



The concept of Fresh Market Manager was first developed for Mrs. Fields Cookies. When you are the leader in your market segment, and the key elements of your product are quality and freshness, your brand can easily be jeopardized. The driving business problem was that Mrs. Fields Cookies was a low margin business selling a product with a short shelf life – because by standard, after 2 hours an unsold cookie must be thrown away. Each hour the manager would need to know how many of each type of cookie to make based on the following sorts of conditions:

- It is 2:00 p.m. on a Friday in Seattle
- It is the 15<sup>th</sup> of the Month
- It is raining
- School is out for spring break
- It is Good Friday
- The Mall is having a sidewalk sale

The success of the business depended on the ability to produce the correct amount of cookies with the proper product mix. Park City Group built and patented a forecasting and production planning system to solve this perishable management problem. Over the last four years the Company has expanded the functionality from its Mrs. Fields Cookies beginning, to managing all of the perishable departments in the grocery industry, from bakery to meat.

In the supermarket industry, the perishable departments continue to grow and are becoming the primary differentiator in the marketplace. In spite of total volume growth, these departments are currently difficult to manage effectively and profitably. The basic business issue facing the perishable department manager is how to have the right product, in the right place at the right time. Fresh Market Manager enables merchandisers and operators to make informed decisions to achieve increased sales and contribution in the following ways:

- The system provides merchandisers true contribution dollars by Department, Category, Sub-Category, and Item on a real time basis. This information Includes shrink and waste by item and reason, theoretical and actual cost of goods, theoretical labor costs, and theoretical and actual packaging costs.
- The ability to forecast product quantities needs including department level sales and group PLU sales by flavor variety.
- The ability for Merchandising to set due times, shelf life, and shrink targets by item, sub-category, or category. This allows the promotion of products to maximize economic return.
- Develop a production plan for the individual department that achieves all corporate standards, while lowering stock out situations.
- The ability to send Real Time Alerts such as: an item will be out of stock in 2 hours based on today's sales, production plan is not being followed, or a special order is due in 1 hour and has not been acknowledged. The system will send the alert to the proper management level and use an escalation method if alerts have not been appropriately acknowledged. These alerts turn the management of the department from reactionary to proactive management.
- The ability to forecast product needs for a promotion at each store and then roll the total up to corporate to eliminate distribution center out of stocks or over stock positions.

The system is extremely simple to use at the store level; it employs a completely configurable, multi-language touch screen interface. It can be run locally or over the Internet. Fresh Market Manager has integration programs built into the system for POS systems, buying and pricing systems, hand held systems for tracking shrink, ad item systems, and exports to financial systems.

The implementation within a department takes 4 to 8 weeks depending on the level of support and the amount of integration required. Typically Fresh Market Manager can be up and running in the first store in this short a time line.

The results are amazing as seen by the following Return-On-Investment breakdown:

## Comparable ROI – Nat'l Chain

- ↑ Top Line Sales for Bakery up 17.16% Year-Over-Year (Total Store up 0.44%)
- ↑ 59% Increased Sale Contribution in Targeted Growth Categories
- ↑ Improved Consumer Response to Cycle Baking Time of Day from 24% to 700% (in targeted cycle bake periods)
- ↓ 42% Decrease in Lost Sales
- ↓ 28% Reduction in Shrink in Targeted Shrink Categories
- ↓ 35 Items Eliminated Due to Unacceptable Shrink



## Comparable ROI – Regional Chain

(Bakery Department)

- ↑ Artisan bread sales increased 85%
- ↑ Bulk roll sales increased 45%
- ↑ Increase contribution 4.5%
- ↓ Overall shrink reduction 7.2%



## Comparable ROI – Regional Chain

(Produce Department)

- ↑ Cut Fruit Sales +18%
- ↑ Cut Fruit Shrink down 6 points or 30%
- ↑ Strawberry Pints Sales + 49%
- ↑ Value Added Category Sales +12%



## Comparable ROI – Regional Chain

### Estimated Annualized Contribution Increases

↑ Bakery	\$3,000,000
↑ Produce	<u>\$1,500,000</u>
↑ <b>Total</b>	<b>\$4,500,000</b>

These were identified after 20 weeks of system use for a 100 store chain in limited categories.

