



## GS1 New Zealand 'Hammers Home' Quality in DIY

### Background

DIY is New Zealand's national pastime. All Kiwis love building things and modern NZ DIY stores are now not just the preserve of men, but destination stores for the whole family.

DIY is an attractive sector for GS1 NZ: large (\$15b turnover), dominated by NZ-owned chains (so decisions can be made quickly & locally), heavy investment in technology and 'big box' stores with tens of thousands of SKUs. There was only one problem: in 2005 GS1 NZ had no history of engagement with the sector, little business and no DIY retailer members!

### Our Engagement Strategy

In early 2005 GS1 New Zealand decided to initiate with the hardware/DIY sector. A sector analysis was completed using a modified Porter's Five Forces methodology coupled with an analysis of where GS1 could add immediate value by either 'avoiding a pain or making a gain' for the customer.

### Initiation

Visits were made to stores collecting information from observation and interviews. It became clear that bar code quality was a major problem, and where GS1 NZ could unarguably offer expertise and services.

General Manager-level staff at the retail head offices were approached. All but one chain rebuffed our approach, denying that they had any problems. However, Allan Gray, General Manager from the largest chain, Placemakers, was not convinced that they had a problem, but was happy to be "proved wrong."

### Penetration

Placemakers contracted GS1 to conduct an in-store survey of scan quality. 9% of total SKUs were tested using verifiers, with 70% failing verification. Placemakers realized that the best approach was to allow GS1 to share the information with their competitors and all work together to improve POS integrity.

All five players major chains participated in the Hardware Action Group (HAG) and learnt who GS1 was, the survey results and its implications. As Stephen Pye, Placemakers' Group Marketing and Merchandising Manager commented "Point of sale scanning is not a nice to have... it is a must have. Scan failure hurts the retailer, the customer and the supplier. It is great to see all five major retailers working together to solve this'."

Outcomes included:

- A contract (value \$20,000) for another large sector-wide survey. This revealed an astonishing 6.8% no- or very poor-scan rate
- A seat on the GS1 NZ board
- A supplier education programme, dedicated DIY seminars and articles in trade magazines
- Paid-up membership for all 5 retailer chains

### Radiation

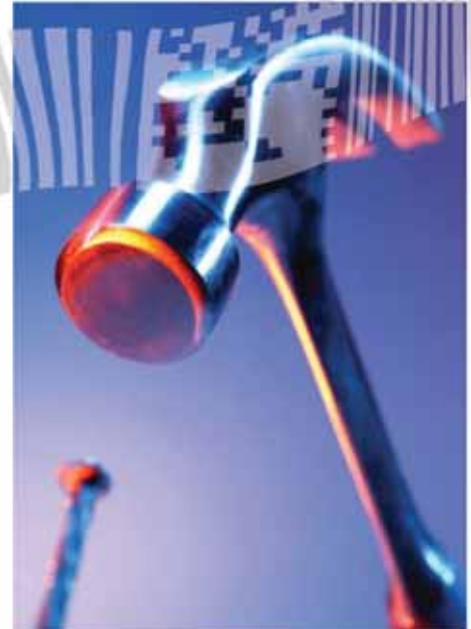
The relationship between GS1 NZ and the sector has deepened and radiated:

- Progressive introduction of mandatory verification
- 'Star' speaking slots, and heavy attendance from the sector, in our annual conference "Connecting the Dots"
- Retailers working with GS1 NZ to explore technologies such as data sync and GS1 DataBar

One of the most challenging steps was mandated verification. It was impossible to have concrete mixers, cement, pipes, heavy power tools etc couriered to GS1! We developed an entirely new service delivery and pricing model which has been well received. Now, GS1 technical staff call on hardware suppliers and verify products *en masse on site* using mobile computing/verification devices, real-time access to central systems via advanced 3G data networking. As Damien Sidebottom from Specialised Sales & Marketing commented "From our point of view, it worked extremely well. The process was very convenient in terms of logistics and timing. There was an awful lot of scanning required but by the end of that day, I had received verification reports on every product scanned."

**Summary**

By the end of 2006, GS1 NZ has conducted over 4,000 hardware verifications, accounting for substantial incremental revenue. GS1 NZ now has productive engagement with the retailer and supplier communities, proactive activities and an expanding membership base. This engagement illustrates the commitment of GS1 NZ to demonstrate leadership, deliver value and improve the supply & demand chain of an important sector.



**New Zealand Hardware Sector Analysis - Modified Porter's Five Forces Model**

