

CASE STUDY: DREYER'S & FARM FRESH

GETTING THE SCOOP ON SCAN BASED TRADING WITH FARM FRESH

Dreyer's Grand Ice Cream manufactures and distributes a full spectrum of ice cream and frozen dessert products internationally, including Häagen-Dazs®, Nestle Crunch®, Starbucks®, and The Skinny Cow®. The company's premium products are marketed under the Dreyer's brand name throughout the western U.S. and Texas, and under the Edy's name throughout the rest of the country. Combined, Dreyer's and Edy's is the nation's top selling brand of packaged premium ice cream. The company supplies grocery stores, convenience stores, mass-merchandisers, and many other outlets.

CLIENT:

"When scan based trading is done right, it's a collaborative, mutually beneficial relationship between retailer and supplier. Dreyer's has always seen the value of SBT, and it's a privilege for us to be conducting SBT with Farm Fresh."

-John Shreve, Manager of Scan Based Trading Development
Dreyer's Grand Ice Cream

"Scan based trading changes the relationship between retailer and supplier. It removes the drudgery of operations and allows both parties to focus on sales."

-Bill Parker, Vice President of Grocery Merchandising
Farm Fresh

To find out more about Park City Group solutions, call us at 435-645-2000 or visit us on the web at www.parkcitygroup.com.

CHALLENGE:

SBT MEANS BUSINESS DOWN ON THE FARM

Back in 1999, when the first third-party scan based trading (SBT) offering was introduced by Park City Group (the former vialink Company), Dreyer's was among the first companies to raise its hand. The company recognized the operational efficiencies to be gained from SBT – a method of retail commerce in which the supplier owns the inventory until it scans out at the point of sale – could benefit its bottom line significantly.

One of Dreyer's retail trading partners is Farm Fresh, a SUPERVALU company. Consistently named Best Grocery Store in Readers' Choice polls, Farm Fresh always keeps its focus on the customer with an uncompromising commitment to quality. Farm Fresh has been conducting SBT with Park City Group since 2002, and according to Bill Parker, vice president of grocery merchandising at Farm Fresh, SBT changes the relationship between the retailers and supplier. It removes the drudgery of operations (pricing, synchronization, back door receiving, inventory concerns) and allows both parties to focus on what matters most – sales. "Our vendors are all on board with SBT," said Parker. "There's not one of them who wants to go back to the old way of doing business."

A proponent of SBT for many years, Dreyer's is an enthusiastic participant in the Farm Fresh SBT program. Why? Because Dreyer's knows from experience that SBT enables the company to increase sales, realize route efficiencies, reduce invoice discrepancies, and improve its relationship with Farm Fresh. And indeed, this collaborative effort will benefit both Farm Fresh, who will be assured of having everyone's favorite ice cream on the shelf; and Dreyer's, who will use open receiving windows to maximize distribution benefits.

SOLUTION:

ANOTHER SERVING OF SBT

In typical Dreyer's style, the company has found another innovative way to leverage SBT data to increase sales at Farm Fresh. Armed with an arsenal of handheld devices that utilizes POS data from the Park City Group application to generate suggested orders, Dreyer's sales force uses demand data to support its orders for both promoted and non-promoted products. Movement data (replenishment and inventory) from the Park City Group system is loaded into the handheld on a daily basis; the forecast is entered (how many days supply is needed); and a suggested order is generated. Dreyer's will leverage the scan sales data from Farm Fresh to generate more accurate orders, a capability that will come in handy when trying to determine consumer response to store promotions. The result? More accurate deliveries, improved in stock position and ultimately, increased sales.

Because of production schedules, orders tend to be delivered in clumps, which means that Thursday's order for ice cream may arrive on Monday. Not only is the product several days away from the store shelf, but also the retailer has to store it. This new technology also lets Dreyer's balance its orders by day of the week, which means less inventory fluctuation for retailers like Farm Fresh.

RESULTS:

NO ROCKY ROAD HERE

In today's retail market, the trading partners who collaborate with the consumer in mind will be the big winners. The real benefit of the strategic partnership between Dreyer's and Farm Fresh is their ability to create a better customer experience by working together.

"We see the benefits of SBT, and our vendors see them too," says Parker. "In fact, not one of my suppliers would go back to the old way of doing business with Farm Fresh. With SBT, everybody wins."

