

Logistics



**Script:**

In order to launch a brand with a retailer, you must have a keen understanding of their logistical process. While each retailer has a different process, for this training, we will discuss how to align with the logistical requirements of [CLIENT] and its affiliates.

At the end of this module, you will have an understanding of the requirements needed to launch a brand with [CLIENT] and its affiliates.

## WHAT INFO IS REQUIRED TO FEED INTO OUR SYSTEMS?

- Universal Product Code (U.P.C.)
- Product Identification (PID)
- PID Description
- NRF Information
  - NRF Color Code
  - NRF Color Description
  - NRF Size Code
  - NRF Description



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### Script:

Each product purchased by [CLIENT] must include standard information so that both the buyer is aware of all of the options available for each product.

[CLIENT] requires the following information for each product: The UPC, the Product Identification, and the Product Identification description. In addition, you must also provide NRF Information such as the NRF color code, color description, the size code, and description.

- The first and most important requirement is the Universal Product Code or UPC. The UPC is a numeric code that is used to identify an item or group of items. We will explore the UPC in more detail shortly.
- The PID or product identification is used to group UPCs in a single product number. For example, this shoe in a different color would still have the same PID.
- The PID Description is the name or general description of the product.
- The National Retail Federation, or NRF, is the world's largest retail trade association. Its members include department stores, specialty, discount, catalog, and internet, among others. NRF provides its members with a standard language for product color, description, and size identification.
- The NRF Color is a 3-digit code used to describe the color of a product. In this example,

This red shoe would have an NRF Color Code of 600.

- The NRF Color Description is the description of your color. For this shoe, the description would be red.
- The NRF Size code is a 5 Digit Code used to describe the size of your product. This shoe has a SIZE code of 50395.
- The NRF Size Description is the description of what that Size code represents. In this case, the shoe is a size 7.

## What is a UPC?

The UPC, or Universal Product Code, is a numeric code used to identify an item or group of items.

- UPC Company Prefix
- Item Reference
- Check Digit



FOR REFERENCE ONLY



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### Script:

The UPC is the most important of all the requirements needed for each product. UPCs are critical to ensure that your products can be uniquely identified within a retailer's system.

- The UPC Company Prefix is a 6-10 digit number assigned by GS1 to uniquely identify brand owners needing to mark items with UPC symbols.
- The Item Reference is assigned by the brand owner to reference a specific item.
- The Check Digit is the 12<sup>th</sup> digit. It is a calculated digit based on a MOD check digit calculation from the preceding digits.

## Case Packs

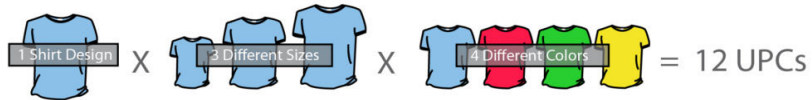


### Script:

A group of the same item is usually called a case pack. In simple terms, case packs are a quantity of the same product that the manufacturer packages together and distributes to you. The items in a case pack will also have the same SKU number.

Both the SKU and UPC are unique identifiers of identical products. However, SKUs are for internal use and UPCs are for external, or universal, use.

## Determining the number of U.P.C.s



### Script:

While case packs contain the same identical product of the same size and are identified by a unique UPC and SKU, variants of the product require a unique U.P.C. and SKU. A product variant might be its different sizes and colors.

In this example, there is one product, a t-shirt. The three different sizes of the t-shirt will require three different UPCs. Each size comes in a different color. Therefore, each color will require its own UPC. This results in the t-shirt having 12 different UPCs in total.

It's also important to note, that once you have assigned a UPC to a product, that UPC cannot be used again for a different product.

## What is GS1?



### Script:

To obtain a UPC, you must purchase it. There are several resources available that can provide you with UPCs. However, to become a supplier to [CLIENT], you must purchase a UPC from GS1.

GS1 is a global company that provides vendors with unique U.P.C.s. and company (prefixes), which serve as the building blocks for barcodes.

When you purchase your Unique UPC from GS1, you will be given a GS1 certificate that includes your company's name and bar code prefixes which are proprietary to you. These prefixes prevent items from being sold with a UPC owned by a different company.

The prefix is also important for linking your UPCs in [CLIENT] system.

Prefixes are usually 6-8 digits long and it's always the first part of a UPC as you can see here in our example. It's also important to note, that once you have assigned a UPC to a product, that UPC cannot be used again for a different product.



## RFID – Requirements & Use Cases

Item File Accuracy---	Display Audit	Omnichannel Selling	BZF – Back to Front	Inventory Reconciliation	Asset Protection
<ul style="list-style-type: none"> <li>•Cycle counts are performed in the last week of each month, from February-October. The cycle count allows us to update our item files to contain the most updated information. This way, we ensure that we are offering the correct items for online fulfillment and Buy Online Pickup in Store and not disappointing our customers.</li> </ul>	<ul style="list-style-type: none"> <li>•Display audit lets our stores scan areas such as Women's Shoes to ensure we are presenting every style and color that is available and replacing samples that have been sold.</li> </ul>	<ul style="list-style-type: none"> <li>•RFID tags assist our store teams in locating items for online fulfillment and BOPS</li> </ul>	<ul style="list-style-type: none"> <li>•Back to Front scans assist our store colleagues with replenishing the sales floor by identifying items that are physically owned in the building but not represented on the sales floor.</li> </ul>	<ul style="list-style-type: none"> <li>•We can perform side by side scans to reconcile physical inventory results.</li> </ul>	<ul style="list-style-type: none"> <li>•Our Asset Protection teams can utilize RFID tags to assist with identifying high shortage areas so they can focus resources on those areas.</li> </ul>

### Script:

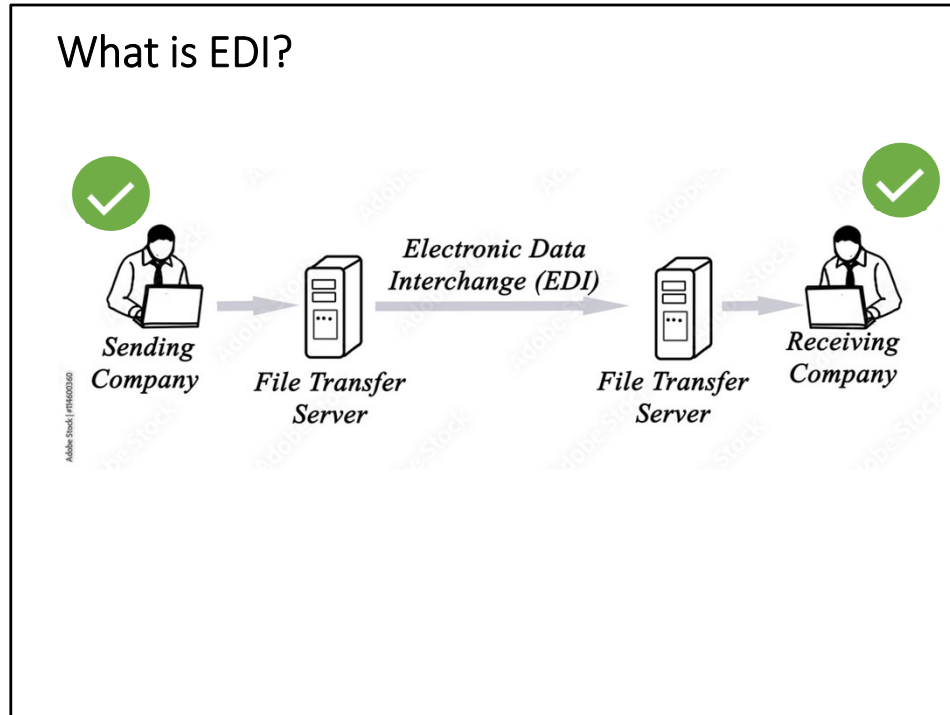
In addition to the UPC tags, RFID tags are required in most families of business for both [CLIENT] and Bloomingdale's. RFID stands for Radio Frequency Identification. It is primarily used to ensure item file accuracy, to display audit, for omnichannel selling and back front, inventory reconciliation, and asset protection.

The primary use cases for RFIDs are listed. Click each term to learn more.

- Item File Accuracy---cycle counts are performed in the last week of each month, from February-October. The cycle count allows us to update our item files to contain the most updated information. This way, we ensure that we are offering the correct items for online fulfillment and Buy Online Pickup in Store and not disappointing our customers. Once cycle counts are complete reporting is available to vendors the following week.
- Display Audit lets our stores scan areas such as Women's Shoes to ensure we are presenting every style and color that is available and replacing samples that have been sold.
- Omnichannel Selling—RFID tags assist our store teams in locating items for online fulfillment and BOPS.

- Back to Front scans assist our store colleagues with replenishing the sales floor by identifying items that are physically owned in the building but not represented on the sales floor.
- We can perform side by side scans to reconcile physical inventory results.
- Our Asset Protection teams can utilize RFID tags to assist with identifying high shortage areas so they can focus resources on those areas.

## What is EDI?



### Script:

In addition to purchasing a unique UPC from GS1, [CLIENT] requires that you, as a supplier, be EDI compliant. EDI stands for Electronic Data Interchange and is defined as the electronic sharing of data between you (the vendor) and [CLIENT] (the retailer). It is required to sell goods in stores and out of warehouses.

It might be helpful if you think of EDI as a phone number or email address that is assigned to both you and the retailer in order to directly connect with each other.

In becoming a [CLIENT] supplier, EDI compliancy is just as important as the UPC because EDI accurately transmits data with no manual errors such as you might get from sharing documents via email only. It also keeps your files in sync with [CLIENT] files and vice versa when transmitting item info, U.P.C.s & Purchase Orders, which will be discussed.

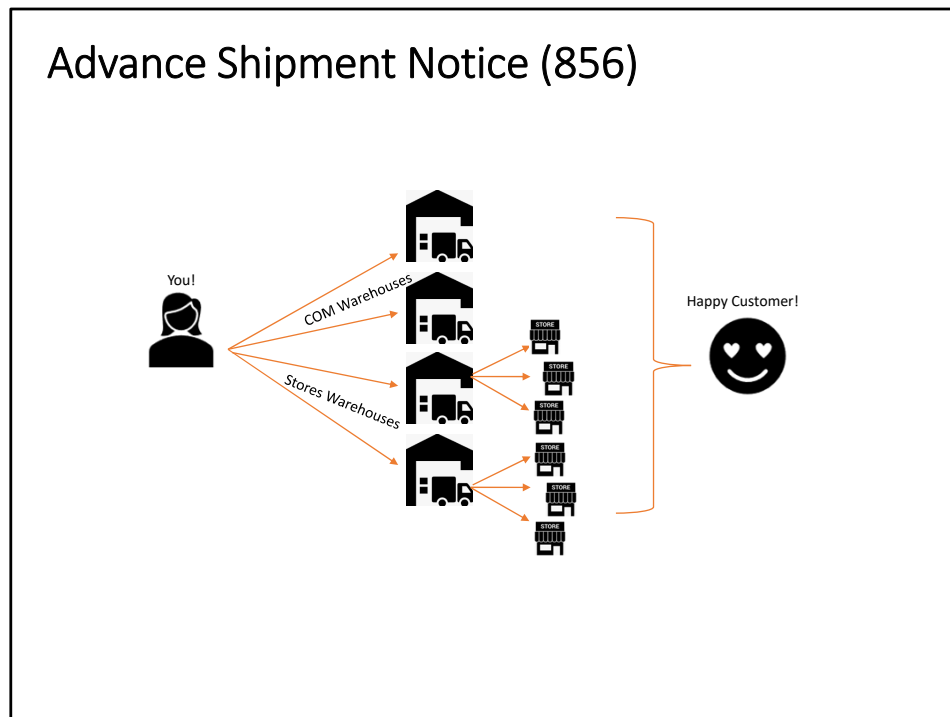
## EDI Compliance

1. GS1 U.P.C.s
2. EDI Provider or in-house EDI system
3. EDI Transmissions
  - Purchase Orders (850 document)
  - Advance Ship Notices (856 document) (slide 21)
  - Shipping Labels (GS1 128) (slide 22)
  - Invoices (810 document) (slide 23)
  - Check Remittance (820 document) (slide 23)

### Script:

To become EDI compliant, you must meet the following criteria.

1. First you must have a UPC for each unique product, purchased from GS1.
2. Secondly, you must have an EDI provider or in-house EDI system, and
3. Finally, you must have EDI transmissions which include:
  - Purchase Orders (850 document)
  - Advance Ship Notices (856 document)
  - Shipping Labels (GS1 128)
  - Invoices (810 document), and
  - Check Remittance (820 document)



### Script:


The ASN is how the vendor electronically communicates what to expect in a shipment.

The ASN:

- Should match the PO, but must match what is physically being shipped.
- It should display U.P.C. level detail only (not casepacks).
- It should include units by U.P.C. and location.
- You are also *required* to separate ASN for each Distribution Center and/or Direct-to-Store Location that will receive the shipment.

## Shipping Label Requirements (GS1 128)

4 X 6 Label Example

<b>ZONE A</b>	FROM 1234 Main St. Cincinnati OH 45241	TO Macy's c/o Secaucus Macy's Logistics DC 500 Meadows Plon. Secaucus, NJ 07094	<b>ZONE B</b>
<b>ZONE C</b>	SHIP TO POSTAL CODE (420) 90031 	CARRIER <b>Best Freight</b> PRC: 2895769860 B/L: 853930	<b>ZONE D</b>
<b>ZONE E</b>	PO: XXXXXXX DEPT: XXXX		
<b>ZONE G</b>	REPLENISHMENT FOB DESC FROM 850	FOR Macy's <b>ST#: 0482</b> Burbank Store Address	<b>ZONE H</b>
<b>ZONE I</b>	SERIAL SHIPPING CONTAINER (00) 0 0062177 513895717 2 		

### Script:

Shipping labels expedite the flow of merchandise through the DC to the store's selling floors.

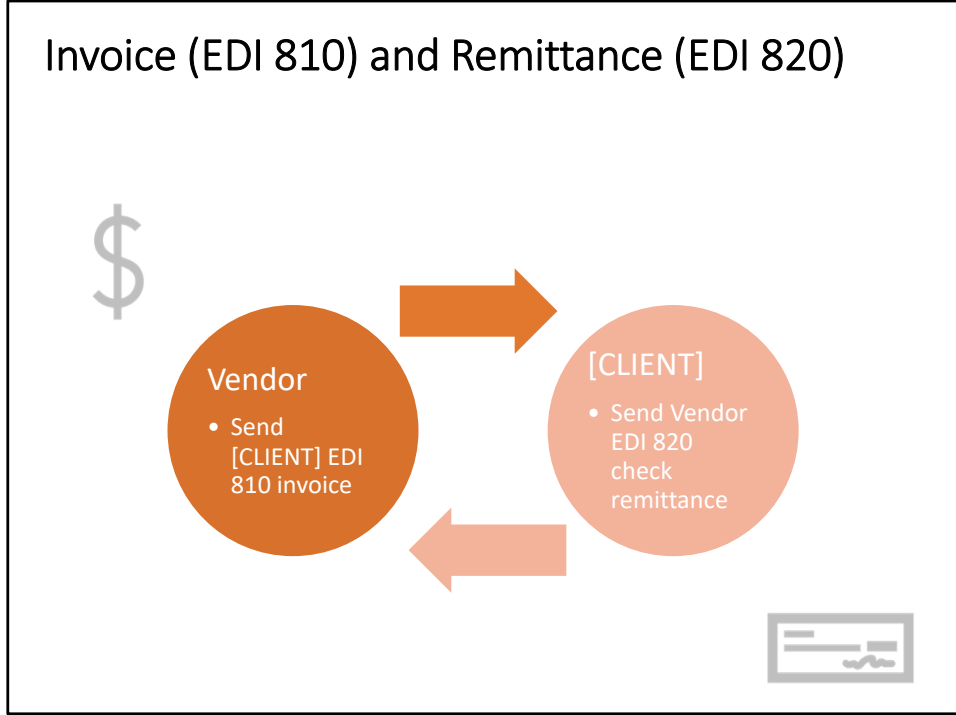
To ensure ease in this flow, the following Shipping Labels Requirements must be followed:

- The ASN must match the shipping label
- The Shipping label must be affixed to the outside of the carton since it is used to electronically identify the contents of the carton.

To mitigate having to open every carton that flows through our distribution centers, we use EDI, conveyer belts and scanning automation to understand what is inside each carton and get goods to the selling floor or site quickly.

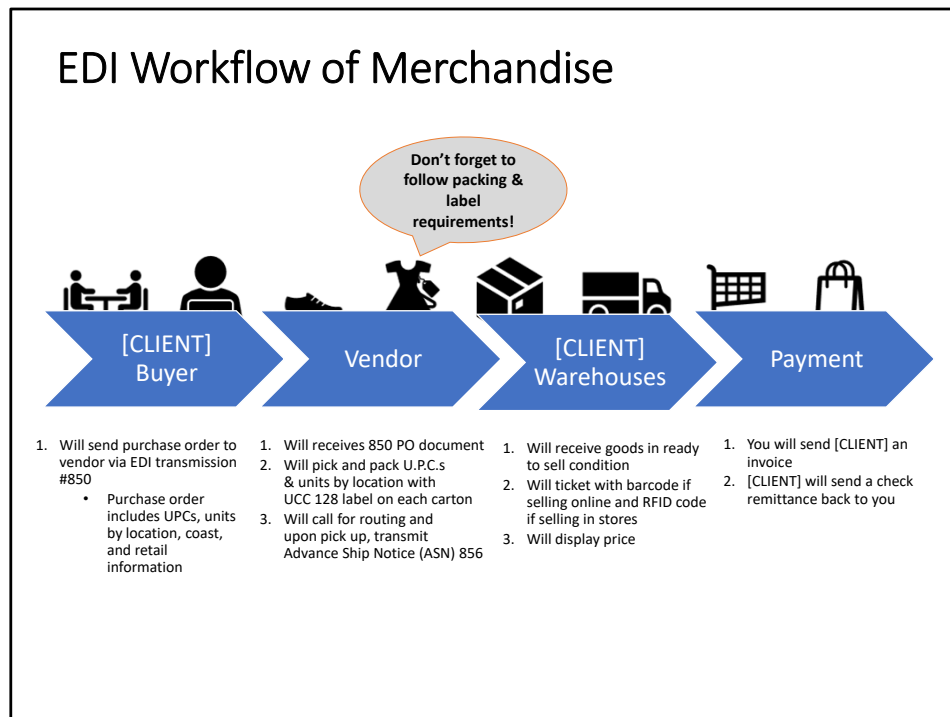
If there's an issue with the label on your carton, it will route off the conveyer belt and require manual intervention which delays the item from getting to selling floor or site.

It is critical to get shipping labels right to ensure speed to market!



**Script:**

After you ship your goods to us, you need to charge us for them by sending us an invoice. We will then match that up to our records and send you a check remittance back



### Script:

Now that you know the individual logistical requirements for becoming a [CLIENT] supplier, here is an overview of the process.

#### [CLIENT] Buyer

After meeting in market with you and negotiating costs, the buyer will determine which product they want to buy, how much of it, when they want it, and where they want it delivered. Then they will send you a purchase order via EDI transmission (#850) that will be received into your system. PO EDI includes UPCs, units by location, cost (which is important for you to get paid) & retail information (which is important for physically ticketing the goods).

#### Vendor

Once you receive the EDI of the PO, you will pick and pack according to the information on the PO, use GS1 128 labels on each carton, and put in a request on Macysnet to pick up your goods in line with when the buyer wants the goods.

#### [CLIENT] Warehouse's

Once we pick up the goods, you will transmit Advance Ship Notice (ASN) 856 that aligns with each label and lets us know what is in each carton. The goods are then to arrive at



[CLIENT] Stores or COM in ready to sell condition. All units are ticketed with a barcode (with an RFID tag, if selling in stores). They will also include the price. In addition, the goods may need to be on a hanger or a polybag to protect each item while it's stored.

#### Payment

Once the items have been delivered, you will then submit an invoice to [CLIENT]. [CLIENT] will, in turn, send you a check remittance.

Resources slide

- Obtain a UPCs
- EDI transmissions are: Purchase Orders (850 document- what does this mean?)  
Advance Ship Notices (856 document- what does this mean?)  
Shipping Labels (GS1 128- what does this mean?)  
Invoices (810 document- what does this mean?)  
Check Remittance (820 document- what does this mean?)

**Script:**

Thank you for completing this module. Visit the links shown for more detailed information about [CLIENT] logistics.