

GS1

Validoo value proposition for
FMCG suppliers

SALE
NEW PROMOTIONS

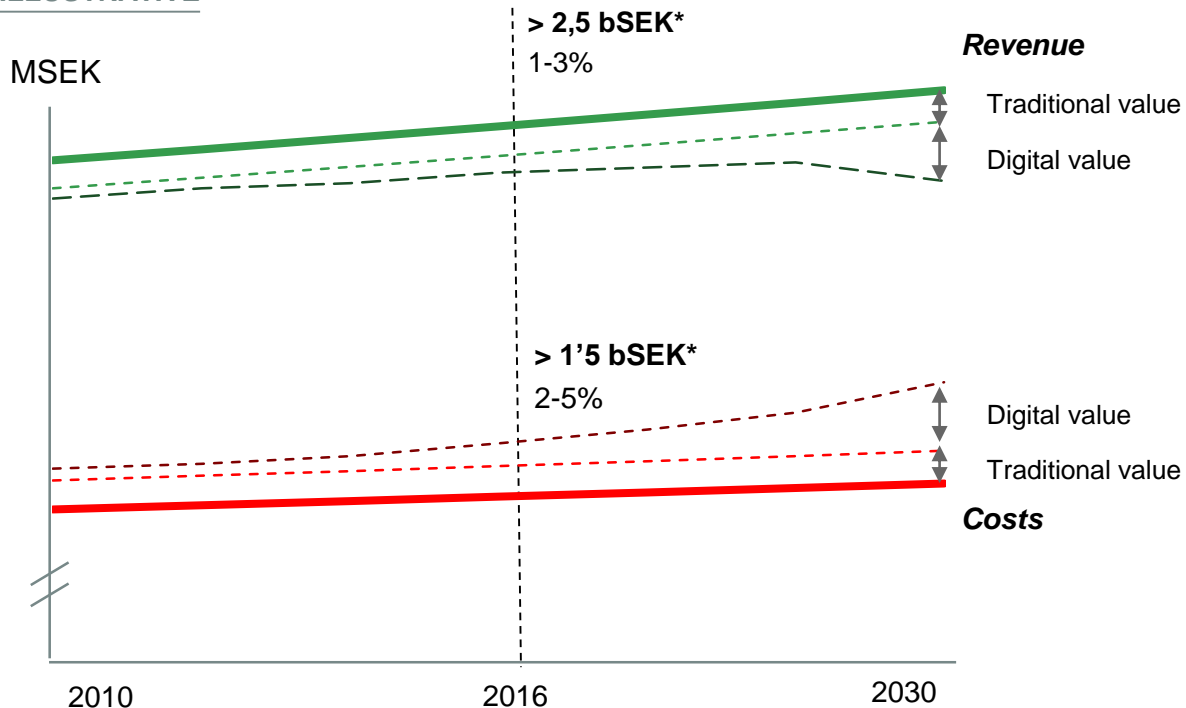
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Strategy | Consulting | Digital | Technology | Operations

Validoos services has realized values for Swedish FMCG suppliers exceeding 2,5 bSEK in increased sales and 1,5 bSEK in reduced costs

Conclusion

ILLUSTRATIVE



*Realized value related to Validoo for the Swedish food industry,

Key findings

- The business case shows that Validoos services has realized values for suppliers in the range of
 - 1-3% increased revenue and
 - 2-5% reduced cost
 - depending on the suppliers capabilities to manage product data quality

Fast moving consumer goods (FMCG) suppliers has a difficulty of pinpointing the value of Validoos services

Introduction

Background

- Validoo is **mainly associated with efficiency gains for retailers** while suppliers has a difficulty of pinpointing the value for them
- Product master data is also undergoing a **shift from only being seen as a tool to reduce cost in the supply chain to include potential in revenue gains** when controlling and maintaining high quality in product master data.

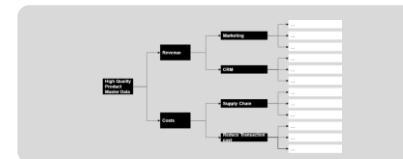


Digital Retail Trends



- What are the key trends impacting digital product information?
- How do the trends impact suppliers?
- What impact does the trend have on the future value of Validoo's service?

Business case



- What values do Validoo's service bring to suppliers?
- What values are linked to traditional supply chain benefits and what other benefits does the service bring?

Digital product information's increase in importance and complexity has created a shift in how suppliers and retailers are working with digital product information

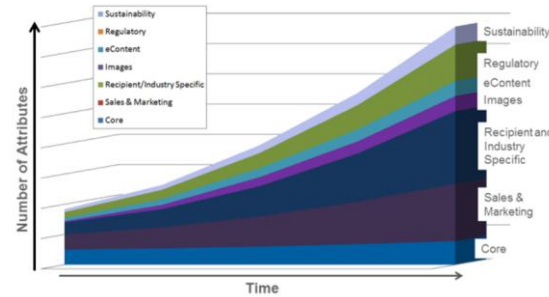
Digital product information trends

Digital consumer trends



Consumers are adopting quickly to the digital transformation, their behaviour is increasingly liquid and they want to be empowered...

Product information complexity



... thus consumers behaviour is driving an **explosion of new services and product information** creating a more complex digital world...

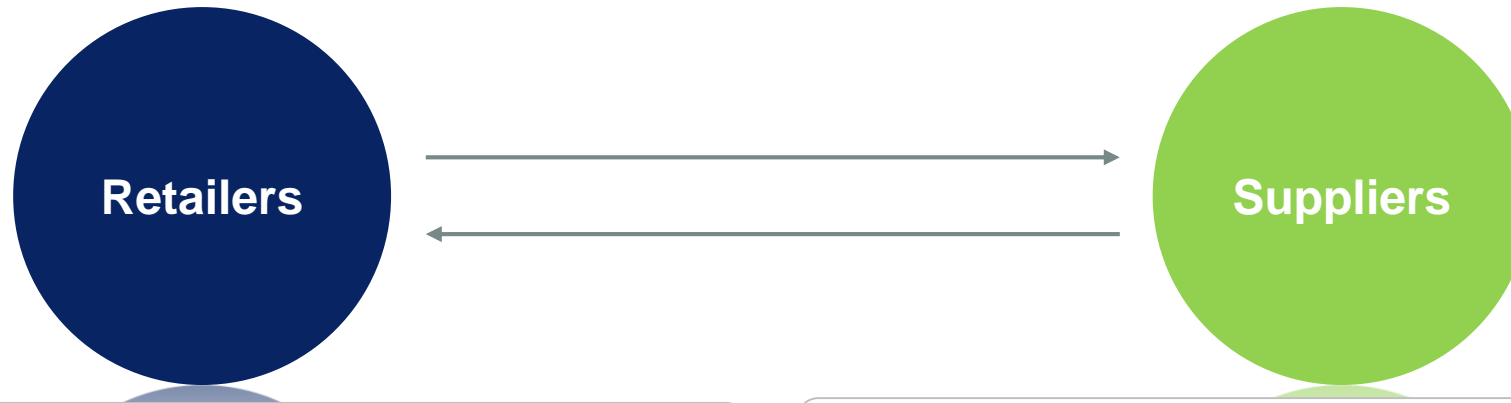
Managing product information



...creating a **shift in how both retailers and suppliers are working** with product information.

Suppliers ownership of product information is increasing due to new consumer behavior and increased data complexity

Shift how suppliers work with product information

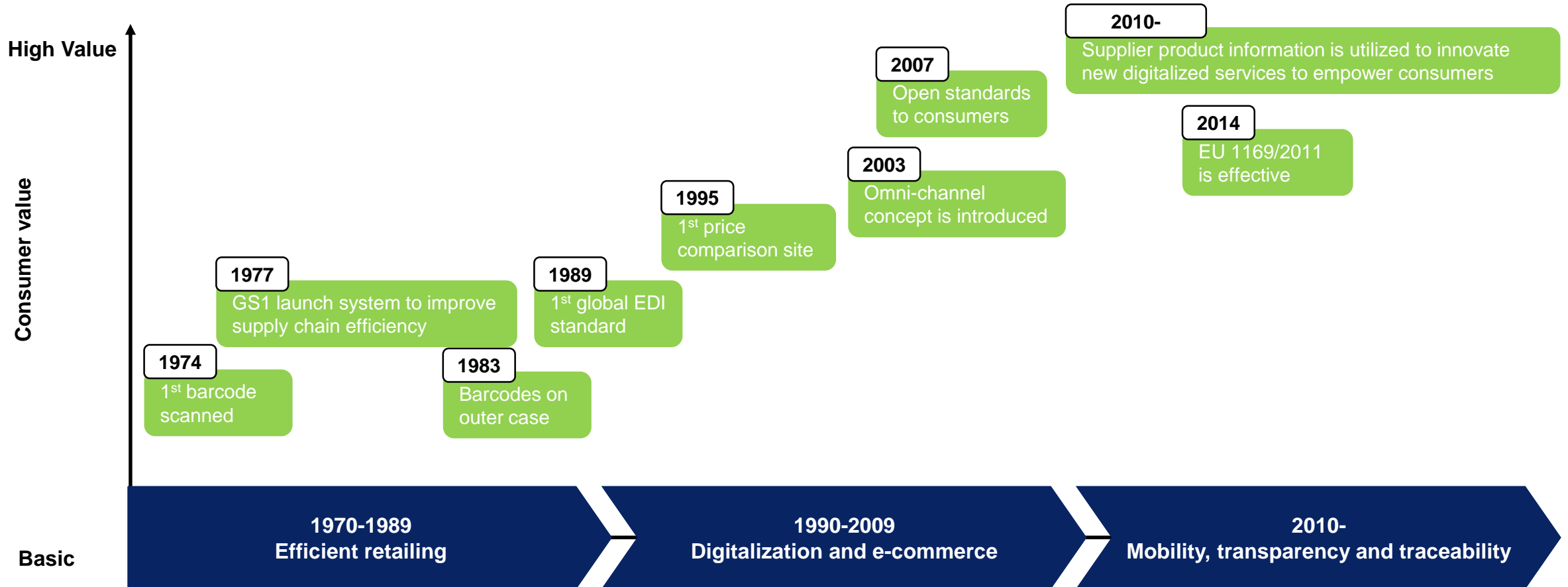


- To keep up with the quickly shifting consumer behavior **retailers are focusing on increasing traffic and distribution**
- Retailers are trying to **take control of the customer journey** by creating new roles, example “Journey Product Manager”
- Category managers wants to spend more time on tactics than managing product information - **publishing the suppliers product information directly online**

- Increased pressure on supplier to provide digital product info, driven by **new regulations (EU) 1169/2011 and the increased awareness of product safety** in the industry
- Retailers are also pushing the **ownership of merchandising** to suppliers - suppliers provide product marketing content to enable retailers online business
- Suppliers today realize the value of product information, many **invest in new master data roles** to ensure product information quality
- Product information value has **broadened from being mainly a SCM/IT interest to marketing**, example PIM clients today are CMOs

Digital product information has evolved from a focus on supply chain efficiency to satisfy consumer needs

Evolution of product information



Standardised and validated product information remains important to ensure supply chain efficiency but is also a basis to secure digital business

Summary of trends

Digital content is increasingly important in the customers shopping experience
Digital consumer trends driving product data

Consumers rapid digital adoption has reshaped the method of shopping

Customers are empowering themselves

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Rapid increase of new services and digital product information creates new business opportunities for suppliers but it also more complex domain to operate in
Growing complexity of services and attributes

More online retailers and services ...

- Amazon**
 - Del home delivery from just 1000 to 100 million SKUs
 - Home delivery of groceries together with electronics, books etc.
 - Continued growth of number of online retailers is forcing traditional retailers to be innovative and to create new partnerships creating more complex supply chains
- ICA postford**
 - Consumers demand to get computerized without the need to be at home by using a digital lock
- COOP gustavly**
 - Personalized driver experience based on your data, preferred parking spots etc.

...AND more data

- Demand for more product attributes is driven by changed consumer behaviour - new regulations and by the suppliers. There are currently 3000 attributes in GS1 with continued growth

Do what?
Providing access to correct product data is an enabler for new business, lowering market entry barriers for services business creating new opportunities for B2B and B2C. Ensuring correct and consistent product data in all channels increases when the range of trading partners and services widens, supply chain complexity increases and more product data attributes are required.

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Suppliers ownership of their product data is increasing and the core purpose has broadened due to new consumer behavior and increased data complexity
Shift how suppliers work with product data

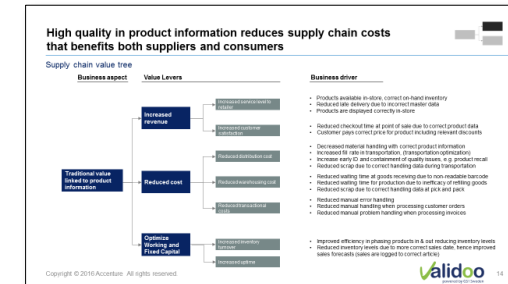
Suppliers

Retailers

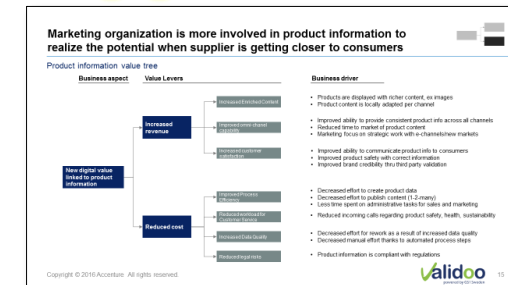
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- Retailers are also pushing the ownership of merchandising to suppliers - suppliers provide product marketing content to enable retailers online functions
- Suppliers today realize the value of product data, many invest in new master data tools to ensure product data quality
- Product information value has broadened from being mainly a SCMIT interest to marketing, example FM clients today are C&A
- To keep up with the rapidly shifting consumer behavior retailers are focusing on increasing traffic and distribution
- Retailers are trying to take control of the customer journey by creating new roles, example "Senior Product Manager"
- Category managers want to spend more time on factors than managing product data, publishing the suppliers product data directly online, example Autod

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Traditional values are driven by ensuring an efficient supply chain

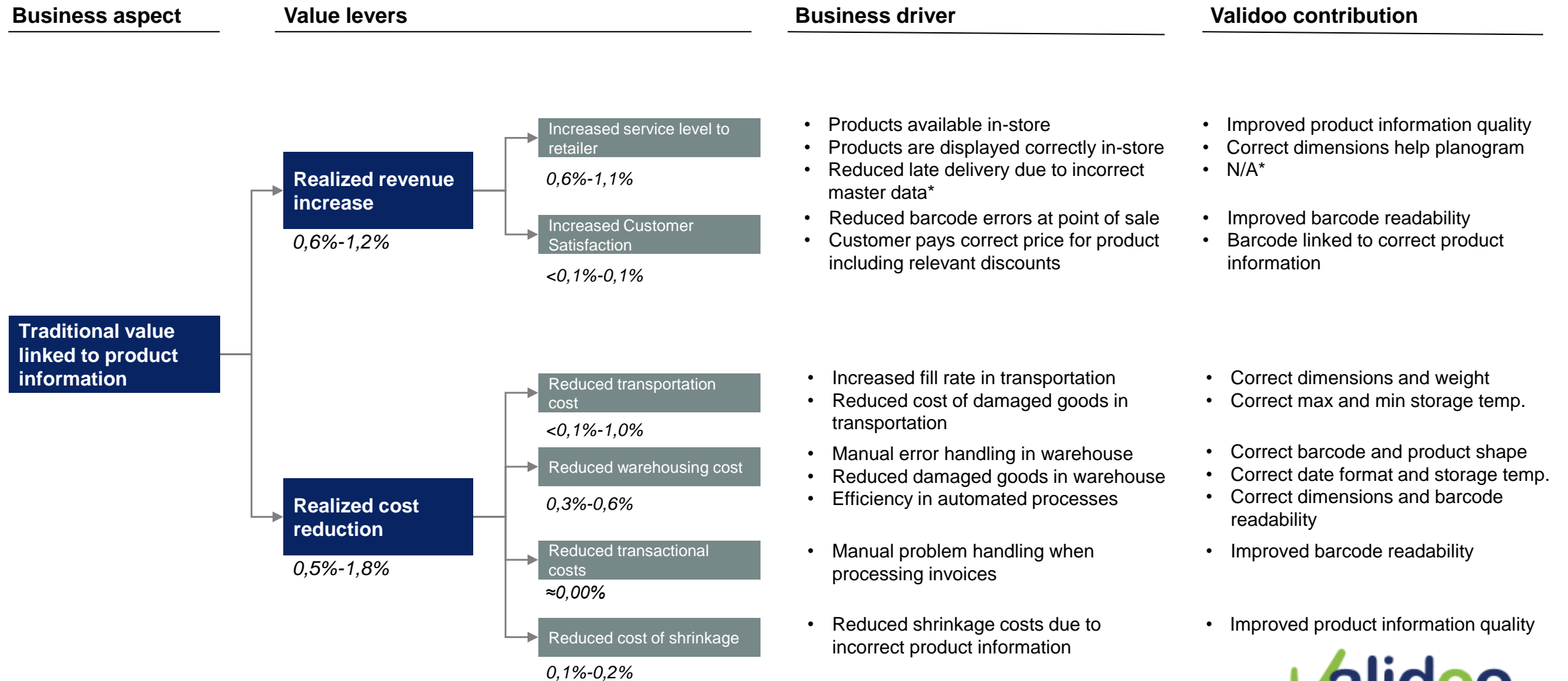


Digital values are driven by changing consumer behaviour



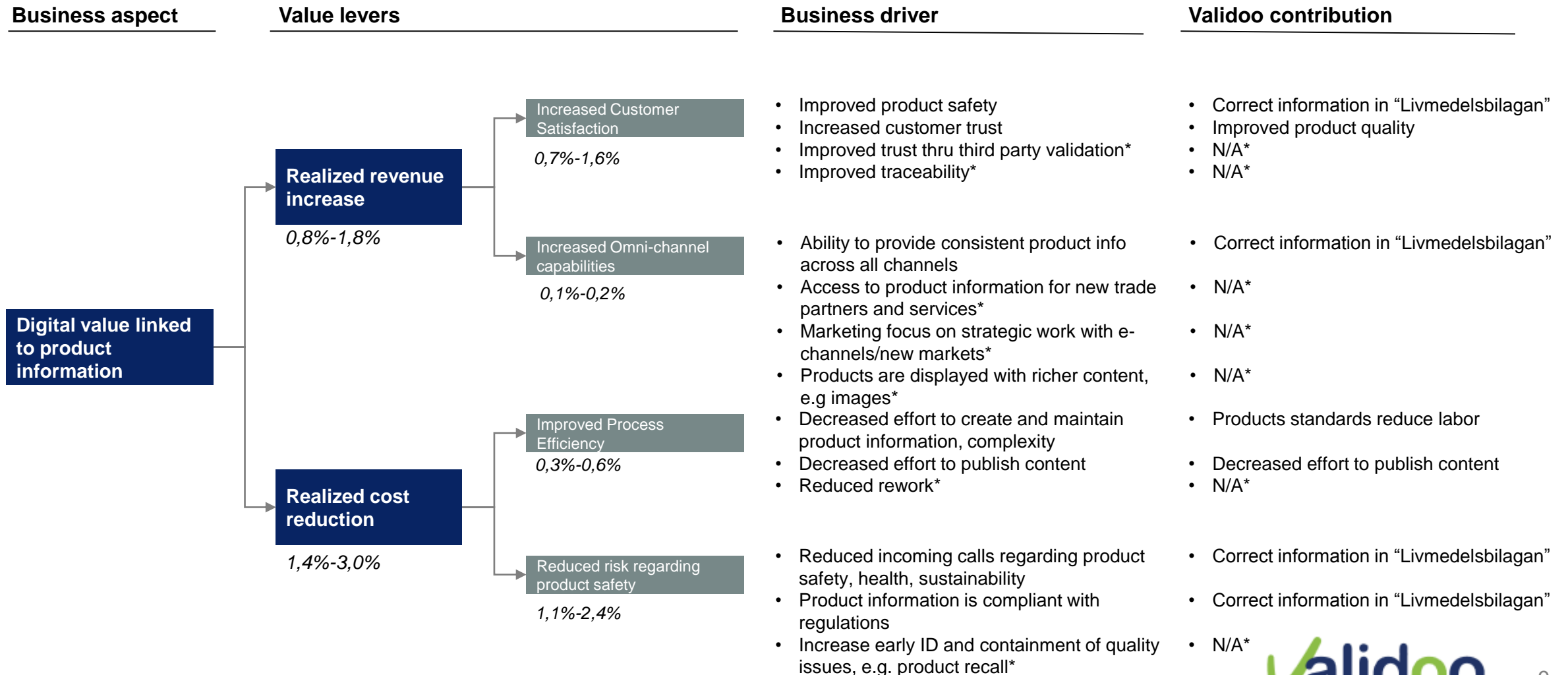
Supply chain efficiency remains critical as supply chains are getting more complex, integrated and automated and more vulnerable to product information errors

Traditional value tree



Enabling new digital retailers and service providers with validated product information secures trust from the consumer for the supplier

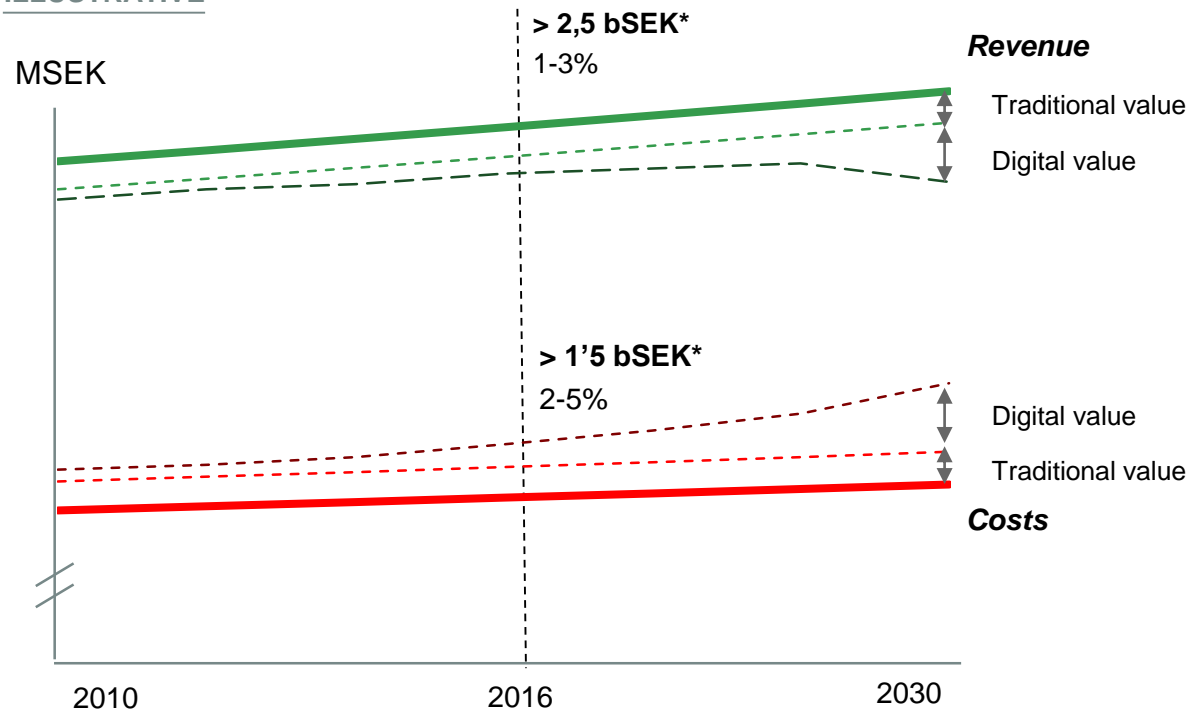
Digital value tree



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Key findings

- The business case shows that Validoos services has realized values for suppliers in the range of 1-3% increased revenue and 2-5% reduced cost depending on the suppliers capabilities to manage product data quality
- Some of the largest contributors to the business case are tied to the reduction of OOS levels, improved ability to provide consistent product info across all channels and the reduced risks of product recalls.
- Trends indicate that the future value of Validoos will increase, driven mainly from the digital content values:
 - A larger market share of online grocery sales will increase digital product information's influence on sales in all channels
 - Increasing number of receivers and number of attributes will increase the cost of creating and distributing product information
- Interviews with suppliers confirms that despite Validoos relevance, suppliers often focus on the administration connected to using Validoos rather than on the output of the service.
- Additional values not quantified in the business case should also be taken into account, e.g . improved traceability and improved brand credibility through third party validation.