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The next generation in data sharing

By Bill Purcell

Starting with Walmart sharing data to their vendors via Retail Link in 1989, data sharing has become more prevalent as grocers and CPG manufacturers have sought to improve collaboration and run their business more efficiently. While the benefits of data sharing can be substantial and permanent, the costs have also been significant – that is, until now.

While vendor managed inventory (VMI) is nothing new, the ability to cost effectively process the enormous amount of data that is derived from data sharing, and produce previously unheard of inventory decreases and forecasting accuracy is. The challenge is turning that raw data into actionable, predictive information that enables supply chain executives to trim the supply chain, identify supply problems before they occur, and proactively address those problems. To be of the most benefit to consumers, grocers and suppliers, forecasts must be amazingly accurate and have the ability to transform merchandising functions such as category management, retail execution and space management.

Far more than “one version of the truth”, the forecasts generated from the Market6 DemandView system provide a common look at what has happened in the past and perhaps most importantly, an incredibly accurate view of what is going to happen in the future. Market6 has proven in the largest and most sophisticated grocery chains that DemandView delivers item/store/day forecasts that are up to 90 percent accurate, which is fifty percent better than what was available prior to DemandView.

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A reliable, accurate forecast permeates benefits throughout the business. Kraft, for example, has reduced their warehouse inventory at Kroger by 41 percent since employing the Kroger DemandView Portal in their IBM CRP warehouse ordering solution. At SUPERVALU, Chiquita cut out-of-stocks by over 35 percent in their packaged salad business while reducing shrink/stales by 38 percent. In a pilot at Wegmans, the Coca-Cola Company reduced store level inventory by 19 percent while growing their business by nearly three percent.

Walmart has used Retail Link to gain substantial price advantage driven by efficiency gains derived from providing visibility to store sales and warehouse movement. While proving the benefits of data sharing, the cost to suppliers to make Retail Link data usable has been substantial. The largest CPG companies may employ several hundred people to translate Retail Link data into demand-based orders. It is estimated that the CPG industry spends well over \$500 million per year to analyze Retail Link data.

In sharp contrast, DemandView pre-processes data into accurate forecasts and alerts. The information does not need to be analyzed to forecast orders. Instead “Order Forecast” is delivered as a measure, as is “Anticipated Lost Sales from Out-of-Stocks” which identifies supply chain and store execution issues before they occur.

In short, data sharing with DemandView will generate greater sales, improve customer service, create a leaner supply chain, anticipatory store execution, ensure fresher product and foster a stronger collaboration between retailer and supplier



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