that occurred in batches on a periodic basis, today’s needs demand ongoing real-time interactions between Retailer and each of their Supply Partners, real-time shared access to data, tools and insights, and real-time security protocols that simultaneously protect the online interactions among a thousand + pairs of users.

These time-sensitive attributes of a leadership solution include:

### Shared Access to Brand History at Retailer

From the beginning and throughout the annual planning, quarterly and weekly negotiation cycles, both the Supplier and Retailer need visibility to the same version of the truth, for both sales (scan) and shipments data, promotion events, forecasts, and actuals. Time is no longer spent debating different sources with one version of the truth. Either party can copy or “clone” prior events, themes or programs, from last year, last period or another geography.

### Shared Forward Visibility to Themes, Programs & Promotions

The best promotional forecasting models consider all prior events before the current event. Similarly, the best planning practices understand the sequence and timing of events over the historic and planning horizons.

### Real-time Access to Changes

At any time, both the Supplier and Retailer can inspect the event calendar, event definitions and deal terms to see what promotional structure, promotional pricing, and trade investment is being made for what products/families in which stores including the variants due to format, banner, geography or marketing area. Many activities should be automated but within the boundaries of business rules, guardrails, and workflow processes.

### Shared Access to AI-Enabled Analytic Tools

The Retailer can allow the Supplier unprecedented, shared access to the same AI-powered tools on the same Merchandising database, at the same time creating an unequalled opportunity for mutual understanding of product and customer behaviour leading to deep trust and win-win outcomes. Both parties benefit from real-time AI-deep learning technologies, which continuously adjust to changing market conditions, customer loyalties, trends, seasonality and product interactions including cannibalization, halo effects and time-latency effects.

### Real-time Predictive Analytics

This is the ultimate game-changer, where Retailers bring their Supplier into a Partnering relationship, sharing “what-if,” simulation, forecasting and reporting tools - enabling both parties to see the predicted impact of their decisions in real-time and before in-market execution, with sufficient time to make mutually agreeable, growth-focused improvements

## Operational-Quality Data

The secret to great forecasting has always been “great data but coupled together future merchandising /trading plans and great algorithms; In our retail industry, quality data does not come easy. Great data must be sourced and cleaned from actual data for each item’s, price, promotion, display, assortment, copy, media” characteristics, business rules, contract terms, merchandising expenditures, billing details and performance metrics that actually occurred; and this should at transaction/ basket level to maximise data values within the basket, then extracting by item, by store, by day within a specific market. Hereto, when a team employs “operational quality” data for modelling, simulations and forecasts, it must be of sufficient granularity and integrity that it could be used to generate demand forecasts for product production.

Specific “Operational - quality” enabling requirements of a leadership solution include:

### Dynamic, Automated Compliance Enforcement

As deals are negotiated, they are constantly evaluated for conformance to format, banner, store and brand business rules and guardrails. Once finalised, execution is monitored for compliance with contract terms. Controls are often perceived as limiting creativity. That is not the case in here. Rather, it adds efficiency and greater emphasis on entrepreneurship, making the good buyers, better buyers and even the most challenged buyers become far more organized and effective.

### Actual Event Characteristics, Scope & Variations

Throughout the workflow, “actual, detailed event characteristics” are defined, articulated, negotiated and modified with a full record of all exceptions and carve-outs. Only the final terms are locked down via contract and only contracted terms feed back-office operations. Models are constantly updated as terms evolve, allowing the “then most accurate” what-if, simulations and forecasts insights to guide both Supplier and Retailer.

### Auto-generated Digital Contracts

Built-in real-time, requiring 2-party authentication and authorisation, no promotion runs until it has a contract. Then, the contracts drive the back-office operations across all downstream functions including Assortment, Promotional Pricing, Media and In-store Merchandising and Distribution with SKU and Store-level granularity plus day/time-specific performance windows and variations.

### Forecasted Funding Requirements/Pro Forma Invoice

Because the “current” characteristics are always updated, both Retailer and Supplier can instantly see the projected Trade Fund and how the invoices would appear post-promotion. This removes practically all reasons (excuses) for “misunderstanding” between partners.

### 2-Party Accountability with Audit Trail

Finally, since all steps of the negotiation are captured in the Audit Trail, both parties are

fully accountable for their contributions toward a mutually beneficial outcome. In addition, by having a documented audit trail and digital contract, the discrepancies that drive Collections and account for uncollectibles are virtually eliminated.

## Fully Collaborative Workflow

The biggest transformative benefits are derived from the new level of frictionless, transparent interactions among and between team members, both within the Retail organisation and with each of its Supplier Teams. For years and years, the biggest challenge for even the most successful retailers has been to construct mutually beneficial merchandising programs that would also generate the greatest promotional ROI. Without this type of solution, it is very difficult for retailers to index trade funds YOY at >105 or meaningfully reduce collection efforts, costs and waste.

Accordingly, these are the requirements for implementing a more future-proof collaborative merchandising environment necessary to compete and stay on track in today’s market:

### Supplier Portal 4.0 (Fully Collaborative)

The greatest transformation improvement comes from a next-generation Supplier Portal that tightly integrates into the Retailer’s Merchandising Solution (e.g., Retail Express’ Intelligent Merchandising™). Through this Suppliers and Retailers can collaborate on plans, proposals, deals, offers, media, promotional displays, and other vendor monies.

### 2-Way Communication

Collaboration requires information to flow both ways between parties, throughout all stages of the supplier planning, negotiations and execution processes. This enables shared ownership and Win-Win outcomes.

### Joint Business Plan

Collaboration starts with an annual business review and planning process that results in a collaboratively developed plan, captured in the system. Business plans, forecasts, funding and gross margin expectations are dynamically updated and managed collaboratively.

### End-to-End, Full Cycle Process

Unlike “data dump processes” where the only interaction is working through the technical challenges of file transfers, ROC planning requires collaboration across the entire workflow:

Plan ➔ Proposal ➔ Signature ➔ Contract  
➔ Results ➔ Evaluate/Restart

### 2-Party Authorship/Consent

Both the Supplier and Retailer can share expectations, business plans, promotional proposals, and counterproposals. Each party must sign off on final plans including Digital Contracts.

### Daily Notifications

Across multiple roles at Supplier and Retailer, notifications are sent daily to prompt the completion of tasks and escalated as necessary in case of vacation, work backlog or personnel changes.