

THE POI RETAIL EXECUTION SUMMIT

Gaining Competitive Advantage with
Exceptional Retail Execution



What Retailers Want Most From Their Suppliers To Execute Best At Retail

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Strategy is never good if it can't be executed

- ▶ Strategy to stop German U-boats!!



As we become more analytic we often spend less time in-store

- ▶ It was not that long ago but people just guessed at how effective various trade promotions were.
- ▶ Various simplistic Excel spreadsheets were used to try to determine how effective the various promotional vehicles may have been.
- ▶ Today we have very sophisticated methods that allow food manufacturers to estimate the financial impact of the various promotional vehicles.
- ▶ Even more valuable may be the ability to simulate and optimize future trade promotion events

A screenshot of an Excel spreadsheet showing a data table with columns and rows, some cells highlighted in green and red.

nielsen

T-Pro
Solutions
Optimizing Promotion Return

But one thing has not changed nearly as much as trade promotion analysis

- ▶ And that is trade promotion *execution*.
- ▶ While category managers and data analysts pore over information that they receive from the various scanning sources.
- ▶ But what actually takes place in the store is often not included in the analysis



In the Words of John LeCarre

“The desk is a dangerous place from
which to view the world.”



Poor execution can lead to very misleading results!



Coca Cola says...

“Flawless execution is another differentiator in today’s marketplace” ...
Julie Hamilton, Coca-Cola



One can't judge a strategy as a poor result when the tactics were never realized

- ▶ Can one conclude for certainty that a BOGO did not work as well as planned, if there was not enough product on the shelf?
- ▶ Were all the displays up, and in the position you expected them to be?
- ▶ Did your features actually appear and in the right location on the circular?
- ▶ When were displays constructed in the stores... was it the day before the event, the day of the event or days after the event?



Was this
promotion
successful?

Was this the signage you had in mind?



There are 3 main reasons why both the retailer and the manufacturer should care... Beyond simply immediate lost sales

- ▶ As previously mentioned, all the expensive analytic work that is being done presumes that what you say happened, actually happened!
- ▶ But equally as important, bricks and mortar retailers are competing with online shopping and that in person retail involvement must be perfect. You need to give the shopper a reason to actually come to the store.



Important information about the competitive environment gets to headquarters quickly.*

Strong execution programs also mean you learn about the competition. Are they executing?

*On average, 77% of individuals in strong-execution organizations agree with this statement, whereas only 45% of those in weak-execution organizations do.

Consider the Words of General George S. Patton

- ▶ “I have studied the enemy all of my life. I have read the memoirs of his generals and his leaders. I have even read his philosophers and listened to his music. I have studied in detail every damn one of his battles. I know exactly how he will react in any given set of circumstances. And he hasn't the slightest idea of what I am going to do. So when the time comes I'm going to whip the hell out of him.”
- ▶ Ironically when I asked a group of food marketers how many have read Sam Walton's...only 3 had!

Effective execution leads to better segmentation

- ▶ Today, I think most everyone believes that retailers have to get more and more segmented to stay in business.
- ▶ Greater attention to retail execution can lead to more effective market segmentation.





- ▶ Jeff Brown, a Philadelphia supermarket operator of inner-city stores, not only executes in-store variety by “inner city” but in stores that are dominated by particular ethnic groups, those stores will contain products that are desired by those ethnic groups. A good example is one of his stores is located where many consumers from West Africa reside, and the variety and those stores are quite different from other stores.



What can be done?

- ▶ Get more granular data.
- ▶ For the most part, the sophisticated data we can now collect still lacks timeliness.
 - ▶ And out of stock, can occur within minutes after the shelf is full.
 - ▶ A display can be moved to another part of the store after it was initially placed in the right position.

- ▶ It is reported that Unilever has near-real time visibility available for each of their SKUs at over 20 retailers and over 30,000 stores, along with a two-year history. This gives them a tremendous opportunity to identify retail execution issues and react quickly to minimize their impact



What can be done?

- ▶ Today more than ever the manufacturer must make the retailer a partner.
 - ▶ In-store promotions must be easier than ever to execute. Complicated displays just won't get put up!



What can be done?

- ▶ Have more store presence.
 - ▶ I know the trend has been to reduce store presence but the use of technology can make store visits faster and more effective.
 - ▶ Coca-Cola used to track in-store execution with paper forms and hand-held devices. “That generated outputs that had to be analyzed, which is time-consuming.” “Now, using a smartphone or tablet,” she said, “our merchandisers can take a picture of the retail environment and get an instant execution using image recognition.”



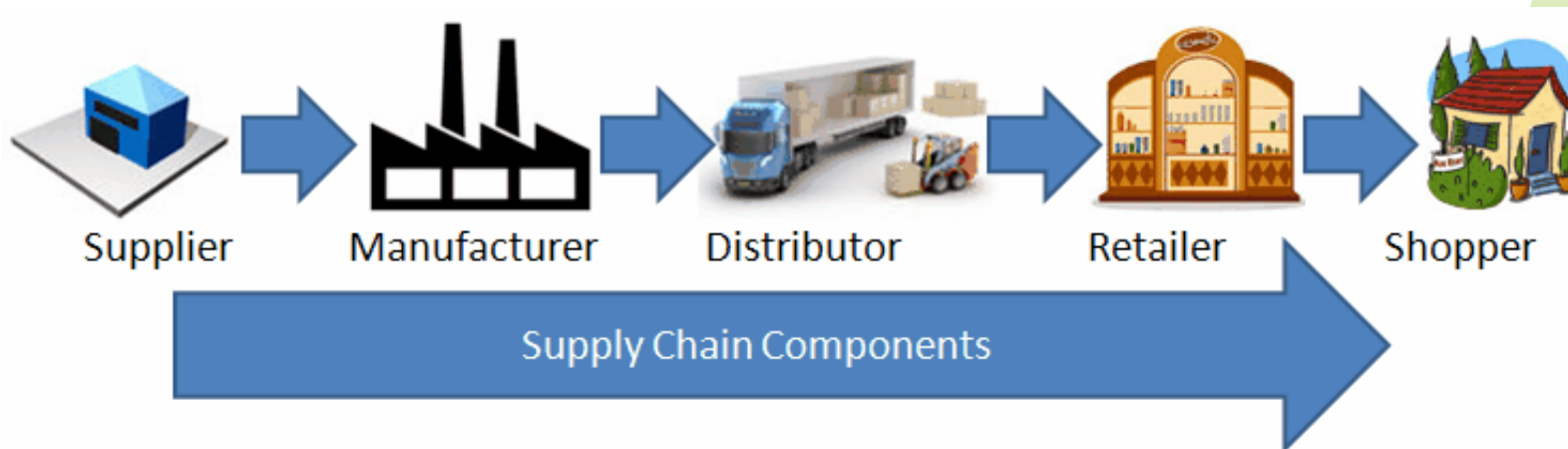
What can be done?

Collaborate!

- ▶ This word has been bandied about for years, with everyone agreeing it should be done, but with the wink of an eye suggest it really won't be done.
- ▶ But the battlefield for the consumers attention has changed so dramatically that there is absolutely no other solution to keep bricks and mortar stores in business than to have manufacturers and retailers working together to ensure strategic in-store promotional strategies are truly executed at retail.



- ▶ Improve supply chain accuracy and agility: Successful manufacturer-retailer collaboration in terms of product assortment and visual merchandising can lead to an up to 6% increase in sales and 4% increase in profitability.



Collaboration can no longer be an objective it must become the status quo.

- ▶ The days of agreeing with a wink of an eye are over.
- ▶ If you're not taking steps to collaborate and make your retailer a partner, or your manufacturer a partner depending on your position, ***then you are taking steps to close the store!***

What happened to merchandisers?

- ▶ Gaps in execution can lead to wasted time, disorganization, a poor customer experience, and lost sales.
- ▶ While we all love technology, having a pair of eyes in-store with technology may be the most effective.
- ▶ Today newly minted executives have not spent a significant amount of time in the field! While they know what keys to push on their iPads they don't know how to judge a well maintained store display!

► It is interesting to note most of the people I talk to say they are trying to reduce “labor costs.”

► Yet by late 2010, surveys indicated that 93% of consumers had changed their grocery-shopping habits because of the economic downturn, and many of them did so by trying out more store-branded goods, sampling everything from generic shampoo to generic frozen pizza.

► There is less room for mistakes and consumers are less forgiving!



We need to be sure we are not like our friend here!



No strategy is a good strategy if you cant execute it!