



eBook

# Why Retailers Need to Start Paying Attention to Specifications

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A background image showing a hand pushing a metal shopping cart with green plastic handles through a grocery store aisle. The shelves are filled with various products, though they are out of focus.

## INTRODUCTION

Specifications are the key to sustainability reporting, reducing costs and better managing the complexity of private label products, and accelerating speed-to-market for retailers.

While all industries have been transformed by technology, it's arguable that retailers have been the most disrupted. With the rise of eCommerce, direct-to-consumer brands, and Amazon, retailers have had to evaluate their approach and go-to-market to stay competitive.

The reality is, the retailers that embrace and operationalize new technology across their organizations are the ones that will stay relevant. And while many retailers have already transitioned to digital commerce, they have largely ignored the next transformative wave in technology: Specification Data Management™.

In this whitepaper, we'll dissect the macro trends that led to retailers needing to know the specifications of the products they carry and how they can use a Specification Data Management platform to stay competitive.

## The Trends Driving the Need for Specification Data

Consumers are demanding a great deal from products and even packaging: they need to be sustainable, cost less, and address changing consumer preferences faster than ever. As a result, retailers are taking a closer look at the products they carry and have started to exert more influence - and rightly so.

Over the past 20 years, retailers have developed a strong influence over the products they carry. By collaborating with CPG and food and beverage companies, they created innovative packaging and private label products that appealed to a new generation of consumers. This has resulted in a tremendous increase in the number of SKUs retailers carry and makers of product produce.

For many retailers, private label products have been a strong source of revenue. The reality of managing products, especially food-related, means retailers have to have a deeper understanding of supply chain risk. While much of this risk is borne by third-party private label manufacturers, the result of a recall or mislabeled

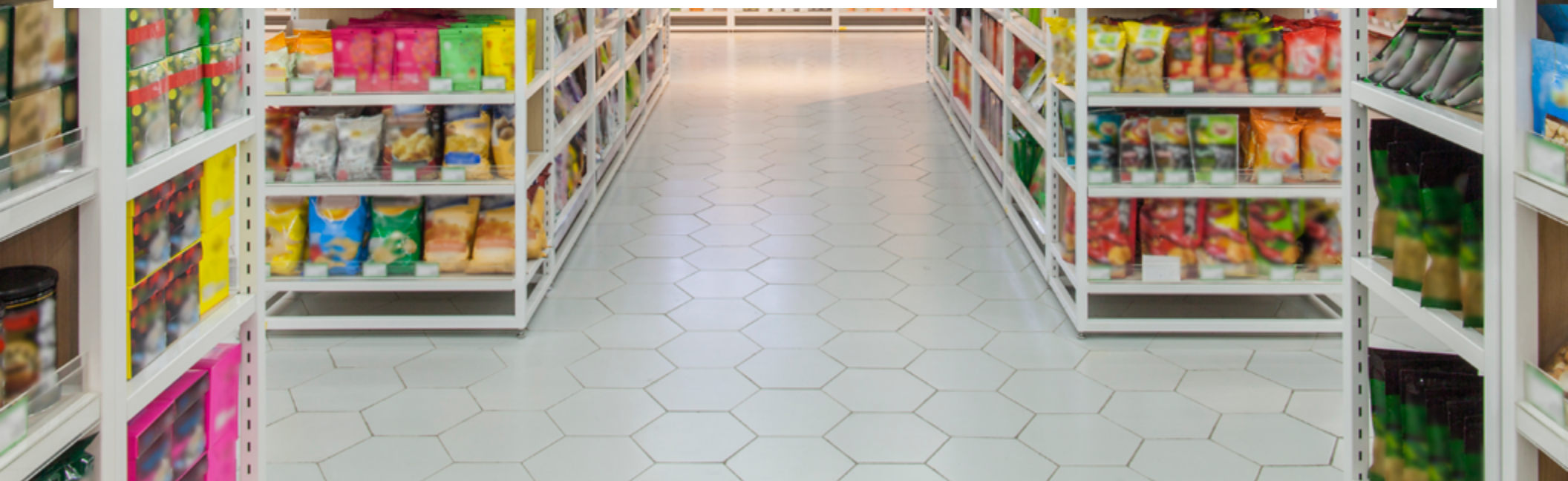
product can cause irreparable harm in the eyes of customers.

As a result, retailers are getting more involved in understanding and managing their supplier partners. In many cases, retailers find themselves asking for more robust specifications. While retailers typically had to understand dimensions for shelf optimization, they now find themselves needing access to DNA-level data like formulas, ingredients and packaging. With the growing number of products offered, this is becoming increasingly complex to manage using spreadsheets or augmented systems.

Another macro trend driven by consumers is the desire for

sustainability. With the rise of sustainability initiatives, retailers are being pressured by customers for both sustainable products and transparency into the sustainability of retailers themselves. As a result, retailers are increasingly requesting access for specification data - and not always getting what they ask for. It turns out, many retailers find it difficult to answer the critical sustainability questions such as, what percentage of your private label packaging is CPR or how much plastic do you buy each year?

Beyond the retailers need for data is the grim reality of what lays on the other side.





## The problem with packaging & product data

Most retailers are probably wondering, why is it so hard to get product and packaging data?

The answer is that for too long, supply chain professionals have been forced to use systems that weren't designed to manage DNA-level specifications. As a result, most companies faced three challenges: a lack of a common language around specifications, the fact that companies usually had incomplete or none of the data critical to making, testing, and shipping products, and that data they did have was hard to share with outside partners and vendors, which made getting work done difficult.

Furthermore, existing systems like ERPs or PLMs don't address the root of these problems: that companies don't own or control their specification data.

Sure, companies usually have Bill of Materials, but they can't get down to the DNA-level of their products, packaging, raw materials, or formulas. The strain of this is only getting worse due to trends in retail contributing to a proliferation of SKUs. Let's use the example of Wheat Thins, a popular snack food, to illustrate.

Ten years ago, Wheat Thins as we knew them were one box and one flavor. With the rise of retailer influence, changing consumer preferences, and private label, Wheat Thins went from one box to tens of boxes, a single flavor and formula to multiple formulas and flavors (hello Zesty Salsa), and a variety of ways it was packaged and shipped to retailers.

Before



16 oz. box

After



Increased Variety, Private Labels, Global Expansion, Retailer Influence

With the explosion of SKUs, specs along the supply chain became extremely difficult to manage. Marketers never knew if they had the right version of artwork, quality managers couldn't easily tie back quality issues to products, and packaging engineers and product developers were spending their days managing spreadsheets instead of spending their time building more innovative packaging and products for the eCommerce era.

So when retailers ask their partners for specification data, the reality is many of them don't have it in a format that's meaningful, accessible or shareable.

But retailers don't have to take the back seat - they can begin to take control of specifications with private label brands and start answering critical supply chain questions. But it requires a fundamentally different approach to bringing products to market, through what we call Specification Data Management™.

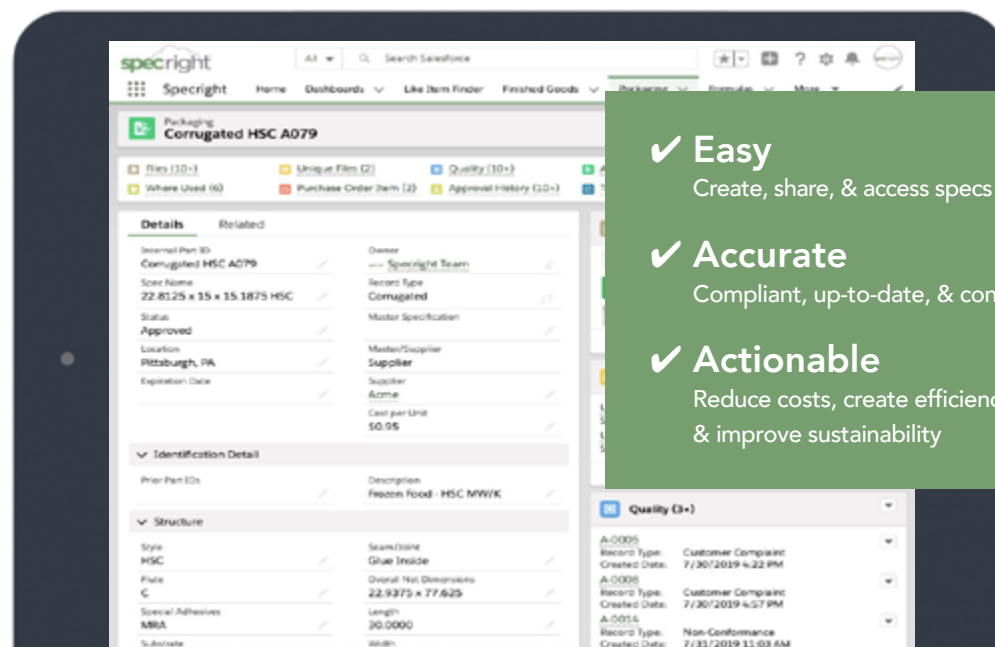
## Specification Data Management: The Platform for How Things are Made

While customers buy products - what those in the industry refer to as finished goods - the reality is that hundreds of data points are required to get that product just right. These data points are referred to as specifications or "specs."

There's a spec for everything - if you think about Wheat Thins, there are specs for the box, the nutrition label, the grains, the artwork, how it's shipped, even specs for the machines that make and package them.

At Specright, we created the first purpose-built platform for Specification Data Management, designed for companies to centrally manage the specifications needed to make, buy, and sell products, and collaborate with external suppliers and partners to bring those products to market.

When retailers start managing products and packaging at the DNA-level, they can start to answer critical supply chain questions.

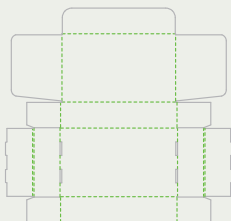


### What does a "spec" entail?

Finished Goods  
(SKU)



Component  
Drawings



Bill of  
Materials



Raw  
Materials

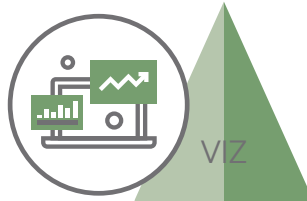


Machinery



### Visualization across enterprise (VIZ)

Core Data is necessary in order to drive digital transformation and manage mission-critical business processes.



### Financials (ERP)



### Product (PLM)



### Specifications (SDM)

When you get the details right, every other system and process becomes more efficient.



We often get questions about how SDM fits together with other systems like Product Lifecycle Management (PLMs), ERPs (Enterprise Resource Planning), and Visualization tools. The answer is, it's addressing and solving a different problem, while at the same time seamlessly integrating with ERP and PLM systems to sync business-critical data.

ERPs are financial systems, PLMs are used to build complex products like jet engines, and visualization tools are meant to aggregate data, not structure it. These systems were not built to structure, manage, and share data at the spec level. Some of these systems may have add ons, but it's not a core competency.

## Answering Critical Supply Chain Questions

With specification data, retailers can start to answer critical questions such as:

- 1 How sustainable is our packaging?
- 2 How can we ensure compliance with new regulatory requirements?
- 3 How can we expedite time-to-market for new products?
- 4 What products are more likely to get damaged in transit?



## Taking Action with Specification Data

Once retailers have access to up-to-date specification data, taking action on that data becomes easy. While there are many outcomes enabled from Specification Data Management, the top three that apply to retailers are: driving sustainability reporting, managing the growing complexity of private label products, and accelerating speed-to-market for new private label products.

### Benchmarking and Driving Sustainability

Corporate sustainability initiatives abound - but it's often difficult for organizations to understand their current environmental impact at the raw material. In fact, many retailers have joined forces with the Ellen MacArthur foundation and have signed on to the New Plastics Economy Global Commitment. As part of this commitment, retailers must measure and show progress on their ability to transition products and packaging from using virgin plastics to recycled ones or alternative materials.

Many of our customers who have made these commitments have realized that Specification Data Management inherently enables sustainability.

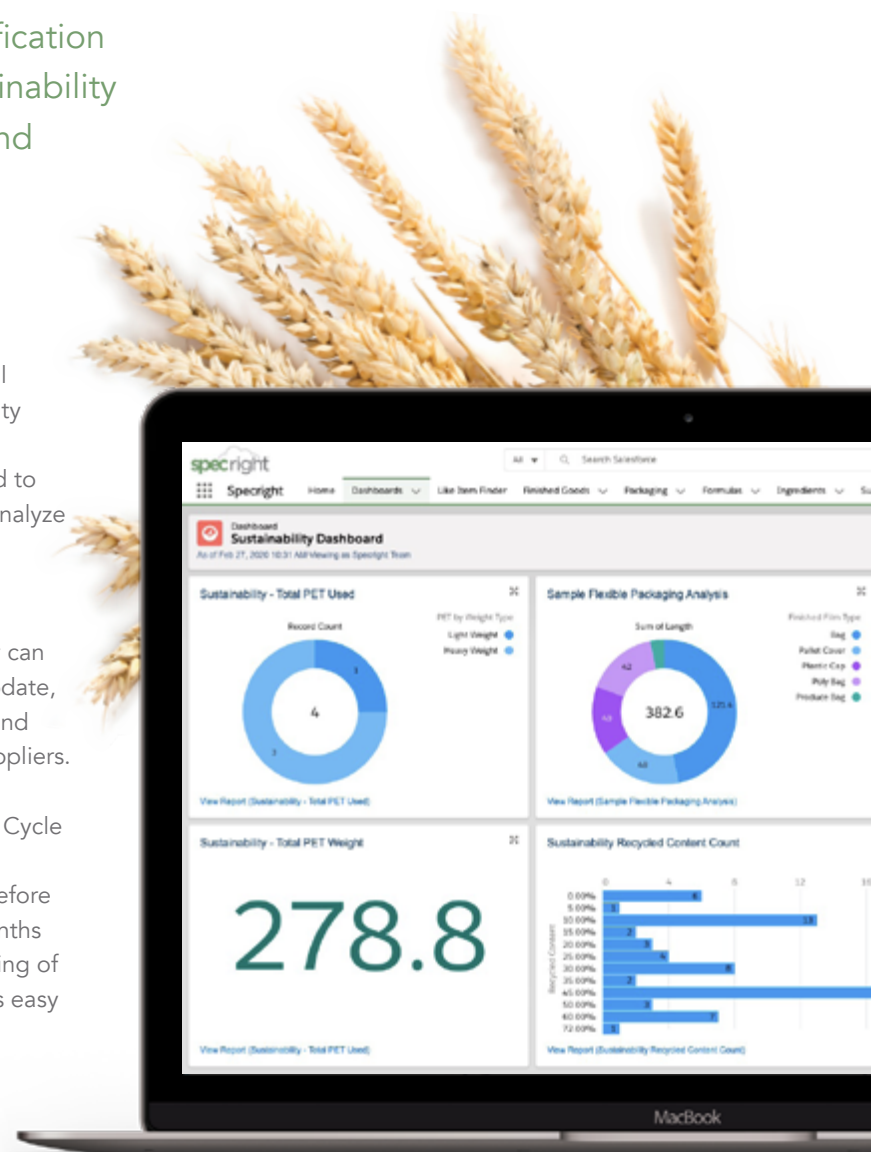
With Specright, companies have all the data they need - at an extremely granular level - to drive both reporting and sustainability initiatives. By managing the DNA-level of products and packaging, companies can easily perform trend analysis on material type and usage by product, brand, geography, and more.

There are two critical components of taking action when it comes to sustainability: identifying and quantifying opportunities and sharing and activating these opportunities and insights with suppliers and partners along the supply chain.

With Specright, we've built machine learning capabilities into our platform. With IQ, our recommendations engine, we've digitized tribal knowledge around cost cutting and sustainability opportunities - such as switching corrugated packaging from white to kraft paper. What used to take months for supply chain professionals to analyze can now be done with the click of a button.

Once our customers have identified an IQ recommendation that they want to act on, they can simply select the specifications they want to update, save them to a group, and immediately share and request a bid on the new specification from suppliers.

Furthermore, retailers looking to complete Life Cycle Assessments (LCAs) for advanced sustainability analysis, can easily export specification data. Before Specification Data Management, the first 3 months of an LCA typically required the manual gathering of specification data. With Specright, starting is as easy as exporting a report.





## Reduce Costs & Better Manage the Complexity of Private Label Products

Just how important is private label to retailers?

According to [Super Market News](#), "In 2018, the mass retail channel topped supermarkets for the first time in annual private label dollar sales volume in food and nonfood consumables, as well as in dollar and unit market share, according to data from the Private Label Manufacturers Association (PLMA) and Nielsen. U.S. mass merchants, wholesale clubs, dollar stores and military commissaries totaled private brand dollar sales of \$60.8 billion last year, up 9.8% year over year, PLMA said in its 2019 Private Label Yearbook. Unit volume rose 10.6% to 19.9 billion."

As private label continues to be a major growth driver, retailers must start to manage the headaches plaguing consumer goods companies. This includes everything from SKU rationalization to understanding how to better purchase commodities across product lines to drive cost optimizations to changing regulations that impact packaging, labeling and ingredients.

Today, many retailers don't have visibility into the DNA-level data of the products they're buying in their private label portfolios. As a result, procurement teams are unable to pool commodity buys across product lines that are likely produced by other suppliers.

Furthermore, it ties retailers to these suppliers and makes it difficult for them to move the production of these products in event of a natural disaster or even in an effort to strategically consolidate. Retail procurement and buying teams are also finding themselves charged with SKU rationalization initiatives that many consumer goods brands have made public, but are unable to do so without an awareness of specifications.

By leveraging Specification Data Management, retailers can easily consolidate SKUs across products and manufacturers, pool commodity bids, and take control of their business in any event - positive or negative. In addition to taking control of their product and packaging data, they can also mitigate risks as a result of mislabeling.

Today, CGP and food & beverage companies must manage allergens and other claims on labels. A failure to accurately label products can result in a costly recall, impacting the retailer's brand and ultimately product sales. Before Specification Data Management, companies had to rely on suppliers taking the initiative to double check labels before going to print. With Specright, suppliers always have access to live, up-to-date labels, eliminating the risk of a misprint.

As consumers demand more ingredient transparency, retailers will face pressure to eliminate certain ingredients of pesticides from their supply chain.

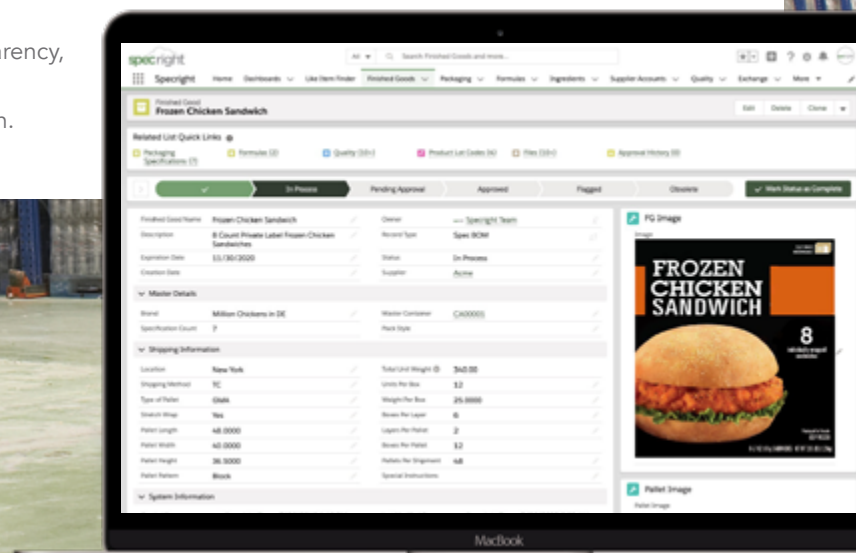
Before Specification Data Management, it would take companies months to compile data from suppliers and analyze spreadsheets. With Specright, it's easy to pinpoint these ingredients and understand what products are impacted by the change. What used to take hours or days to piece together using various data sources now takes just a few clicks.

### Accelerating Speed-to-Market

Lastly, as retailers continue to focus on private label, being able to more quickly respond to trends in the market can further boost sales.

With Specification Data Management, retailers can not only understand the underlying specifications needed to make products, but easily identify the suppliers and partners that bring them to market. As new trends emerge, category buyers can quickly locate suppliers of similar products and can accelerate speed-to-market by leveraging existing specifications.

By tying sales data to specifications, retailers can also unlock deeper insights around what products are selling - and why - so they can concentrate new product development efforts around more profitable ones.





## The Impact of Transit Testing on Reducing the Cost of "Acceptable Waste"

It's hard to believe, but many retailers have built-in thresholds for acceptable waste, or products damaged in-transit that can't be sold. For example, the dented can at the grocery store that can't be sold.

For companies getting serious about sustainability, packaging transit testing can help reduce the number of products that never make it to market and get "damaged out." It can also reduce the costs related to acceptable waste. Furthermore, reducing the amount of damaged products in transit creates a better customer experience, especially for retailers looking to compete in the eCommerce space.

Most industry veterans estimate the "acceptable waste" number to be anywhere from 5-10%. But technology and industry associations are working to get that number to zero. At Specright, we partnered with the International Safe Transit Association (ISTA) to launch PackSight, the first digital platform for packaging testing.

ISTA's mission is to "empower organizations and their

people to minimize product damage throughout distribution and optimize resource usage through effective package design." The biggest impact on minimizing damage is by performing packaging testing to ensure that products arrive undamaged.

Before PackSight, ISTA test protocols were typically printed out, completed by hand or documented in spreadsheets, and then stored for record keeping. Packaging engineers and lab technicians would sort through ISTA's available protocols, determine the right one based on the package type and requirements, print out the test, complete the test, and compile the report.

As packaging became more and more complex, it became difficult for packaging engineers to select the right test. Selecting the wrong test could mean products end up damaged when met with the realities of a supply chain.

For retailers, PackSight creates visibility into what tests have been performed on products they carry - this accountability will immediately help minimize the number of damaged products retailers receive. It will also give retailers visibility and analytics as to the types, brands, or locations of products that get damaged the most to prompt further investigation into the root cause.



### Analyze Testing Trends

With thousands of ISTA tests completed each year, there is a wealth of data on packaging performance. Previously, retailers, testing labs, and brands had little visibility into test trends or results over time.

With PackSight, companies can pull data on tests and look at historical trends. No more searching through personal file folders or shared drives. Because PackSight captures data in a consistent, structured manner, it's easy to compare tests as apples-to-apples even if they're performed by different people. Users can easily pull data and reports to answer questions such as: why is a certain product type always failing?

[DOWNLOAD THE EBOOK](#)





## Conclusion

In reading this, you now have an understanding of why retailers need access to specification data and how Specification Data Management enables sustainability, private label management, and accelerates speed-to-market.

To see Specright in action and understand how it can drive results for your business, contact us for a demo.

**BOOK A DEMO**



### About Matthew

Matthew Wright has been in the packaging industry for over 25 years. Prior to founding Specright, he held leadership positions at International Paper, Temple Inland, and rightPAQ — a packaging company he co-founded. He has also been involved in leading multiple M&A deals in the packaging industry. He sits on the Packaging Advisory Board at Cal-Poly San Luis Obispo and is the founder & CEO of Specright.



### About Laura

Laura Foti leads marketing and inside sales at Specright. Prior to Specright, she led advertising and analytics at GE Digital, GE's Industrial Internet software business. Before that, she was a consultant at Deloitte Digital working in enterprise digital transformation for retailers and CPG companies. She was named to the Forbes 30 Under 30 list for marketing and advertising and is a graduate of Syracuse University's S.I. Newhouse School of Public Communications.



### About Specright

Specright is the first purpose-built platform for Specification Data Management™. Whether it's packaging, raw materials, formulas, products, or machinery specifications, Specright helps companies digitize, map, and take action across their supply chain to reduce costs, increase profitability, and drive sustainability. For more information, visit: [specright.com](https://specright.com)

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