

# *Front End Speed-to-Market Best Practices for Gum and Mints*



**S**peed-to-Market **CO**llaboration for **R**apid **E**xecution™

Speed-to-Market Collaboration not only improves  
Retail Earnings; it improves Retail Equity!



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where insights drive innovation™

**VICS**®



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- Special thanks to Cadbury Adams and its team led by Jay Joyce. Also included were Fran Derin, Dave Fleischer, Stephen McGowan, David Sasdi, Craig Simon, Steve Zoellner, and Greg Cooper. We also thank the wholesalers and distributors who participated in interviews.

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## Why we conducted this study:

New products are the life blood of many dynamic categories. As a case in point, Gum and Mint Singles sold on the Front End and introduced in the last two and a half years account for nearly 40% of category sales! Cadbury Adams is one of the leaders driving this new product success and has a vested interest, along with its retail partners, in ensuring and maximizing the success of new products growing the category.

Cadbury Adams partnered with industry thought leaders and leading retailers to research and develop Best Practice guidelines for Front End new products. This study's learnings will be of value to manufacturers and retailers and distributors working at headquarters in the supply chain or at retail.

## Study Participants:



- Cadbury Adams is a subsidiary of Cadbury Schweppes, the world's largest confectionery company with a leadership position in Gum and Mints in the USA. It is experiencing the fastest growth among the majors during the last two years based on the strength of strong brands and successful new gum products.



- Edgewood Consulting Group is a leading CPG sales and marketing consultancy with a global practice focused on maximizing results through shopper insights, strategy innovation, and fostering retailer-manufacturer partnerships.



- Voluntary Interindustry Commerce Solutions Association (VICS) is a leading industry group focused on improving supply chain. Member companies include some of the leading retailers and manufacturers in the CPG industry, including: Wal-Mart, Walgreens, Costco, Target, HEB, and Meijer as well as P&G, Kraft, and Cadbury Adams.



Cadbury Adams commissioned Edgewood to conduct an analysis of major US Food, Drug, Mass, and Convenience Store retailers and wholesalers including the following primary research:

## Trade Interviews and Retail Audits

Edgewood and VICS conducted more than 80 in-depth interviews and retail audits with major US Food, Convenience, Drug and Mass retailers. Most of the interviews were conducted without identifying the study's sponsor to ensure impartial feedback. Research was conducted with:

- Headquarter level Category Managers and Directors of Merchandising
- Supply Chain Managers at leading retailers and distributors
- Store level staff from Managers to Front End clerks
- Trade participants with Gum and Mints Front End distribution channel

## ShoppersEdge™

- Loyalty card analysis at store/household level from a database including nearly 9 million cardholders with a static sample of more than 1.5 million households.
- Provides unique shopper insights explaining 'why and how' Speed-to-Market impacts short-term and long-term sales.

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“  
**Faster  
retailers also  
score higher  
on retail  
equity ratings  
by shoppers!**

Fran Derin  
Cadbury Adams

”

“  
**I don't think  
anybody has  
shown us the  
ROI on new  
item speed to  
shelf**

— Retail VP

”

## Speed-to-Market Collaboration not only improves Retail Earnings, but it also improves Retail Equity!

Gum and Mints are very dynamic categories and as such, new products are very important to category development and growth. In fact, new products introduced in the last two and a half years alone total nearly 40% of Gum and Mint dollar sales! New product successes are the life blood of the category.

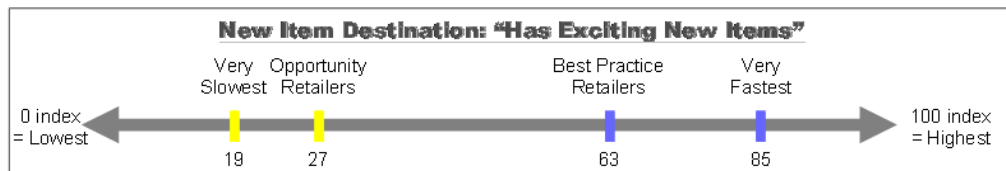
### *Speed-to-Market improves Retail Equity*

One of the biggest findings was that retailers who are faster-to-market with new products also rate higher with shoppers on key Banner Equity ratings such as:

- ✓ “Has exciting new items”
- ✓ “Has everything I want”

These retailers are winning the battle for shopper loyalty and maximizing Banner Equity by being known as a preferred destination for new products.

**Research shows Best Practice (faster) retailers also score higher on retail equity ratings!**



Banner Equity research was conducted by MarketTools in 2006.

### *Speed-to-Market Improves Retail Earnings*

Analysis of both syndicated data and ShoppersEdge™ loyalty card data confirm that faster Speed-to-Market improves initial AND ongoing sales for new products:

- Tremendous payback in higher sales (potential +\$100 million\* per year, or +2.5% of total category sales) with more consistently rapid Speed-to-Market for just Gum and Mints!
- Late launches not only miss out on the initial trial-generating advertising and promotion activity but late launches **never fully catch-up** with sales rates of launches with faster Speed-to-Market!
- Slower Speed-to-Market stores suffer 23% to 30% lower ongoing velocity for the next two years versus faster stores for the same items!

The analyses also revealed significant differences in Speed-to-Market, both across retailers and even store-to-store within retailers!

- Best Practice retailers are a ‘fiscal quarter’ (13 weeks) faster to market than “opportunity retailers”!
- Divisions and stores within larger national chains exhibit this same variation in Speed-to-Market.

Source: Edgewood Consulting Group Speed-to-Market Best Practices, 2006  
\* \$100m quantification for Gum and Mints.



## Best Practice Retailers

Best Practice retailers in this study were selected based on:

- Fastest average Speed-to-Market in reaching threshold (67%) ACV distribution
- Category development
- Number of launches reaching threshold distribution

Opportunity retailers have greatest room for improvement

*Edgewood Consulting Group analysis of IRI 104 weeks ending June 2006, for 25 Gum and 15 Mint launches introduced over the last two years by all manufacturers*



**Although we are seeing increasing levels of collaboration [between retailers and manufacturers], it really should be happening on a more frequent basis**

— John Ferramosca  
Principal, Edgewood Consulting Group  
From *Progressive Grocer* Nov. 2006

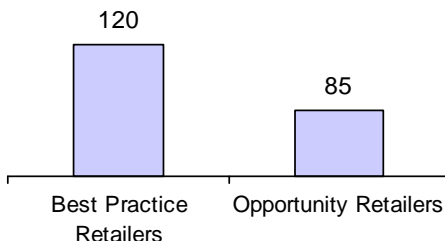


## Best Practice retailers are Faster retailers

Gaining insight by contrasting Best Practice retailers with Opportunity retailers to identify and understand the principles that make them different is the focus of this study. Best Practice retailers show the keys to category growth and illustrate the findings that new product success is important to overall category development, and that Speed-to-Market is very important to new product success. Best Practice retailers studied exhibit:

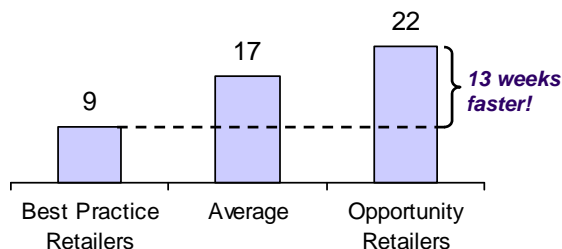
- Higher overall category development
- Higher category growth rates
- Higher development of new products
- Faster Speed-to-Market for new products

### Category Development Index



### Speed-to-Market

weeks from launch to achieve threshold distribution at retail



The analysis also helped identify common bottlenecks that slow down Speed-to-Market, and taught a great deal about how to avoid them. Also identified were specific practices these Best Practice retailers employ to achieve faster Speed-to-Market and better new product sales.

In this paper, Best Practice principles are outlined to help guide retailers and manufacturers to collaborate and achieve faster Speed-to-Market execution. These Best Practices are separated into three phases of the new product introduction process:

- Strategy – begins with preliminary discussions, strategy, and planning for new products; starting with initial concept call/long-lead time presentations
- Supply Chain – demand and supply chain management and execution as information and product makes its way from Headquarters to Distribution Centers and finally to the back of the store
- Retail – execution and management of new products at store level to ensure timely and plan-o-gram compliant retail presence on-shelf

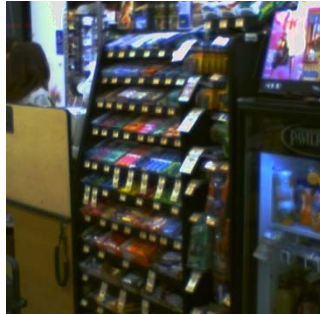


“

**What does it cost us if we are slow?**

— Retail VP

”



## Speed-to-Market

Speed-to-Market Collaboration not only improves Retail Earnings, but it improves Retail Equity!

Shoppers show retailers how to improve banner equity ratings and improve category sales significantly via faster execution on new product distribution.

It's one minute after midnight. At this remote edge of town the crickets can be heard along with the the distant rumbling of train cars, and the clattering of fork-lifted pallets echoing through a vast sleepy warehouse.

Tonight, however, this retail distribution center is bustling with activity! Trucks are lining up to receive and deliver a very special order. Additional manpower stands ready and waiting. Shelves at stores throughout the region have cleared space in anticipation of being filled by morning. Headquarters orchestrated this special effort through collaboration with its vendor to have this blockbuster new product tagged and on retail shelves before the day-shift clocks in.

New product blockbusters in today's competitive retail environment warrant this kind of special treatment. Whether the blockbuster is a new razor from Gillette®, an prescription to OTC Switch like Claritin® or Prilosec OTC®, or the next-generation videogame console, manufacturers and retailers take extraordinary measures to achieve rapid Speed-to-Market in the race for consumers' first purchases.

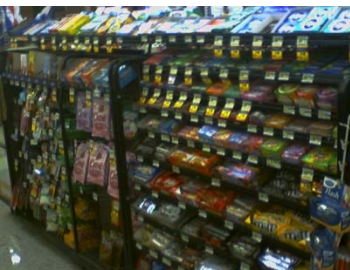
But what about the other 99% of new products that keep most categories growing and current with today's rapidly changing consumer tastes? Most new products flow through a system that sometimes gets them on shelf on time, but all too often gets them there late... very late, with significant sales loss. It doesn't have to be that way.

Gum and Mint retailers lose \$100 million dollars a year in potential new product sales by being too slow-to-market with new products. That's nearly 2.5% of lost category sales a year!

Retailers who are consistently faster to market also benefit from higher shopper ratings for key Banner Equity perceptions such as:

- ✓ “Has exciting new items”
- ✓ “Has everything I want”

Retailers who strive to win the battle for shopper loyalty can do so, in part, by being known as shoppers' preferred destination for new products.



## Speed-to-Market

In this study, Edgewood defined and measured Speed-to-Market as: *the number of weeks it takes beginning with the manufacturers start ship date to reach 67% ACV weighted distribution or greater at retail as measured by syndicated scanner data or comparable retail report.*

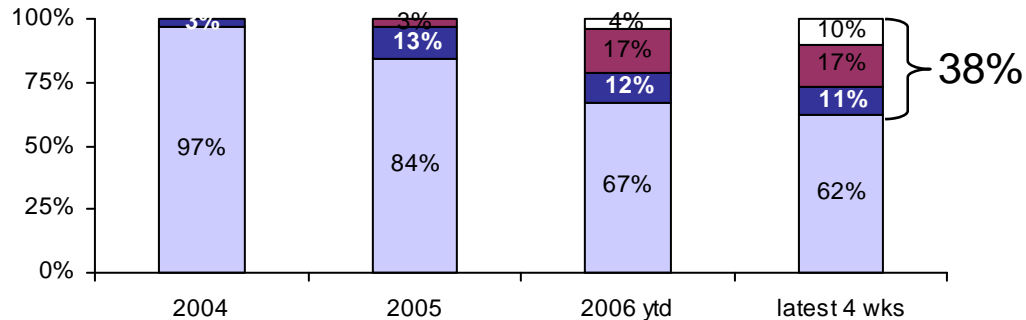
**New Gum and Mints Singles products introduced since 2004 already total nearly 40% of category sales**

IRI 4 weeks ending August 2006 FDMXC



New products are important to the dynamic and rapidly changing Gum and Mints categories. Gum and Mints Singles sold on the Front End introduced in just the last two-and-a-half years already account for nearly 40% of Front End category sales!

% of \$ Sales for Gum and Mints Singles  
FDMXC

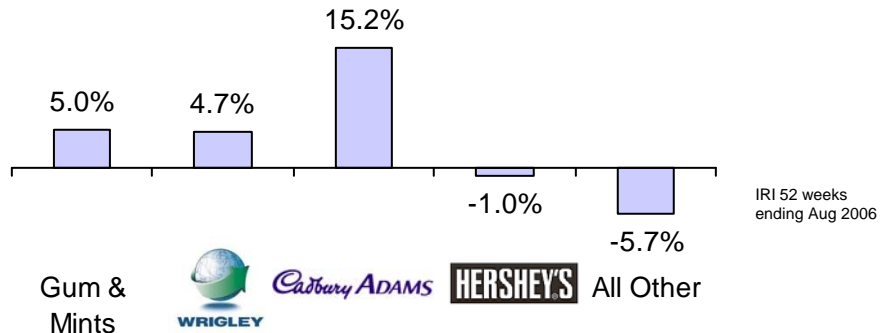


□ Products since 2003 ■ Introd 2004 ■ Introd 2005 □ Introd 2006

FDMXC includes Food, Drug, Mass ex Wal-Mart, includes Convenience Stores. As measured by IRI thru August 2006

Cadbury Adams is one of the leaders in Gum and Mints driving innovation and growth during the last few years with a strong track record of new product success!

Gum and Mints Singles \$ Sales %  
Change VYA



IRI 52 weeks ending Aug 2006

As innovators with a mutual vested interest with retailers to maximize the productivity of new product introductions, Cadbury Adams commissioned this study of Gum and Mints Speed-to-Market on the Front End to address the following issues.

- What is Speed-to-Market worth for new products?
- And what, if anything, can retailers and manufacturers do about it?

Cadbury Adams, Hershey's and Wrigley's logos are registered trademarks of their respective companies.



## Key Finding #1 Speed-to-Market builds Retail Equity

Banner Equity Ratings on New Products are significantly higher for FASTER Best Practice retailers

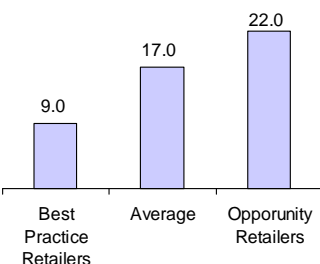
## Best practice retailers:

- Enjoy faster Speed-to-Market
- Higher category development
- Higher category growth rates
- Higher development of new products

### Faster

### Speed-to-Market

weeks from launch to achieve threshold distribution at retail



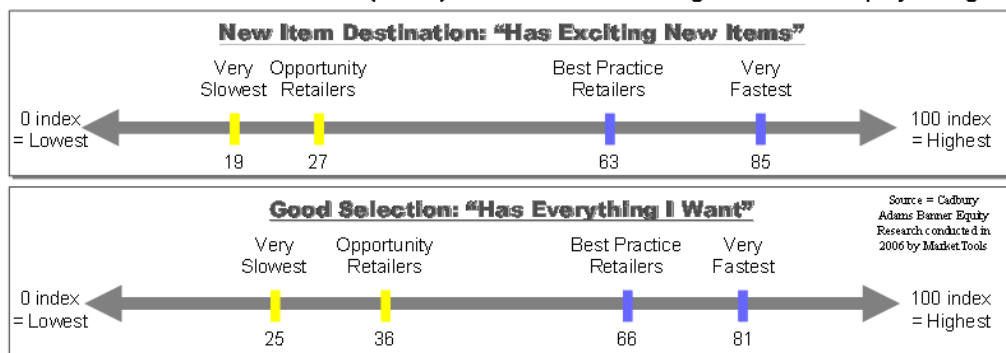
This new study shows the productive collaboration between retailers and manufacturers to maximize their new product sales and Banner Equity and capture millions of potentially lost sales.

## Key Findings Surprised Us!

The first and biggest surprise was that a proprietary independent research study revealed Best Practice (faster) retailers scored higher on retail equity ratings!

***Banner Equity Ratings on New Products are significantly higher for FASTER Best Practice retailers***

Research shows Best Practice (faster) retailers also score higher on retail equity ratings!



Proprietary study conducted by MarketTools in 2006.

Best Practice (faster) retailers score higher on Banner Equity ratings from shoppers for:

- "Has exciting new items"
- "Has everything I want"

It appears that Speed-to-Market on new items helps contribute to retailer equity and also helps convert and retain shoppers by:

- Creating a Banner Equity halo that comes from being perceived by consumers as leading edge, first-to-market, and a preferred destination for exciting new products.
- Helping to attract and retain shoppers to their stores starting with the first trip, and benefiting from subsequent trips on repeat purchases.

This learning helps explain why retailers with faster Speed-to-Market on new products tend to enjoy higher Gum and Mint category development overall.

## Key Finding #2 Speed-to-Market builds Retail Earnings

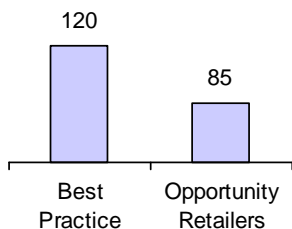
**Tremendous** payback in higher sales (potential +\$100 million\* per year) with more consistently rapid Speed-to-Market for just Gum and Mints!

\*for IRI measured Food, Drug, Mass and C-stores and projected Wal-Mart and retailers

## Best practice retailers:

- Enjoy faster Speed-to-Market
- **Higher category development**
- Higher category growth rates
- Higher development of new products

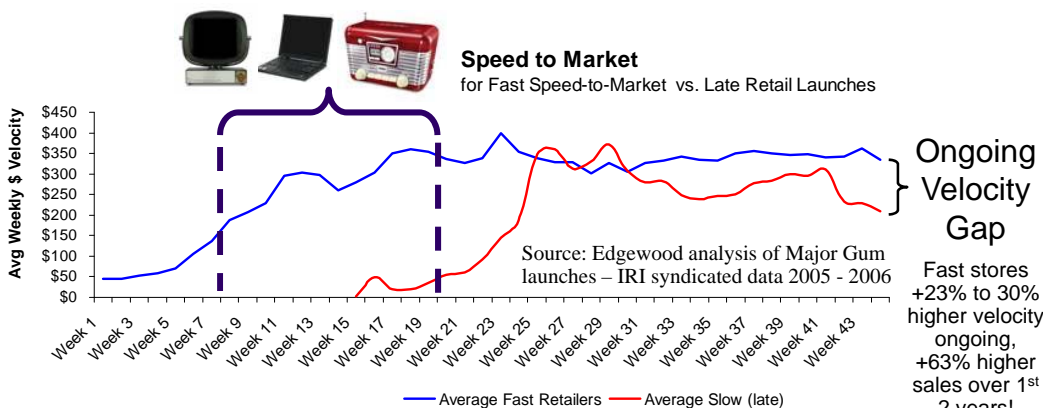
Higher Category  
Development Index



Our next key finding was rather expected: Faster launches enjoy stronger new product sales. What surprised us was the extent of the ongoing velocity gap!

## *Faster launches enjoy higher sales both initially and ongoing!*

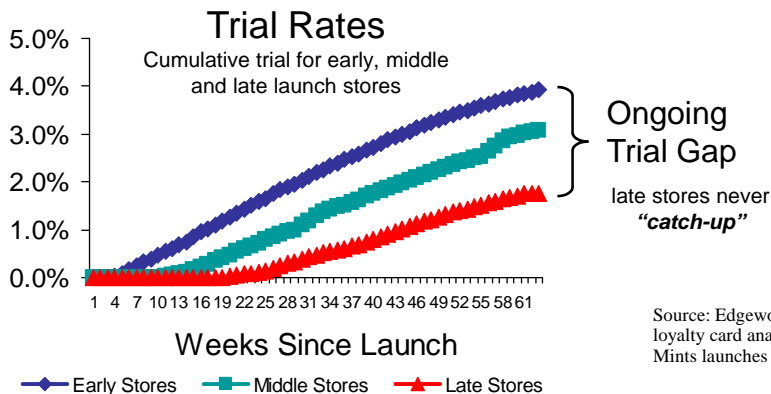
**Timing of consumer trial-  
generating marketing investment**



Launches too slow to benefit from manufacturers' trial-generating activity lose out on significant initial sales and suffer an ongoing velocity gap of 23% to 30%.

These findings were validated when analyzed with loyalty card data. ShoppersEdge™ store level analysis indicates 'early' stores benefit by:

- Higher trial rates and more units sold per household
- Higher ongoing sales - since late launch (slow) stores never "catch-up"



Both short-term, ongoing & strategic benefits of "Speed-to-Market" contribute to:

- +23% to 30% higher ongoing sales velocity
- +63% better performance over the first two years
- +\$100 million opportunity for the industry per year

## Key Finding #3 Significant variation in Speed-to-Market

We found a wide range of variability in Speed-to-Market across retailers, and within retail chains!

The next key finding is also somewhat surprising:

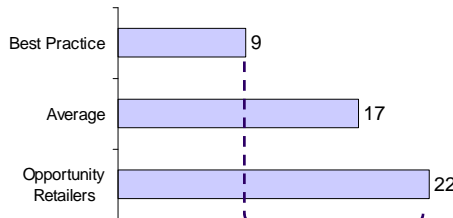
There are significant differences in Speed-to-Market across retailers, and just as significant variation within many retailers on a division and store basis!

- Best Practice (fastest) retailers are a 'fiscal quarter' (13 weeks) faster in Speed-to-Market than opportunity (slowest) retailers!
- Stores and divisions within larger national chains exhibit a similarly significant variation in Speed-to-Market.

***There is significant variation in Speed-to-Market both across retailers and within retailers!***

### Speed-to-Market across Retailers

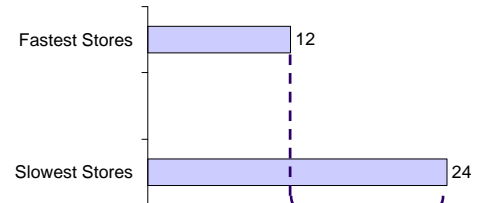
# of weeks to achieve 67% ACV Distribution



Variation of **13 weeks** from Best Practice (fastest) retailers to Opportunity (slowest) retailers for the same product launches!

### Speed-to-Market within Retailers

# of weeks to achieve 67% at one major retailer by divisions/store groups

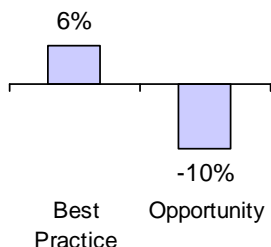


Variation of **12 weeks** from fastest stores to slowest stores within the same retail chain!

## Best Practice retailers:

- Enjoy faster Speed-to-Market
- Higher category development
- **Higher category growth rates**
- Higher development of new products

### Higher Category Growth

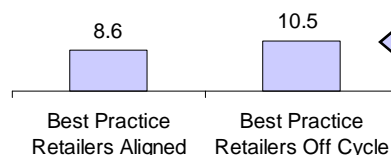


## Importance of Alignment

Next, we wanted to assess the impact of 'alignment', i.e. when manufacturers' launch dates align within retailers' resets. To determine this, we evaluated nearly 50 retailers with different reset cycles across 40 new product launches. We also coded launches by retailer to note whether or not new product start ship dates fell within +/- 5 weeks of retailers' scheduled Front End resets. This analysis confirmed that 'alignment' does contribute to Speed-to-Market results, but is not enough alone to achieve Best Practice results.

### Best Practice Speed-to-Market

Weeks To Threshold Distribution

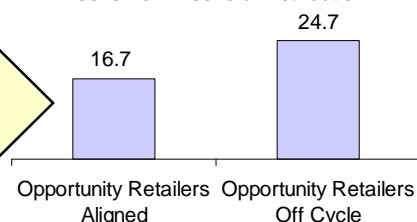


- Best Practice retailers benefit only +1.9 weeks when launch dates are 'aligned' with retailer reset cycles.
- This indicates Best Practice retailers do a great job of Speed-to-Market, whether a major reset or not!

- Opportunity retailers benefit +8 weeks when 'aligned'!
- While major reset alignment helps, by itself it is not enough to achieve best practice Speed-to-Market results.
- Opportunity retailers should pursue other Speed-to-Market Best Practices in addition to 'alignment'.

### Opportunity Speed-to-Market

Weeks To Threshold Distribution



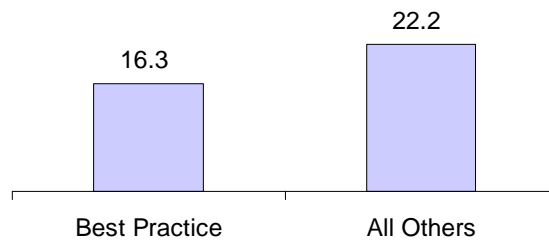
## Key Finding #4 Fade Rate

Discontinued items sell-through faster, or 'Fade' retail distribution (to make way for new products) at a faster rate in Best Practice retailers

## *Faster 'Fade' rate on discontinued items facilitates faster Speed-to-Market!*

### Fade Rate

Weeks to Decrease Distribution from 90% to 10% is faster for Best Practice retailers



We've clearly established:

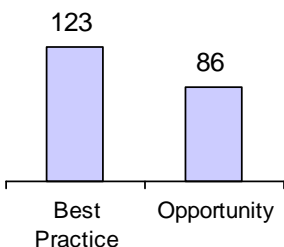
- The significant role of Speed-to-Market in driving new product success and category development.
  - ✓ Faster Speed-to-Market not only improves retail earnings, it improves retail equity!
  - ✓ Faster launches enjoy higher sales rates both initially and ongoing!
- The significant variability in Speed-to-Market across retailers and even within retailers.
- Aligning manufacturer launch dates with retailer reset cycles is significant, but does not by itself generate best practice Speed-to-Market results.
- Best Practice retailers enjoy faster 'fade rate' on discontinued items

Next, we turn our attention to mining the lessons that will help all retailers improve Speed-to-Market for new products on the Front End.

## Best practice retailers:

- Enjoy faster Speed-to-Market
- Higher category development
- Higher category growth rates
- **Higher development of new products**

### Higher New Product Development Index





## CPFR stands for

Collaborative Planning, Forecasting and Replenishment. This process is used to guide the collaboration and Best Practices supply chain results by some of the leading retailers and manufacturers in the CPG industry, including: Wal-Mart, Kraft, P&G, Cadbury Adams, Costco, Target, HEB and many other participating VICS members.

To learn more, contact your Cadbury Adams representative or visit [www.vics.org](http://www.vics.org)



Thomas Friedman's national best seller *The World is Flat* names collaboration, supply chain improvement, and information sharing as among the drivers transforming the world economy and human society. He is right on!

Friedman's book cites numerous companies that have adapted ... and thrived. Companies can succeed in today's networked, globally collaborative, "flat" world.

— Joe Andraski  
President, VICS



## Best Practices:

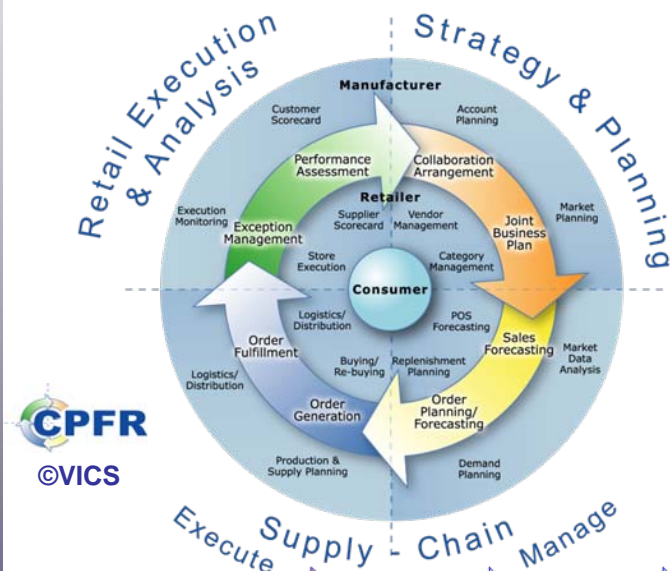
Cadbury Adams' SCORE™ program introduces the insights and strategies to help achieve Best Practice Speed-to-Market results to:

- Effectively collaborate between retailer and manufacturer
- Implement key success factors at all steps of the process



## Speed-to-Market COllaboration for Rapid Execution™

We studied both Best Practice and Opportunity retailers to learn where the bottlenecks are and how to avoid them. We also developed metrics to identify where problem areas are, and objective ways to measure progress. We have also identified Best Practice lessons that retailers and manufacturers can implement. One of the breakthroughs is showing how retailers and manufacturers can effectively collaborate to achieve a mutually beneficial common goal; faster Speed-to-Market execution!



At the heart of the SCORE™ program is a proven model. We started with the VICS CPFR Process and worked with VICS to specifically tailor SCORE to support our mission: **improve Speed-to-Market for new products on the Front End.**

The SCORE™ program likewise separates the learning into the three major phases of the CPFR process:



- **Strategy and Planning** – begins with initial discussions, strategy, and planning for new products starting with initial long-lead time presentations.
- **Supply Chain** – demand and supply chain management and execution as information / product makes its way from headquarters to distribution centers to back of the store.
- **Retail Execution** – execution and management of new products at store level to ensure timely and plan-o-gram compliant retail presence on-shelf.

## Bottlenecks: Strategy

- Unable to align resets with launches
- Internal (retailer) collaboration
- Incomplete/inaccurate information for:
  - ✓ New Product Decision
  - ✓ Listing and PO
- Reluctance to change FE agreement
- Integrated listing and delisting process
  - ✓ Recommend delists too
  - ✓ POG capability

## Key Success Factors:

- Long Lead-time presentations
- Data synchronization
- Manufacturer to shepherd new product listing process

**“We’re ready to go for a June reset, but vendor can’t ship till 1 month later. Now they’re not in the reset & lose 2 to 4 months.”**

— Retail Category Manager

## Strategy and Planning:

Retailers want New Product information that is complete, accurate and delivered on a timely basis. This helps retailers not only with planning, but also helps facilitate Speed-to-Market on routine new products.

It is difficult for manufacturers to appreciate the volume of new products retailers review, approve and work into their system and stores... up to 30,000 new products are presented every year, of which about 6,000 are accepted. This translates to having up to 115 new products placed onto retail shelves every week! As you can imagine, missing a beat with late updates or wrong information that needs correction can bump a new product out of the loop and behind thousands of other requests. This is a common problem; and one which Best Practices collaboration seeks to avoid.

SCORE™ Best Practice recommendations are to:

### 1. Align reset cycles and new product launches where possible.

Aligning new product start ship dates with Retailer reset cycles were shown to have a positive effect on Speed-to-Market that varied greatly by retailer:

- +1.9 weeks faster for Best Practice retailers when ‘aligned’
- +8.0 weeks faster for Opportunity retailers when ‘aligned’

There is a wide variability of reset timing across retailers with no single month representing even 20% of retail ACV resetting (see chart below). In addition, launch dates by manufacturers vary as well. As such, improving ‘alignment’ would take an industry-wide coordinated effort that would benefit both retailers and manufacturers.

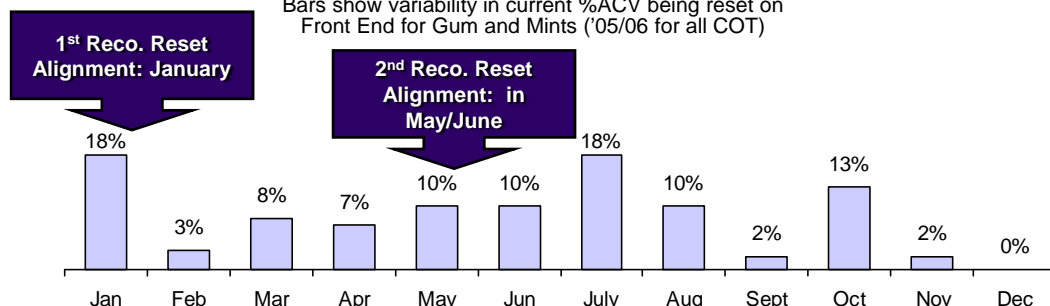
Coordinated efforts such as this are not unprecedented in industries where new “introductions” are important and both suppliers and buyers benefit by coordinating their timing. The fashion industry has its “seasons” for rolling out new fashions, buying and merchandising. Similarly most TV media buying begins during the ‘upfront buy’ during Spring for the upcoming Fall season.

There is significant mutual benefit potential for Gum and Mints in ‘aligning’ launches with reset cycles. Since Gum and Mints are such dynamic, new product driven categories, we recommend the following guidelines:

- Retailers not already doing so should move to two Front End resets/year
- Resets by retailers and launches [start ship dates] by manufacturers should be timed to align during two windows: January and May/June

## Store Reset Timing

Bars show variability in current %ACV being reset on Front End for Gum and Mints ('05/'06 for all COT)



## Bottlenecks: Strategy

- Unable to align resets with launches
- Internal (retailer) collaboration
- Incomplete/inaccurate information for:
  - ✓ New Product Decision
  - ✓ Listing and PO
- Reluctance to change FE agreement
- Integrated listing and delisting process
  - ✓ Recommend delists too
  - ✓ POG capability

## Key Success Factors:

- Long Lead-time presentations
- Data synchronization
- Manufacturer to shepherd new product listing process

“  
**So many ways for something little to go wrong that has big implications down the road.**

— Retail VP

”

## Strategy and Planning: (continued)

SCORE™ Best Practice recommendations are to:

### 2. Manage listing and delisting process throughout the supply chain

One of the key insights and common themes in our Best Practice principles is that faster retailers do a much better job of identifying products they are delisting in order to make way for new items on the shelf. They identify them earlier, notify their stores earlier, and implement programs to begin working down inventories earlier. Although this will be detailed as a Best Practice in the Retail phase, one of the keys to implementing this Best Practice begins here in the Strategy and Planning phase by vendors who:

- Identify recommended delists along with new products in their initial new product assortment recommendations
- Provide plan-o-gram capability to make their recommendations turn-key

***“If you sell-in new items without recommending which items to delist, you relinquish control to your competitors who will decide for you”***

- Leading Retailer

***“Best Practices of the future will require integrated recommendations including Adds and Delists”***

Joe Andraski - VICS

This Best Practice facilitates:

- Turn-key implementation for retailers
- Less reticence to delay decisions, and thereby delay Speed-to-Market due to reluctance to change Front End agreements

### 3. Provide long lead-time presentations

With so many new products being introduced every year, retailers and manufacturers are collaborating earlier on new product plans and programs to help more effectively plan and prepare for successful introductions.

Best Practice is for manufacturers to provide longer sell-in lead times with complete information for both:

- Annual review/long lead time presentation 6 months to 1 year in advance

***“I’d like a one-year lead time, I’d take 6 to 8 months, but I rarely get it”***

Best Practices Retailer Category Manager

- Listing information at least 4 months in advance

***“So many ways for something little to go wrong that has big implications down the road and shipments get missed or deliveries rejected!”***

Best Practices Retailer Supply/Inventory Manager

As technology progresses, complete listing information will be required and provided electronically in a standardized format.



## Bottlenecks: Supply Chain

- Barriers to receiving order and updating inventory
  - ✓ Inaccurate Purchase Order info
  - ✓ Inaccurate case/inner pack info
  - ✓ Cases won't scan
  - ✓ Short ships/ shipment errors
- Pick and pack by store
- Lack of instructions and vendor information
- Lack of personnel at warehouse
- Inaccurate Forecasts
- Replenishment capability/performance
  - ✓ Shipping delays
  - ✓ Short orders/OOS
  - ✓ Transportation/Carrier issues
  - ✓ Pool Points
  - ✓ Distributor performance
  - ✓ Hit broker priority cycles

## Key Success Factors:

- Cross-Dock
- Manufacturer shepherding the supply chain
- Electronic vs manual data synch (UCC)

**“Between merchandising group, store employees & manufacturer support – need clear communication & understanding of who is in charge**

Retail Supply Chain Executive



## Supply Chain:

The first Best Practice principle in supply chain may be a bit obvious: Collaboration. However, we were surprised by how much room for improvement was found based on our discussions with the retailers and trade channel participants studied.

### 1. Collaboration between and within Manufacturer & Retailer

The need for increased collaboration and communication was a consistent theme in discussions throughout the Supply Chain, including manufacturers, distributors and retailers. Not surprisingly, the greatest need was expressed by those furthest removed from the Headquarters decision-making process; those in distribution centers or in stores. We found that most retailer & manufacturer headquarter personnel believe they are doing a good job of collaborating and communicating. However, the rest of their organizations in other headquarter departments, distribution centers, and in stores don't always feel as informed or 'in the loop'. Our investigation confirmed that participants in distribution centers and in stores don't get informed regarding new products or discontinued items with nearly as much lead time.

***“...lack of instructions from HQ to store level ‘hands-on’ people...always a problem!”***

Retailer Warehouse Manager

Retailers and manufacturers need to collaborate/communicate better within their own organizations—across departments from HQ, supply chain, and down to store level to ensure timely product delivery.

***“At warehouse/distribution center level, we are first notified of any major new resets by e-mail 4 to 6 weeks before launch date. I think this is too short, but...”***

Best Practice Retailer Warehouse Manager

Retailers want better communication and at the right levels:

***“We need better communication at all levels. Too top heavy/too much at corporate level, too little at store level.”***

***“Cut the bull, [we need] more direct communication with our district managers and store employees who are doing the actual work!”***

Category Manager at leading retailer





## Supply Chain: (continued)

Retailers and manufacturers also need to collaborate and communicate better with each other and with more points of contact. This includes assistance and visibility by vendor at headquarters and supply chain/warehouse

- ✓ Across departments—to employ a more multi-disciplined/cross departmental approach
- ✓ Assist in Warehouse/distribution center

*“Some of our vendors are partners, and some are just order takers! Once the sale is made, we never see [Vendor A] to help at HQ or in the warehouse.”*

“

**Mistakes,  
mistakes, and  
more human  
mistakes!**

Best Practice Retailer  
commenting on supply  
chain bottlenecks

”

## **2. Improve Forecasting and Replenishment**

Vendors and retailers need systems, capabilities and resources to deliver on-time accurate “perfect orders”. Best Practices forecast and replenishment capability includes:

- Process (CPFR Best Practices)
- Technology which provides fully integrated
  - ✓ Data Synchronization
  - ✓ Visibility into the supply chain so the Manufacturer knows where every case is at each key customer
- Commitment to execution and accuracy

*“Have you ever been to a rail yard? When product gets lost there, it is lost for good!”*

Supply Chain Manager at Leading Retailer

## Bottlenecks: Retail Execution

- Delay due to discontinued items slow sell-thru
  - ✓ Late / no advance notice to stores
  - ✓ Promo/merch at retail
  - ✓ Reclamation policy
  - ✓ Monitor proper open slots on Front End
- Retail user-friendly POG communication
- Lack of store arms and legs to effect shelf restocking)
- No audit / control / incentives for prompt / proper plan-o-gram adherence

### Key Success Factors:

- Manage sell-through of discontinued items
  - ✓ Notify stores early
  - ✓ Accelerate sell-thru
- Leverage tools, metrics and incentives to facilitate rapid and accurate store level execution

## Retail Execution:

To achieve Best Practice Speed-to-Market execution at store level requires simultaneously attention to two key issues at retail for each new product:

- Management of delisted items to run their inventories down and free up their shelf space slots.
- Shelf tagging and stocking the new items on shelf or Front End racks.

The Front End presents a higher degree of difficulty than most new products because facings and inventories need to be managed down at every checkout.

***“Bottleneck... sell through and actual pulling off (the old) and shelving new items.”***

Store Manager

One retailer commented on a Best Practice competitor's competency:

***“They aren't afraid to have an area empty for a day or two... and great at overnight changes.”***

Retailers suspect, but don't realize, how big a bottleneck discontinued items are. This is why the first Best Practice in the Retail Execution phase is:

### 1. Manage & Accelerate Sell-Through of Discontinued Items

Best Practices retailers, manufacturers, and distributors are more proactive in collaborating to manage the acceleration the retail sell-through of discontinued items well in advance of new product arrival to stores and scheduled shelf resets, including the following:

**Early communication** – Best Practice retailers notify stores at least two weeks before new product arrival and scheduled reset. At many of the retailers, despite what headquarters told us, store level participants say that lead times for communication of new items are short, and notification of delisted items is all too often even shorter or non-existent.

***“We get notice of discontinued items 2 weeks in advance, usually need 4 weeks.”***

Best Practice Retailer

***“We don't find out what new items are coming till its delivered.”***

Opportunity Retailer

**Acceleration** – Early notification should activate programs at retail to accelerate the sell-thru of discontinued items to begin well in advance of new product arrival and scheduled resets, including:

- Promotions and markdowns
- Point of Sale on tags and otherwise
- Displays/ discount bins

“

***If there's no home for it (on Front End), could sit in back-room for a long time***

Store Manager

”

**“We will sometimes just fill a hole – often the best selling SKU that’s out of stock! We know that’s not right, but it happens.”**

Store Manager,  
Opportunity Retailer

”

## Retail Execution: (continued)

**Automation** - User-friendly communication from headquarters to store level is another key implementation practice that Best Practice retailers employ. For example, store communication via automated shelf tag generation that identifies discontinued items and facilitates managing inventory sell-through of delisted items helps to:

- Identify items as delisted to store employees, vendors, and retail partners
- Prevent the store employee from inadvertently re-ordering discontinued product via scan gun when inventories are low
- Facilitate turn-key implementation for store staff

Our next Best Practice principle is:

### **2. Leverage tools, metrics, and incentives to facilitate/ encourage prompt and proper in-store resets to plan-o-gram**

Achieving proper in-store resets to plan-o-grams is much harder when left to store crew personnel during interim updates:

***“I work part time three days a week, and I do all the new item stocking and tags store-wide... Yeah, there’s a plan-o-gram, but I never have time to look at it so I put it in where I think is best”***

Retail Grocery Clerk

***“What gets done; it really varies. It’s up to the front end manager, or the discretion of each checkout clerk when they open their registers.”***

Store manager at Opportunity Retailer

Best Practices are to manage and encourage proper in-store resets and plan-o-gram compliance. Most retailers do a better job during major resets than for interim updates. Best Practice retailers are faster and more accurate on all launches, reflecting their commitment to Speed-to-Market execution on all launches!

Best Practice solutions can include:

- User-friendly plan-o-gram communication and New Product kits
- Periodic audits and/or POS data reads
- Manage audit results via metrics
- Offer incentives and rewards down to division, store, and stock clerk levels

Some retailers are good at, and take pride in their ability to reset, and self-audit themselves in reporting to headquarters.

***“Stores are required to self audit for shelf tags and product on shelf one week after product arrives in stores. [This is] Audited by store level person and results are posted so all store and division managers can see.”***

*“Things may come to those who wait, but only the things left by those who hustle.”*

Abraham Lincoln

**“We’ve collaborated ... for generations, but the importance of these alliances to P&G has never been greater. We want P&G to be known as the company that collaborates—inside and out—better than any other company in the world.”**

— P&G CEO A.G. Lafley in InformationWeek, Nov 14, 2005

**”**

Good things may come to those who wait, but not for CPG manufacturers and retailers introducing new products. On the contrary, we’ve learned that Speed-to-Market on new products not only improves Retail Earnings, it also translates to higher ratings for Retail Equity.

## *\$100 million a year opportunity*

Retailers leave an estimated \$100 million a year on the table being slow to market on gum and mint new products alone. This represents 2.5% of category sales every year!

***Speed-to-Market Collaboration not only improves Retail Earnings, it improves Retail Equity!***

Shoppers also reward faster retailers with higher ratings for Banner Equity both with their loyalty and with their dollars.

Retailers are presented with more than 30,000 new products every year, and introduce into their stores more than 100 per week. New learning shows us how the speed with which they perform this monumental task makes a tremendous difference to their earnings and banner equity, especially in dynamic, new-product driven categories like Gum and Mints.

The SCORE™ study reveals several key insights and Best Practices to help improve Speed-to-Market execution. However, the overriding principle is that CPFR Best Practices implementation requires **collaboration** and true partnership between manufacturer and retailer to achieve Speed-to-Market results.

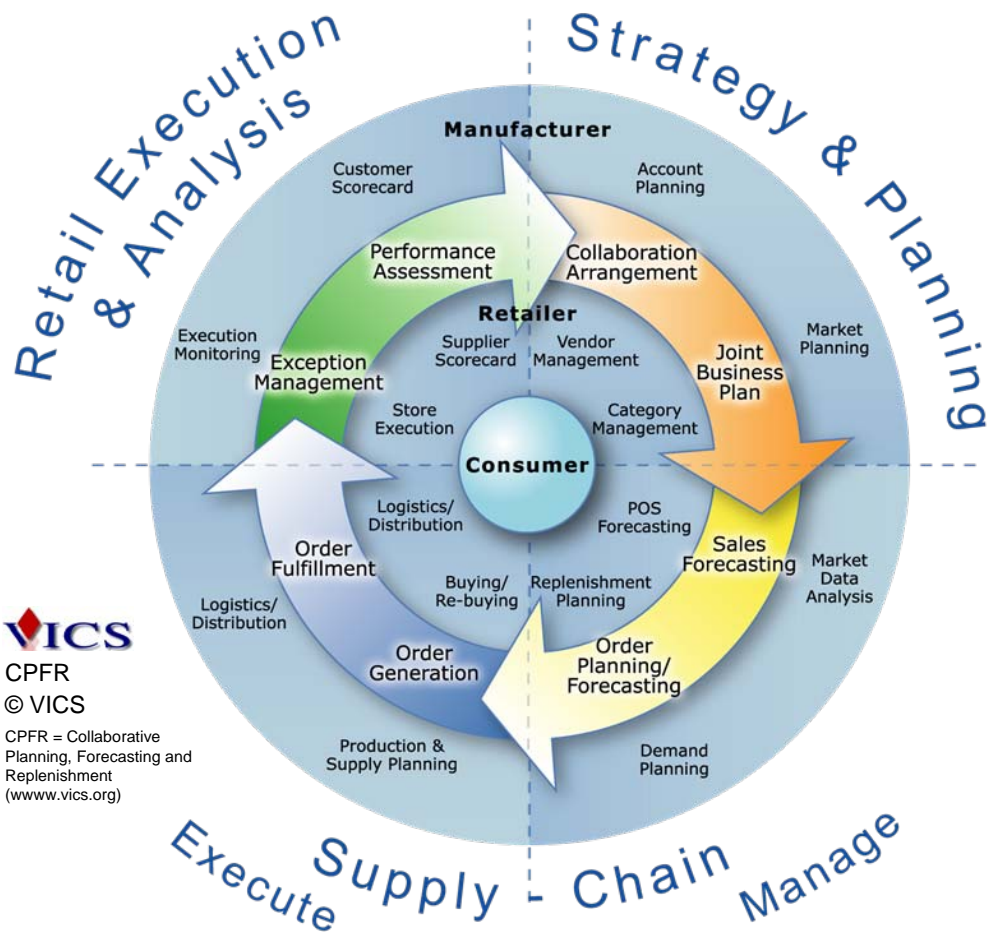
The SCORE™ study not only outlines Collaborative Best Practices, it also includes custom metrics to help identify where your problem areas are, and objective ways to measure and track your progress towards faster execution.

Your Cadbury Adams sales representative is prepared to help retail partners benchmark current Speed-to-Market performance, and where the biggest opportunities for improvement are in Gum and Mints on the Front End. Cadbury Adams representatives are also equipped with Collaborative Best Practices checklists to facilitate manufacturer and retailer collaboration to guide implementation and improve Speed-to-Market... together.





Collaborative Planning, Forecasting and Replenishment provides the industry roadmap to enhance Speed-to-Market.



CPFR  
© VICS

CPFR = Collaborative  
Planning, Forecasting and  
Replenishment  
([www.vics.org](http://www.vics.org))

The CPFR wheel above has been tailored specifically to accelerate Speed-to-Market for new products on the Front End:



This page and the next two provide detailed CPFR process maps for SCORE™ New Product process for Gum and Mints on the Front End. Maps developed by VICS and Edgewood Consulting Group with input from retailers and trade channel participants

