

Script

Title graphic overlay: XX, Merchandising Director

Hello! We're the Merchandising team, and we're here today to give you an inside look at who we are and what we do. In a nutshell, we manage initiatives that optimize store space, drive sales and increase efficiencies!

How do we do that? It all starts with a planogram.

Planograms, aka sets, are digital models that display products on shelves. They allow us to assess the space available on each shelf across the country. They're set left to right, which results in simplified resets and item slotting, consistent placement of products and easy shopping for customers. These planograms aren't just generic models, either; each one is based on a store's individual layout. Our team maintains 5,000 planograms each month!

At "Planograms are..." a planogram graphic should appear/overlay the screen

Title graphic overlay: XX, Merchandising Manager

How does planogram creation work? Let's start at the beginning!

National Buying teams are responsible for selecting products that line up with shopper trends. Once the product range is finalized, we start bringing the products to life within planograms. We adhere to seven key principles to determine a product's spot in our stores.

Each of these principles plays an important role in our decision-making; however, we'd like to take a little extra time to discuss the Days of Supply principle. While this may not be a term you've heard before, it's one of our top priorities! This principle is used to make sure we're allocating the right amount of shelf space for each item. For example, Days of Supply for dry sectors is at least two days for all items, ensuring that based on division sales data, these items have at least two days of stock on shelf. We know you're focused on running an efficient operation, and Days of Supply is our way of ensuring we support that — through efficient stocking and efficient sales floor maintenance routines!

At "We adhere..." graphic overlay with seven principle definitions appears/overlays the screen.

Once we've used these principles to build our planograms, we're ready to review them at our insight center. This center allows us to test, stock and evaluate the upcoming reset to ensure the sets maximize sales and increase efficiencies.

We scrutinize each set by running it through various levels of review, providing our team the opportunity to troubleshoot any feedback previously received from stores and divisions. During this portion of the process, the Risk team also walks the sets to ensure safety for our store teams and shoppers.

Title graphic overlay: XX, Buying Executive Manager

Our merchandising process also includes applying your feedback!

Since 2021, we've visited many stores to keep the dialogue between our team and yours flowing. Since we can't travel to every store, we've established the Operational Feedback Form to give you a channel to express concerns or questions about Division Specific Planograms.

From that, we've been able to introduce some amazing changes, like creating a list of when stores can deviate from planograms and providing a Best Match Report that differentiates between exact matches and best matches in a set configuration.

You've even shaped one of our key principles! Previously, Days of Supply was calculated on a national level. Thanks to your feedback, we now calculate by division based on average divisional store sales. While individual store sales differ, divisional Days of Supply was implemented to serve both the majority of stores in a division and the stores with sales higher than the divisional average.

What have these changes led to? Wins for our teams and customers! All thanks to **you**.

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Curious about what's next?

- We'll be using a store's specifically assigned planogram for all ordering information. That's because these planograms will reflect the store's set size and product assortment. Together, planogram compliance and accurate store layouts will lead to better stock quality in stores and more satisfied customers.
- We're excited about this last one because it brings our stores and warehouses together. Our warehouse sets are in the process of being evaluated to better align with store product flows. The goal of the resets is to reduce the distance an employee needs to walk to stock a pallet.

We're excited to continue to serve you, so we can best serve our customers, together. Thanks for everything you do, store teams!
