



TRANSFORM YOUR VENDOR MEETINGS PART 1

SYNOPSIS:

Wherever you are in the retail supply chain, the relationships and agreements you forge are vital to your business. But buyers and vendors don't have the opportunity to spend a lot of time together – every interaction needs to count.

At your next vendor meeting, how can you avoid the usual sales pitch and instead, make sure to depart the discussion with truly actionable insights? What information can you bring to strategize a win-win situation to strengthen inventory decisions and sell more goods?

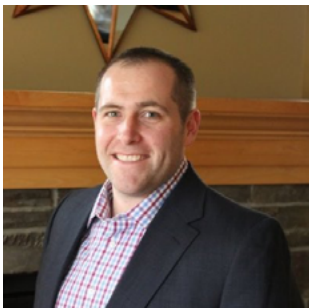
Brandon Pierre, a former merchant with more than 20 years of experience in the field, offers advice on how you can transform your vendor meetings for better growth potential in this episode of *Mastering the Retail Game*. This is the first installation of a two-part series, so be sure to check out the next episode for more great information.

ON THIS EPISODE:



Host: Chris Gunderson, Enterprise Account Executive, SPS Commerce

Chris has been with SPS Commerce for nearly a decade, and during that time he's had a first-hand look at how companies in the retail supply chain have succeeded and grown through innovation. He's consulted with a variety of organizations on ways to use technology to optimize and extend business relationships through streamlined partner connections, enhanced collaboration and supply chain flexibility.



Guest: Brandon Pierre, Senior Director of Customer Success, SPS Commerce

As a customer success executive at SPS, Brandon Pierre works alongside many retailers and suppliers to develop strategies to address their merchandising and supply chain business objectives. With more than 14 years in the buying organization at major retailers, he has experienced first-hand the opportunities of the digital era and how technology can transform the consumer experience through improved retailer and supplier connections.



Chris Gunderson (CG): Welcome to the Mastering the Retail Game podcast from SPS Commerce, where we explore the new rules of retail and provide real-world advice on how to win by learning from your peers and industry experts.

I'm your host Chris Gunderson and today we'll be talking about how you can get the most out of the meetings you have with your trading partners. For more than a decade, I've worked with retailers and their trading partners who both want the same thing – more sales.

Today, we'll learn one of the critical points that determine if you have a winning or losing hand. Whether you're a retailer buying from a vendor, a manufacturer selling to a wholesaler, or somewhere in between, all parties have the same challenge – they simply do not have the opportunity to spend a lot of time together. When you do meet, how can you avoid delivering or receiving a sales pitch with no direct actions, versus the intended goal of driving decisions to grow your business?

“Reviews are not only powerful for consumers, but also extremely powerful for vendors and suppliers to help retailers think through how should they be speaking to the items on their site.”

Here today to help transform your meetings and make sure that every second counts is Brandon Pierre, prior to joining SPS, Brandon held merchant positions for over 20 years. He worked for 13 years at local retail giant Target Corporation, where he managed nearly every category: grocery, sporting goods, movies, haircare, you name it and he's done it. Prior to that, he had experience at both midsize and small size retail businesses.

Today, Brandon serves as the Senior Director for Customer Success at SPS Commerce. He has daily conversations with retail customers about how they can leverage industry-leading reporting tools to make data-driven decisions. Welcome to the Podcast, Brandon.

Brandon Pierre (BP): Thanks, excited to be here.

CG: That's great. Brandon, for those of us that don't have a lot of experience with retailer and supplier meetings, can you just give us a little background on what those look like?



BP: Yeah, before I even get into the meeting itself, I think one of the things that I find is important for suppliers and retailers to recognize is where the merchant's head is at when they get into these engagements with suppliers. Often times I find that suppliers kind of assume when they get into those engagements with their buyers that they know in their heads, focused on what's going on with that supplier in their business, but they rarely are.

They're bouncing from meeting to meeting, they're talking to vendors but they're also talking internally. They're putting out fires with issues going on in the supply chain to items not selling, so when suppliers get into these engagements with the buyers, they need to understand there's a level set that needs to happen that requires the supplier to come prepared to those engagements with what's going on with their business and to level set with the merchants.

I would say when I see these meetings go well, they tend to be about a half an hour, and the meeting is really constructed of the first half is all about grounding themselves in what's going on with their business. What the supplier's business is performing at that retailer, how the retailer is performing, and then really diving into recommendations.

CG: That's great feedback, thank you. If you look at the landscape from when you started 20 plus years ago to today, can you give us a little insight as to what's changing in the marketplace?

BP: Yeah, well especially in the dynamic between the time retailers have and how they spend that with their suppliers, I continue to see that be stretched more and more thin. The reality is buyers are now starting to manage much more complexity within their business.

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You used to be a buyer that was just buying for the stores, now you have the online space and then you have not only items you're carrying online which comes with additional vendors you're managing but then you also have complexity of the channels. So how am I supporting buy online pick up in store? How am I pricing and promoting things in the store? All of those are new variables that the buyers have had to take on over the course of the last couple of years.

One of the things that we consistently don't see is buyer headcount necessarily going up in an organization so buyers are being pressed to do more with the same amount of time and the same amount of resources.

Which is really starting to, I think, shift how buyers and suppliers work together, and where buyers that we're seeing really being able to conduct and lead their business well are tapping into their suppliers to help drive more of their own business performance at that retailer.

CG: So from that perspective, how do you see retailers and vendors crafting strategies together to be more successful in those meetings?



BP: Yeah, I think one of the things where I see this happening successfully is the suppliers are the ones that are coming with the perspective on how I'm performing with you as a retailer and how I see the marketplace performing. And so they're coming in with a very informed opinion, versus coming into that meeting saying "How am I doing? What are your strategies, merchant?"

It's really "here's what I'm seeing happening in your stores when I have the data available to me and I can see how things are performing. I've done the due diligence to have a recommendation, and then I've balanced that with what's going on in the industry to start to bring recommendations." So I'm not waiting to hear it from the merchant, I'm leading that and driving that.

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And then I have the opportunity to spend that time with the merchant to understand what they're doing as a retailer and how my strategy fits that, and where I might be potentially going down the wrong path.

But it's really becoming more and more supplier led, rather than waiting for the merchant to tell me what to do.

CG: You know you mentioned how busy buyers are today, are they having any time to do any online research on their vendors and different product mixes and things like that? I guess how much research are buyers coming into these meetings with?

BP: Yeah, I would say they do a lot of industry research, and they know how their stores and how their categories are performing. They're not spending a lot of time researching you, vendor, and how you're performing. So that's one of the

things I constantly try to tell them, and you'll hear me say vendor and supplier, so I apologize in advance, but one of the things I consistently see is that when the vendors are able to come in prepared with their own point of view, that's going to speed up and make a more effective conversation with the merchant.

The other thing is that I know we're talking a lot about the meeting and what this meeting looks like – it isn't always meetings that are driving those engagements.

It could be an email, a well-timed email, a well-timed phone call, but all of those engagements start with the vendor knowing what's going on in that retailer's business and they're leveraging that retailer and the merchant to provide that insight that's more global on what that retailer see's happening with their consumer versus spending time talking about that supplier's specific item, because the supplier should know how that's doing.



BP: The other thing that I try to impress upon and where we spend a lot of time talking with the retailers and the suppliers about is finding those moments where you can have the best success collaborating together. So meetings are one thing, but there are some themes within those meetings that we see.

So one of the areas we often times talk about is seasonal businesses and especially how merchants and their vendors can be collaborating more effectively around seasonal businesses. Things like getting an early read on how sales are performing.

Not only performing at that retailer, but the supplier can bring some insights in terms of “Hey, you’re down 10 percent to last year but we see the rest of the industry up 20 percent. So it’s not weather driven, or it’s not a late trend that’s popping, you have something going on in your stores.”

In the same way the retailer can come to that conversation and say “Alright, you’re down 10 percent in my category, the rest of the category is up 20 percent.”

So, the seasonal business and the reaction early on in the season is the difference on whether you hit your numbers for that season, and so the ability to collaborate early and effectively and align around you bring insights, supplier, with what’s happening in the category more externally to me as the retailer. I’m going to bring you some insights with what I see happening in our retail space and then we’re going align on how to make the most out of that season.

Again, it might not be a meeting. You might not get a half an hour with that buyer, but you might notice a couple items that are popping early on, whether it’s up or down, and it’s a well-timed email but that’s driven based on insights and recommendations that can really start to drive that seasonal business.

CG: Sounds like there’s an opportunity to really make it a win-win. When you’re looking for new products, how do you find them as a merchant today?

BP: That certainly is shifting. Many years ago it used to be that you’d just take a few hours each week and go out and shop your competitors. You’d walk the stores, walk their aisles. You’d tend to look at who’s your most direct competitor.

But you’d also have a lens towards the aspirational. So where do I want to be in this category? And how do I keep an eye towards what that potential future vision of my category could look like?

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BP: In the “olden days,” I guess, it used to be a lot of just getting into the physical stores and looking. And obviously as the online channels popped, it’s made it a more “hey, what are you doing to search online? And what are you looking at from what’s going on in the online perspective?”

Which sounds a little bit easier and a little bit more manageable to go online, but the reality is it is really hard to competitive shop in the online space. So much of what’s bought online isn’t necessarily because I go to a storefront online and see what they carry. I’m searching for something, I’m searching for a specific category, a specific item, a specific need I have as a consumer. So how do you competitively shop that as a merchant?

And what merchants are doing now is spending a lot of time saying “Hey, what does my SKU count look like in this category? How am I covered in certain price ranges?”

And then when I go out and look at my competitors’ sites “What’s their SKU count in those categories? What are their price points that they’re carrying that in?”

And we’re seeing more technology now and site scraping technology that’s feeding these buyers, especially the more advanced buying organizations, with some insights in terms of here’s what’s being carried across the competitive landscape in these categories that’s helping them stack up a little bit.

But again, it’s complicated. It’s really challenging to know the breadth of when you think about all the competition I could be looking at online.

It’s hard to know what everyone’s doing, which when I come back to it is exactly why the more that the supplier partners can be coming with fact-based recommendations driven by data and insights around what’s happening in the category today, they open themselves up for that opportunity then to talk about what they’re seeing out there in the industry more broadly. And so, I do see as it becomes more complex to competitive shop, that need for suppliers to inform me where they’re seeing the industry go as well. Because again, that one buyer that used to just buy for stores and now I’m buying online, and now I have two times the vendor count, two times the competitors to be competitively shopping against, and it becomes a much bigger space.

So again this is another area where I see suppliers continuing to contribute to that insights in helping me know where to go next with my category.

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CG: Thank you. We've talked about a couple different types of doing your homework in advance of a meeting. Is there any other type of research that you've seen done out there that's been successful?

Yeah, so we hit on the seasonal business a little bit. One of the topics I would say that's the least sexy in retail is everyday in-stocks. It's one of those things that tends to get pushed to the bottom when buyers and suppliers are talking but can have all the difference in how a business is performing.

And this is this idea that if I decided to carry your item, is it in stock in my stores when the consumer goes to buy it? And it gets down into the details of "Are you filling my orders as I'm writing them? Are you shipping on time? Are you making changes? Are you having delays?"

"If I decided to carry your item, is it in stock in my stores when the consumer goes to buy it?"

All of those things start to contribute to in-stocks and in-stock performance. A lot of times you used to see where the supplier would go to the retailer and say "Why is my item out of stock?"

But what we're starting to see change in that script is well if it's out of stock, what could the supplier be doing better? What are your lead times getting products into my supply chain? Are you filling in full when I write an order or are you making changes to my orders?

All of those things are pretty critical to whether an item is in-stock in the store. And then the other thing on top of that is, again and you're going to hear me say this throughout our conversation today, the merchants are being stretched to do more and more with the same amount of resources.

One of those things is my ability to dig into in-stocks at a store level, at a regional level, and there's a lot of insights that can come from there that can help a category perform. I might have five of my twenty stores that are consistently out of stock in one of your top selling items. That's not popping to me on a high-level radar. I'm seeing three-quarters of my stores are in-stock all the time so things look good and they look relatively in-stock.

Well, when it turns out my top stores on your top item are out of stock, that's impacting our sales. I would argue it's the suppliers' responsibility, again, when you're able to get that data, know how you're performing on your shipping performance, and know how items are selling and where they're in stock and out of stock, you need to be making that recommendation as a supplier, because that's owning your business with that retailer. You shouldn't leave it up to the retailer to find those areas of opportunity.

I used to see less and less of suppliers actually coming prepared with that type of insight, but that's where we see more and more of the retailers asking it, but also the suppliers being prepared to discuss that and really lead that effort.



CG: On the supplier sales team here at SPS, we hear a lot about vendor scorecarding. Is that some of the things that you're talking about with deliveries and items like that?

BP: Yeah, absolutely. I came from a big organization in the past and I took some of the vendor scorecarding that we had in place for granted. I'm actually a little bit surprised when we're starting to work with our retailers the challenge historically they've had around being able to scorecard consistently with their vendors.

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They tend to have a way to track it, whether it's emails or spreadsheets, but we are seeing more and more – when you hear business intelligence and business analytics – that we're seeing more and more scorecarding around the vendors is starting to be something that retailers are asking for and demanding of their systems and their capabilities.

They're not all doing it consistently yet, but we do see that continuing to be something that retailers are leveraging. And quite honestly, it is a benefit to the suppliers. If I can have visibility into how a retailer thinks I'm performing versus a little bit more subjective notes in an email or spreadsheet, if I can see here are the numbers, and here's how I'm

performing with the retailer, it drives a more objective conversation of where we need to go next. So yeah, we do see a lot of scorecarding, but again, this is where I would argue as much as the supplier can even bring that to the retailer and say, “Here's where I'm performing well, here's where I'm struggling, how do we work better on this?” So it's not always that the retailer has to be producing a scorecard for that vendor as well.

CG: What about reviews? Is that something that should be brought to a meeting?

BP: Not often enough, if I'm completely honest, but they absolutely should be. Merchants are looking at it. Merchants do have a lot of scorecarding where they're going out and they're looking at what are consumers saying about this item online? And how is that impacting my brand as a retailer?

So yeah, I would say vendors absolutely should be looking at that information and bringing that back. Some of the best suppliers did. They would come in with screenshots of “Hey, so and so, said this about the product.”

And sometimes it wasn't a product thing. It might have just been the content online. We didn't specifically call this out in our long copy or description online, it seems to be causing some consumer confusion, we'd like to add this and we think that's going to help consumers make better purchases and it's also going to address some low star ratings we got in reviews.



BP: Yeah, make no mistake about it, merchants are looking at that. One of the things that we did a pretty in-depth study on was reviews' impact on consumers making a decision. And one of the things we found was that on average it takes about seven reviews to be even credible. So when you're a consumer and you're looking at an item and it only has three, you're probably like "That's not enough reviews." If it has 2,000, you're probably only going to look at seven anyway. So that was kind of the magic number that we always found.

And one of the things that I always talk to our vendor partners about and why retailers don't hide negative reviews is that sometimes the negative reviews are just something that helps other consumers make a smarter decision. Like, I gave it a one-star rating because I bought a – and this is weird maybe for a guy to be talking about – mascara or a blush, but we'd see a lot of where these where your colorwave that you had on your site didn't match my skin color and so I gave it a one-star rating because this blush tends to be a little bit darker than it shows online.

Well, that helped inform the next consumer, so when I'm buying that item, maybe I want to buy something a little bit lighter because it tends to shade a bit darker. So, the reviews are not only powerful for consumers, but also extremely powerful for vendors and suppliers to help retailers think through how should they be speaking to the items on their site

CG: Coming into a meeting, I guess I'm curious, if a vendor came to you and talked to you about what's been successful at a competing retailer, is that something that you'd find interesting? Or would it make your stomach turn a little bit?

BP: Yeah, that's funny, we get that a lot. This is one of the biggest traps that I think suppliers can walk into. Where a retailer may ask for some specific recommendation on what my competitor as a retailer is doing and I would encourage all suppliers to stay away from that.

Because the thing you start to do when you share that type of insight is what's to say that you're not going to share that with my competitor about me? And the trust gets broken pretty quickly. So I caution suppliers against ever speaking to what a retailer specifically is doing in terms of performance to another retailer by name. And I also caution retailers against asking it.

Quite honestly as you start to ask those things of your suppliers, you're going to lose the trust of your suppliers as well. Because if I'm sharing this type information with you as your supplier, who is to say that you're not turning around to my competitor and sharing this pretty type of confidential information.

So I would say, yeah, while it's valuable as maybe a short term gain for our relationship, it does break down trust long term.

"...sometimes the negative reviews are just something that helps other consumers make a smarter decision."



BP: Now with that being said, there absolutely is an opportunity to share a broad opinion around what's happening with my competitive set, and I expect you to do that. I don't expect you to say "This retailer Competitor A is doing these things."

But I think it's important that you come in and you say "Hey, you're a sporting goods retailer. I'm seeing other retailers in the sporting goods channel do these types of things. They're buying these types of items from us; they're buying double the amount you are; they tend to sell it at 50 percent less."

Again, this is all public information where you're seeing these items carried in stores, you're seeing them in stock, you're seeing what they're pricing them for. But you as a supplier to be able to come with that context of what my industry and what my broader set of competitors are doing is all critical information for me to make an informed decision as a buyer.

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So it's important to bring that competitor insight into the conversation, but you're going to want to definitely steer away from this naming who the competitor is and what they're doing because that trust, once it's broken, you're going to see pretty quickly.

They might shut off your point of sale data or they're going to completely shut down when you're asking them to share anything with you related to strategy.

CG: Can any retailer or supplier employ the strategies that we've talked about here today in their meetings?

BP: Yeah, absolutely. I think that is one of the things, as I commented earlier on in our conversation, where I do see those interactions going differently by category depending on if you're a multibillion dollar supplier, you're probably going to be armed with a little bit deeper pockets and a team of analysts that are going to be able to look at the data and help you come up with insights.

But I would argue as a merchant, the most value I got out of the data was when I had the smaller suppliers, the ones I was testing and trying to figure out "Was I getting out in front of a marketplace trend?"

When those individuals were coming back to me with insights, that's when I got the most excited. Because those were going to allow me to kind of transform my category, versus my everyday hitters.



BP: Now with all that being said, the big players are still critical because they make up a large percentage of your business. So how they're helping you most effectively operate your business is really critical. But absolutely I would say the smaller suppliers can really pivot their relationships even further with retailers when they're bringing these insights.

And one of the things I'd say is it's still immature, but some of the more frequent conversations we're getting into now are with some of these smaller retailers that are just figuring out, "OK I should be doing something with this data and how do I engage with my vendors?"

So I would say the smaller retailers and the smaller suppliers are actually where we're seeing more traction and momentum in how they're starting to leverage this in their relationships.

CG: This has been a great conversation and we've come to the end of the time we had for this podcast, but let's continue the conversation in the next episode.

BP: Yeah, absolutely, thank you, Chris.

CG: Thanks for listening to this episode of Mastering the Retail Game. This is part one of a two-part series on the topic of transforming your vendor meetings. You can listen to Part Two, as well as read transcripts of this podcast and review show notes, by visiting spscommerce.com/podcast. You can also check out other episodes and subscribe through most major podcast streaming services.

Join us on the next episode of Mastering the Retail Game for more tips on to win in the new retail environment.

Until then, this is Chris Gunderson signing off.

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