

Collaboration for Increased Sales and Profits:

“How Godiva uses retail sales and inventory information”

Edyie Seibert
Sr. Account
Executive, Godiva



John Simon Intro

JSS to Read – Not in slide show

Good morning, I am John Simon, CEO of afterBOT and Moderator for this session.

Our primary speaker this morning is Edyie Seibert from Godiva, and she will cover in considerable detail some exciting results she has achieved collaborating with Dillard's.

Dillard's is not attending VCF due to a late change, and they asked me to cover some of the background on their vendor collaboration programs. As you will hear from Edyie, my current company afterBOT has been working with Dillard's since 2006 with a solution in this area.

Prior to being CEO at afterBOT I was CEO at QRS, now Inovis, and during that time I worked extensively with Dillard's on their vendor supply chain programs for over ten years. They have a very good and fair vendor relations and collaboration department and approach and I am pleased to have worked with them for all these years.

I will spend about 10 minutes on Dillard's as background, then turn it over to Edyie for the balance of the session, with some time at the end for questions.

(Next slide)

Dillard's Merchandise Strategy



- Identify and grow brands found in boutique and better specialty stores
- Contemporary, trend-right fashion
- More item-driven than collection-driven
- Dignified approach to marketplace, upscale customer service

Dillard's Merchandise Challenges



- 500+ Merchants manage over 1 million active UPCs from 2000+ Vendors over 300 store locations plus website
- Merchants average 400,000+ Store/UPC combinations EACH
- Extensive IT systems provide merchandise information internally; sharing with Vendors not original design or intent

Dillard's Vendor IT Solutions

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- Began sharing sales and stock data via EDI 852 in 1996 – up to 700 vendors by 2007
- Issues with ability of most Vendors to efficiently process and share data with Dillard's support teams - lacking operational insight
- Implemented eBiz extranet in 2005 – internet access for all Vendor users, EDI data feeds eliminated unless Vendor has Dillard's approved application

Dept	Mc	Style	Color	Desc	Group	Major	Minor	# of Units	Week 1	Week 2	Week 3	Week 4	Week 5	Total Units	YTD Dollars
Grand Totals:															
0117	224	F81K0603W		KN 34 SLV SQ	KAL	KM		127	2096	0	36	62	59	59	2721
0117	224	S81K0603W		KN ELB SLV SMC	KME	KM		0	0	0	0	0	0	0	0
0117	224	S81K0620W		SWT WTR SWING	SOJ	SWT		50	37	0	0	11	7	0	44
0117	003	S91S1227W		SWT 34 SLV BOV	SAP	SWT		120	0	5064	0	0	0	0	0
0117	004	F81S0779W		SWT SLV S BP VE	SOE	SWT		125	0	3352	0	0	0	0	0
0117	004	F81S0772W		SWT LG CARDIGA	SOE	SWT		124	0	3354	0	0	0	0	0
0117	004	F81S0840W		SWT LG MK NK 2	SOE	SWT		315	0	19618	0	0	0	0	0
0127	224	F81K0602P		KN 34 SLV VOK	KAL	KM		251	5823	0	131	152	135	157	176
0127	224	S81K0602P		KN ELB SLV SMC	KME	KM		152	960	0	463	594	287	311	305
0127	003	S91S110P		SWT ELBOWSLVP	SDP	SWT		309	0	6034	0	0	0	0	0
0127	003	S91S1227P		SWT 34 SLV BOV	SAP	SWT		115	0	3832	0	0	0	0	0
0127	004	F81S0640P		SWT LG MK NK 2	SOE	SWT		315	0	15110	0	0	0	0	0
0127	004	S81S0610P		SWT PKT FRNT S	SOJ	SWT		208	237	0	70	116	54	75	353
0170	003	F71S1930		SWT LKX TRUP	WFF	SWT		1	1	0	0	0	0	0	314
0170	003	F71S1931		SWT LKX TRUCK	WFF	SWT		2	3	0	1	0	0	0	296
0170	003	S91S110P		SWT ELBOWSLVP	SDP	SWT		76	0	2772	0	0	0	0	0
0170	003	S91S1227P		SWT 34 SLV BOV	SAP	SWT		309	0	8736	0	0	0	0	0
0174	224	F81K0602		KN 34 SLV VOK	KAL	KM		313	8413	0	162	220	221	252	231
0174	224	F81K0603		KN 34 SLV SQ	KAL	KM		238	5810	0	116	126	120	142	141
0174	224	F81S0610		SWT PKT FRNT S	SOJ	SWT		237	3390	0	118	146	120	118	114
0174	224	S81K0602		KN ELB SLV SMC	KME	KM		115	573	0	889	427	157	95	116
0174	224	S81K0603		KN ELB SLV SMC	KME	KM		318	2902	0	1572	3059	1942	1700	1724
0174	224	S81K0608		KN 34 SLV 18T	KMB	KM		317	2786	0	1860	2989	2191	1785	2187
0174	224	S81S1931		SWT SANG V EMB	WCB	SWT		0	0	0	0	0	0	0	0
0174	224	S81S1934		SWT CABLE SHET	SOJ	SWT		59	32	0	7	23	11	25	87

Dillard's Vendor IT Direction

afterBOT TransAccess

Report: Maintenance: Profile: Help

Sales by Store | Product Class | TA Date

Choose criteria: Vendor_CUB

Choose select: All Selected Codes

Choose style(s): All Styles

Choose store(s): CDS Division 07 Stores

Summarize by: Store/Color/Size

End Date: 09/01/2008

Report to File | Printable Version

Report Generated on: September 02, 2008 9:22 AM

Vendor/Vendor_CUB

Sales data as of 09/01/2008

Inventory data as of 09/01/2008

Daily Sales by Store Report

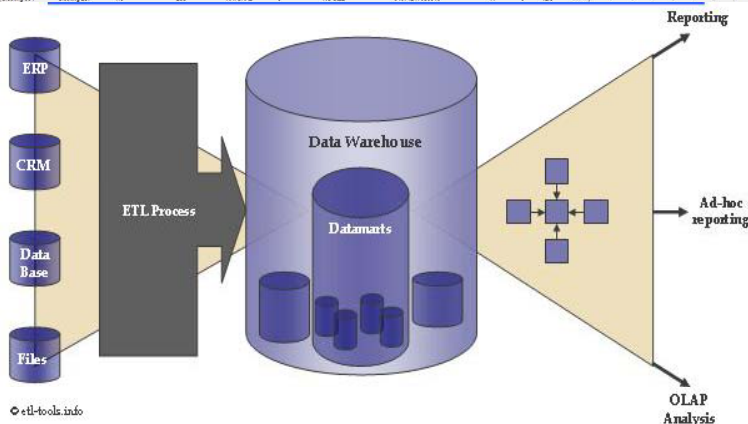
Summarized By: Store/Color/Size

Store List Name: CDS Division 07 Stores for 09/01/2008 through 09/01/2008

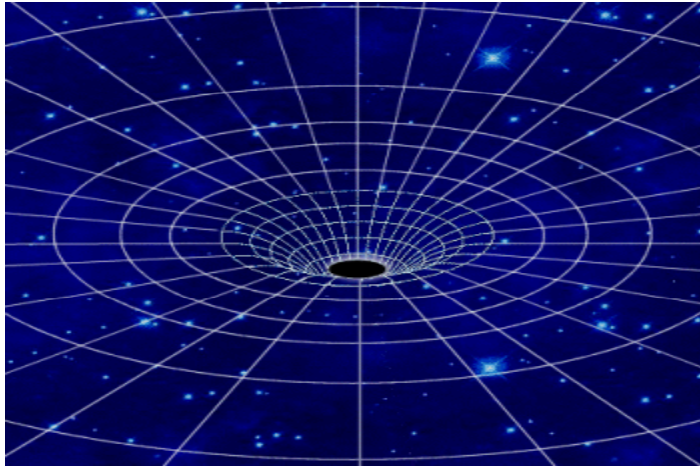
351 Items Found

Item Code	State	Style Desc	Color Code	Color Desc	Size Code	Size Desc	Primary UPC/EFTN	OH	OIO	ST%	Tue	Wed	Thu	Fri	Sat	Sun	Mon
Total for All 88 Stores, 351 Items Found																	
Clothing 001		Clothing 592	311	SHND	0	NO SIZE	03740877960074	59	0	18.0	Quantity: 12	38	18	36	78	59	16
Clothing 010		Clothing 820P	0	NO COLOR	0	NO SIZE	20001400300794	295	276	3.0	Quantity: 1	1	1	1	1	1	1
Clothing 001		Clothing 853	311	SHND	0	NO SIZE	03407304000897	47	0	14.5	Quantity: 2	1	1	1	1	1	2
Clothing 001		Clothing 213	32	DOVE	0	NO SIZE	07844307400890	43	0	15.7	Quantity: 3	4	1	1	1	1	0
Clothing 010		Clothing 874	444	SKY	0	NO SIZE	0360707064140	61	0	10.3	Quantity: 2	0	1	1	2	2	0
Clothing 001		Clothing 657	1	BLKCK	0	NO SIZE	03070044070134	33	0	17.9	Quantity: 1	2	1	0	1	1	2
Clothing 010		Clothing 119	803	PEACH	0	NO SIZE	20040407304009	68	1	8.1	Quantity: 1	0	3	1	0	1	2
Clothing 001		Clothing 257	285	NATURAL	0	NO SIZE	04074207000846	41	0	12.8	Quantity: 1	0	1	2	1	2	0

- eBiz as base Vendor tool
 - Free use, weekly updates, limited upgrades and history
- afterBOT as advanced Vendor tool
 - Successful pilot with afterBOT in 2006, target 150 Vendors in 2008
 - Paid subscription, daily updates, more features, function, history
- EDI 852 only for Vendors with sophisticated internal tools



Dillard's Vendor IT Challenges



- Migrate Vendors from “ship and hope” to effective use of tools to help drive **Business** results
- Ensure Vendor merchants link attention to UPC/Store detail and promotional analysis with continued increases in Sales and Margin
- Ensure Dillard's merchants seek and act on Vendor insights and recommendations for **Business**



Edyie Seibert Biography

JSS to Read – Not in slide show

Began her my work with Godiva as an Account Coordinator in 2003

Worked part time in Department Stores segment for Dillard's, Macy's and Neiman Marcus

Promoted to Dillard's Communication Coordinator in 2005

Supported Account Coordinator, Field Sales, and Logistics for Dillard's

In 2006, Awarded **Godiva's Way Award** for "Effective Communication in Driving Dillard's Results" Used the information pulled from the Dillard's eBiz system for all reports

Promoted to Dillard's Account Executive for 2007

Developed and maximized sales, margin with Dillard's Buyer

Promoted to Dillard's Sr. Account Executive in 2008

Maximizing assortment and distribution with Central Replenishment Office
Coordinates with 70+ Godiva field merchandisers

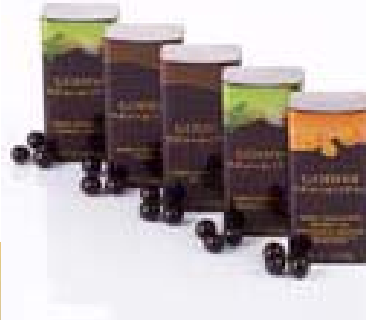
Godiva Chocolatier History



- Godiva's founded in Brussels, Belgium as premium chocolatier in 1926
- Expanded in 1950s across Europe
- Introduced to America in 1966, Godiva has been the market leader in the premium chocolate category.
- Production in Brussels and Reading, PA
- Distribution through fine Department Stores and more than 450 standalone Boutiques in 80 countries
- Mail, phone, and Godiva.com sales

Five Godiva Categories

1. Self Treat: Chocolate Bars and Chocoiste



2. Everyday Gifting: Gold Ballotins, Truffles, All of a Kind



3. Home Entertainment: Coffee, Biscuits (European Cookie) and Cocoa



4. Seasonal Collections

5. Sharing Collection NEW!

Godiva and Dillard's



The Godiva and Dillard's partnership began in 1998

Dillard's carries some Godiva product in all Stores

4 Categories in 152 Stores

52 Replenishment UPCs

45 Seasonal UPCs

Retail price points range from \$2.95 to over \$70

One of only a few DSD vendor at Dillard's

Dillard's Challenge to Godiva



Top to Top Meeting after Holiday, 2006

Bill Dillard III challenged Godiva:

- > **Grow Gross Margin for 2007**
- > **Maintain Inventory Efficiency**
 - **Financial turn/GM ROI**
 - **Candy Freshness/Customer Sat**

Offered to let Godiva have access to daily sales and stock data by participating in afterBOT pilot

- > **Godiva began using in February, 2007**

New Godiva Actions at Dillard's



Daily check self-treat bar sales by store

- > **Contact store/send account coordinator to check cash wrap inventory**



Same day response to account coordinator store visit

- > **React to out of stock/void with Central Buying model adjustment and/or emergency order**
- > **Inspect the next day to ensure OO/OH corrected**



Next day audit all mark-out-stocks by store

- > **Review replenishment order placed AND review replenishment store models and UPC assortments**



Next day audit product launches and promo orders

- > **Review by store and UPC orders next day and correct any mistakes BEFORE DSD delivery**



Truffle Sleeve



Godiva Truffle Sleeve Test

Goal: Does Truffle Sleeve packaging with pictures result in increased Sales?

Test Parameters:

- 1. 1/3 of Total Dillard's Stores that carried Everyday Gifting**
- 2. Stores from each Store Cluster**
- 3. Stores from every Dillard's Division**

Tracked Sales TY v. LY for 4 Truffle UPCs and 4 Gold Ballotin UPCs

Used afterBOT to support Test:

Determined how many sleeves to ship by store
Test vs. Nontest Stores custom reports
Test vs. Nontest UPCs custom reports
Sales lift/cannibalization within Ballotin category

Test Results:

Increase in Sales for Stores that used Truffle Sleeves!
Expanded Program to 100 more stores!

Godiva 2 for \$5 Bar Test



Goal: Measure Effectiveness of Godiva Bar promotion of 2 bars for \$5.00 vs. single bar price of \$2.95

Used after BOT to support Test: Tracked Sales of entire register program by UPC by Store by Day

Monitored not only promo results but also lift/cannibalization of single bars and all register items

Test Results:

Increase in Bar Sales of over 15% v last year!

Ensured OH/OO complete and correct for register products by Store

Contacted stores/sent account coordinator if no daily lift to ensure inventory, signs and fixtures in place

Scored stores for concurrent contest

Collaboration Leads to Success



Vision: Share sales and inventory information between Dillard's and Godiva. Increase the detail, frequency and flexibility of that information. Use this information to drive business process change to increase sales.

Solution: Dillard's and Godiva work together proactively to increase sales, balance inventory, reduce markdowns and spoilage, ensure product availability and freshness for consumers, and develop effective ads and promotions.

Result: Increased, focused communication; successful improvement in sales, margin and profit during difficult economic times for a premium product.

Thank You!



**Godiva from Dillard's makes a
GREAT holiday gift!**
www.Dillards.com