

Voluntary Guidelines for

**FLOOR-READY  
MERCHANDISE**

**1.0 Introduction**

**2<sup>nd</sup> Edition**

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## Revision Summary

| Date      | Section | Page | Revision               |
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## 1.0 Introduction

### 1.1 Background

In 1986, supplier, manufacturer, and distributor executives in the General Merchandise and Apparel retail industry shared the belief that a more timely and accurate flow of product information could significantly improve customer service and enhance overall competitive positions. To facilitate this flow, these executives established the Voluntary Interindustry Communications Standards (VICS) committee.

The VICS committee's objective is to provide continued leadership and encouragement in the use of standards and protocols, as well as, support for other mechanisms that will enhance customer service.

To date, the VICS committee has helped secure industry endorsement of:

- ◆ a voluntary standard for product identification (UPC-A or EAN-13) used with point-of-sale scanning devices,
- ◆ a communications format and set of protocols (VICS EDI) allowing for efficient electronic data interchange, and
- ◆ a bar code symbology (GS1-128, formerly the UCC/EAN-128) for shipping containers and raw material identification.

Significant reductions in total lead-time have occurred for those retailers and suppliers adopting these standards.

### 1.2 Floor-Ready Merchandise

In June, 1992, a study was commissioned by five retailers and four apparel suppliers to research additional lead time reductions for the men's and boy's bottoms category. Specific topics included pre-ticketing of merchandise, hanger application, shipment accuracy, container labeling, and pipeline benefits. After establishing some preliminary guidelines and benefits, the group released a document in December, 1992 entitled Floor-Ready Merchandise. Key conclusions included:

- ◆ Merchandise should be floor-ready when received at retail selling locations.
- ◆ Standardized, voluntary guidelines are necessary in order to develop efficient mechanisms for shipping and/or receiving floor-ready merchandise.
- ◆ Pipeline benefits can be substantial depending on individual trading partner circumstances.

Realizing the potential benefits to the retail industry, VICS was asked, and agreed, to support the development of guidelines for the General Merchandise and Apparel industries, and established the VICS Floor-Ready Merchandise (VICS FRM) committee in October, 1993.

After further study, the VICS FRM committee recognized there are many aspects to the floor-ready process. To support guideline development, VICS adopted a mission and definitions:

*Mission: Establish industry-wide guidelines to reduce the time to move general merchandise and apparel to the retail selling-floor and to provide the best overall value for the consumer. These guidelines will be established and implemented through a cooperative effort between retailers and their suppliers. Generally, the best economics will be obtained when there is consistency of a given service.*

*Floor-Ready Merchandise: Merchandise that is ready for sale when received at a retail selling location. When applicable, activities such as pricing, hanger application, and packing, occur at the most logical stage in the pipeline. The responsibility for these activities is negotiated between the retailer and the supplier. Floor-Ready Merchandise activities relate to the preparation of merchandise for presentation to the consumer.*

*Shipment Packaging: Shipment packaging is the unit load or transport package and incorporates the consumer packaging only when the shipping unit is also the selling unit. Successful implementation of effective shipment packaging requires dialogue between trading partners to identify mutually beneficial opportunities. Environmental considerations are consistent with the long-term objectives of shipment packaging: reduction of material waste, increased reuse of packaging and ease of handling.*

*Receipt-Ready Shipments: Scannable shipments, supported by appropriate EDI documents, received at a retail location meeting agreed-upon requirements for labeling, routing, containerizing, and delivery. This will reduce delays in processing and moving merchandise to the selling floor. RRS requirements relate to the shipment of merchandise for receipt by a retailer.*

Mutual implementation of these precepts may result in these pipeline improvements:

- ◆ Reduced lead time,
- ◆ Increased consumer availability,
- ◆ Increased environmental awareness, and
- ◆ Decreased costs.

To obtain these improvements, retailers and suppliers will discuss voluntary arrangements concerning product preparation, shipment, and presentation. While these areas are the subjects of this document, they are not, however, all there is to floor-ready merchandise. Over time, this document will be expanded and enhanced to accommodate additional aspects of floor-ready merchandise.