

VENDOR UPDATE

CHRISTMAS 2019



Preparing for the silly season

The weeks and days are rocketing by and the silly season is just about upon us. As the country prepares for Christmas and summer holidays, we turn our focus to ensuring our supply chain operates with peak efficiency.

Our focus is on making the summer season a smooth one – for our vendors, our teams and for all those hundreds of thousands of customers who love shopping with us.

We need your help to achieve this – the detail is sprinkled throughout this update.

But first; a massive thank you for your on-going support throughout the year. Maintaining our leading market share is a team effort – thank you for being part of that.

Peak planning

The December to March period is historically our most challenging in terms of service to our members and we ask for increased focus and support throughout.

Improving availability of your products throughout summer is a great opportunity to improve sales of your products.

Key suggestions for improved supply:

- Plan, plan, plan and plan again
- Daily responsiveness and monitoring
- Operational flexibility
- Communication
- Contingency plans



PROMOTIONS

It's as sure as Santa's arrival - promotions equal higher sales volumes. But careful planning is required to ensure appropriate deliveries of increased stock into the DCs.

Please consult closely with our buying team on the deadlines you need to work to.

Be prepared to manage additional deliveries, if necessary, so you can spread the load if the order/s are extraordinary. If in any doubt of volume expectations or forecasting efforts, please discuss this with your FSSI Buyer.

See page 4 for direct to store opportunities for your promotion.



FULL SUPPLY

We all know that delivery in full and on time against our purchase orders generated is the grease that keeps the wheels turning smoothly. These obligations relate not only to our wholesale operation, but also to any direct supply.

Our service level target expectation for inbound supply and our own outbound supply to members sits at 97%. Your prompt communication with us, through our banner groups, buyers and category teams around any variation to supply, is essential.

In the event of any shortfall, our members value an explanation to help satisfy consumer queries.

Let's make this Christmas the best yet!



Christmas inventory build strategy

As with previous years, we'll be carefully managing a strategic build into the DCs. With the benefit of the centralisation of slow moving lines into the Hornby Ambient DC and also the efficient ordering of full layers and pallets, it should be to a much smaller, but smoother scale. We will be using the AR (auto replenishment) wholesale ordering system to forecast and propose the required amount of stock to achieve this.

We will be building:

All 'C' articles (avg. weekly sales less than 60% of layer)

All SIB (Small Inner Bulk) – these are lines where we cut the lids off cartons and supply stores the inner as the bulk.

The above build volumes will be ordered between December 2 and December 6, ordering enough stock to last until January 6, 2020.

All suppliers should have been sent a list of last years sales volumes of these lines to help with forecasting and to ensure stock is ready to order in the first week of December. All remaining skus will be ordered weekly as normal, unless otherwise notified.



DC key contacts

DUNEDIN - DC02

Inward Supervisor	Jeff Wright	03 466 4145
Inward Goods Office	Jeff Wright	03 466 4135
Operations Manager	Arthur Omar	03 466 4130 021 846 743
DC Manager	Gareth Weatherston	03 466 4101 021 713 378

HORNBY (AMBIENT) – DC10

Inward Supervisor	Andrew Denny	03 372 2944
Inward Goods Office	Kylie Dixon	03 372 2951
Ambient DC Operations Manager	Haydon Thom	03 372 2953 021 713 366
DC Manager	Scott Fairweather	03 372 2931 021 713 297

HORNBY Temperature Controlled – DC08

Inward Supervisor – Day	Jono Turner	03 372 2936
Inward Supervisor – Afternoon	Bailey Neame	03 372 2936
Inward Goods Office		03 372 2939
Temp Controlled DC Operations Manager	Simon Olsen	03 372 2937 0274 999 506
DC Manager	Scott Fairweather	03 372 2931 021 713 297

Merry Christmas

Our Foodstuffs team wishes you, your team and your family a very happy Christmas, a profitable New Year and we thank you for your continued support. May this silly season run smoothly and be prosperous for us all.

Cross Dock

During the year the SAP Cross Dock system was introduced and has enabled us to put our manual system to bed. While we have brought some suppliers in the new system, this work will continue into 2020.

The new system:

- Improves traceability and tracking of cross docking deliveries
- Increases accuracy of order flow
- Enhances reporting on cross docking activity
- Automates all financial transactions
- Expanding capability and capacity
- Expands delivery frequency to our stores across the island
- Provides comprehensive vendor portal visibility



Cross docking in a nutshell

Cross docking is a logistical process of moving goods from the vendor to the customer using the existing Foodstuffs transport network, without the need for the warehouse to store the product.

Stock is receipted through an inbound dock and then transferred across to the outbound dock for transport loading and delivery, where possible, linking up with the customers regular schedule outbound delivery.

Foodstuffs South Island - DC Inward Goods Operational Schedule 2019/2020

Date	Holiday	DC 02 - Dunedin	DC 10 - Hornby Ambient	DC 08 - Hornby Temp Controlled
Monday, 28 October 2019	Labour Day	Inwards Closed (DC Open)	Inwards Closed (DC Open)	Pre arranged only DC open
Friday, 15 November 2019	Canterbury Anniversary	Normal	Inwards Closed (DC Open)	Pre arranged only DC open
Monday, 16 December 2019		Normal	Normal	Normal
Tuesday, 17 December 2019		Normal	Normal	Normal
Wednesday, 18 December 2019		Normal	Normal	Normal
Thursday, 19 December 2019		Normal	Normal	Normal
Friday, 20 December 2019		Normal	Normal	Normal
Saturday, 21 December 2019		Pre arranged only	Pre arranged only	Pre arranged only
Sunday, 22 December 2019		Pre arranged only	Pre arranged only	Pre arranged only
Monday, 23 December 2019		Normal	Normal	Normal
Tuesday, 24 December 2019		Arrangements made prior to 12 noon	Arrangements made prior to 12 noon	Normal
Wednesday, 25 December 2019	Xmas Day	Closed	Closed	Closed
Thursday, 26 December 2019	Boxing Day	Inwards Closed (DC Open)	Inwards Closed (DC Open)	Pre arranged only
Friday, 27 December 2019		Normal	Normal	Normal
Saturday, 28 December 2019		Pre arranged only	Pre arranged only	Pre arranged only
Sunday, 29 December 2019		Pre arranged only	Pre arranged only	Pre arranged only
Monday, 30 December 2019		Normal	Normal	Normal
Tuesday, 31 December 2019		Normal	Normal	Normal
Wednesday, 1 January 2020	New Years day	Inwards Closed (DC Open)	Inwards Closed (DC Open)	Inwards Closed (DC Open)
Thursday, 2 January 2020	NY Day Holiday	Pre arranged only	Pre arranged only	Pre arranged only
Friday, 3 January 2020		Normal	Normal	Normal
Saturday, 4 January 2020		Normal	Normal	Normal
Sunday, 5 January 2020		Normal	Normal	Normal
Monday, 6 January 2020		Normal	Normal	Normal
Key		CLOSED	Pre - arranged only	



Vendor Stock Holding (VSH)

With the increased space, we can now extend our VSH capacity via third-party logistics (3PL) process. While the stock remains under your ownership, we'll hold it in our ambient or temperature-controlled DC in Christchurch or Dunedin. This is a great service for storage of high-volume lines over a long period or for seasonal or promotional stock builds.

VSH holding creates significant reduction in product handling, lower costs and improves service levels and lead-time for suppliers and their customers.

To discuss VSH or cross docking, contact:

Thomasina Loeffen
Procurement Logistics Manager
Phone 03 353 8716

Thomasina.Loeffen@foodstuffs-si.co.nz

DC Update

Wow – what a year 2019 has been. We've completed all building works at our Hornby Distribution Centre. The added capacity allows us to move over 1.1 million of your combined cartons through the facility EVERY WEEK!

While we opened the main areas of the project, affectionately known as Chilly Bin, this time last year, there has been many more exciting milestones reached during 2019. We now have two fully-operational, state of the art distribution centres operating from the site – one dealing with ambient products and the other chilled and frozen. Our range has extended to nearly 20,000 products across both with the new temperature-controlled warehouse holding 3,450 skus, an 18% increase on the number held this time last year.

The work at Hornby has included a new office and maintenance area for TSI (Transport South Island) our freight arm of the co-op, along with staff amenities, a charging room for forklifts and other operations equipment, a new staff cafeteria and other amenities for our people and additional car parking.

With the building behind us, the focus for our teams is now around taking our already good metrics and making them better. Accuracy is always at the forefront of what we do; we continue to drive improved health and safety outcomes and are continually monitoring our efficiency and productivity.

Across our two distribution centres at Hornby, we have over 1,000 staff – all working hard to make this summer season hum.



Procurement key contacts

Procurement Coordinator	Nick Love	03 352 0835
Procurement Analyst	Val Kawaguchi	03 363 6925
Import Procurement Coordinator	John Greenwood	03 353 8648
Procurement Systems Support Coordinator	Peter Ross	03 353 8657 021 879 675
Procurement VMI Coordinator	Kristi Tocket	03 374 8098 021 901 956
Procurement VMI Coordinator	Matthew Shaw	03 353 8664 021 243 0961
Senior Procurement Analyst	Haidee Johnstone	03 352 0830 021 817 686
Procurement & Systems Manager	Jeremy Dickinson	03 353 8656 021 816 376

Direct to store for your promotion

If your promotion is going to be extraordinary and drive large volumes of product in a short timeframe, consider the option of some direct store deliveries – this must be discussed with our promotion managers and buyers.

There are often opportunities to reduce cost and impact on the supply chain by thinking outside the norm.



New World Three Parks opening December 10

Our newest store in the New World group opens on December 10 and offers wonderful opportunities for our supplier community to reach this busy part of the world. It will be one of the South Islands largest, most sustainable, efficient and modern supermarkets. With a total floor space of 4,342 metres, with 2,144 of those dedicated to retail, the store will provide an extensive array of products and services.

The store will turn many retail conventions on their head, bringing shoppers a superior experience. Three Parks will include a range of features and products including:

- Complete redesign featuring all fresh food departments placed together in a courtyard
- An extensive, 'build your own' salad bar
- Food inspiration on steroids with the focus on local and seasonal with an impressive array of deli, bakery, butchery and food to go options, handmade and prepared on site
- Naked produce – spray misting of fresh produce to minimise plastic and retain freshness
- Dry aged beef
- Fresh peanut and cashew butter mills
- A comprehensive international array of products from around the world
- An impressive range for vegans, gluten free, and increased health and wellbeing products, fresh and meal solutions
- Focus on sports, nutrition and health products to support the active Central Otago lifestyle
- An extensive range of local wines
- An onsite café featuring a tasty cabinet selection, barista coffee or customers can purchase food in the supermarket and eat it in the café
- The store is designed to be as efficient and sustainable as possible with CO2 natural refrigeration systems. An energy monitoring system has been installed to automatically adjust airflow, temperature and lighting as well as provide an optimum internal environment
- Electronic shelf labels and LED aisle end displays with an emphasis and end goal of zero printing.