



## SCAN BASED TRADING GUIDE

### What is Scan Based Trading?

Scan based trading (SBT) is a supply chain program is designed to bring efficiencies to the DSD business model for both Meijer and our vendors. In SBT, Meijer pays vendors for product *sold*, rather than product received.

### What is different about SBT?

- Meijer does not create purchase orders or receiving worksheets for the vendor
- Stores do not detail receive/check-in vendor product
- No BOH or inventory dollars in Meijer system
- Creation of VCBs, store credits, DSD credits no longer necessary
- Responsibility for stockloss is negotiated between Meijer and vendor

### What items or vendors can be SBT?

- Vendor must be a store direct (DSD) vendor. SBT vendors cannot go through a DF.
- Preferably, a SBT vendor should have a service representative or third-party merchandising service responsible for stocking and maintaining planogram
- SBT vendors are responsible for performing all inventories of SBT product - store team members and inventory crews will not inventory SBT product
- Must set up full categories within an individual vendor on SBT
- Store use items or items repackaged at store level (i.e. cut and wrap cheese, bakery products) cannot be SBT
- Scan rate for items should be 99.5 to 100%

### What are the SBT concerns to Meijer?

- Vendor must maintain proper product mix, fill to planogram and adhere to the zero tolerance out of stock policy
- If we pay vendor for some of the stockloss (shrink), Meijer must be comfortable with the stockloss calculation –by vendor

### What are the benefits of SBT to vendors?

- 24-hour/7 day receiving privileges
- No detail check-in at back door
- Improved product flow
- Lower delivery costs
- Labor savings through better logistics, planning and scheduling
- No returns and AP discrepancies
- Less paperwork
- Increased sales

### What are the SBT concerns to the vendor?

Under SBT, stockloss is negotiated and in part or in whole is the responsibility of the vendor

- Vendor will not be paid unless product is scanned correctly at the register
- Vendor owns the product until it is sold

### What set up steps are necessary to put a vendor on SBT?

- The buyer and vendor will need to negotiate payment terms and stockloss
- An SBT Addendum (contract) must be signed by both Meijer and the vendor
- A new buy-from vendor number must be established for SBT
- UPCs and eligible stores must be attached to SBT buy-from
- If converting from PO based to SBT, vendor must buy back current inventory

### How are promotional allowances administered in SBT?

There are two ways to administer promotional allowances in an SBT relationship:

#### 1. EDLC

- Cost remains consistent

#### 2. Scanback billings

- Promotions are sent to Meijer and allowances are taken on scanned sales
- One debit is sent to vendor