

CASE STUDY: DREYERS' GRAND ICE CREAM

DREYER'S TREATS ITSELF TO PRESCIENT SCAN BASED TRADING



Dreyer's Grand Ice Cream manufactures and distributes more than a dozen brands of ice cream and frozen dessert products internationally including Häagen-Dazs®; Nestlé Drumstick®, Crunch®, Butterfinger®, Baby Ruth®, and Starbucks®. The company's premium products are distributed under the Dreyer's brand name throughout the western U.S. and Texas, and under the Edy's® name throughout the rest of the country. Combined, Dreyer's and Edy's is the nation's top selling brand of packaged premium ice cream. The company supplies grocery stores, convenience stores, mass-merchandisers, and many other outlets.



CLIENT:

"Now our pre-sales and merchandising people are not tied to a truck. They can do their own jobs without worrying about delivery deadlines."

-John Shreve, Manager of Scan Based Trading Development
Dreyer's Grand Ice Cream

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CHALLENGE:

LICKING A SERIOUS DELIVERY PROBLEM

Dreyer's faced a big delivery-related hurdle: Most retailers imposed on suppliers a restrictive schedule for receiving products. For example, a major supermarket chain would accept deliveries only from 6:00 a.m. until 10:00 a.m. If Dreyer's couldn't make that window, it couldn't deliver that day. With such a receiving process, lines of trucks formed; and with only one person receiving good and processing shipments, it took about an hour to deliver to the average account. This included delivery and invoicing. Not only was this method time consuming, but it required the delivery person to handle the merchandising and sales as well.

SOLUTION:

SCAN BASED TRADING IS THE CHERRY ON TOP

In 1999, when the former viaLink Company (now Prescient) introduced a third-party opportunity for scan based trading, Dreyer's took notice. "From a business perspective, scan based trading let us leverage our distribution system," says Dreyer's Manager of scan based trading development, John Shreve. "Scan based trading allows us to deliver before and after that window of opportunity."

Scan based trading adds a whole new flavor to the way Dreyer's does business. Since Dreyer's owns and manages the inventory up until the point when a customer purchases an item and it is scanned, there is no formal check-in required; no wait. "We do all the checking against invoices internally," says Shreve. Using point-of-sale data saves time and resources at check-in. The old way, delivery, merchandising, and sales occurred at the same time – during a four-hour window. But today, says Shreve, "We're so efficient on the delivery side. It's all mapped out the previous day." Dreyer's pre-sales and merchandising personnel are no longer tied to a truck. "They can do their own jobs," says Shreve, "without worrying about delivery deadlines."

RESULTS:

PRESCIENT HAS THE SCOOP ON SCAN BASED TRADING

Today, a Dreyer's truck can deliver to 12 stores per route, instead of just eight. Some routes can now run one truck two times per day, adding efficiencies to the delivery process the company has never before seen. Where it used to take one hour to make an average delivery, now it takes just 18 to 20 minutes. Plus, with scan based trading, there are fewer invoicing discrepancies; fewer shorts, overpays, and unresolved invoices to handle. "We've taken the receiving process away from the stores," says Shreve. "But we have best practices to hold them accountable." Dreyer's has discovered a number of benefits from being proactive: For one thing, it builds excellent relationships with the retailers. "We guide them," says Shreve. "We train and support them." Plus, the point-of-sale data Prescient gathers helps Dreyer's understand more about how consumer demand will affect manufacturing, production, and supply-chain planning.

"We convince retailers to use scan based trading by telling them about the inventory that will come off their books and on to ours, We talk about service, about avoiding discrepancies," says Shreve. The only resistance he sees from retailers is on the receiving side of their businesses. "We split inventory shrink, so retailers have to make a leap of faith to some degree." When retailers make that leap of faith, they see positive results: Shreve says scan based trading has cut shrink from about 1.5% (which the retailer absorbed) to a current .8% (which the retailer splits with Dreyer's).

Prescient plays a key role in the success of Dreyer's SBT program. The Prescient solution provides joint visibility into commerce-level data – including item, price, and promotion. Prescient also tracks sales, deliveries, item movement, inventory status, and shrink. This data forms the foundation of the trading partner relationship. And, having Prescient involved is appealing to many retailers. For one thing, Prescient is an industry leader in SBT. The processes are in place and proven, so retailers don't have to invest a lot in infrastructure or technology to get up and running on SBT. In addition, Prescient provides a centralized, secure and accessible repository for this critical data.

What's in the future for Dreyer's and Prescient? "We see more collaboration with retailers," says Shreve. "more conversations about how we can help each other and get cleaner data."