SMOKE JUMPERS

Chicago - May 10

# Smoke Jumpers XVII LondonHouse

SMOKE JUMPERS

# Optimizing Your New Product Volume Forecasting Methodology

**Warren Solochek**
**President, Foodservice Division NPD**

# Optimizing Your New Product Volume Forecasting Methodology

Presented by Warren Solochek
The NPD Group, Inc.

**May 10, 2018**

# My Agenda

Who is NPD?


State of the US Foodservice Industry


SupplyTrack®

CREST®

Conclusions

# NPD Background

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# NPD Credentials

**FOUNDED** 1966

**EMPLOYEES** 1600+ Worldwide

**DATA ASSETS AND SOLUTIONS**

Point-of-sale (scanner) information from more than 1,200 retailers representing approximately 165,000 stores worldwide

More than 12 million consumer interviews conducted annually

Longitudinal panel tracking millions of consumers' purchases, based on receipts for both online and brick-and-mortar retail purchases

The world's most successful brands trust us to measure performance, predict future performance, improve marketing and product development, and advise on business and consumer trends and market opportunities.

**INDUSTRY EXPERTISE** Apparel, Appliances, Automotive, Beauty, Books, Consumer Electronics, E-commerce, Entertainment, Fashion Accessories, Food Consumption, Foodservice, Footwear, Home, Juvenile Products, Mobile, Office Supplies, Retail, Sports, Technology, Toys, Travel Retail, Video Games, And Watches / Jewelry

**CLIENTS** More than 2,000 of the world's leading brands and retailers

**OPERATIONS** In 19 countries in the Americas, Europe, and Asia-Pacific

# Proprietary Data Sources Driving Today's Discussion

**SupplyTrack®**
Purchases Through Broadline Distributors

**CREST®**
Consumer Purchasing of Prepared Meals and Snacks in Commercial Restaurants

# The Basic Premise for Today's Discussion

- The US foodservice industry is forecast to grow very slowly through 2020
- Still, operators and their customers continue to seek out new and interesting food/beverage offerings. Manufacturers continue to develop new items to fill those gaps.
- A growing need exists to **optimize** new product introductions and **limit** the resources put against those which will be less successful.

# The key question to be answered: Where is the largest potential for my new product?

- Commercial restaurants vs. non-commercial segments?
- Within Commercial channels, what is the optimal system size for this item: Large chains vs. Small chains vs. Independents?
- Within non-commercial channels, which segments have the most growth potential?

**WHAT IS THE SIZE OF THE PRIZE?**

# The State of U.S. Foodservice

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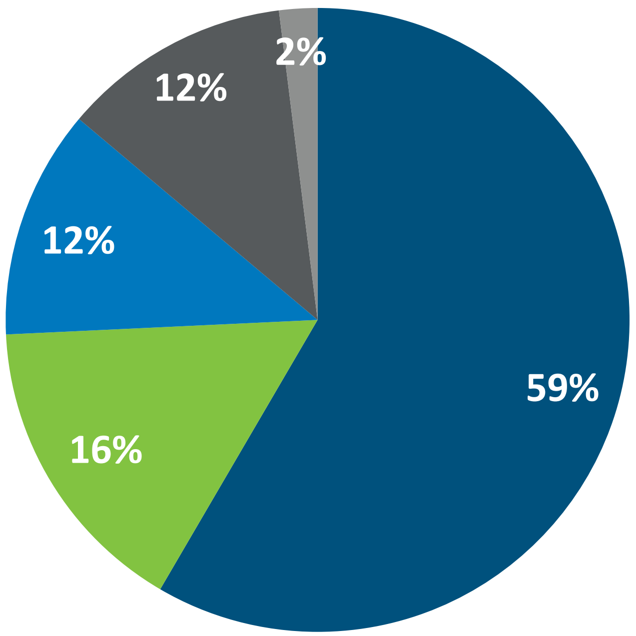
# Across all Foodservice, traffic growth has been limited in all channels

2017 vs. 2016

- QSR excl Retail 1%
- Full Service Restaurants -4%
- QSR Retail -2%
- Non-Commercial Outlets* 0%
- Vending 1%

**Share of US Foodservice Industry Traffic-2017**




**Total Foodservice:**
70 Billion Visits in 2017
Forecast thru 2020: +2%

**Total Foodservice:**
$259 Billion in 2017
Forecast thru 2020: +3%

* Excludes Primary Schools, Patient Feeding, Airline, Correctional, Some nursing home & office coffee

*Source: The NPD Group/CREST OnSite®/YE Dec 2017*

# Current Market Conditions- Restaurants

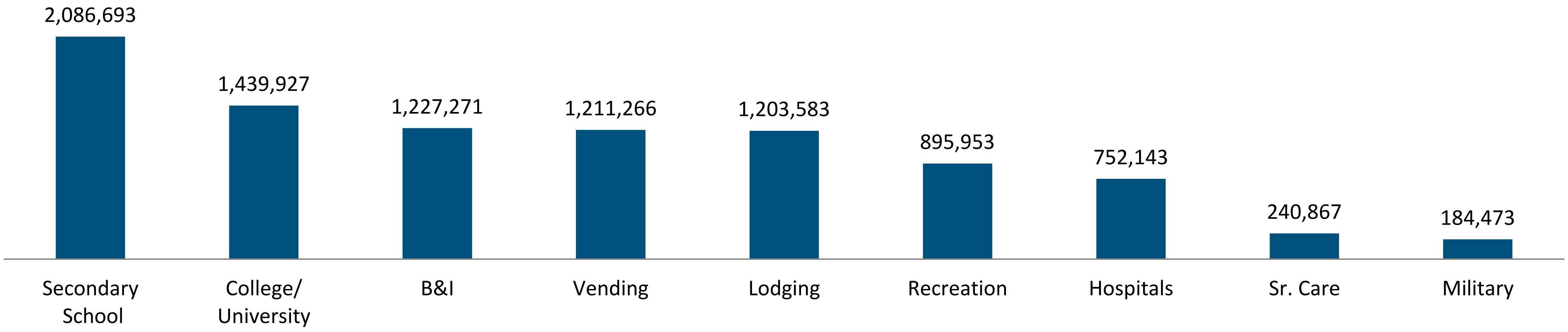
| 5yr CAGR | 0% | +1% | -3% |
|---|---|---|---|
| | 60.4B | 49.2B | 11.2B |
| | Total Restaurants | QSR | FSR |

CAGR U.S. foodservice traffic — compound annual growth rate

*Source: The NPD Group/CREST®, YE December '17*

# Within Non-Commercial Channels only C&U and Vending grew in 2017

## Total Non-Commercial Traffic (000)




| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Share Of Visits** | 23% | 16% | 14% | 13% | 13% | 10% | 8% | 3% | 2% |
| **PCYA** | 0% | **1%** | 0% | **1%** | -1% | 0% | 0% | 0% | 0% |

PCYA = % Change vs. Year Ago

*Source: The NPD Group/CREST OnSite®/YE Dec 2017*

# What is SupplyTrack?

# How Are the Data Used for Forecasting?

3

# SupplyTrack

## An NPD dataset used for tracking volume and volume share through Broadline distributors

Operator purchases weekly from over **700,000** restaurant, retail and non-commercial locations from SupplyTrack distributors fuel our estimates

NPD's data assets of CREST and ReCount provide inputs to estimate the balance of the market

Product sizing is available on over 200 categories; in addition to topline metrics, product attributes are available

# Core focus of SupplyTrack

## Launched in June 2013 – POS Tracking Service for the Foodservice Industry

Brings a common language to Manufacturers and Distributors

700,000+ operator purchases reported monthly providing accuracy and longitudinal consistency

## Participating Broadline Distributors

## Deep insights

into products moving from broadline distributors to their operator Commercial and Non-Commercial customers

**200+** categories and subcategories and growing

**45+** individual subscribing Manufacturers

# Manufacturer 'Customer Management' best practices that can incorporate SupplyTrack insights

## Internal – Managing your Business

- **Strategic Planning** – annual/long-range
- Portfolio Management – **Identify & quantify** gaps and opportunities
- **Measure and track** effectiveness of Marketing programs
- Understanding trends, **competition** and **operators**
- Goals setting for **Annual Operator Plans**
- Sales and Operations Meeting **(SOP)**
  - Sales, Finance, Supply Chain, **Trade Management** (Trade Spend)

## External – Penetrate Participating Distributors

- **Differentiate** – consultative fact based selling
- Category reviews with **insights**
- Opportunity **Gap Analysis** and work with Distributors to identify target operators
- **Assortment Analysis.** Identify gaps within portfolio
- Tactical guidance to **execute** insights
- **Joint** Business Plans

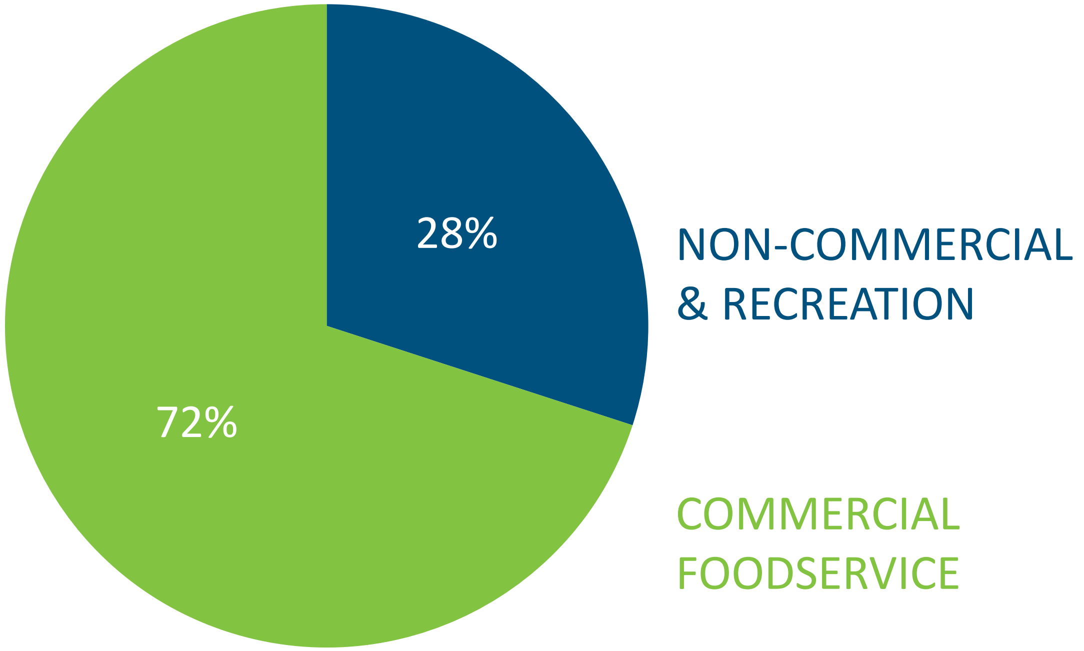
# NPD provides a robust, timely and accurate estimate of the Foodservice market

## Total US Foodservice Operator Purchases

Estimated at

**$259 Billion**

in 2017

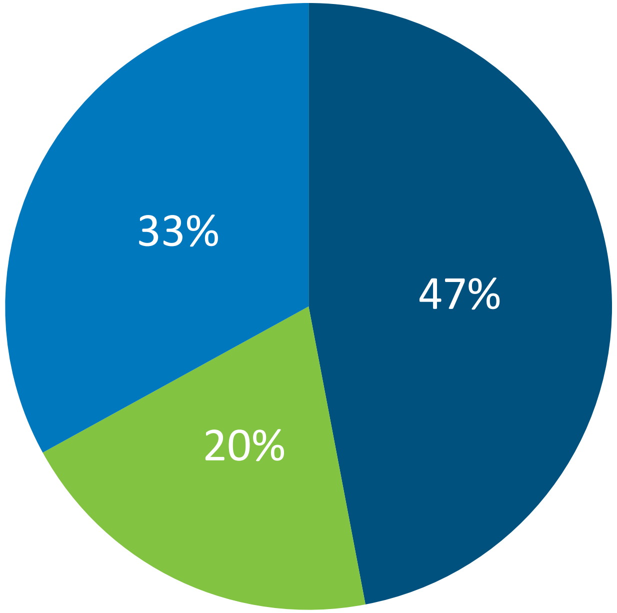



*Source: NPD Foodservice Market Sizing, fueled by CREST, SupplyTrack ®, ReCount ® and other sources*

# Foodservice by Distribution Channel

## Broadline Commands 47% of Foodservice Operator Spend with $122 Billion

**Operator Spend by Distribution Channel**
**2017**




| | | |
|---|---|---|
| **47%** | $122 B | BROADLINE |
| **33%** | $85 B | SPECIALTY & CASH N' CARRY |
| **20%** | $52 B | CHAIN SPECIALISTS |

Excludes Beverage Alcohol, Bars & Taverns
*Estimates for Specialty vs. Cash N' Carry in development

# Explore the U.S. Foodservice Marketplace

| NPD 2018 Foodservice Market Size Estimates | OPERATOR SPEND (BILLIONS)* | SHARE OF OPERATOR SPEND | CAGR** 2015-2017 | OUTLOOK FOR OPERATOR SPEND (BILLIONS) 2020 | OUTLOOK CAGR** 2017-2020 | OPERATOR 2017 SHIP TO LOCATIONS | SHARE OF OPERATOR LOCATIONS |
|---|---|---|---|---|---|---|---|
| COMMERCIAL & LODGING | $ 187.1 | 72.3% | 3.3% | $ 203.6 | 2.9% | 1,017,768 | 68% |
| EATING PLACES | $ 139.3 | 53.8% | 3.7% | $ 153.1 | 3.2% | 647,288 | 43% |
| QUICK SERVICE RESTAURANTS (QSR) | $ 82.6 | 31.9% | 3.9% | $ 92.8 | 3.9% | 353,121 | 24% |
| FULL SERVICE RESTAURANTS (FSR) | $ 56.6 | 21.9% | 3.4% | $ 60.3 | 2.1% | 294,167 | 20% |
| RETAIL FOOD | $ 30.2 | 11.7% | 1.8% | $ 31.6 | 1.6% | 273,116 | 18% |
| C-STORES | $ 13.6 | 5.2% | 2.8% | $ 14.7 | 2.6% | 150,799 | 10% |
| FOOD STORES | $ 8.8 | 3.4% | 0.3% | $ 8.8 | 0.1% | 74,629 | 5% |
| OTHER RETAIL | $ 7.8 | 3.0% | 1.7% | $ 8.1 | 1.4% | 47,688 | 3% |
| LODGING | $ 17.7 | 6.8% | 2.4% | $ 18.9 | 2.3% | 97,364 | 7% |
| NON-COMMERCIAL & RECREATION | $ 71.9 | 27.7% | 1.7% | $ 76.8 | 2.2% | 475,369 | 32% |
| NON-COMMERCIAL | $ 62.4 | 24.1% | 1.5% | $ 66.2 | 2.0% | 403,864 | 27% |
| EDUCATION | $ 18.3 | 7.1% | 1.8% | $ 19.5 | 2.1% | 191,072 | 13% |
| COLLEGE/UNIVERSITY | $ 5.4 | 2.1% | -0.8% | $ 5.3 | -0.7% | 22,527 | 2% |
| VOCATIONAL/TRADE SCHOOLS/OTHER EDUCATION | $ 1.3 | 0.5% | 2.0% | $ 1.4 | 2.0% | 10,734 | 1% |
| PRESCHOOL/DAYCARE | $ 1.1 | 0.4% | 4.3% | $ 1.2 | 3.8% | 30,615 | 2% |
| PRIMARY/SECONDARY SCHOOLS | $ 10.5 | 4.0% | 2.8% | $ 11.5 | 3.3% | 127,195 | 9% |
| BUSINESS AND INDUSTRY | $ 5.1 | 2.0% | 0.3% | $ 5.4 | 1.7% | 38,702 | 3% |
| HEALTHCARE | $ 19.4 | 7.5% | 2.1% | $ 20.4 | 1.7% | 75,851 | 5% |
| HOSPITALS | $ 8.6 | 3.3% | 2.3% | $ 9.2 | 2.2% | 16,253 | 1% |
| LONG-TERM CARE/SENIOR LIVING | $ 10.1 | 3.9% | 1.8% | $ 10.4 | 1.2% | 53,261 | 4% |
| OTHER HEALTHCARE | $ 0.7 | 0.3% | 3.0% | $ 0.8 | 2.5% | 6,337 | 0% |
| GOVERNMENT | $ 4.0 | 1.5% | 0.1% | $ 4.3 | 2.2% | 24,298 | 2% |
| OTHER NON-COMMERCIAL | $ 15.5 | 6.0% | 1.2% | $ 16.6 | 2.4% | 73,941 | 5% |
| RECREATION | $ 9.5 | 3.7% | 3.5% | $ 10.6 | 3.6% | 71,505 | 5% |
| TOTAL FOODSERVICE | $ 259.0 | 100.0% | 2.8% | $ 280.4 | 2.7% | 1,493,137 | 100% |

Excludes Beverage Alcohol, Bars & Taverns
*Data YE December 2017; *CAGR = Compounded Annual Growth Rate

*Source: The NPD Group/SupplyTrack®, ReCount® and CREST ®*

# Growth Channels

## Overall Industry grew at 2.3% over ’15; forecast for a 1.2% CAGR thru 2019

### Segments that outpaced the Industry ’15 - ‘17

- QSR
- FSR
- Preschool/Daycare
- Recreation

### New segments forecast to outpace the Industry thru ‘20

- Primary/Secondary School

# Size the opportunity by chain size to prioritize sales efforts

| NPD 2018 Foodservice Market Size Estimates | OPERATOR SPEND (BILLIONS)* | SHARE OF OPERATOR SPEND | CAGR** 2015-2017 | OUTLOOK FOR OPERATOR SPEND (BILLIONS) 2020 | OUTLOOK CAGR** 2017-2020 | OPERATOR 2017 SHIP TO LOCATIONS | SHARE OF OPERATOR LOCATIONS |
|---|---|---|---|---|---|---|---|
| **COMMERCIAL & LODGING** | **$ 179.6** | **72%** | **2.7%** | **$ 186.1** | **1.2%** | **982,633** | **65%** |
| **QUICK SERVICE RESTAURANTS (QSR) BY CHAIN SIZE** | $ 78.4 | 31% | 3.9% | $ 83.5 | 2.1% | 344,938 | 23% |
| COMMERCIAL INDEPENDENT (1-2 UNITS) | $ 8.2 | 3% | 1.6% | $ 8.5 | 1.4% | 101,646 | 7% |
| COMMERCIAL MICRO CHAIN (3-19 UNITS) | $ 4.1 | 2% | 4.9% | $ 4.4 | 2.3% | 20,158 | 1% |
| COMMERCIAL SMALL CHAINS (20-99 UNITS) | $ 3.8 | 1% | 5.4% | $ 4.0 | 2.1% | 22,011 | 1% |
| COMMERCIAL MEDIUM CHAINS (100-249 UNITS) | $ 2.6 | 1% | 6.3% | $ 2.8 | 2.9% | 12,438 | 1% |
| COMMERCIAL LARGE CHAIN (250+ UNITS) | $ 59.8 | 24% | 3.9% | $ 63.7 | 2.2% | 188,685 | 12% |
| **FULL SERVICE RESTAURANTS (FSR) BY CHAIN SIZE** | $ 53.2 | 21% | 1.1% | $ 53.7 | 0.3% | 275,869 | 18% |
| COMMERCIAL INDEPENDENT (1-2 UNITS) | $ 26.6 | 11% | 1.3% | $ 27.7 | 1.3% | 221,810 | 15% |
| COMMERCIAL MICRO CHAIN (3-19 UNITS) | $ 6.8 | 3% | 3.0% | $ 7.1 | 1.4% | 17,842 | 1% |
| COMMERCIAL SMALL CHAINS (20-99 UNITS) | $ 4.0 | 0% | -2.8% | $ 3.8 | -2.3% | 11,670 | 1% |
| COMMERCIAL MEDIUM CHAINS (100-249 UNITS) | $ 2.7 | 1% | -1.3% | $ 2.8 | 1.5% | 6,473 | 0% |
| COMMERCIAL LARGE CHAIN (250+ UNITS) | $ 13.1 | 5% | 1.0% | $ 12.5 | -1.8% | 18,074 | 1% |
| **TOTAL FOODSERVICE** | **$ 250.4** | **100%** | **2.3%** | **$ 259.5** | **1.2%** | **1,514,459** | **100%** |

Excludes Beverage Alcohol, Bars & Taverns
*Data YE December 2017; *CAGR = Compounded Annual Growth Rate

*Source: The NPD Group/SupplyTrack®, ReCount® and CREST ®*

# Strengths by System Size

## Overall Commercial Foodservice grew at 2.8% 2015-17; forecast for a 3.9% CAGR thru 2020

### Restaurant segments that outpaced the Industry  2015 -'17

- QSR Large Chain
- QSR Medium Chain
- QSR Micro Chain
- FSR Micro Chain
- FSR Independents

### New segments forecast to outpace the Industry thru '20

- None

Segments with blue text are forecast to outpace the Industry thru 2019

# Focus on Micro Chains Example: Chicken- As Is

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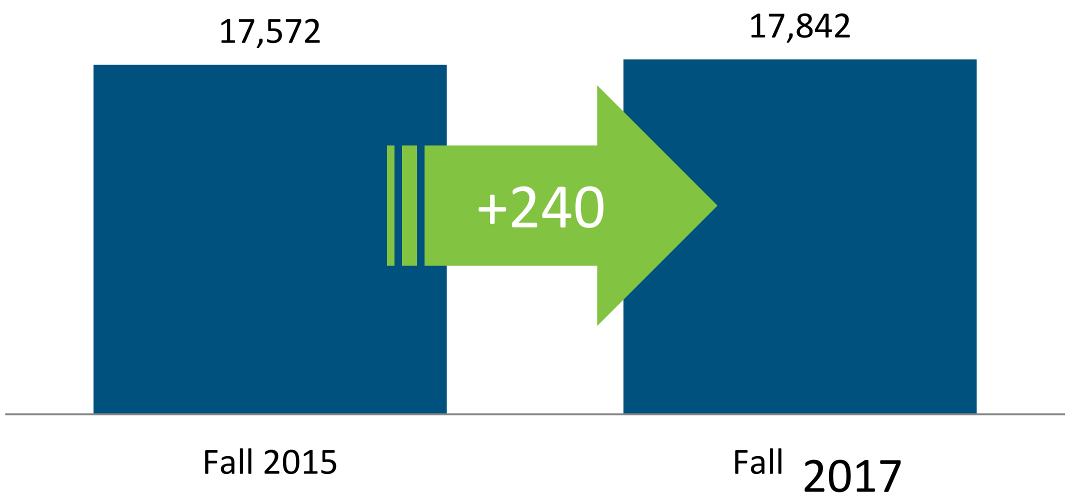
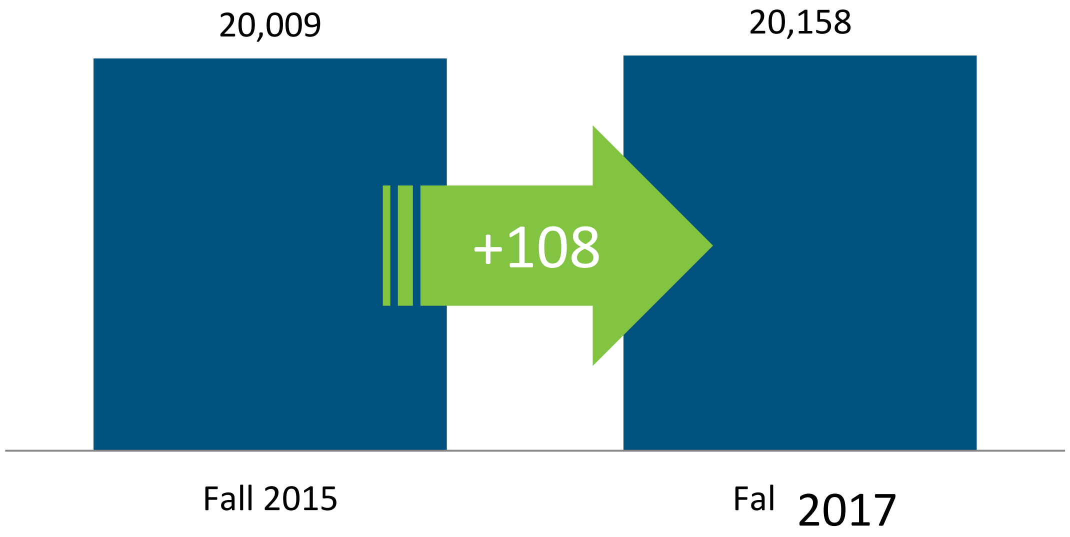
# Micro Chain FSR vs. Micro Chain QSR Unit Counts

**There are more Micro Chain QSR's than FSR's in the US, but FSR locations have grown by 240 vs. YA; 2X more than QSR.**

## FSR Micro Chain Unit Count




## QSR Micro Chain Unit Count

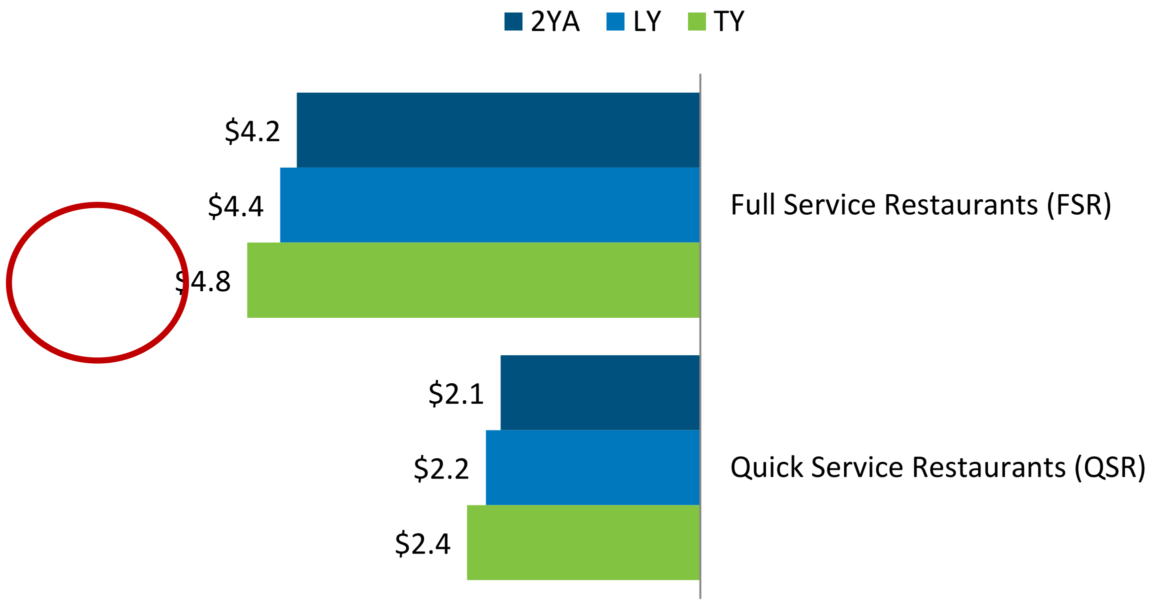



*Source: NPD Group ReCount® Data ending Fall 2017*

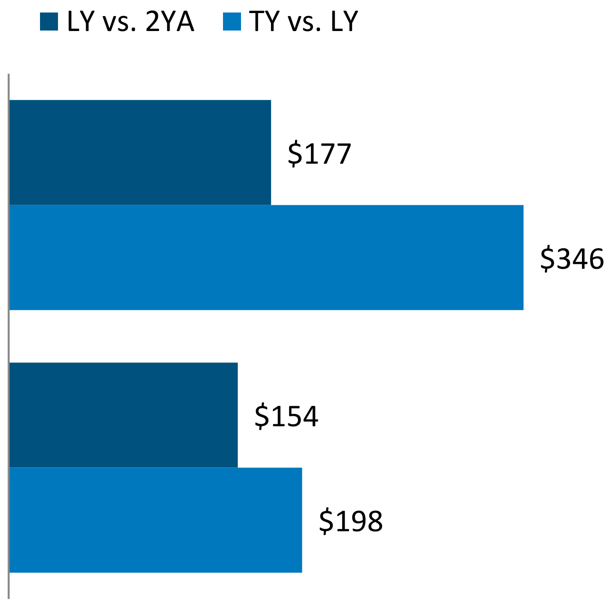
# Micro Chain FSR vs. QSR Segment Performance

## Micro Chain FSR's outpaced QSR's in growth vs. 2YA by $23MM. In the most recent year,  FSR dollar sales are growing nearly 2X as much as QSR.

### Dollar Sales (B)




### Dollars Abs. Change (MM)

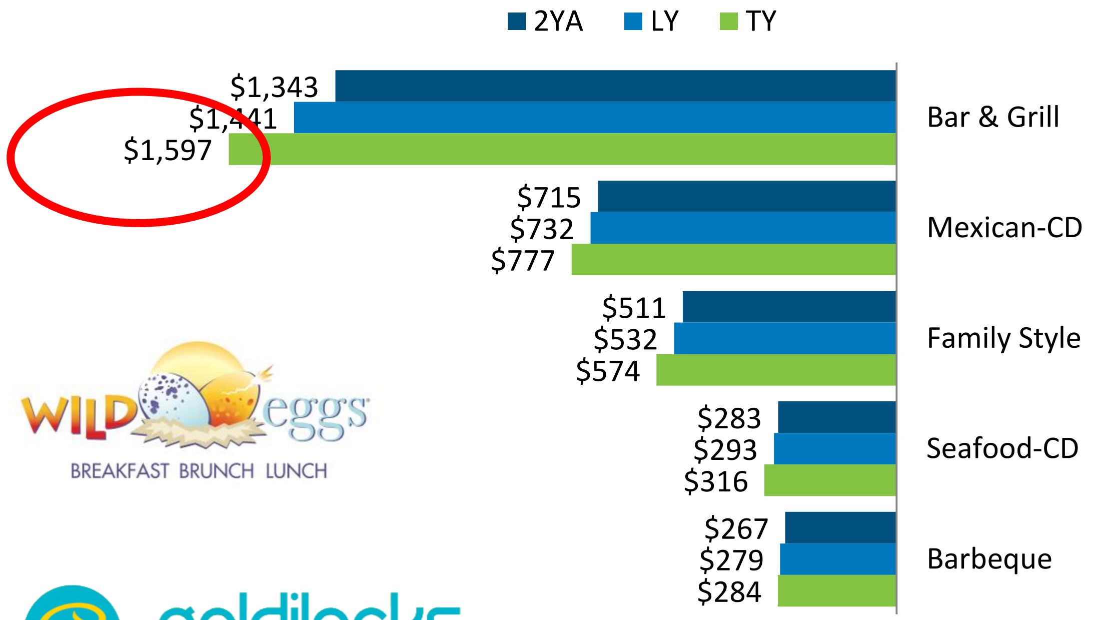



*Source: NPD Group SupplyTrack® 12 Months Data ending December 2016*

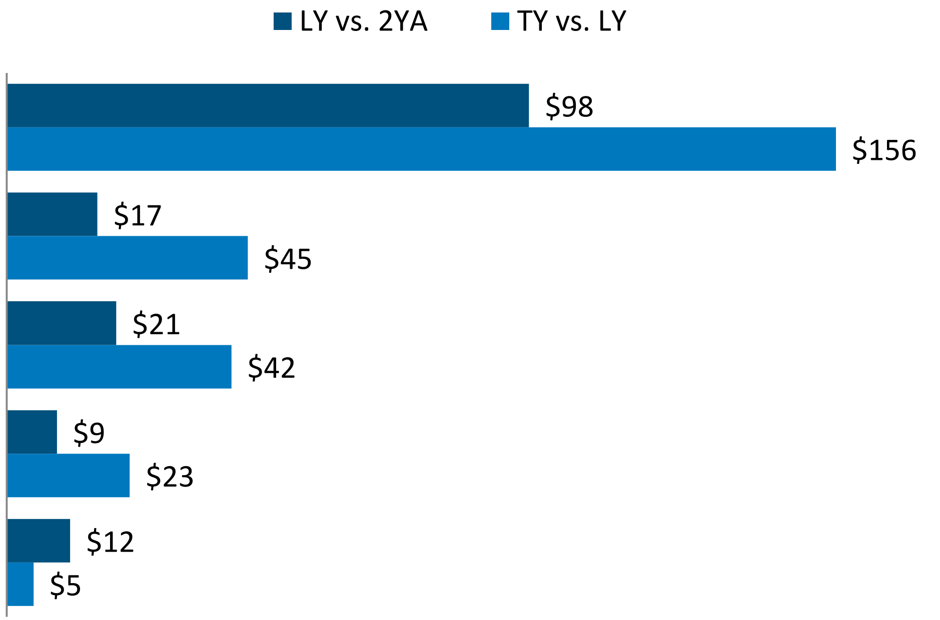
# Micro Chain FSR Top Operator Segments

**In the most recent time period, Micro Chain Bar & Grill’s grew sales by $156MM, over 3X more than the next fastest growing Micro Chain operator segment.**

## Operator Spend (MM)




## Dollars Abs. Change (MM)




*Source: NPD Group SupplyTrack® 12 Months Data ending December 2017*

# Micro Chain Bar & Grill Examples

| | |
|---|---|
| HotShotS Sports Bar and Grill | 18 |
| Snuffer's Restaurant & Bar | 17 |
| MugShots Grill & Bar | 19 |
| Scotty's Brewhouse Established 1996 | 17 |
| The Brass Tap Craft Beer Bar | 18 |
| Rock & Brews | 15 |

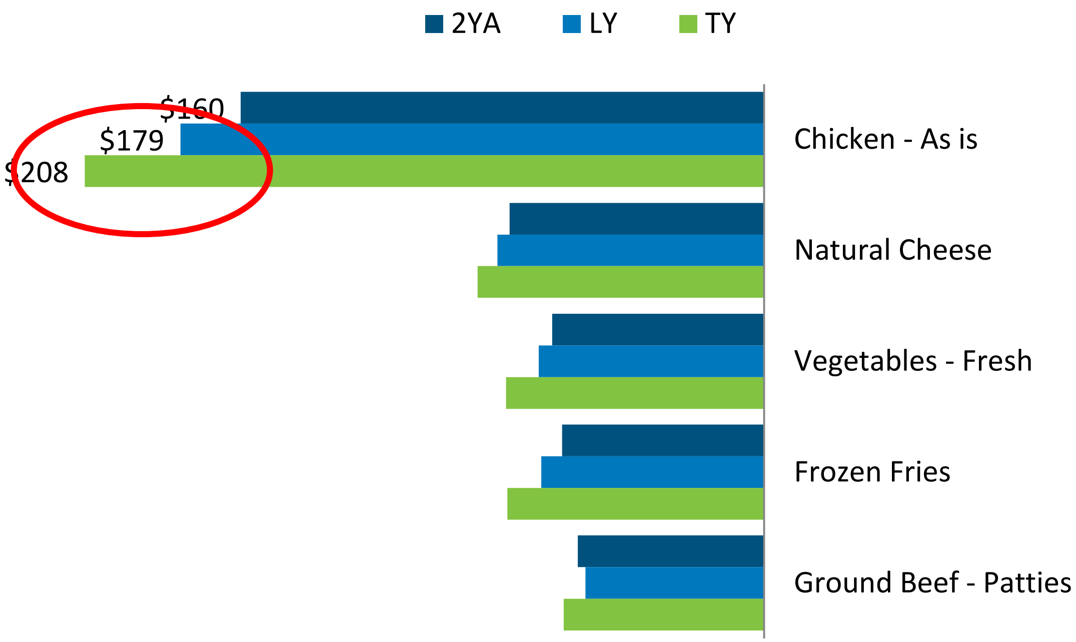
Numbers in blue = unit counts

*Source: NPD Group ReCount® Data ending Fall 2016*

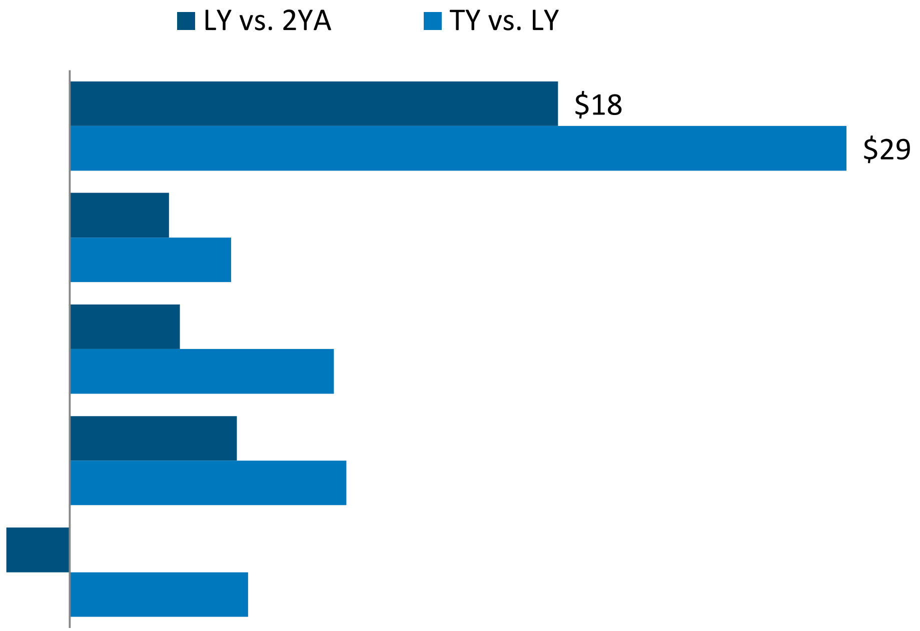
# Micro Chain Bar & Grill Top Categories

## Chicken As-is, is the biggest category sold into Micro Chain Bar & Grill's. It is also the category that grew sales the most, by $29MM vs. YA.

## Operator Spend (MM)




## Dollars Abs. Change (MM)




*Source: NPD Group SupplyTrack® 12 Months Data ending December 2017*

# Chicken Menu Mentions

Hotshots®
SPORTS BAR AND GRILL


# Chicken Menu Menions

THE BRASS TAP
CRAFT BEER BAR

## SLIDERS

*Served with your choice of side.*

**PRIME RIB**
Prime Rib on a butter brioche bun with side of au jus - **14**

**SHORT RIB BISCUIT** - *2pc*
Slow-cooked short rib on a buttered biscuit with Sweet Baby Ray's® BBQ sauce - **10**

**PORK** - *3pc*
Smoked pulled pork & Sweet Baby Ray's® BBQ sauce on a butter brioche bun - **9**

**GRILLED CHICKEN** - *3pc*
Grilled chicken, pepper jack cheese & Poblano sauce on a butter brioche bun- **8**

## HAND-HELDS

*Served with your choice of side.*

**PRIME RIB SANDWICH** TBTS
Horseradish cream cheese schmear & smoked Gouda cheese on toasted Ciabatta bread with au jus - **14**
***Pair with Dubbel or Scotch Ale***

**PERI PERI GRILLED CHICKEN PANINI**
Goat cheese, hummus on grilled Ciabatta bread - **9**

**GRILLED CHICKEN BLT WRAP**
Mayo, pressed flour tortilla & Peri Peri aioli - **9**

## STREET TACOS & CHIPS

**3 CHICKEN**
Lettuce, cheddar jack & pepper jack cheeses, cilantro onion mix, tomatoes & Poblano sauce - **8**

**3 PORK** TBTS
Lettuce, cheddar jack & pepper jack cheeses, cilantro onion mix, tomatoes & BBQ sauce - **9**
***Pair with Brown Ale or Doppelbock***

**3 BEER BATTERED COD**
Lettuce, cheddar jack & pepper jack cheeses, Peppadew peppers & Peri Peri aioli - **8.5**

# Sizing the Prize
# Example: Chicken- As Is

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# Chicken As-Is Category

## Chicken-As Is is a $10 Billion category with a CAGR of 7%.

**Dollars (Billions)**

| $8.8 | $9.3 | $10.1 |
|---|---|---|
| 2014 | 2015 | 2016 |

CAGR 2014-2016 **7%**

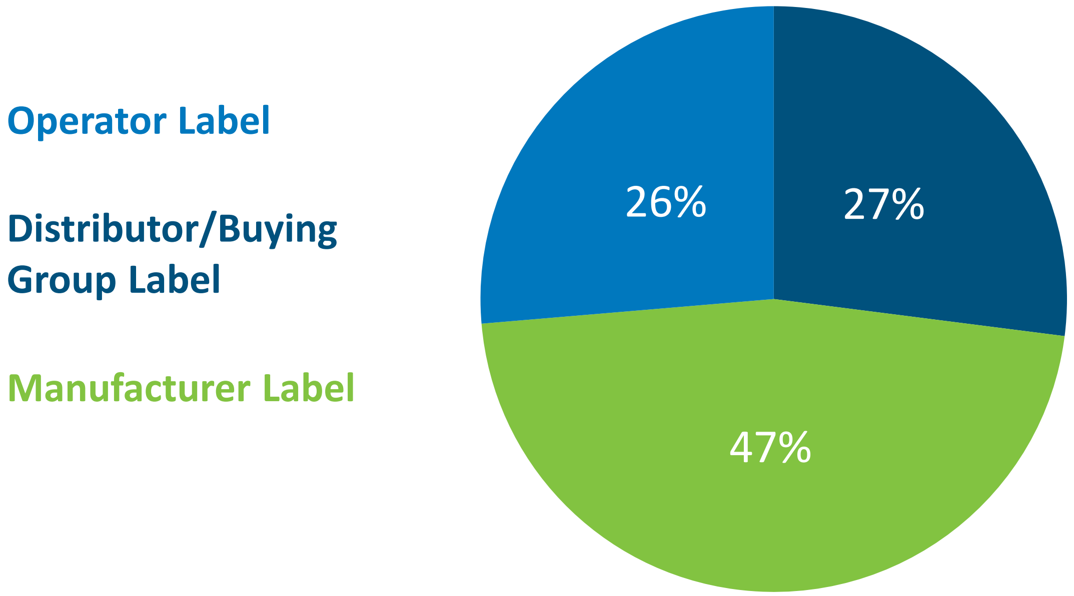
**+4%** Outlook 2016-2019

*Source: NPD Market Size Data, Data Ending December 2016*
*Includes All Labels*

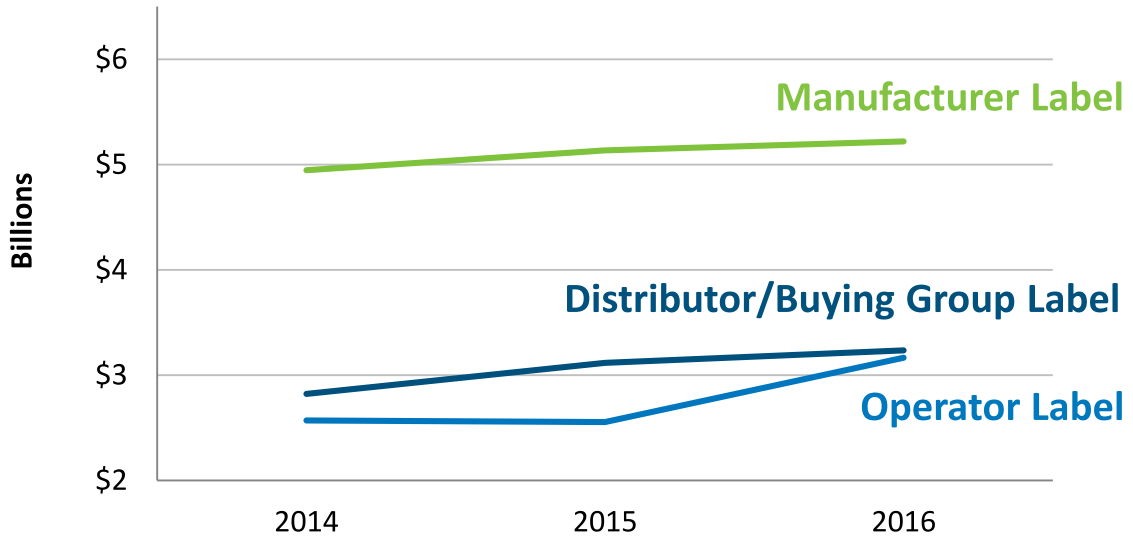
# Chicken As-Is Category by Label

## Almost half of the market is made up of Branded products, that continue to grow over time.

## $ Market Share by Label




## 3 Year Label $ Trend

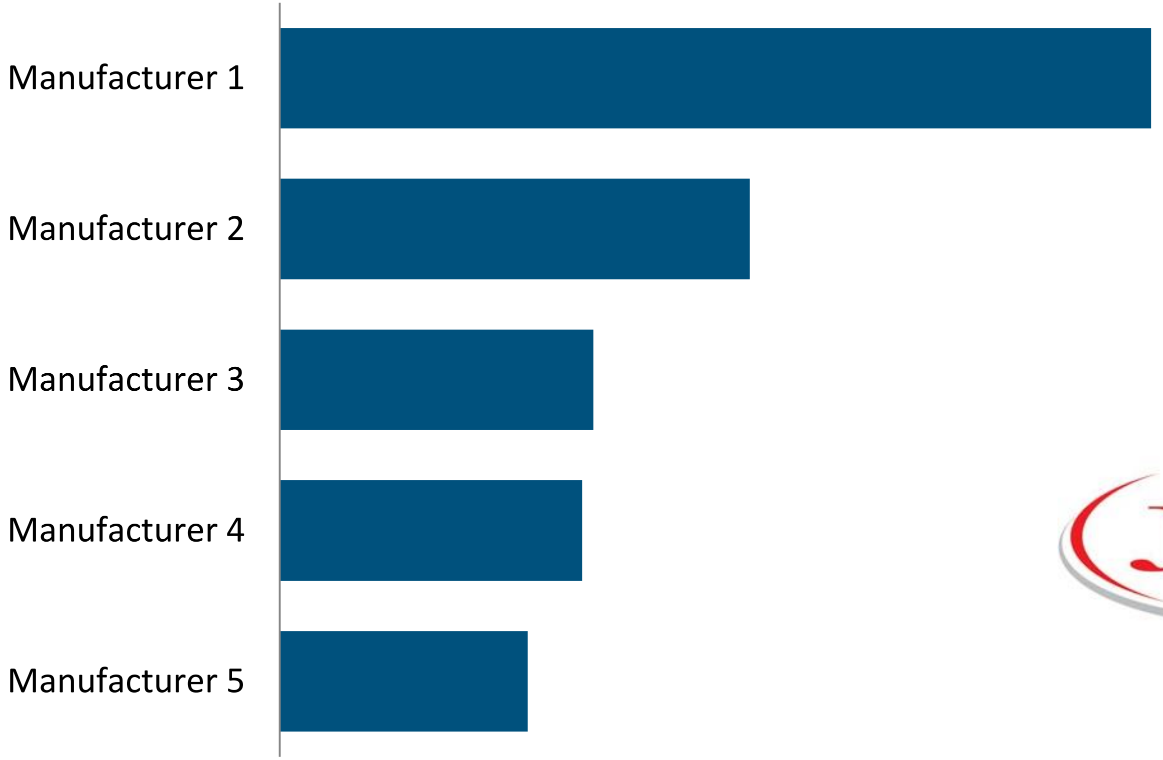



*Source: NPD Market Size Data, Data Ending December 2017*

# Chicken As-Is by Top Parent Companies

## Top five manufacturers account for 55% of category sales

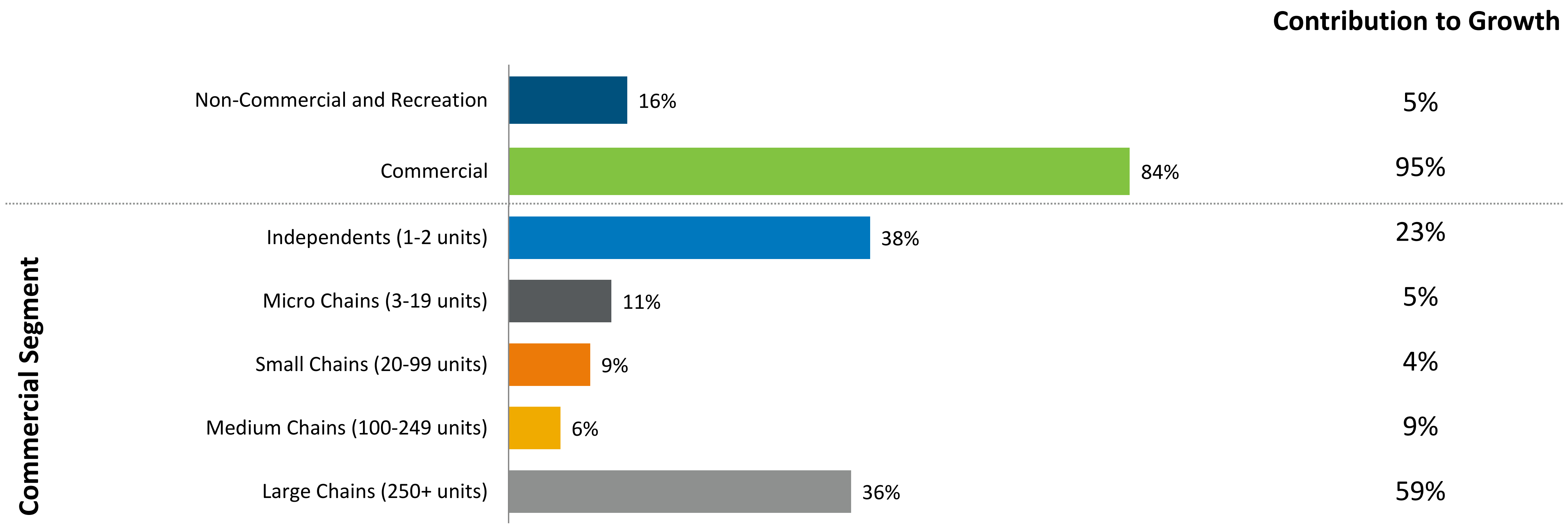
### Top Five Parent Co. Branded $ Share




*Source: NPD Market Size Data, Data Ending December 2016*

# Chicken As-Is Distribution by System Size

## Independents and Large Chains make up 75% of Commercial Chicken-As Is sales, while contributing 83% of the Commercial growth.

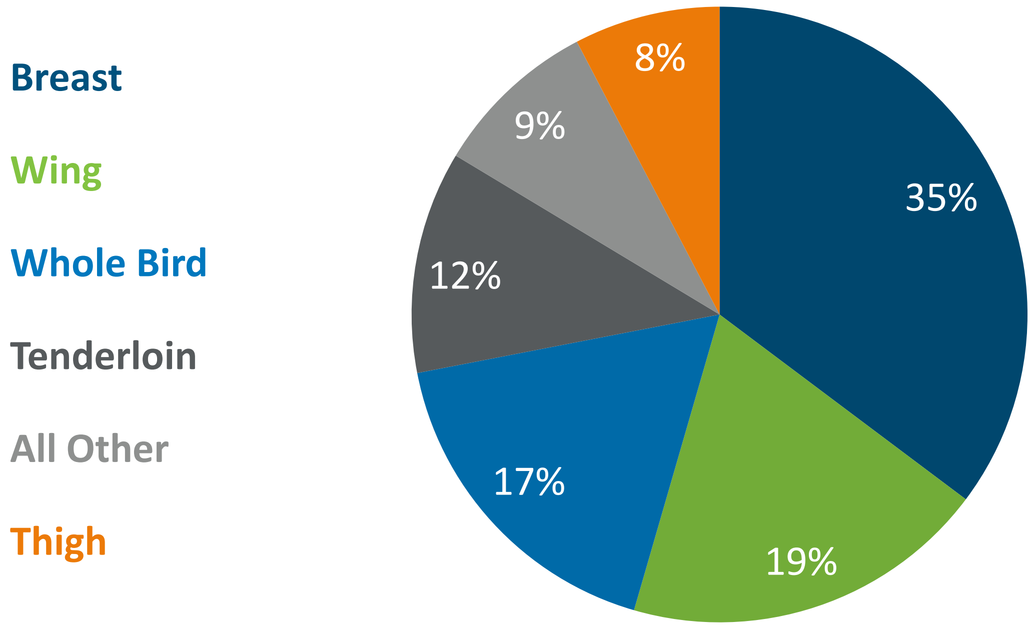



*Source: NPD Market Size Data, Data Ending December 2016*
*Includes All Labels*

# Chicken As-Is Product Type

## Breast is the most popular variety in Chicken As-Is, while Tenderloin is growing the fastest, at 19% vs. YA.

### Chicken Product Type




### Chicken Product Type Size & Trend

| Attribute Type | $ (MM) | $ % Change | Outlook |
|---|---|---|---|
| Breast | $3,567 | 2% | +3% |
| Wing | $1,946 | 9% | +4% |
| Whole Bird | $1,768 | 11% | +6% |
| Tenderloin | $1,182 | 19% | +5% |
| Thigh | $776 | 10% | +6% |

*Source: NPD Market Size Data, Data Ending December 2016*
*Includes All Labels*

# Sizing the Prize by Product Example: Chicken As-Is Buyer Demos

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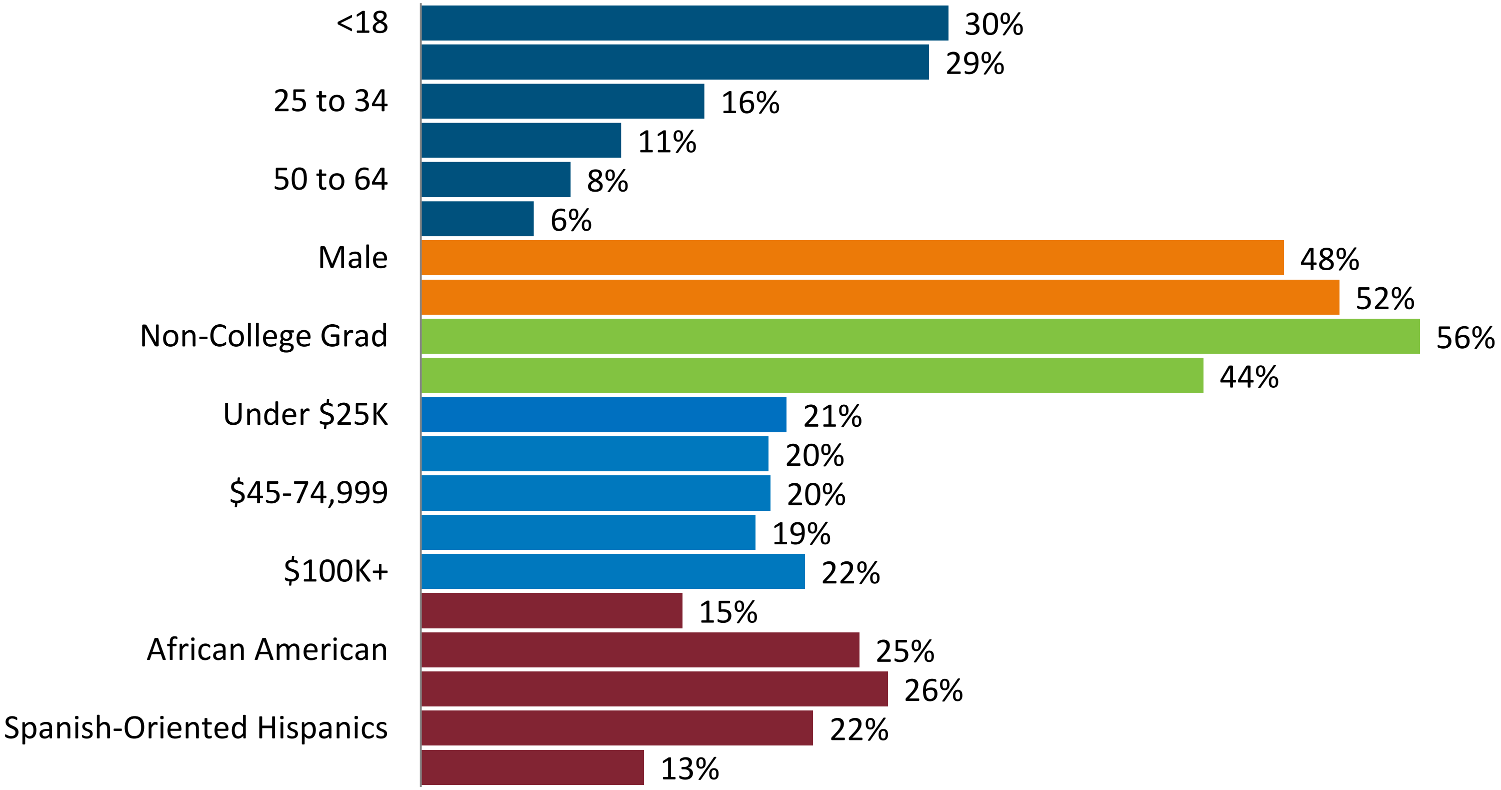
# Demographics

## Breaded Chicken Sandwich customers skew young and non-caucasian

**Distribution of Breaded Chicken Sandwiches Servings**

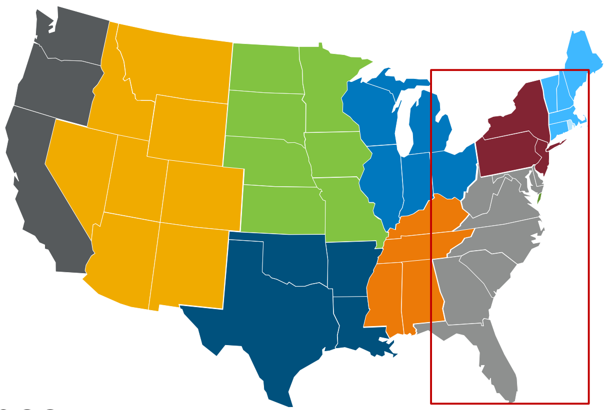



*Source: The NPD Group/CREST®, YE June*

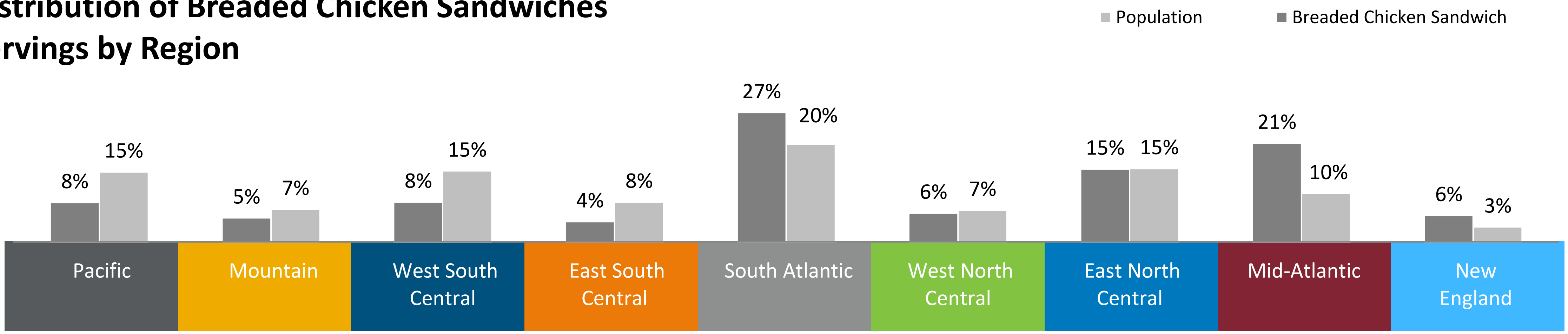
# Regional skews

## Breaded Chicken Sandwiches are more prominent in the Mid-Atlantic and South Atlantic regions

### U.S. Census Regions



### Distribution of Breaded Chicken Sandwiches Servings by Region




*Source: The NPD Group/CREST®,YE June ’16*

# Key Takeaways

1 The Foodservice market is large and robust; $259 Billion in operator spend and forecast to grow +2.7% CAGR thru 2020

- Be **MORE** confident sizing estimates with projections based on invoice-level information from SupplyTrack.

2 There are segments forecast to outpace the market between now and 2020 – these are your most attractive targets for distribution. **Micro Chains** present a large opportunity over the next several years

3 To capitalize on that growth opportunity:

- Identify the market size for the product categories where you compete (or want to compete)
- The channels where those categories are strong to target opportunities and
- The competitors you need to beat

# Thank you

Apparel
Appliances
Automotive
Beauty
Books
Consumer Electronics
E-commerce
Entertainment
Fashion Accessories
Food Consumption
Foodservice
Footwear
Home
Juvenile Products
Mobile
Office Supplies
Retail
Sports
Technology
Toys
Travel Retail
Video Games
Watches / Jewelry

SMOKE JUMPERS

GO Simple

# Product News & Industry Collaboration

**Brian Maloney**
**GM – GoSimple, Blacksmith Applications**

# Agenda

SMOKE JUMPERS

1. Background – GoSimple history
2. Customers
3. Market Focus
4. Industry Collaboration
5. User Experience
6. Q&A

# GoSimple

SMOKE JUMPERS

1. Answers Systems
2. AFS Technologies
3. User Experience…..GoSimple
4. Blacksmith

# GoSimple Clients

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Pinnacle FOOD SERVICE

LACTALIS FOODSERVICE

Lantmännen Unibake

Calavo

BASIC AMERICAN FOODS

Stonyfield ORGANIC

PAR-WAY TRYSON COMPANY The Makers of Vegalene

PERKY'S PIZZA

Weston Foods FOODSERVICE

ELKAY PLASTICS The Right Partner for YOUR Success!

KRONOS mediterranean defined

David's Cookies

Rosina

Rembrandt Foods

Mount Franklin Foods

GO Simple

# Market Focus

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- Small to Mid Size Manufacturers
- Foodservice Specialty…w/some Retail
- Full Service Claim/Deduction Management
- Mfgrs with Limited IT Support

# Industry Collaboration



nielsen

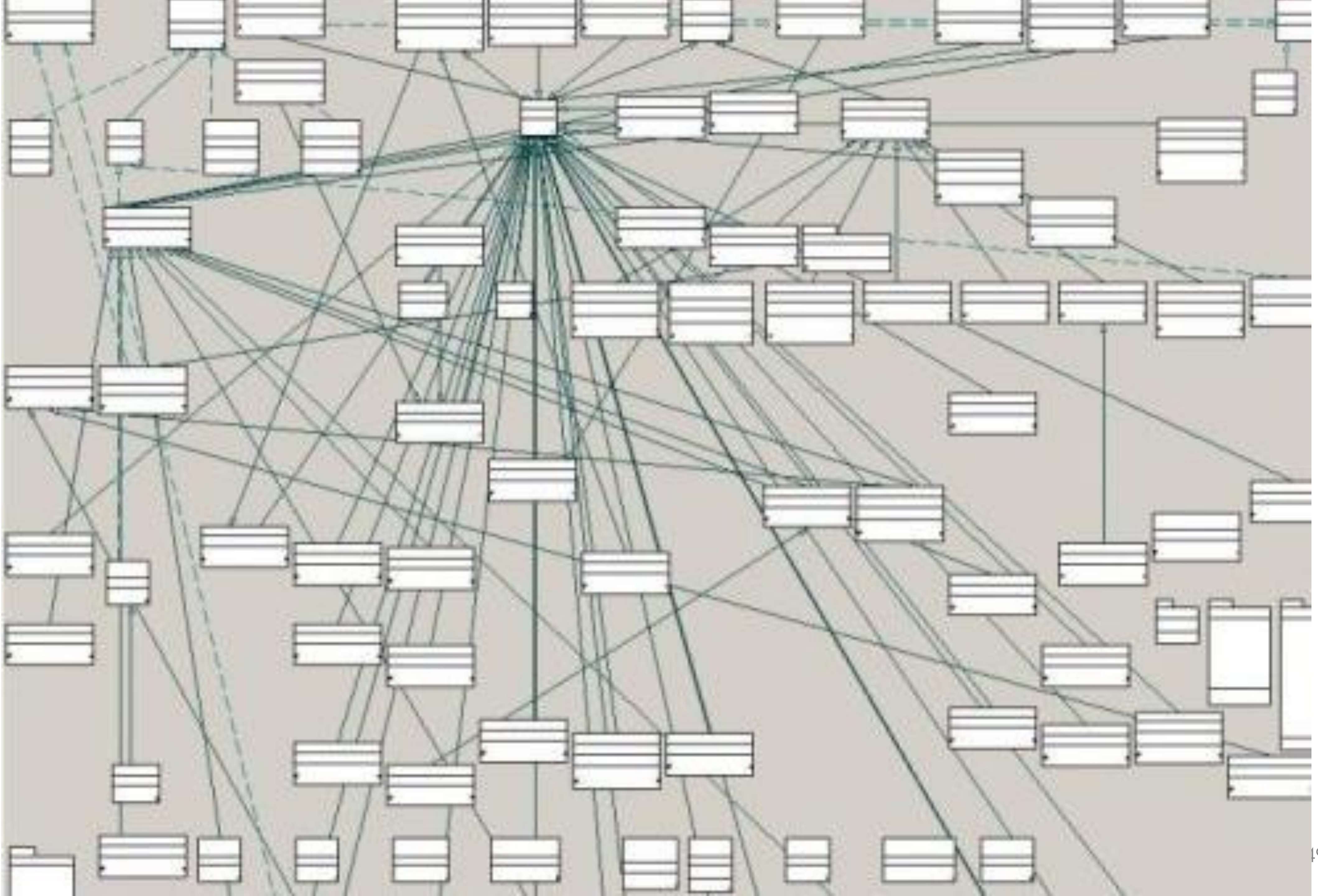
IRi

SPINS


interflex bidadvantage for Schools

USDA

DATASSENTIAL
FOOD WITH A STORY



# Industry Collaboration

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# User Experience

SMOKE JUMPERS

## us·er ex·pe·ri·ence

*noun*

the overall experience of a person using a product such as a website or computer application, especially in terms of how easy or pleasing it is to use.
"if a website degrades the user experience too much, people will simply stay away"

# Questions?

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Thank You!

SMOKE JUMPERS

# The Art of Business Intelligence
***
Make Every Dollar Count

D&W Fine Pack

**Mark Forbes**
**VP of IT & CIO, D&W Fine Pack**

# The Art of Business Intelligence

## Make Every Dollar Count

Mark Forbes
May 10th 2018

# D&W Fine Pack

## Full Service Product Portfolio

**Aluminum** **Rigid Plastics** **Straws, Cutlery, Kits**

“Our extensive product portfolio creates a foundation for our clients to create solutions that drive the overall customer experience.”

### Markets Served

- Grocery
- Food Processors
- Large Restaurant Chains
- Broadline Distribution

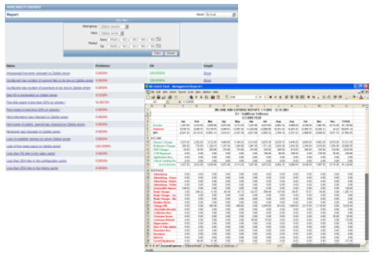
# The Challenge with Business Intelligence

• Data vs Information

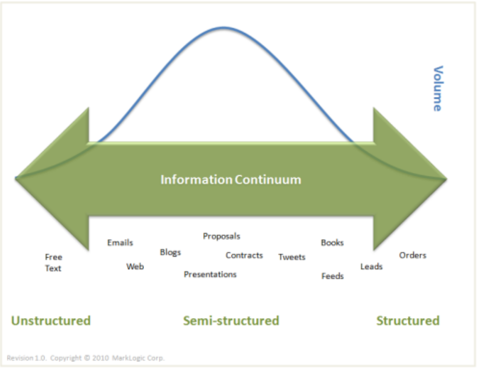
*Where we are*

*Where we want to be*

Reports



Insights




Data

- Disconnected – multiple views
- No insights
- You have to do something with it to make it useful

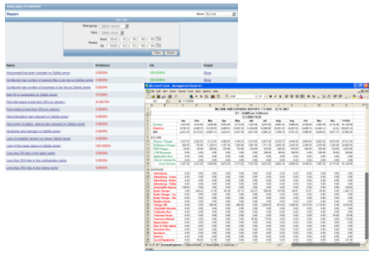
Information

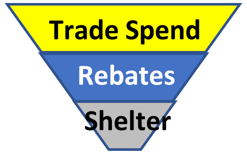
- Directional
- Predictive

# Example

- Monthly Sales into Distribution

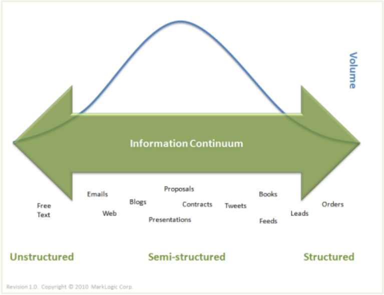
Sales Reports






Reduced Sales

Insights




The Data

- Sales - $5.5M
- Cases 50,000
- Costs of Goods - $4M
- Profit $1.5M

The Conclusions

- Wow! Great Month!
- All time High
- This new customer…

The Information

- Chain Sales - $1M
- Buying Groups - $2M
- Street Sales - $1.5M
- Total Sales - $4.5M
- Profit $.5M

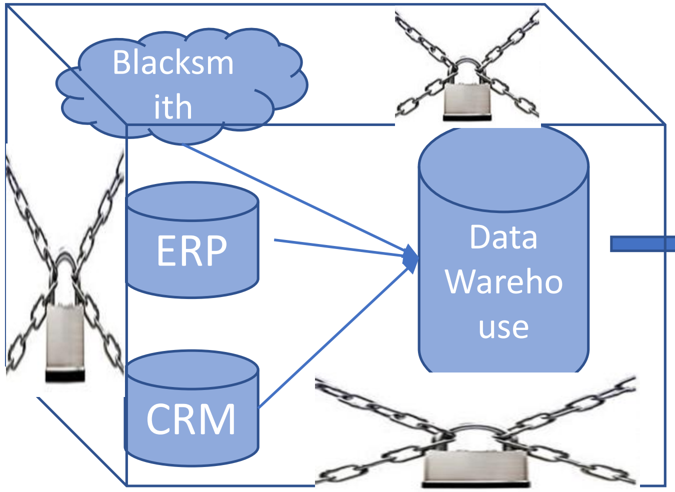
The New Conclusions

- This is lower than expected
- Customer Profitability
- Impact of specific programs

# Where is the Data?

The information needed is either:

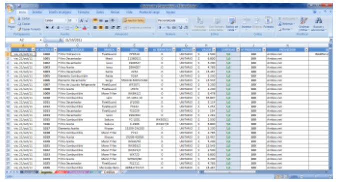
- In corporate systems
- In spreadsheets sitting on a user's laptop



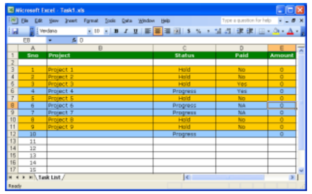

**Reporting**

- Invoice Detail
- Credits
- Payments

Typically Missing:



**Rebate Detail**



**Claim Detail**

Hard to integrate the data because:

- Locked up in systems controlled by IT
- Details are unstructured and don't link to corporate data

## Challenges – Collecting, Organizing and Matching the Data

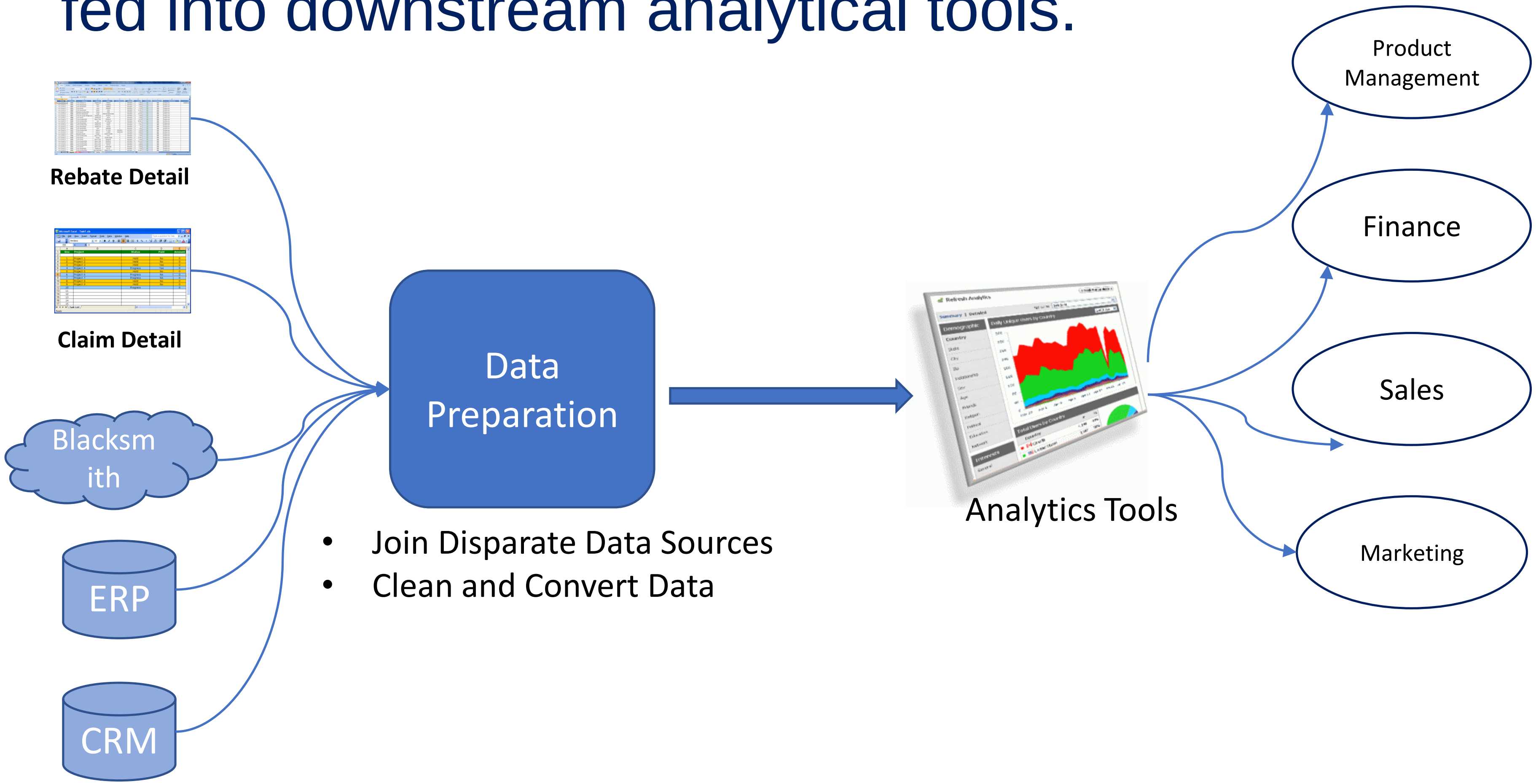
- Collecting
  - Formal extracts from system vs Excel
  - Different Sources and Layouts
- Organizing
  - Getting a common format for fields and layout
- Matching
  - Number Schemes
  - Trailing Spaces
  - Data will not include exact key fields like account number

## Addressing the Challenges

- Think Differently
  - Traditional EDI, Database Technology, BI Tools and Development Methods are choke points
  - It’s a Data Problem, not a Tool Problem
  - Prototype – try different things in an isolated environment
  - Focus on the Data
    - Matching/Fuzzy Lookups to create cross references
    - Validation
- Start Small
  - Don’t ask for the whole cake, just go for one slice!
  - Small group of skilled people

# The Approach

- Transform the data sources into formats than can be fed into downstream analytical tools.



## Typical Results

- The Information is a Game Changer
- Highlights how “starved” the business is for information
- The program “takes off”
  - Everyone wants to run with this as fast as possible
  - Requests for access
  - Requests for additional data and insights
- Plan ahead
  - Security
  - Productionalization
  - Scalability

# Questions?

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# Dynamic Pricing Approval

CONAGRA FOODSERVICE

**Matt Stredney**
**Business Development, Conagra**

# Conagra Foodservice

Dynamic Pricing Approval

BLACKSMITH APPLICATIONS

CONAGRA FOODSERVICE

# Agenda

- Context
- Out with the old
- In with the new
- Partnering with Blacksmith
- ‘Live’ look in
- What’s next
- Questions / Open discussion

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# Context: Using Blacksmith to streamline the pricing approval process

Evolution of deviation requests…

| Time | Request Medium(s) | Ultimately, ended up in… | Challenges |
|---|---|---|---|
| Dawn of time – 2008 | Emails, phone, sticky notes, cocktail napkins | Blacksmith | Miscommunications, no audit trail, poor organization, misaligned program structure, incomplete data |
| 2008-2017 | Sales Deviation Request form (Excel) | Blacksmith | Time consuming, duplicative, poor audit trail, incomplete data |
| 2018 | Blacksmith | Blacksmith | |

# Context: Using Blacksmith to streamline the pricing approval process

After reviewing challenges with prior processes, it was important to identify:

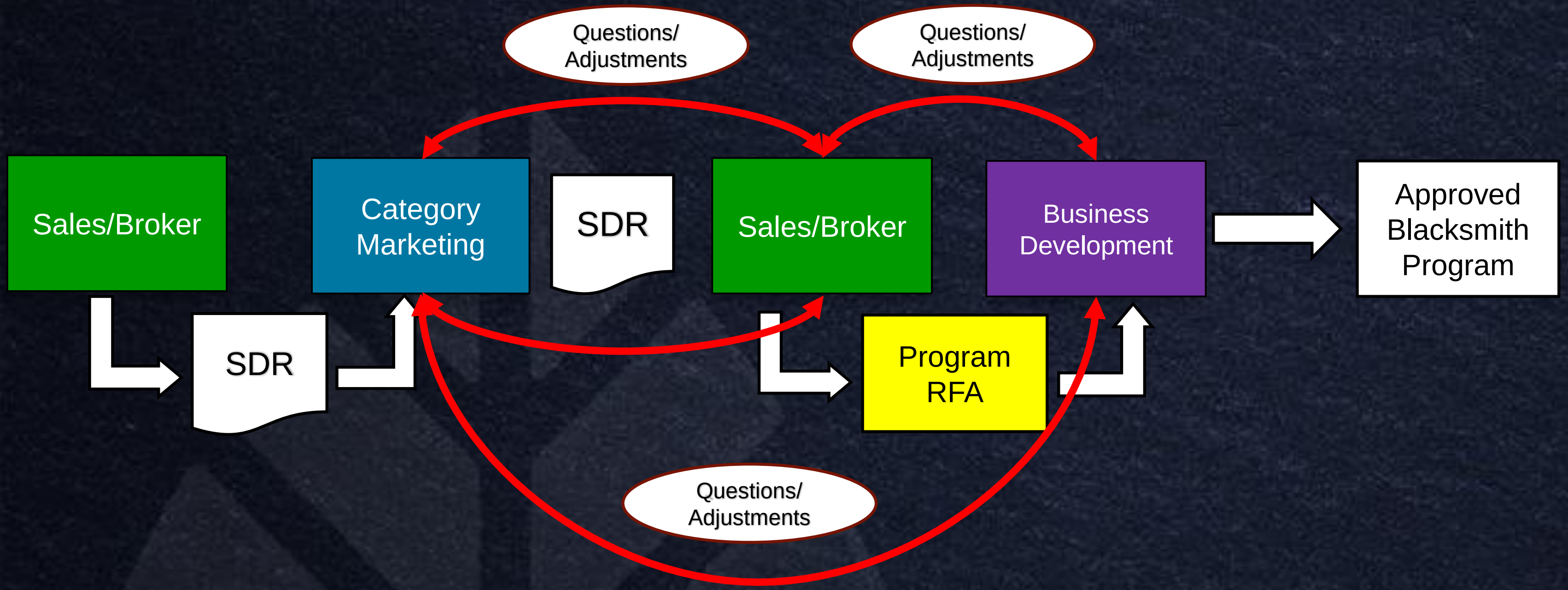
Who owns the ultimate decision… Category Marketing

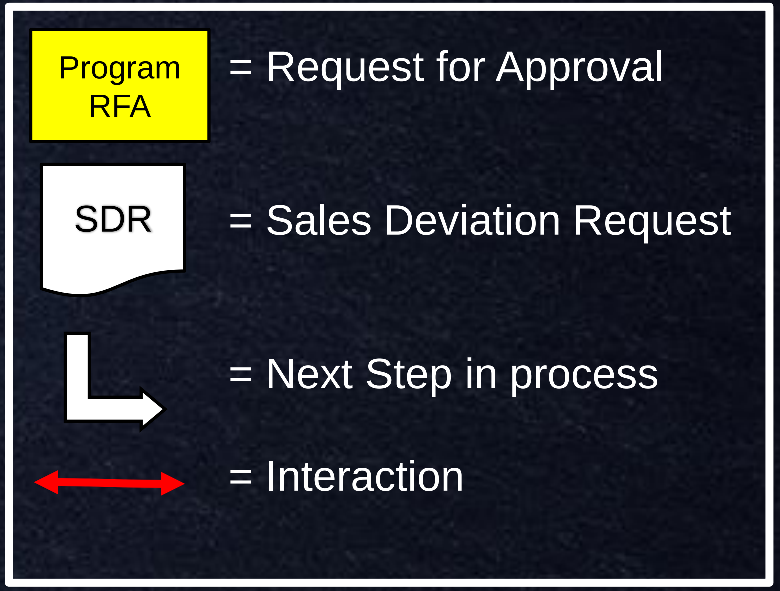
Where that decision should be made… Forge

How to deploy within our structure… Product Hierarchy 2

# Out with the Old: Identify process challenges

Historically, deviation requests were managed via excel…




…confusing & inefficient

# Out with the Old: Identify process challenges

This "offline" process lead to issues with:

- Inconsistent data
- Incomplete data
- Record keeping (category rotations & SOX control)
- Version control: multiple emails & adjustment risk
- Approval authority questions
- Identifying other associated trade

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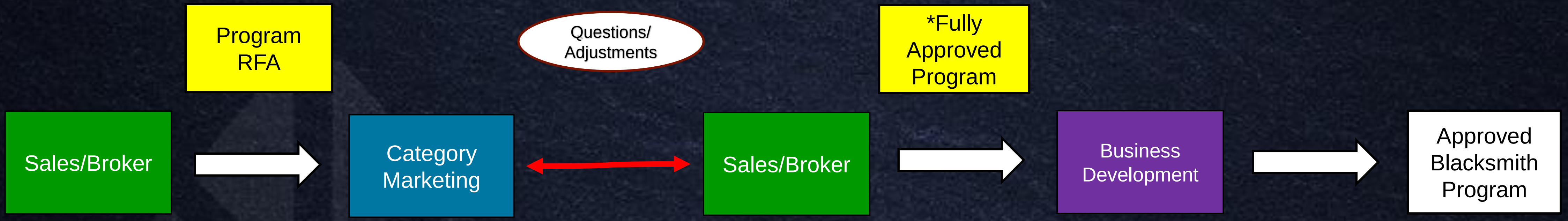
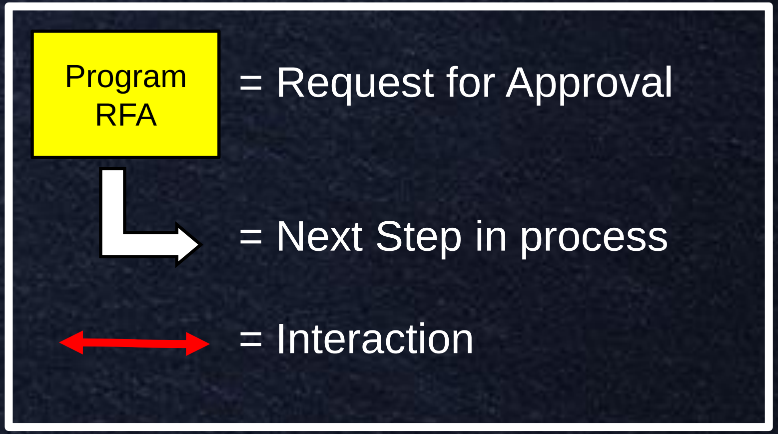
# In with the new: Identify the solution

## Now, deviation requests are managed within Blacksmith




....sequential & efficient

# In with the new: Identify the solution

Systematic process has:

- Streamlined the process via automation
- Eliminated need for excel requests (SDR)
- Increased trade visibility for P&L owners
- Alleviated risk of incomplete or inconsistent data
- Allowed trade operations team to focus on other opportunities
- Removed questions around approval authority

# Partnering w/ Blacksmith: Implementation

- Subject matter experts
- Customizable (tailored to our business)
- Quick (but careful) deployment
- Project owners (no internal IT involvement)
- Ongoing support

# ‘Live’ look in: Value and business perspective

Implementing this process has lead to:

- More empowered & educated business owners
- Quicker program turn-around time
- Reduction of embellished volumes (and their deeper discounts)
- Enhanced lump sum and local distributor approval processes
- Improved program creation and promotion ideation
- Trade operations ability to focus on other trade opportunities

# 'Live' look in: Value and business perspective

Category Marketing

"I love the margin page! It **provides visibility to the other layers of trade** our old process never could."

[redacted]

| sold to | Name | Rate | | Weight | | Weighted Rate |
|---|---|---|---|---|---|---|
| 0010000730 | Shamrock Foods of Arizona (Phoenix , AZ ) | $0.4781 | * | 20% | = | $0.0956 |

| Contract # | Title | Rate |
|---|---|---|
| 000-1282714 | Shamrock DPA Corporate 2018 (01/01/2018 - 12/31/2018) | |
| 000-1283307 | Shamrock DPM Corporate 2018 (01/01/2018 - 12/31/2018) | |
| 000-1283308 | Shamrock PP Corporate 2018 (01/01/2018 - 12/31/2018) | |
| 000-1281258 | IMA 2018 Corporate EDA Program (01/01/2018 - 12/31/2018) | |
| 000-1281260 | IMA 2018 Corporate Marketing Program (01/01/2018 - 12/31/2018) | |

"We're now working out of the same play book, having the ability to research prior year performance **allows me to challenge program requests, and protect my trade dollars**."

[preview] [details] [$]

# ‘Live’ look in: Value and business perspective

**Sales/Broker**

“The new process has **drastically reduced turn around time** on these requests! I also know exactly where we are in the approval process with one click.”

| | Status | RFA Age | Program | Title | Type | Start Date | End Date | RSP | More Info |
|---|---|---|---|---|---|---|---|---|---|
| | RFA | 1 | [1288430] | Program 2018/2019 | OP1 - Operator POP (Pay [ | 06/01/2018 | 05/31/2019 | Victoria | preview] [details] |

**Workflow**

| Action | Name | Position | Profile | Authority Sequence | Date |
|---|---|---|---|---|---|
| Created | Victoria | Arizona | Sales Broker | | 05/01/2018 9:53 AM |
| RFA'd | Victoria | Arizona | Sales Broker | | 05/01/2018 9:54 AM |
| Agreed | Todd | 1 Foodservice HEADQU/ | Category Manager 3 | Category Mgmt | 05/01/2018 12:45 PM |

**CRA** [currently responsible for approval]

| Name | Position | Profile | Authority Sequence |
|---|---|---|---|
| Cameron | 1 Foodservice HEADQUARTERS | Category Manager 4 | Category Mgmt |
| Cindy | 1 Foodservice HEADQUARTERS | Category Director 1 | Category Mgmt |
| Eric | 1 Foodservice HEADQUARTERS | Category Director 2 | Category Mgmt |
| Jeanne | 1 Foodservice HEADQUARTERS | Catagory Manager 1 | Category Mgmt |
| Ryan | 1 Foodservice HEADQUARTERS | Catagory Manager 2 | Category Mgmt |

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# What's Next: Future enhancements

- Expanding workflow to other program templates
- Review incorporating EZ Button rates
- Departing other 'approval decision' systems
- Continuing  trade (& Blacksmith) education for new users

# Questions / Open Discussion

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# Smoke Jumpers Feedback

***

# Round Table Discussions

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Chicago - May 10

# Blacksmith Applications Achievement Awards

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Blacksmith Applications Achievement Awards

# Workflow Automation

LAND O LAKES FOODSERVICE

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Blacksmith Applications Achievement Awards

# Adoption of New Capabilities

Pinnacle
FOODS INC.

SMOKE JUMPERS

Blacksmith Applications Achievement Awards

# Adoption of Best Practices

KOCH FOODS

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Blacksmith Applications
Achievement Awards

# Evangelism

KraftHeinz

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# October 9 - 11

# The Darcy, Washington DC