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N.G.A. Partners with ecMarkets to Give Members Opportunity to Cut Costs Through Reverse Auction Based Procurement Services

Arlington, Virginia — (June 26, 2003) A new program made available to the grocery industry by the National Grocers Association (N.G.A.) through ecMarkets, Inc., San Francisco, CA, gives N.G.A. members the opportunity to greatly reduce their cost of goods on items such as supplies, packaging materials, capital equipment, private label products and food processing ingredients through a web-enabled reverse auction program developed and managed by ecMarkets. ecMarkets provides a total procurement sourcing program that is supported by an experienced team of product and commodity market analysts and procurement specialists.

The financial results from the first four ecMarkets pilot auction events facilitated by N.G.A. last month with the participation of three independent community-focused supermarket chains and one regional wholesaler, with an aggregated annual sales volume of \$3.9 billion, demonstrated substantial cost reductions on four key supply items. There was an average savings of 25% for thermal paper, stretch wrap, plastic bags, and paper bags, with savings ranging from 12% to 40% on these categories.

In an effort to assist its members in cutting their cost of supplies and goods, N.G.A. will facilitate the participation of the maximum numbers of companies in upcoming reverse auction events. The goal is to leverage ecMarkets' expertise in managing buying groups to maximize the aggregated volume of the participating companies and thus greatly leverage the economic benefit to each participant. A schedule of additional regular auctions has been planned with a growing list of grocery wholesalers and independent community-based chains on a broad range of supply and packaging items and other operating expense items, as well as private label items and food ingredients.

According to N.G.A. President and CEO Thomas K. Zaucha, "The hard reality is this: In today's tough marketplace, size and volume do make a difference. N.G.A. is committed to helping wholesalers and their retail customers, along with independent community focused supermarket chains and associate manufacturer/supplier members to maximize their competitive buying power through our program with ecMarkets. One of N.G.A.'s Ten Keys (to Retailer Success) objectives is to *'Create New Synergies that Achieve More Competitive Economies of Scale.'* The program with ecMarkets certainly does that. In fact, all of N.G.A.'s programs, products, and services are intended to help the independent, community focused sector improve sales and control operating costs."

"The ecMarkets solution has demonstrated that it can substantially lower the cost of goods for grocery wholesalers and independent community-focused chains," said Mickey Sullivan, Vice President and National Sales Manager, ecMarkets. "We are proud to have N.G.A. assist in making our resources available to its membership and the industry. The first four pilot auction events have already saved N.G.A. participating members substantial dollars, and we look forward to rolling out the opportunity in the next few weeks to a broader base of participating companies. With the support of N.G.A., ecMarkets has been able to create a low risk structure for companies interested in recognizing savings through the use of advanced procurement tools," said Sullivan.

"Grocery wholesalers and independent community-focused chains need every bit as much procurement technology and product sourcing specialization as the largest supermarket chains and alternate format retailers in order to level the playing field, cut their operating costs and compete more effectively," said Stuart Zlotnikoff, Senior Vice President, N.G.A., who is coordinating this new service for N.G.A. members.

"N.G.A. will assist in facilitating the participation of the maximum numbers of companies in each reverse

auction event to leverage not only the procurement technology but the aggregated volume, and thus the dollar savings, for each participant,” said Zlotnikoff.

According to Sullivan, “ecMarkets has developed a wide range of food industry experience and has developed a structured procurement process that has delivered results across a wide array of items and industries. We look forward to making this expertise available cost-effectively to N.G.A. members and thus help them successfully lower their operating expenses and cost of goods. We are now providing N.G.A. members with a new opportunity to benefit from a state-of-the-art procurement process, previously only available to the largest retail chains and mass merchandisers. It’s not just our reverse auction technology alone, but our total procurement management support -- that includes pre-auction price, market and multiple supplier analysis and purchase administration -- that makes the difference. This makes our program deliver for the buyers again and again. ecMarkets has made the cost-cutting power of reverse auction technology available, affordable and manageable for qualified community-focused retailers and all grocery wholesalers.”

ecMarkets has a proven track record of improving the bottom lines of its clients, no matter their needs or specialties. The company’s sourcing software and services automate the customers’ procurement processes to make them more efficient with new online technology tools that can: identify new suppliers, score them, simplify transactions, reduce errors, save time and reduce direct material costs. ecMarkets also offers consolidated invoicing and payments to truly extend the leverage of aggregated purchases. By focusing on the purchasing process, ecMarkets has developed advanced technology driven buying tools and procurement processes that have saved numerous clients millions of dollars.

About N.G.A.

N.G.A. is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating in a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some are publicly traded but with controlling shares held by the family and others are employee owned. Independents are the true “entrepreneurs” of the grocery industry and dedicated to their customers, associates, and communities. N.G.A. members include retail and wholesale grocers, state grocers associations, as well as manufacturers and service suppliers. For more information about N.G.A. and the independent sector of the industry, see the N.G.A. website page: www.NationalGrocers.org

About ecMarkets

ecMarkets (formerly ecFood) is a pioneer web-enabled sourcing software and services company, founded in 1998 and headquartered in San Francisco, California. ecMarkets uses advanced e-commerce technology to provide online methods that reflect real world purchasing practices. To date, ecMarkets has helped customers around the world source \$250 million in goods and services and identify savings of more than \$50 million. ecMarkets takes the “best practices” of industrial purchasing systems and blends them with the inherent efficiencies from software applications. For more information about ecMarkets, see the ecMarkets website: www.ecMarkets.com.

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