



## *Virtual Roundtable*



# *Industry Joint Business Planning*

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*With Barbara Merriweather*



September 22, 2020

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# Virtual Roundtable

Industry Joint Business Planning

September 22, 2020

**Stephanie Supplee, Coastal Pacific Food Distributors**

**Mike Bender, Proctor & Gamble**

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DeCA

# Joint Business Planning

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**Barbara Merriweather**  
**Category Manager**

**September 22, 2020**





# Joint Business Plan 2021 – Category: RTEC

**Category Role: BASKET BUILDER**  
**High Purchase Frequency / Drives basket size**

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<b>Goals and Key Performance Metrics (point-of-sale)/Panel data</b> <ul style="list-style-type: none"> <li>• Close \$ Share Gap vs. xAOC</li> <li>• Category Growth return to a minimum of +5%, Arrest Sales Decline: xAOC flat (+0.33%)</li> <li>• Patrons Savings in category to meet DeCA target of 23.7%</li> <li>• Product Availability 98% (Pre Covid-19)</li> </ul>			
<b>Situation Assessment</b>	<ul style="list-style-type: none"> <li>• Pandemic purchases have slowed in latest 4 weeks</li> <li>• Impulse purchases/Trips Declining, missed opportunities</li> <li>• Supply/Fill Rate issues due to COVID, and at Distributor level</li> <li>• DeCA Sales \$ -4.0 %, DeCA Units -8.2 % Patron Savings 13.6%</li> <li>• xAOC Sales \$ 7.4%, xAOC Units 4.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Patron Savings – how to manage?</li> </ul>	<ul style="list-style-type: none"> <li>• High out of stocks mainly due to COVID, thus leading to higher than usual holes on shelf</li> <li>• Transactions down due to COVID and base restrictions</li> <li>• Base Access during COVID impact</li> </ul>
<b>Key Plans</b>	<ul style="list-style-type: none"> <li>• Continue including RTEC in every Display Package</li> <li>• Display in Produce and Dairy with dollar/cents off coupons for the respective departments</li> <li>• More multi-coupons (Coffee/Tea &amp; Breakfast Bars)</li> <li>• Leverage bundling events to drive purchases across categories</li> <li>• Improve Fill Rates as we work out of COVID</li> <li>• Mandate all promotions presented</li> </ul>	<ul style="list-style-type: none"> <li>• Expand discussions around base pricing strategy and promo pricing strategy between Industry and Category Manager.</li> <li>• Visibility and Predictability to pricing helps ensure effective trade funds management and inventory management with distributors.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve in stock position by SKU; track and report progress</li> <li>• Hot Deals</li> <li>• Tie-in with Key Events that drive in-store excitement with themed Mass Displays</li> <li>• Military only Coupons</li> </ul>
<b>Execute Measure &amp; Scorecard</b>	<ul style="list-style-type: none"> <li>• Continue including RTEC in every Display Package</li> <li>• Agree upon metrics</li> <li>• ALL present Annual Plan to allow DeCA to plug Deals into Calendar upfront</li> <li>• Create plan to capture all trade funds</li> </ul>	<ul style="list-style-type: none"> <li>• DeCA/Industry own execution</li> <li>• Agree upon metrics</li> <li>• Frequency: monthly updates</li> <li>• Are we growing the category (Joint)</li> <li>• Patron Savings / Shelf Price (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>• DeCA/Industry own execution</li> <li>• Agree upon metrics</li> <li>• Agree upon data source</li> </ul>



# Joint Business Plan 2021 – Category: Coffee

**Category Role: TRAFFIC DRIVER**

**Known for & Drives trips/ high share relative to market/ High purchase frequency/ High Basket Share**

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p><b>Goals and Key Performance Metrics (point-of-sale)/Panel data</b></p> <ul style="list-style-type: none"> <li>• <b>Return Category Growth to a minimum of +5%</b></li> <li>• <b>Be a leader in new Innovation Timing: will assist on adding baseline sales</b></li> <li>• <b>Have Patron Savings in Category meet DeCA Target of 23.7%</b></li> <li>• <b>Relative to Margin, Category Average should be 5%</b></li> <li>• <b>Ensure proper SKU optimization and proper planogram based on Category Leader principles</b></li> </ul>			
<p><b>Situation Assessment</b></p>	<ul style="list-style-type: none"> <li>• Category decline versus Outside the Gate</li> <li>• Leakage: trips declining, missed opportunities</li> <li>• New Season Combined Club Packs/ OTB</li> <li>• Fill Rate issues</li> <li>• Pandemic purchases have slowed in the latest 4 weeks</li> <li>• DeCA Sales \$ <b>-11.5 %</b>, DeCA Units <b>-12.2 %</b> Patron Savings 13.6%</li> <li>• xAOC Sales \$ 7.3%, xAOC Units 3.1%</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Category Margin and Patron Savings</li> <li>• Annual Club Pack Program offerings</li> <li>• Continue National Brand promotional strategy to complement Private Label</li> <li>• Cross Promotional Opportunities</li> <li>• Ensure all segments in the category are represented (price tiers)</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent Display Package opportunities for National Brands through multiple segment and pack sizes</li> <li>• Multiple purchase pricing strategy</li> <li>• Deal of the Week opportunities</li> </ul>
<p><b>Key Plans</b></p>	<ul style="list-style-type: none"> <li>• Establish Joint Promotional Plan</li> <li>• Be a leader in new innovation and tie Category Reviews to innovation timing</li> <li>• Establish Category Margin Scorecard</li> </ul>	<ul style="list-style-type: none"> <li>• Include different National Brand segment and package sizes in each Display Package (i.e. Green Mountain 12ct POD's and Folger's 32ct POD's in same package)</li> <li>• Continue Intro deals on new item innovation (End Caps, Shippers/Pallets, Hot Pricing, Coupons)</li> </ul>	<ul style="list-style-type: none"> <li>• Continue Shipper/Pallet display support</li> <li>• Utilize Social/Digital where applicable</li> <li>• Place promotional items in DeCA Sales Flyer</li> <li>• Utilize coupons to drive sell through at shelf and display</li> <li>• Get back to weekend (Deal of the Week) plan</li> <li>• Continue Display Pallets to drive DP</li> </ul>
<p><b>Execute Measure &amp; Scorecard</b></p>	<ul style="list-style-type: none"> <li>• Created master promotional timing grid</li> <li>• Track new item ACV (90 day on shelf)</li> <li>• Scorecard measuring Category, Segment and Manufacturer Performance (YTD, 26wk and 52wk)</li> <li>• Continue/Benchmark Fill Rates through distributors</li> </ul>	<ul style="list-style-type: none"> <li>• Review average retail vs xAOC/MULO every 13wks</li> <li>• Margin via scorecard and Patron Savings</li> <li>• Improve Patron Savings</li> <li>• Continue with Category Evaluation, removing slow movers</li> </ul>	<ul style="list-style-type: none"> <li>• Review Topline Scorecard</li> <li>• Establish New Item/Existing item benchmarks (Units Per Store/Per Week)</li> <li>• OTB/ Pallet Drops/ Promos</li> <li>• Promotions</li> <li>• Industry Merc. working with Stores</li> </ul>

# Joint Business Plan 2021 – Category: Soup

**Category Role: BASKET BUILDER**

**Known For & Drives Trips / High Share Relative to Market / High Purchase Frequency / Drives Large Baskets**

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p><b>Goals and Key Performance Metrics (for Category or Segment)</b></p> <ul style="list-style-type: none"> <li>• <b>Close \$ Share Gap vs. Nielsen's xAOC and IRI's MULO, reverse sales declines</b></li> <li>• <b>95% product Availability, increase shopper basket size (Increase Average Basket by 2 items)</b></li> <li>• <b>Bring more innovation (developing trends outside the gate)</b></li> <li>• <b>Increase Transactions</b></li> </ul>			
<p><b>Situation Assessment</b></p>	<ul style="list-style-type: none"> <li>• Trips Declining, missed opportunities</li> <li>• Out-performed vs civilian retailers (high leakage)</li> <li>• Assortment weakness vs civilian retailers</li> <li>• Supply/Fill Rate issues due to COVID, and at Distributor level</li> <li>• DeCA Sales \$ 3.0 %, DeCA Units -2.0 % Patron Savings 19.6%</li> <li>• AXOC Sales \$ 16.2%, AXOC Units 11.3%</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of mandates during COVID</li> <li>• Ensure competitive patron savings and clear pricing strategy</li> <li>• Ensure key items are carried and trending new items and segments</li> </ul>	<ul style="list-style-type: none"> <li>• Base Access during COVID impact</li> <li>• Some Missed Mandate opportunities</li> </ul>
<p><b>Key Plans</b></p>	<ul style="list-style-type: none"> <li>• Improve Fill Rates as we work out of COVID</li> <li>• Mandate all promotions presented</li> <li>• Review new Innovation in May/June (July Execution) Prior to Soup Season</li> <li>• Launch New Items utilizing any available Shippers/Pallets to increase trade funds</li> </ul>	<ul style="list-style-type: none"> <li>• Take advantage of every Deal presented that in turn will help drive Patron Savings – include on shelf, as well as end cap promotions</li> <li>• Review P Code 60 day Policy...stores to continue ordering for entire 60 days</li> <li>• Complete and execute category review and resets, annual reviews to take place in Feb/March time frame <b>(was summer in 2020)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Strive to be first to Market on New items to compete with Retail outside the gate</li> <li>• Tie-in with Key Events that drive in-store excitement with themed Mass Displays</li> <li>• Cross promotional Opportunities— Produce: Soup/Salad Deli: Soup/Bread</li> </ul>
<p><b>Execute Measure &amp; Scorecard</b></p>	<ul style="list-style-type: none"> <li>• Present Annual Plan to allow DeCA to plug Deals into Calendar upfront....reallocate if needed upfront so no surprises</li> <li>• Create plan to capture all trade funds</li> <li>• Fill Rate (Minimums) (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>• Patron Savings / Shelf Price (Joint)</li> <li>• POG integrity jointly maintained with store management and manufacturers</li> <li>• Industry/DeCA coordinated promo plan</li> </ul>	<ul style="list-style-type: none"> <li>• Pricing strategy executed by DeCA with input from industry</li> <li>• Promotional execution worked by industry with support of store management</li> <li>• First to market with new items</li> </ul>



# Joint Business Plan 2021– Category: Spices

**Category Role: BASKET BUILDER**  
**High Purchase Frequency / Drives basket size**

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p style="text-align: center;"><b>Goals and Key Performance Metrics</b></p> <ul style="list-style-type: none"> <li>• <b>McCormick Share at DeCA is 29.2% higher than Total US</b></li> <li>• <b>McCormick Spice \$ +9%/DeCA Spice \$ +11.8% (latest 52 week)</b></li> <li>• <b>Increase Closure</b></li> <li>• <b>Basket Dollars +1.7%, Patrons Savings is 35.7%</b></li> <li>• <b>Product Availability 98% (Pre-COVID)</b></li> </ul>			
<p style="text-align: center;"><b>Situation Assessment</b></p>	<ul style="list-style-type: none"> <li>• Slow speed to shelf on new items</li> <li>• Key promotion execution (Hit key grilling timing March/May/late June)</li> <li>• Declining sales driven by COVID / reduced transactions</li> <li>• Lack of cross merchandising and recipe opportunities</li> <li>• DeCA Sales \$ 7.4%, DeCA Units -2.3 %</li> <li>• Patron Savings 29.7%</li> <li>• xAOC Sales \$ 21.9%, xAOC Units 15.7%</li> </ul>	<ul style="list-style-type: none"> <li>• Strong patron savings across McCormick line</li> <li>• Ensure key items provide everyday value</li> <li>• Longer VPR activity on grilling season</li> <li>• Submitting large and smaller pallets for the K1 thru K5 stores and only one being selected for promotion. Mostly stopping the smaller stores from the deals</li> <li>• Longer VPR activity on grilling season</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistency in POGs</li> <li>• Execute key promotional timing</li> <li>• Drive patrons to the section</li> <li>• Multiple point of sales opportunities throughout the commissary</li> </ul>
<p style="text-align: center;"><b>Key Plans</b></p>	<ul style="list-style-type: none"> <li>• New items on shelf 30 days from start ship</li> <li>• Kick off grilling in late March for a head start on retail</li> <li>• Cross Merchandising McCormick Meat Rack:               <ul style="list-style-type: none"> <li>Grilling Programs</li> <li>Holiday plans</li> <li>Meat Rack</li> <li>Recipe Items</li> </ul> </li> <li>• Secure the right assortment (Top 20 spices SKUs do 80% of the total business)</li> </ul>	<ul style="list-style-type: none"> <li>• Highlight key items on shelf</li> <li>• Target key items for everyday savings – Black Pepper, Garlic and Vanilla</li> <li>• Start VPR activity in March</li> </ul>	<ul style="list-style-type: none"> <li>• POS header roll out in Q2 2021 (new header/shelf strips for spice section) Testing in Texas store already approved with SO and Fort Sam</li> <li>• Meat rack and in aisle shelf extender placement</li> </ul>
<p style="text-align: center;"><b>Execute Measure &amp; Scorecard</b></p>	<ul style="list-style-type: none"> <li>• First ship of New Innovation</li> <li>• Ensure product is in stock in distributors on shelf in commissaries (Stockers need to be there to stock)</li> <li>• Evaluate innovation/new items 6 to 8 months after final store set to POG verifying if items are working</li> </ul>	<ul style="list-style-type: none"> <li>• Continue with Cat Evaluation, removing slow movers</li> <li>• Ensure all segments in the category are represented</li> <li>• Item to item checks with outside retailers</li> </ul>	<ul style="list-style-type: none"> <li>• Manage fill rates going into and out of the Distributors to prevent Out of Stocks</li> <li>• Continue capitalizing on new innovation as soon available</li> </ul>

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# Questions? Comments?

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Industry Joint Business Planning – Introductory Session





*Virtual Roundtable*



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