



## Program Guide for Trading Partners



VENDOR DIRECT TO CONSUMER

Revised December 2008

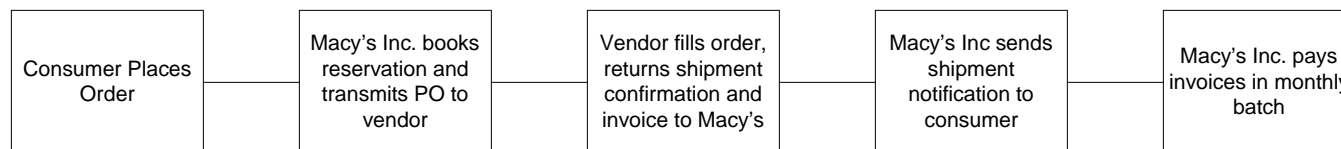
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# Vendor Direct-to-Consumer – Value Proposition

The Vendor Direct (drop ship) program adds value for the Macy's or Bloomingdale's consumer AND for our vendor partners:

- Drives Incremental sales growth for Macy's and its vendors
- Enables extended assortments, which mean more selling opportunities and better utilization of vendor inventory
- Creates better selection = happier, more loyal consumers
- Utilizes automated trading via EDI and is efficient and cost-effective



# Vendor Direct – New Vendor Setup

## Getting Started with Vendor Direct-to-Consumer (V2C):

- If you are a new vendor to Macy's you will need to be set up within our A/P systems and approved as a trading partner. If you are currently doing business with any Macy's channel, the setup process is simpler and involves activating your account to receive V2C orders
- Overall setup time varies depending upon a number of factors and the time necessary to reach agreement on terms of business. An average setup can take 8-12 weeks. The V2C team will work to ensure the speediest possible setup
- Note that setting up new items in a buyer's assortment generally requires eight (8) weeks lead time for product samples to be photographed, retouched and sized, copy to be written and web pages assembled and approved
- To get started, log onto <http://macysnet.com/NewUser/vendorDirect> and follow the EDI startup process (see following pages), including our EDI setup form and to find important resources such as EDI mapping guides, Macy's Vendor Standards and Shipment Routing Guides
- In order to participate in the V2C program, complete all setup forms and return as directed by each form. Upon receipt of all setup forms, the V2C project manager will coordinate the various Macy's teams to setup A/P, EDI, etc.

# Vendor Direct – Program Requirements

## Basic Requirements:

- Vendor and Macy's must agree to standard terms of business and co-sign a Vendor Direct-to-consumer Trading Agreement
- All products must have a unique UPC (Universal Product Code) that has been approved by the GS1US (formerly Uniform Code Council)
- Vendor must trade with Macy's via EDI (Electronic Data Interchange), as specified in Macy's Vendor Direct Standards Manual  
<http://www.macysnet.com/VS/standards/vd/VendorDirectStandards.pdf>
- Vendors who do not own or manage their own EDI systems may elect to hire a 3<sup>rd</sup> party EDI service provider
- Each vendor must provide daily inventory status on all items via EDI in order for us to provide accurate product availability information to consumers (see EDI 846 Standards page)

# Vendor Direct – Operations Requirements

## Operations Requirements:

- Macy's will transmit orders (EDI 850 document) multiple times daily, 7 days a week
- Vendor is expected to receive, process and ship orders promptly. If possible, systems should be configured to pull in Macy's orders multiple times daily
- Vendor is expected to transmit a shipment confirmation (EDI 856) same day as each shipment. Each shipment confirmation must contain the carrier tracking number for each package
- Vendor must notify the Macy's Vendor Direct operations office in advance if any order will be delayed so that Macy's consumer service team may advise our consumer
- Vendor must print and include a Macy's branded packing slip with each consumer shipment (specifications provided during setup process)

# EDI 846 (Daily Inventory Advice File) Standards

## Required Document

**All Macy's V2C (Vendor to Consumer) vendor partners are required to submit a daily inventory file via EDI 846 document.** The following guidelines must be followed in order to comply with the standards of the V2C program:

### Actual count vs. 1/0 method:

Vendor may transmit an actual on-hand count of each item or simply transmit a "1" if item is in-stock and a "0" if the item is out of stock. *Note that our systems do not decrement the inventory count. The count does not change in our system until overwritten by the next 846 file.* **For any items that are discontinued by the vendor, the UPCs must remain on the 846 inventory file at 0 quantity for a minimum of five (5) days to ensure that Macy's systems pick up the change and deactivate the item**

### Inventory threshold:

Since our systems do not track nor decrement the transmitted quantity counts, vendor must only report items as being in-stock if on-hand quantity is sufficient to ensure that the item will be available until the next daily inventory advice. Following a rate-of-sale formula such as the following is recommended for setting stock thresholds:

$\text{On-hand units} \div \text{Avg. daily sales (last 7 days)} \geq 1$

By setting an inventory threshold, we minimize the possibility of taking orders for items that go out of stock during the day and result in order cancellations and unhappy consumers

# EDI 846 (Daily Inventory Advice File) Standards

## **Synchronize Assortment with Macy's Buyers:**

The success of our V2C program relies in large part on good collaboration between each vendor's Sales and EDI teams, Macy's buyers and V2C Operations teams

In order to ensure that Macy's does not offer items that are not available it is crucial to regularly cross-check Macy's assortment with vendor's active catalog. At the beginning of each season, each vendor must confirm Macy's assortment with the appropriate Macy's buyers. In-season, monthly checks should be performed

## **EDI 846 Mapping Guide:**

Macy's V2C mapping guides for the EDI 846 are posted on our vendor portal, MacysNet, by accessing the link below and selecting the proper guide for the VICS EDI version in use:

<http://macysnet.com/NewUser/vendorDirect.html>

# Vendor Direct – EDI Service, Inovis

## EDI (Electronic Data Interchange)

EDI is Macy's method for sending purchase orders and receiving shipment notifications, invoices, product and inventory information.

If your company does not currently trade via EDI, you can work with Macy's 3<sup>rd</sup> party EDI service provider or the EDI company of your choice.

Inovis is the official EDI service provider to Macy's Inc and has worked extensively in support of Macy's Vendor Direct-to-Consumer program. Inovis has service packages that range from basic web-entry to complete data translation and interchange (aka VAN) and meets all of Macy's EDI document requirements.

To get started, contact Inovis directly:

Inovis

(404) 467-3266

[www.inovis.com](http://www.inovis.com)

# Vendor Direct – Catalog Data Submission

## Product Submission:

- Item/UPC submission for entry into Macy's order management systems may be done via either of the following two options:
  1. **Macy's Preferred Method**: Via InovisCatalogue™ program. By supplying your data to Inovis, you are capable of distributing your catalog to Macy's and many other top retailers without the need to send separate files to each account
  2. EDI 832 Catalog file transmission directly to Macy's
- Note – Macys.com vendors ***must also provide additional product attributes*** (such as extended sizes, color, etc.) in order to properly represent your items on the website. Your Macys.com buyer can provide you with the details on this separate process

# Vendor Direct – UPS 3<sup>rd</sup> Party Billing

## UPS 3<sup>rd</sup> Party Billing:

In order to better manage program efficiency for our vendors and for Macy's, we have implemented the following 3<sup>rd</sup> party billing program:

- Macy's will provide a unique UPS shipper ID to each vendor to use for all Vendor Direct shipments. Use of this account will allow UPS to bill Macy's directly for all freight charges
- Vendors not currently using UPS will be asked to establish service in order to meet the standard. Setting up a UPS account is simple and no-cost
- Contact Cindy Foster at (212) 704-1649 to start the setup process for UPS 3<sup>rd</sup> party billing

# Vendor Direct team – Contact Info

Macy's Vendor Direct-to-Consumer program is straightforward, easy to implement and is highly automated. If you have any questions or need assistance, please contact us using the information below:

## New Vendors - Setup and on-boarding for Vendor Direct-to-Consumer Trading

- Cindy Foster, Project Manager – Vendor Direct Business Development  
(212) 704-1649

## Operations - Order Management, Item Management:

- Peter Daigle, Manager – Vendor Direct Office  
(770) 908-3562

## Business Development - Program Management:

- Steven Vertel, Director – Vendor Direct-to-Consumer Program  
(212) 704-1625