How to do Business with Target

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Jason Lavik, Director Enterprise Item
June 21, 2017
Antitrust Caution

GS1 US is committed to complying fully with antitrust laws.

We ask and expect everyone to refrain from discussing prices, margins, discounts, suppliers, the timing of price changes, marketing or product plans, or other competitively sensitive topics.

If anyone has concerns about the propriety of a discussion, please inform a GS1 US representative as soon as possible.

Please remember to make your own business decisions and that all GS1 Standards are voluntary and not mandatory.

Please review the complete GS1 US antitrust policy at: www.gs1us.org/gs1-us-antitrust-compliance-policy
5 Dirty Things You Despise about your Job
5 Dirty Things You Despise About your Job

%$#! Retailer Scorecards!
GS1 DQ Program - Attribute Audit

National Data Quality Program

DATA GOVERNANCE PROCESS
Best Practice, Including Data Owners/Stewards

EDUCATION & TRAINING PROTOCOL

ATTRIBUTE AUDIT

INDUSTRY BEST PRACTICES
Supplier/Manufacturer, Wholesaler/Distributor, Receiver/Buyer/Provider

BUSINESS SECTORS
Apparel, General Merchandise, Hardlines, Healthcare, CPG, Grocery, Fresh Foods, Retail, Foodservice

TOTALS

VENDOR AUDITS (by Category) Completed ~ 600

ITEM AUDITS Completed ~ 20,000

# of ATTRIBUTE ERRORS FOUND ~ 27,000
First Audits: Product Level

% of Suppliers that passed Target’s Product Level Audit

- **20%**

Average Product Level Audit Score

- **61%**
  (goal = 90%)

Pass = 90% accuracy on Attributes listed below

<table>
<thead>
<tr>
<th>Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Name</td>
</tr>
<tr>
<td>Net Content/UOM</td>
</tr>
<tr>
<td>Color</td>
</tr>
<tr>
<td>Merch Type Attributes (MTAs) *</td>
</tr>
<tr>
<td>License</td>
</tr>
<tr>
<td>Country of Origin</td>
</tr>
</tbody>
</table>

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First Audits: Case Level

% of Suppliers that passed Target’s Case Level Audit

Pass = 90% accuracy on:
- Linear Dimensions
- Linear Dimensions UOM

Average Case Level Audit Score

(goal = 90%)

Target Audit Criteria - CASE
+/- 12% of Total Cube

6%
First Audits: Certification

% of Suppliers that passed Target’s Certification (Both Case & Product Level)

3%
June 1, 2016: Target began issuing compliance charges for vendors that fail our item data audits

<table>
<thead>
<tr>
<th>Audit by Category</th>
<th>Compliance Charge for Audit Fail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1\textsuperscript{st} Audit Failure</td>
<td>No charge</td>
</tr>
<tr>
<td>2\textsuperscript{nd} Audit Failure</td>
<td>$5,000</td>
</tr>
<tr>
<td>3\textsuperscript{rd} Audit Failure</td>
<td>$7,500</td>
</tr>
<tr>
<td>4\textsuperscript{th} + all additional Audit Failures</td>
<td>$10,000</td>
</tr>
</tbody>
</table>
2nd Audits: Significant Improvement

% of Suppliers that passed Target’s Product Level Audit

(was 20% before compliance)

- 47%

Average Product Level Audit Score

(was 61% before compliance)

- 74%

(goal = 90%)
2nd Audits Significant Improvement

% of Suppliers that passed Target’s
Case Level Audit
(was 6% before compliance)

Average Case Level Audit Score
(was 46% before compliance)
2nd Audits: Significant Improvement

% of Suppliers that passed Target’s **Certification**
(Both Case & Product Level)
(was 3% before compliance)

24%
Compliance Audits: Significant Improvement

% of Suppliers that passed Target’s **Certification**
(Both Case & Product Level)

- **Audit 1**: 3%
- **Audit 2**: 24%
- **Audit 3**: 33%
### How do you avoid Target’s Item Data Scorecard for THREE YEARS?

Join the Others

Pass your Audit like 300+ suppliers already

<table>
<thead>
<tr>
<th>Company</th>
<th>Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLOVER TECHNOLOGIES (Foster Grant Group)</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ABBOTT NUTRITION</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ACCORDANTS USA</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ACHIEVINGIAL INTERNATIONAL (Common-wealth)</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ACTION POINTERS</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ADSIONAL</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ALLEGIANCE INC</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ALFRED HOCKING CORP</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>AMERICAN CLOTHING LTD</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>AMERICAN TEXTILES CO</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ANCHOR PLANNING CO</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ARKOY DEVELOPMENT</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>ARUSS NUTRITIONICS INC</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BASKETTE YOUTH</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BELL SPORTSINC</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BERCOFORD BLANKETS</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BESSELL HOMECAKES</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BOPP COMPANY</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BOSTON CORPORATION</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BUSHERN &amp; CO</td>
<td>INNOCEAN Group INC</td>
</tr>
<tr>
<td>BUTLER FAMILY</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CALPHALON (Div of Neve Elizabeth Arden)</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CAMPBELL SOUP Co</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CAPPINGTON WINE</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CHAMPION LABORATORIES INC</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CHORAN</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>Clicht Group</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>COOPERATIVE NATIONAL MARKETING</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>CRANFIELD WM CO</td>
<td>KLEIN KANTEEN</td>
</tr>
<tr>
<td>INNOCEAN Group INC</td>
<td>KLEIN KANTEEN</td>
</tr>
</tbody>
</table>
Attribute Guides

Search: Data Certification and Compliance Program

Audit Trainings (NEW!)

- Find these under the training section on the Item Data Certification home page

Resources & References

- Found on the Item Data Certification home page

ItemData.Performance@Target.com
# Top Product Attribute Mistakes

## GROCERY + ESSENTIALS
- Servings per Container
- Serving Size
- Net Content
- Product Weight
- Capacity: Total Volume
- Net Content Unit of Measure
- Servings per Container Count
- Individual Piece Weight
- Primary Flavors
- Primary Scents

## HARDLINES
- Color
- Warranty Description
- Product Weight
- Product Width
- Product Length
- Manufacturer Suggested Age
- Number of Pieces in Set
- Electronics Model Compatibility
- Product Height
- Brand
Outcomes:
If you complete the GS1 US attribute audit and you have passed your most recent product level audit, you will become certified in Target’s item data accuracy program for this category.
You will not be subject to compliance charges for those 3 years if you pass Target’s yearly interim audits.

If you complete the GS1 US attribute audit and you failed your most recent product level audit, you will only be subject to Target’s product level audit of selling attributes in this category in the next audit.
You become exempt from the case dimension audit.
GS1 US Case Audits

What is the cost?

On site attribute audit:
• $25 per GTIN® (Case/Inner/Item)
• T&E for GS1 US auditors
• Approximately 75-100 cases measured per day, depending on the products.
• Warehouse resources
  • Products picked and staged in a separate area prior to the audit.
  • Tables, scale, and access to power outlets are needed to complete the audit.

GS1 US office attribute audit:
• $25 per GTIN (Case/Inner/Item)
• Cost to ship product to NJ (and return)
• Approximately 75-100 cases measured per day, depending on the products.

How do I contact GS1 US to arrange an audit?
AdvisoryServices@gs1us.org
5 Dirty Things You Despise About your Job

%$#!
Attribute
Explosion
Who has seen this like a thousand times before?
Curb Our Explosion

~5,000 Product Categories (Item Types)

- Already reduced 15% this year
- Goal to reduce another 20% by end of year

~20% of Product Categories have less than 5 items assigned to them.

- Goal to reduce to 5% by end of year
Curb Your Explosion

\(~4,000\) Category Specific Attributes (MTAs)

- \(~25\%\) are *tied to only one Product Category*
  - Goal is to reduce to **10\%** by end of year

- \(~50\%\) of Product Categories have **30+** Category Specific Attributes to complete
  - Goal is to reduce to **20\%** by end of year
5 Dirty Things You Despise About your Job

%$#!
Retailer
Top Off
### Retailer Top-Off

<table>
<thead>
<tr>
<th>Pallet GTIN</th>
<th>Case GTIN</th>
<th>Inner Pack GTIN</th>
<th>Each GTIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTIN</td>
<td>GTIN</td>
<td>GTIN</td>
<td>GTIN</td>
</tr>
<tr>
<td>Hi &amp; Ti</td>
<td>Quantity Of Next Level Item</td>
<td>Quantity Of Next Level Item</td>
<td>GS1 Trade Item Key Code</td>
</tr>
<tr>
<td>depth</td>
<td>depth</td>
<td>depth</td>
<td>Net Content</td>
</tr>
<tr>
<td>width</td>
<td>width</td>
<td>width</td>
<td>Net Content UOM</td>
</tr>
<tr>
<td>height</td>
<td>height</td>
<td>height</td>
<td>Global Classification Category</td>
</tr>
<tr>
<td>Dimensions UOM</td>
<td>Dimensions UOM</td>
<td>Dimensions UOM</td>
<td>Brand Name</td>
</tr>
<tr>
<td>grossWeight</td>
<td>Gross Weight</td>
<td>Gross Weight</td>
<td>Product Description</td>
</tr>
<tr>
<td>Gross Weight UOM</td>
<td>Gross Weight UOM</td>
<td>Gross Weight UOM</td>
<td>Suggested Retail price</td>
</tr>
</tbody>
</table>

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![Image](image.png)
# Retailer Top-Off

## GROCERY + ESSENTIALS
- Servings per Container
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- Capacity: Total Volume
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<td></td>
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<tr>
<td>Primary Scents</td>
<td>Product Height</td>
</tr>
<tr>
<td></td>
<td>Brand</td>
</tr>
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</table>
Leverage Your Investment

• Target & 1WorldSync will be communicating when the additional attributes are ready to be consumed

• Call to action to sync entire catalog again
Leverage Your Investment

You have GDS Capability...

**GDS adoption**
If you are here, you are most likely GDSN® capable
- 70% have synchronized *at least one item* in the last two months
- 80% have synchronized *at least one item* since Target started the item data certification and compliance program in June 2016

...but you are not fully leveraging it.

**GDSN and Target’s Case dimension audits**
Suppliers are not actively synching their entire Target assortment:
- On average, only *42%* of items that go through our case dimension audit process have been synchronized from our GDSN capable suppliers
- On average, *2 of every 3 suppliers* that pass Target’s case dimension audit are GDSN vendors.
5 Dirty Things You Despise About your Job

%$#!
Retailer
Portals
Retailer Portals

Target’s overly complex and outdated item ecosystem is driving slow item set-up, poor item data quality and a high cost operating model.
What It May Look Like

We will test and launch the new LaunchPad tool in phases and by category:

- Task Management
- Communication
- Item Set Up
- Images
- More
Retailer Portals

- Customizable Dashboard giving you visibility to Item Setup Progress
- Drag and drop your Saved Searches in any order
- Click on any of the %’s to drill into the items within that search
- Stay up-to-date on new LaunchPad features with the published Release notes
- Bulk apply actions available to copy TCINs and add comments to leave yourself a note on progress
Future of Item Tools

- Rolled out MVP to internal Item team in December 2016
- Started Pilot with select Vendors in April 2017
- Continue ongoing IMN and PIM enhancements
- Integrate Assortment Planning to eliminate need for Excel Sheet Management
- Start Task management and communication through LaunchPad
#5
5 Dirty Things You Despise About your Job

%$#!
Retailer Specific Requirements
Retailer Specific Requirements

The Enterprise Item Center of Excellence is the single point of contact for Item set-up and Strategy, Content Acquisition, Item Operations and Governance to deliver the best guest experience.
Retailer Specific Requirements

Modernizing the Item Identification Process

1 U.P.C. = 1 Item

Phase now – TCIN becomes the primary ID

Phase future – TCIN only ID, DP/C attributes
Retailer Specific Requirements
Contact Information

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Your Turn: Questions From Our Audience
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