



Salvatori - Scott, Inc.

Consumer Products Broker

Safeway National Coverage Plan

SSI has emerged as a leading HBC broker at Safeway for branded and private label products. SSI's Safeway National Coverage Plan gives manufacturers a better way to do business with Safeway. It provides higher levels of success on new item presentations, while increasing the efficiency of trade spending for products already in distribution. Jim Murillo has responsibility for our national Safeway program and works closely with Safeway headquarters on all aspects of category management, promotional planning and product implementation.

Jim's efforts are focused on activities and programs that increase distribution, increase sales, and minimize costs. We maximize the potential of sku's not currently in Safeway, by leveraging their success in one market to Safeway's process on a national level. We give our manufacturers one contact person, with a strategic overview of Safeway, to solve problems in Retail Distribution, Planogram Compliance, Pricing, Shipping, Allowances, Lead Times, and Slotting Fees. The SSI Safeway National Coverage Plan will increase your business in the following areas:

MORE EFFECTIVE RETAIL SUPPORT

Safeway has had challenges over the past few years in executing planogram changes and resets, and especially in getting new items out into their stores. One of the reasons for this has been the drastic consolidation of the broker industry, who traditionally supplied many of the arms and legs for these retail efforts. As a result of their frustration in getting adequate levels of retail support from the brokerage community, Safeway developed their own in house merchandising company, Retail Marketing Solutions. RMS has primary responsibility for the planogram and reset implementation at the Safeway stores in each market. Safeway uses a "Fair Share" analysis, based on product cube and number of sku's in a planogram to determine each manufacturer's Fair Share.

Safeway clearly expresses their preferred method of implementing planograms and resets is through RMS. Many food brokers have resisted this change because of their fixed investment in retail support teams, and even in the face of allegations that their performance was unsatisfactory, continue to provide retail support as an alternate to RMS. There is no question that providing retail support is a legitimate cost of doing business that historically is covered by the broker. But instead of clinging to an archaic, ineffective and inefficient method of accomplishing it, SSI has chosen to partner fully with RMS, and uses them exclusively for all retail activities at Safeway. SSI pays the cost of the RMS retail. For principals where we have a contract that provides for full commissions, RMS invoices the manufacturer for their Fair Share portion of the reset fees, and the manufacturer then subtracts these fees out of SSI's commissions. For manufacturers where our contract is only for headquarters responsibility, at a lower commission rate, then the RMS fees are simply invoiced to and paid by the manufacturer. Instead of fighting RMS, and trying to preserve an obsolete method of providing retail, we have found that RMS delivers exactly what Safeway promises. In all cases, SSI puts our manufacturers in a position where they can support the RMS program, instead of being tied to an alternate method of retail that Safeway has found to be deficient.



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DISTRIBUTION OF NEW ITEMS INTO PLANOGRAM

Our Pleasanton office is only a few blocks away from Safeway Headquarters. In the HBC sector, Safeway has developed specific criteria that each new item presentation must meet, and SSI has been consistently successful in gaining distribution of new items. We subscribe to IRI for all HBC categories, and have access to Safeway Specific Data to help in identifying candidates for deletion, as well as expanded distribution. We strive for consistency in pricing, promotional support, and selling story to all divisions, and pride ourselves on the timely and accurate submission of all New Item Forms, E-deals, New Vendor Forms, etc.

REDUCE OUT OF STOCKS & VOIDS OF SKU'S IN PLANOGRAM

We constantly work to ensure all planogram sku's are stocked by **all** divisions. Some divisions may buy DSD through McKesson, or another distributor, or not at all. It is important to have someone follow up on a regular basis to make sure that all authorized sku's are in the planogram and in stock. Safeway uses *Store Specific Planogramming*. This methodology, while greatly increasing the complexity of the Schematic process (some categories will have up to 45 different schematics depending on the store variables), ensures compliance with Authorized Distribution, as items that are not approved in a specific store, will no longer be able to scan in that store.

INCREASE DISTRIBUTION OF SKU'S NOT IN CHAINWIDE SCHEMATICS

There are many examples of "Exception" sku's in the Safeway system. Many items have sold well enough in a specific division to avoid being deleted during category reviews. Often times, these sku's make excellent candidates for re-presenting to the CM. Having IRI access to Safeway nationally helps us to make a strong case for expanded distribution.

INCREASE EFFICIENCY OF ADVERTISING DOLLARS

It takes an expert to help create the most cost effective and impactful promotional plan on a national level. We strive to ensure that the timing of each promotion is consistent division by division to coincide with FSI's and other consumer advertising.

INCREASE COMMUNICATIONS AT SAFEWAY CORPORATE HQ

We work directly with Safeway Corporate Headquarters to coordinate Replenishment responsibilities at each division. Our Product Tracking and Promotional Recap Grids, give a current and effective picture of your Safeway business and promotional spending. We provide promotional and distribution consistency throughout the chain. Price increases, package changes, UPC Code and vendor changes are often difficult to manage within the Safeway system. SSI can eliminate costly problems and headaches by efficiently communicating all changes to the Safeway Category Managers, including the C&S Third Party Operator facility in Landover, MD dedicated to the Safeway Eastern Division.



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5918 Stoneridge Mall Road
Pleasanton, CA 94588

<i>U.S. Division</i>	<i>Total Stores</i>
Denver	144
Dominick's	82
Eastern (Md., Va., DC, Genuardi's)	177
Northern California (includes Hawaii)	271
Phoenix	116
Portland	116
Texas (Randalls/Tom Thumb)	112
Seattle (includes Alaska)	206
Southern California (Vons)	<u>297</u>
Total U.S.	1,521

