



THE GLOBAL LANGUAGE
OF BUSINESS

CASE STUDY



Neiman Marcus

Distinctive retailer creates branded shopping experience with supplier enablement solution

CHALLENGE

Whether in stores or online, Neiman Marcus customers enjoy shopping across its different divisions, using multiple devices and channels to research and buy the retailer’s upscale products. Yet, with three different buying groups and their separate inventory systems, the company was missing opportunities to offer its customers a seamless shopping experience with a full line of merchandise.

SOLUTION

The Neiman Marcus Group (NMG) needed better visibility across its many silos of inventory. To do this, it required more than 2,700 of its vendors—both large suppliers and small artisan companies—to use GS1 Standards and EDI technologies. Partnering with DiCentral, GS1 US and InterTrade Systems, NMG educated and supported its vendors in executing the company’s supplier enablement solution.

BENEFITS

About 95 percent of NMG’s targeted vendors are now using GS1 Standards and EDI-enabled transactions. Further, 93 percent of all shipments use Advance Ship Notices (ASNs), more than 90 percent of purchase orders are now transmitted via EDI, and fulfillment problem rates have decreased in excess of 10 points, resulting in increased fulfillment accuracy and significant supply chain efficiencies for NMG and its vendors. NMG’s customers now have access to all products across all divisions for a truly NMG-branded shopping experience.



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— **JILL BARRON**, Vice President of Supply Chain, Neiman Marcus Group

Strong Brand, Distinctive Products

For more than a century, Neiman Marcus has been synonymous with luxury retailing, with a strong brand for distinctive merchandise and unique marketing to upscale shoppers. Since its founding in 1907, Neiman Marcus has remained current with consumer trends as well as their buying habits, expanding its brick-and-mortar locations with online shopping destinations.

Today, the Neiman Marcus Group operates 41 Neiman Marcus stores throughout the country, two Bergdorf Goodman stores in Manhattan, as well as 39 Last Call clearance centers and studios, totaling nearly seven million square feet of retail space. NMG also has its Neiman Marcus, Bergdorf and Last Call direct-to-consumer websites as well as those for the Horchow Collection, CUSP and mytheresa brands.

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Unifying Silos of Inventory

NMG maintains three independent buying groups for its five divisions—a strategy that has served the specialty retailer well over the years since the needs and preferences of customers may be different for each division. To preserve its image for singular merchandise, each buying group deals with scores of specialty vendors—artisans that create unique limited-run products—in addition to hundreds of larger suppliers. In all, NMG buys from more than 2,700 vendors.

“We found our customers were shopping across our divisions and channels—in store and online, at Neiman Marcus and Bergdorf—using multiple devices and channels to research and buy our products,” explains Jill Barron, vice president of Supply Chain for NMG. “We wanted to offer our customers a seamless shopping experience, giving them easy access to all of our products in all of our divisions. To do this, we needed visibility across our silos of inventory.”

Neiman Marcus knew it was missing opportunities to reach more customers with a wider selection of products. Yet, the company was challenged with three separate inventory systems that lacked a standardized way of identifying products. Because each system used different product naming conventions, there was no way of knowing the

cashmere cardigan bought for Bergdorf Goodman was the same one stocked by the buyer for Neiman Marcus.

“A customer who found a sweater in one of our stores, but wanted it in another size, for instance, would be disappointed and we would lose a sale simply because it wasn’t identified in the identical way in the other division’s system,” explains Barron. “With a unified inventory system, we could not only improve our customer service and increase sales, we knew it would make a significant impact on the efficiency of our fulfillment process. We decided to dive in.”

Identical Products, One GTIN

Barron and the NMG team started by brainstorming about how to combine, yet retain, their silo-based inventory model. The team quickly concluded that each product should be assigned by its respective vendor a GS1 Global Trade Item Number® (GTIN®)—encoded in a GS1 Universal Product Code (U.P.C.) barcode.

“The GTIN uniquely identifies each product in our inventory, regardless of the buying group that purchased it. The sweater in our Neiman Marcus store that is identical to the sweater carried by Bergdorf online is now identified by one GTIN,” says Barron. “We needed vendors to start using GS1 Standards—to register with GS1 US for a GS1 US Company Prefix, which is part of the GTIN, and start assigning GTINs to their merchandise. We reached out to GS1 US, the GS1 Member Organization here in the U.S., to support us in this effort.”

Another significant element of the NMG strategy was the use of EDI-based transactions by its vendors, including the artisan community. Approximately 35 percent of NMG vendors were already using EDI, and ASNs accompanied about 65 percent of all vendor shipments to the company’s distribution centers.

“We understood the upside impact that the use of EDI by all vendors would have on managing inventory in our fulfillment centers,” says Barron. “With approval from our executive team, we decided to require that all of our vendors—large and small—use EDI and GS1 Standards.”

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Hands-On Support

To support the implementation, Barron called on two GS1 US Solution Partners—InterTrade, a longtime provider of NMG’s electronic product catalogue and EDI managed network services, and DiCentral—for testing all EDI transactions with vendors who were new to EDI.

“We set an aggressive goal to ‘activate’ about 900 vendors in just 12 months,” explains Barron. “We called it our supplier enablement solution.”

DiCentral was tasked with the initial outreach to vendors with ongoing follow-up and coordination to ensure each one understood the complete process of becoming EDI compliant with NMG.

An innovative internal marketing effort was launched to explain the need for the solution to NMG’s buying groups. “We wanted to ensure that we were internally aligned and behind the new initiative,” Barron says.

Webinars, public web portals and other communication channels were enlisted in the educational campaign aimed at “newbies,” particularly artisan vendors that had no exposure to EDI.

CEO Karen Katz even recorded a video discussing the initiative, demonstrating NMG’s commitment to its new supplier enablement solution. Part of the educational thrust was demonstrating the benefits of using GS1 Standards and EDI for even the smallest suppliers.

“As a specialty retailer, we thrive on offering the latest from upcoming designers and artisans,” Barron explains. “Since many of them are small enterprises, we were especially sensitive about providing them with the hands-on support they might need for a successful transition.”

All three partners helped to educate and onboard the NMG vendors. “On one of our webinars, more than 100 vendors attended,” recalls Barron. “GS1 US, InterTrade and DiCentral all explained, step-by-step, their respective areas of the onboarding process. It was truly a team effort.”

Vendors first chose an EDI service provider. Secondly, they registered with GS1 US to start assigning U.P.C. barcodes on their products. Next, the vendors registered with the Neiman Marcus electronic catalogue, the repository for product information provided by InterTrade, where they would then upload and exchange their GTINs. Finally, they registered with DiCentral to begin testing and validating their EDI Transactions.

Once vendors had completed all steps, they were given notice of their successful completion and the green light to begin trading with NMG.

“As their longtime provider of network and data synchronization solutions, we continue to work closely with Neiman Marcus to support programs that benefit all sides of the supply chain. For this enablement project, vendors were given options that addressed their specific business size and integration capabilities,” says Anthony D’Angelo, vice president of Sales, InterTrade Systems. “We were happy to be part of this initiative and are very pleased with the positive impact for all NMG groups and their suppliers.”

Amazing Results

Today, most Neiman Marcus vendors identify their products with GS1 GTINs, and about 95 percent of the company’s targeted vendors are utilizing EDI-enabled transactions.

Where once a customer may have gotten an “out-of-stock” message when trying to purchase a pair of designer shoes from BergdorfGoodman.com, the product’s GTIN now enables a behind-the-scenes search, revealing an identical pair in a Dallas Neiman Marcus that is then shipped to the customer—seamlessly and transparently.

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“It’s amazing the total number of vendors that are now using EDI—about 2,600 in all with 1,800 of them added in two years,” says Barron.

Samantha Hawke, logistics manager with [Smythe Jackets](#), one of NMG’s artisan vendors, sums up her experience. “When EDI integration first surfaced, I felt a bit anxious about how it would all work. When I logged into and navigated my way around the NMG website, I quickly learned how easy it was to collect the information I needed. Plus, with the excellent support from the NMG EDI department, I knew I was in good hands. NMG explained all the details, making the EDI



process very easy to follow. After becoming EDI compliant with NMG, it made working with other retailers a breeze. I believe NMG has the best vendor portal for all vendors and is an excellent source of industry information.”

Benefits for the NMG supply chain have also resulted. ASNs accompany 93 percent of all shipments, and a little more than 90 percent of vendor purchase orders are transmitted via EDI.

“This transition to EDI has been huge for us for many reasons,” says Barron. “We have gained some tremendous efficiencies in our supply chain with higher throughput and more accurate order fulfillments in our distribution centers. Our problem rate has dropped by over 10 points.”

Barron attributes these positive results to the automated nature of EDI transactions coupled with scanning U.P.C. barcodes on products. “Those who once relied on faxes, phone calls and emails to communicate with us were more likely to suffer from errors and inaccuracies during the fulfillment process, which might slow delivery or even prevent goods from reaching store shelves.”

“Many vendors who took advantage of the Neiman Marcus Group’s private EDI portal saw a lift in sales,” explains Peter Edlund, senior vice president of Global Product Marketing for DiCentral. “In addition, those vendors who required EDI integration with their ERP systems achieved additional value and reduced costs by further streamlining their order management and fulfillment processes by leveraging DiCentral’s Managed Services offering.”

Today, when a customer needs a different size sweater, Neiman Marcus can easily identify the location of the inventory across the various NMG divisions because of the U.P.C. commonality.

As consumers are shopping using their various smart devices—their phones, their tablets, and sometimes both at the same time—NMG’s multiple inventories, linked by GS1 GTINs, can be instantly accessed to serve them with related product information. “And our store sales associates now have iPads that can access shared items, offering customers that shop in our stores something that once was only available online,” adds Barron.

Collaboration Matters

“I think one of the reasons we were so successful is we involved all stakeholders and called on experts to support our plan. InterTrade and DiCentral are not only EDI experts, they are also qualified in the implementation and use of GS1 Standards,” reflects Barron. “I think that was one of the things we did right—bringing together InterTrade, DiCentral and GS1 US.”

Neiman Marcus provides an excellent example of how all sizes and types of vendors can be nimble and efficient when using GS1 Standards and EDI technologies. NMG’s ability to introduce a compliance program that bridged the gap—from the largest to the smallest supplier—was educational for all involved.



“In our business, it isn’t the size of vendor that matters; it is the distinctive products the vendor creates and offers to our discerning customers,” concludes Barron. “Together, we are now offering a distinctive shopping experience that our customers expect and deserve.”

Contact Us

GS1 US APPAREL AND GENERAL MERCHANDISE INITIATIVE

The GS1 US Apparel and General Merchandise Initiative is an industry group that is committed to defining business challenges and opportunities and organizing adoption plans for the implementation of GS1 Standards. The members of the initiative represent a broad cross-section of industry trading partners. The work of the initiative is driven by Workgroups of industry stakeholders who are collaborating to develop standards-based guidelines, best practices, case studies and thought leadership. To learn more, contact us at apparelgm@gs1us.org or visit our website at www.gs1us.org/apparelgm.

GS1 US SOLUTION PARTNER PROGRAM

The GS1 US Solution Partner Program is a well-established program that facilitates the implementation of GS1 Standards by connecting users with GS1-trained solution providers who can deliver services and solutions for quick, efficient, and accurate standards implementation. To learn more, visit our website at www.gs1us.org/solutionpartners.

GS1 US SMALL BUSINESS SOLUTIONS

Whether you are bringing your product to market for the first time or taking your company to the next level, GS1 US makes it easier to do business. Learn how GS1 US Small Business Solutions can help you move your business forward at www.gs1us.org/smallbusiness.

Note: Statistics in this case study were provided by Neiman Marcus.

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— JILL BARRON, Vice President of Supply Chain, Neiman Marcus Group

About the Companies

ABOUT NEIMAN MARCUS

For over a century, the Neiman Marcus Group has served the unique needs of the luxury retail market. Staying true to the principles of its founders—the Neiman Marcus Group strives to be the premier luxury retailer dedicated to providing its customers with distinctive merchandise and superior service. The company operates 41 Neiman Marcus stores across the United States, two Bergdorf Goodman stores in Manhattan, 39 Last Call clearance centers and studios, and six CUSP stores. Its online segment conducts direct-to-consumer operations under the Neiman Marcus, Bergdorf Goodman, Last Call, Horchow, CUSP and mytheresa brand names. www.neimanmarcus.com.

ABOUT GS1 US

GS1 US, a member of the global information standards organization GS1®, brings industry communities together to solve supply-chain problems through the adoption and implementation of GS1 Standards. Nearly 300,000 businesses in 25 industries rely on GS1 US for trading-partner collaboration and for maximizing the cost effectiveness, speed, visibility, security and sustainability of their business processes. They achieve these benefits through solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code (EPC®)-enabled RFID, data synchronization and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®). www.gs1us.org.

ABOUT DICENTRAL

Founded in 2000, today DiCentral is a leading global innovator in EDI (Electronic Data Interchange) software and service solutions. Our broad range of solutions enables a seamless exchange of data throughout the entire supply chain, creating a seamless communication stream from source to last mile. DiCentral's integration solutions are scalable to the size, growth, and unique requirements of each business. In addition, DiCentral develops and markets a complementary suite of supply chain applications for retailers and suppliers, including MFT software, WMS software, POS analytic software, outlier management software, managed EDI services, and more. www.dicentral.com.

ABOUT INTERTRADE

InterTrade Systems, Inc. provides innovative B2B e-commerce solutions that optimize supply chain collaboration. We enable businesses to quickly connect to their trading partner communities and easily exchange electronic business documents via EDI. Our solutions include VAN connectivity and Managed Services for simplified EDI document exchange, as well as Electronic Catalogues for product data synchronization between suppliers & retailers. Vendor enablement campaigns for EDI and Catalogue compliance is one of InterTrade's specialties. InterTrade's attentive service from our team of specialists makes EDI easy for maximum customer satisfaction. www.intertrade.com.



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