



Virtual Roundtable



Industry Joint Business Planning

With LaRue Smith



September 24, 2020

ALA DISCLAIMER

"ALA operates under a policy of strict compliance with federal and state antitrust laws. Violations of those laws can pose serious consequences for ALA and its officers, directors, staff, and members. Be sure to read the ALA Antitrust Compliance Statement contained in your board books and let me know if you ever have any questions or concerns about these issues."





Virtual Roundtable

Industry Joint Business Planning

September 24, 2020

Stephanie Supplee, Coastal Pacific Food Distributors

Mike Bender, Proctor & Gamble

ALA COMMISSARY COUNCIL



Achieving Success Through Teamwork

Team HBC!

- Ruth Mereus, Merchandising Specialist
- Harry Farrell, Merchandising Specialist
- Micah Richardson, Merchandising Specialist
- William Dial – Business Analyst
- Gloria Duncan – Business Analyst
- Dana Nowden, FM Assistant
- Matthew Seeger, FM Assistant

Team Industry!



HBC JBP Categories

- Oral Care
- Diapers & Training Pants
- Body Wash & Soaps
- Shave Needs



Agenda

- Category Role
- DeCA Initiatives
- Goals & Key Performance Metrics
- Situation Assessment
- Keys Plans
- Execute, Measure And Score Card
- Next steps

Questions?

Joint Business Plan – Category: Oral Care

Category Role: Basket Builder

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

DeCA -4.5% \$ and -7.69% Units, Retail -2.7% \$ and -1.2% in Units

DeCA Initiatives

Drive Basket Size

Drive Value

Drive Transactions

Goals and Key Performance Metrics (for Category or Segment) Measure Nielsen/Home Scan

- Arrest Sales Decline
- 98% Product Availability
- Increase Average Shopping Basket by 2 Items
- Increase Transactions

Situation Assessment

- Sales are lagging: Total Oral Care \$ declining at 99 vs. 104 xAoc (L26W)
- Channel Leakage Club & online
- Trips are declining faster than US -10.3% vs -1.3% US
- Sales impacted by OUS (Out Of Stocks)/low fill rates/vendor stocking

- Continue to strive to improve everyday savings and promotional savings goal of 23.7%
- Brand family conflicts
- Collaborate with suppliers to correct mis-aligned pricing

- Units per Trip UP – 1.7 (+1.0%)
- Dollars per Trip UP - \$5.90 (+11.30%)
- Buyers are spending more when they shop UP \$24.30 (+6.1%)
- Closure rate 38% (IYA 96)

Key Plans

- Communicating DeCA/suppliers
- Collaborate with suppliers to improve product availability
- Focus on SKU Optimizations efforts
- Establish Annual Promo Plan
- Target top selling/lesser performing sub-categories
- Create margins
- Develop score card

- Consider expanding CSB items
- Cross promote w/CSB & NB items
- Offer shippers/half pallets
- First to market to introduce new items
- Partner w/Exchange outlets
- Family pricing accuracy

- Category reviews/business evaluations
- Partner with suppliers to validate POGs
- Offer high value coupons
- Take advantage of social media/shopper insights opportunities to highlight new items

Execute Measure & Scorecard

- Collaborate with suppliers to review & track performance quarterly
- Score card all types of promotions e.g. Annual Promotional Plan, DPs, DOW's and etc.

- Make changes to program if needed
- Score DPs/Promo results
- Document results

- Scorecard Category performance
- Mirror best in class retail layouts
- Make facts adjustments on facts

Diapers & Training Pants Joint Business- Collaborative Plan – Occasional/Traffic Driver
DeCA -12.5% \$ and -17.4% in units, Retail -0.9% \$ and -5.2% units,

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p align="center">Goals and Key Performance Metrics (for Category or Segment) Measure Nielsen/Home Scan</p> <ul style="list-style-type: none"> • Grow \$ Sales/units +2% • Trips/Transactions +2% • Share of Wallet +2% IYA • 98% Product Availability 			
<p>Situation Assessment</p>	<ul style="list-style-type: none"> • At DeCA total diaper trips are declining 19.5% while units per trip are up 17% and \$ per trip are up 26% • Leakage to mass is flat while club leakage is indexing at 85% <ul style="list-style-type: none"> • Utilizing club display program will help • Online shopping impact 	<ul style="list-style-type: none"> • Continue to improve patron savings • Variable pricing on KVIs and trip drivers causing odd and uncompetitive pricing • On baby wipes, perform post COVID category and share of shelf evaluations 	<ul style="list-style-type: none"> • DeCA's share of wallet of category is 12% and indexing at 93% • 47% of DeCA's leakage is to the mass channel • DeCA's closure rate is 21% and indexing at 93%
<p>Key Plans</p>	<ul style="list-style-type: none"> • Communicating DeCA/suppliers • Collaborate with suppliers to improve product availability • Focus on Sku optimization/slow selling items • Establish Annual Promo Plan • Create Margins • Offer half pallets top baby stores (Special Program) • Offer club pack sizes • Develop score card 	<ul style="list-style-type: none"> • Consider expanding CSB items • Cross promote with CSB with NB • First to market to introduce new items • Offer marketing signage to highlight new items • Increase promotional opportunities • Partner with the Exchanges outlets 	<ul style="list-style-type: none"> • Category reviews/ business evaluations communication • Validate POGs integrity • Work with Store Opns/suppliers to improve execution • Focus on basics e.g. right product, right price & right location
<p>Execute Measure & Scorecard</p>	<ul style="list-style-type: none"> • Measure Annual Promo Plan • Cross promote • Heavily promote diapers on Endcaps/Wall of Value 	<ul style="list-style-type: none"> • Scorecard promotions results • Score card DPs/Promo results • New items review (180 days) 	<ul style="list-style-type: none"> • Scorecard Category performance review 180 days • Mirror promo schedule with retail • Mirror POGs layouts with best in class retailers

Joint Business Plan – Category: Body Wash & Soaps

Category Role: Basket Builder

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

DeCA 1.5% \$ and -5.5 % Units, Retail 28.5% \$ and 22.4% Units

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p align="center">Goals and Key Performance Metrics (for Category or Segment) Measure Nielsen/Home Scan</p> <ul style="list-style-type: none"> • Arrest Sales Decline • 98% Product Availability • Increase Average Shopping Basket by 2 Items • Increase Transactions • Basket : -3.2%, Patron Savings: 21% 			
<p align="center">Situation Assessment</p>	<ul style="list-style-type: none"> • Total PCC is lagging the market (L26) DECA: 103 xAoc: 130 • Channel Leakage: Mass and Club • Household buying is decreasing faster than xAOC (US .9% vs. Deca -12.3%) • Buyers Trips are down and \$ per trip are trailing the market • COVID-19 impact 	<ul style="list-style-type: none"> • Patron savings less than 23.7% with certain suppliers • Offer more Club pack items offers (extreme value and easy to execute) on Pump body wash and gallon LHS) • Communicate pricing and promotional issues 	<ul style="list-style-type: none"> • Units per trip – 3.3 (xAOC: 1.6) • Dollars per trip- \$ 5.10 (xAOC: \$6.20) • Closure rate: 29% (92 IYA)
<p align="center">Key Plans</p>	<ul style="list-style-type: none"> • Collaborate with suppliers to improve product availability • SKU Optimization/slow moving items • Establish Annual Promotional Plan • First to market to add new innovation • Establish Margins goals • Focus on COVID-19 items • Develop score card 	<ul style="list-style-type: none"> • Communicating DeCA/suppliers • Consider expanding CSB items • Cross promote with CSB & NB • Market new items with signage, VPRs, & coupon support • Brand family pricing 	<ul style="list-style-type: none"> • Offer Sidewalk OTBS to drive patrons to DeCA's stores • Cross promote (Bars w/liquid) • Cross promote w/ NBE & CSB items • Social media engagement /customer awareness (new items & etc.) • Continue to partner w/Exchanges outlets
<p align="center">Execute Measure & Scorecard</p>	<ul style="list-style-type: none"> • Score card Annual Promotional Plan • Score card DP endcaps/Wall of Value Promo's • Quarterly internal business reviews for in-depth analysis 	<ul style="list-style-type: none"> • Make changes to program as needed • Score card DPs & shippers results 	<ul style="list-style-type: none"> • Review Category performance after 180 days • Mirror retail promo schedule • Mirror best in class retail layouts

Joint Business Plan – Category: Shave Needs

Category Role: Basket Builder
Known For & Drives Trips / High Share Relative to Market / High Purchase Frequency / Drives Large Baskets
DeCA -10.2% \$ and -19.7 % units, retail -2.5% \$ and -7.0% units

DeCA Initiatives	Drive Basket Size	Drive Value	Drive Transactions
<p style="text-align: center;">Goals and Key Performance Metrics (for Category or Segment) Measure Nielsen/Home Scan</p> <ul style="list-style-type: none"> • Arrest Sales Decline • 98% Product Availability • Increase Average Shopping Basket by 2 Items • Increase Transactions 			
<p style="text-align: center;">Situation Assessment</p>	<ul style="list-style-type: none"> • Channel Leakage up Drug YOY 117 & Club YOY 112 • Under-performing versus outside-the-Gate <ul style="list-style-type: none"> A. Base Restrictions B. Online shopping growth outside-the-gate • Sales impacted by OUS /vendor stocking challenges 	<ul style="list-style-type: none"> • Assess category margin and patron savings • Ensure all trade funds are used • Vendors lacking visibility to shelf pricing 	<ul style="list-style-type: none"> • Communicating intent in advance of category reviews for new items /innovation
<p style="text-align: center;">Key Plans</p>	<ul style="list-style-type: none"> • Collaborate with suppliers to improve product availability • SKU optimizations efforts/slow moving items • Establish Annual Promo Plan • Establish Margins goals • First to market with new items /new innovation • Develop score card 	<ul style="list-style-type: none"> • Communicating DeCA/suppliers • Consider expanding CSB items • Cross promote w/CSB & NB items • Partner with the Exchange outlet when possible • Utilize shippers/OTBs with brand coupons 	<ul style="list-style-type: none"> • Category reviews/business reviews communication • Partner with suppliers to validate POGs integrity • Schedule / Publish category reset timeline • Partner with Shopper Insights to major new item rollouts and/or major changes
<p style="text-align: center;">Execute Measure & Scorecard</p>	<ul style="list-style-type: none"> • Score card Annual Promotional Plan • Score card DP endcaps/Wall of Value Promo's • Evaluate category/performance after 180 days 	<ul style="list-style-type: none"> • Make changes to program as needed • Score card DPs & shippers results 	<ul style="list-style-type: none"> • Receive Input on POGs before publishing • Mirror best in class retail layouts • Scorecard category vs Outside-the-Gate (quarterly?)

Questions? Comments?





Kellogg's®



Bob Evans®



Unilever

UNFI | MILITARY DISTRIBUTION

EURPAC

RI ROBERT IRVINE foods

Bolthouse® FARMS



THE SOUL of COOKING



Industry Joint Business Planning





Virtual Roundtable



Industry Joint Business Planning

With LaRue Smith



September 24, 2020