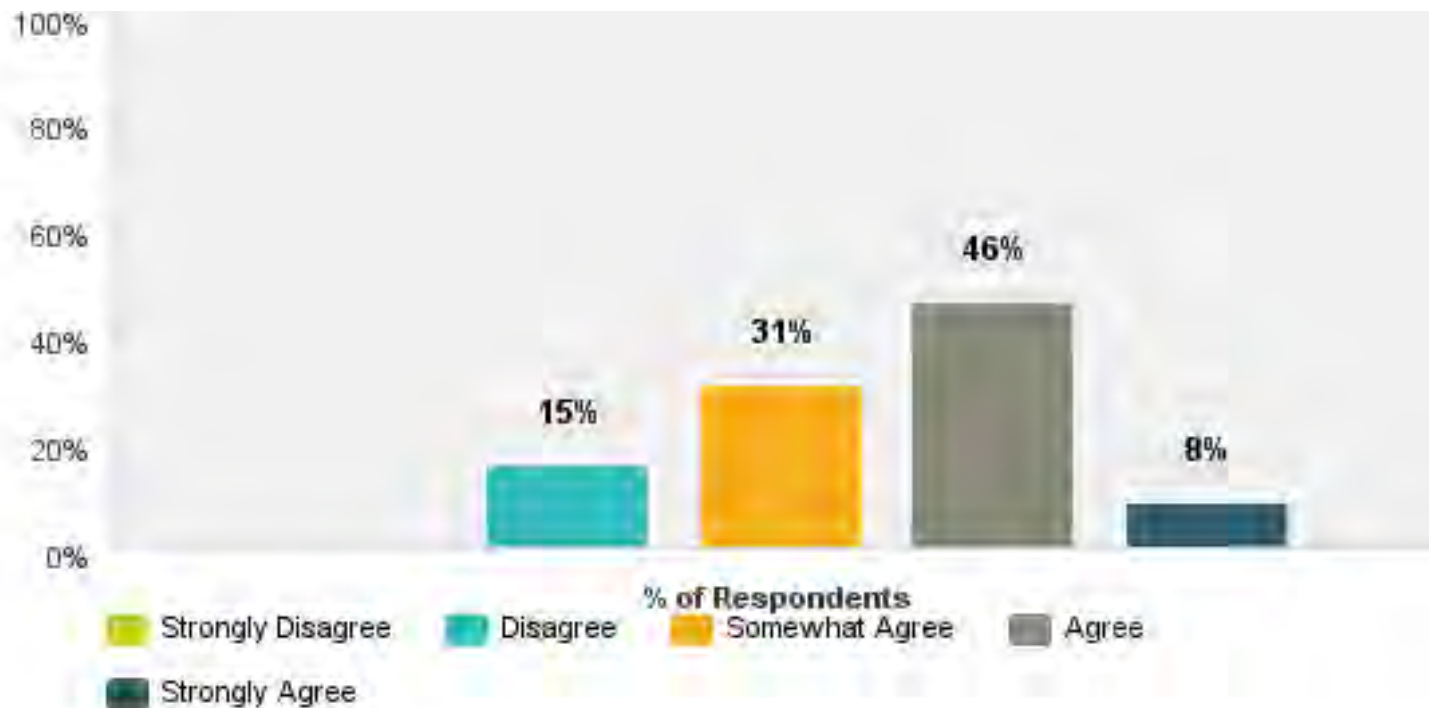# How Leaders are Closing the Gaps in Retail Execution Performance

Dale Hagemeyer, Partner, Promotion Optimization Institute

# The survey data cannot be more telling…there is **much** opportunity in retail execution.

"You have challenges finding tools that enhance sales productivity".



Source: POI Research. "2015 TPx and Retail Execution Survey".

# Results have been mixed…

**"Age of Hardware".** late '90s and early '00s.

The answer was hardware. Buy an Intermec, Symbol or other device and they would write the software for you.

**"Age of Software".** From about 2000 through 2012 it was all about software.

# Results will continue to be mixed...

"Age of Hardware", late '90s and early '00s.

The answer was hardware. Buy an Intermec or Symbol device and they would write the software for you.

"Age of Software". From about 2000 through 2012 it was all about software.

**"Age of the Cloud"**. Today! Less focus on functionality for competitive advantage. Instead looking at most anything that is cloud, despite only basic functionality.

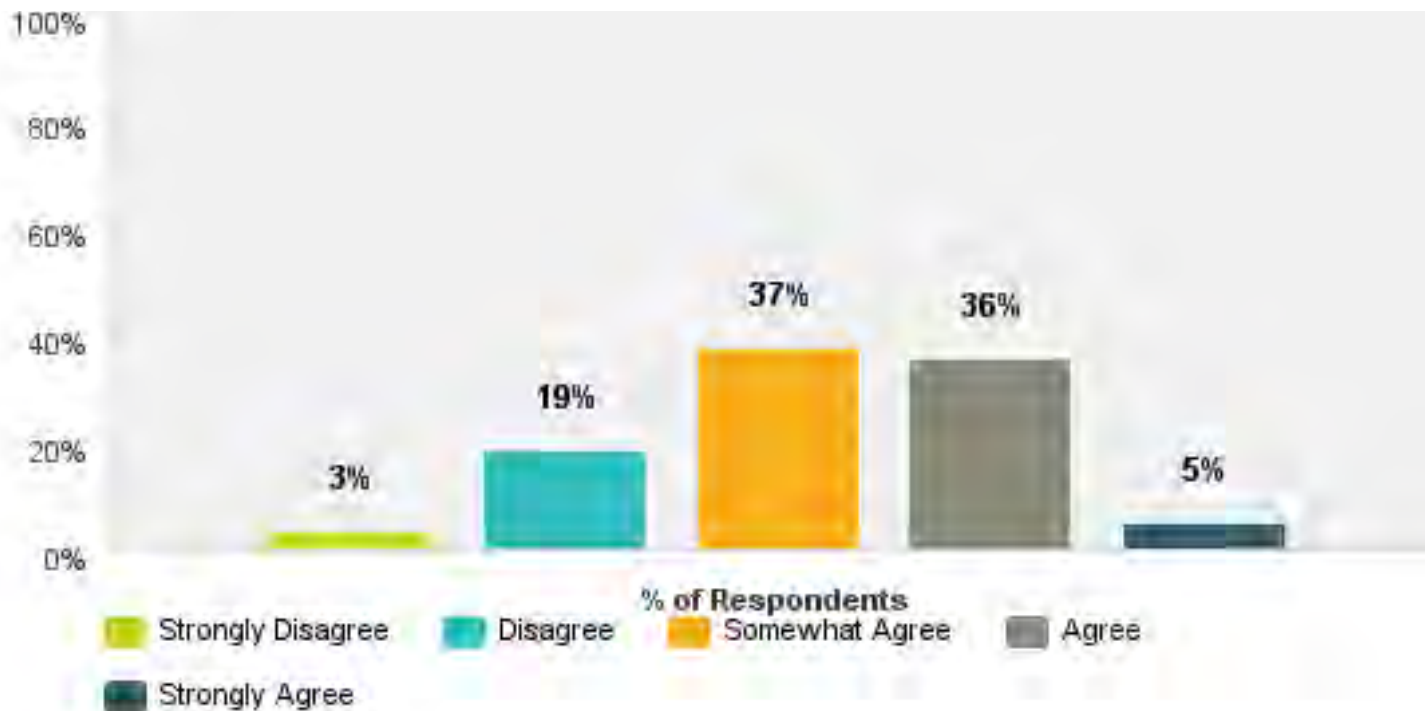# Nevertheless, looking beyond software...

Top 3 Reasons why SFA Projects Fail?

- People
- Process
- Politics

Failure is typically imminent before the software actually goes live.

# People Matter…

**"You have challenges finding qualified personnel who can use and understand existing solutions."**



Source: POI Research. "2015 TPx and Retail Execution Survey".

## People issues:

- No attention paid to skill sets.
- No discipline around process or enablers.
- No change management plan .

## Process Issues:

- No process definition.
- A flawed process is being automated.
- There is no actual project plan. with milestones, tollgates, etc.
- Solution is implemented for the enterprise, not the customer.
- Data quality is ignored.

Politics is
more difficult
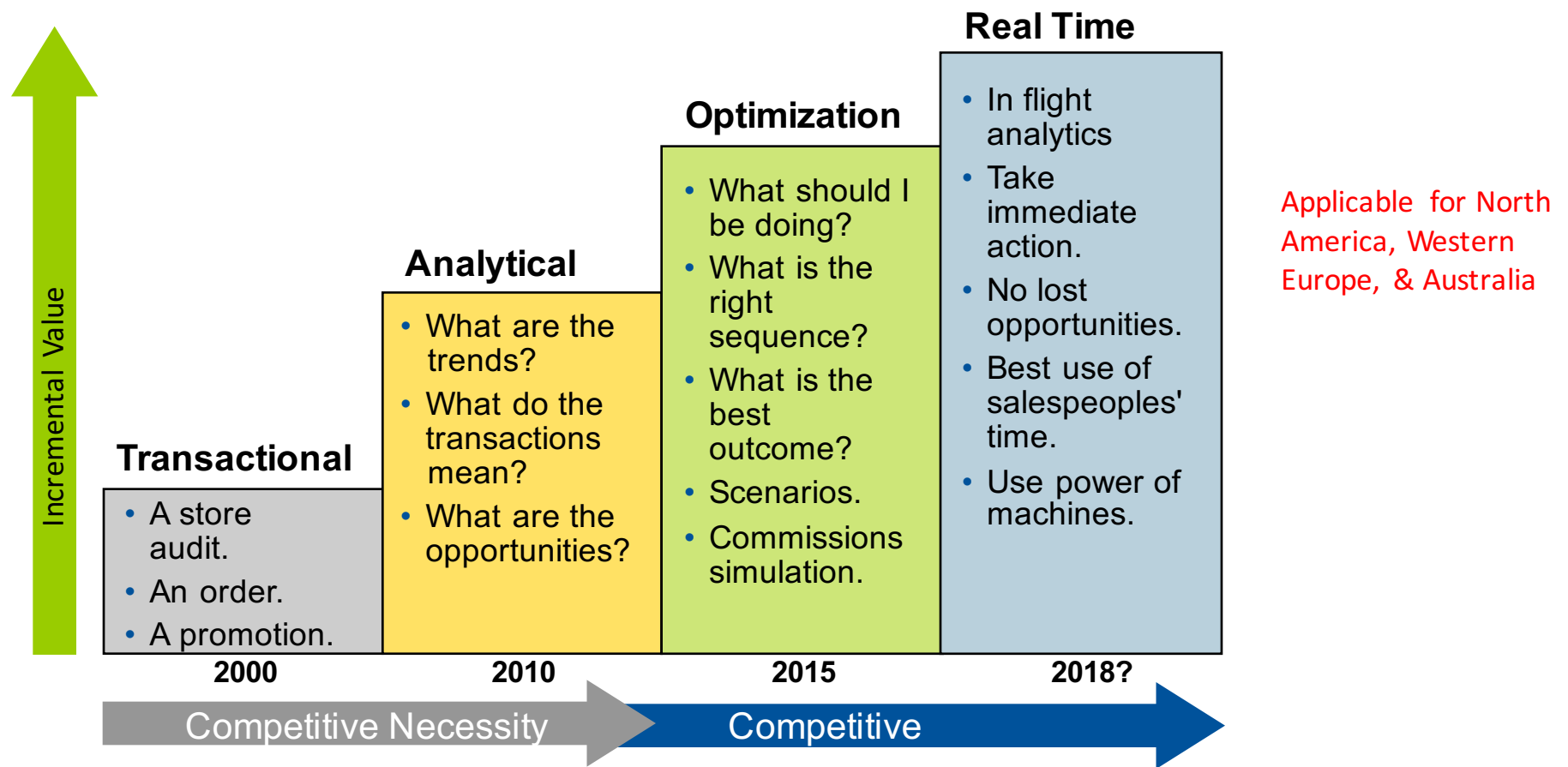than physics.
Albert Einstein
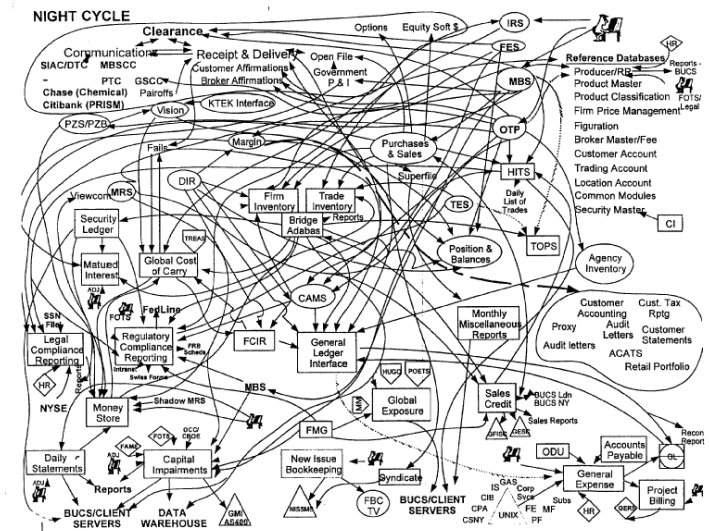
## Politics:

- One division or geography imposing its will on others.
- IT and business organizations can't work together.
- Lack of objectivity from technology or consulting partners.
- Shift in or lack of executive support.

# How do you stack up: Retail Execution Maturity Model



**Transactional**
- A store audit.
- An order.
- A promotion.

**Analytical**
- What are the trends?
- What do the transactions mean?
- What are the opportunities?

**Optimization**
- What should I be doing?
- What is the right sequence?
- What is the best outcome?
- Scenarios.
- Commissions simulation.

**Real Time**
- In flight analytics
- Take immediate action.
- No lost opportunities.
- Best use of salespeoples' time.
- Use power of machines.

Applicable for North America, Western Europe, & Australia

Incremental Value

2000    2010    2015    2018?

Competitive Necessity    Competitive

## The Seven to Seek:

1. User experience
2. Functionality
3. Analytics and "sell more" capabilities
4. Expertise and best practices
5. Geographic coverage and support
6. Responsiveness and track record
7. Strength of roadmap

# User experience…
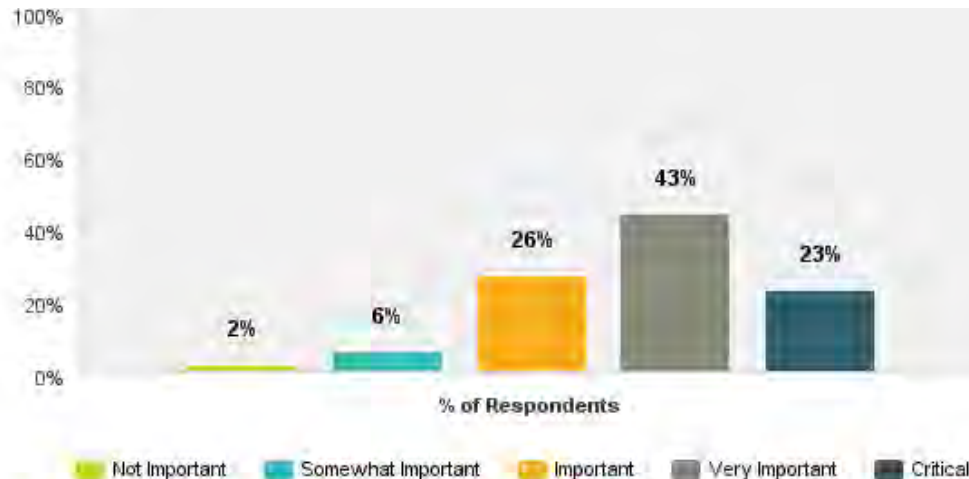
## If the users hate it they won't want to use it.

"You have challenges finding tools that enhance worker productivity."
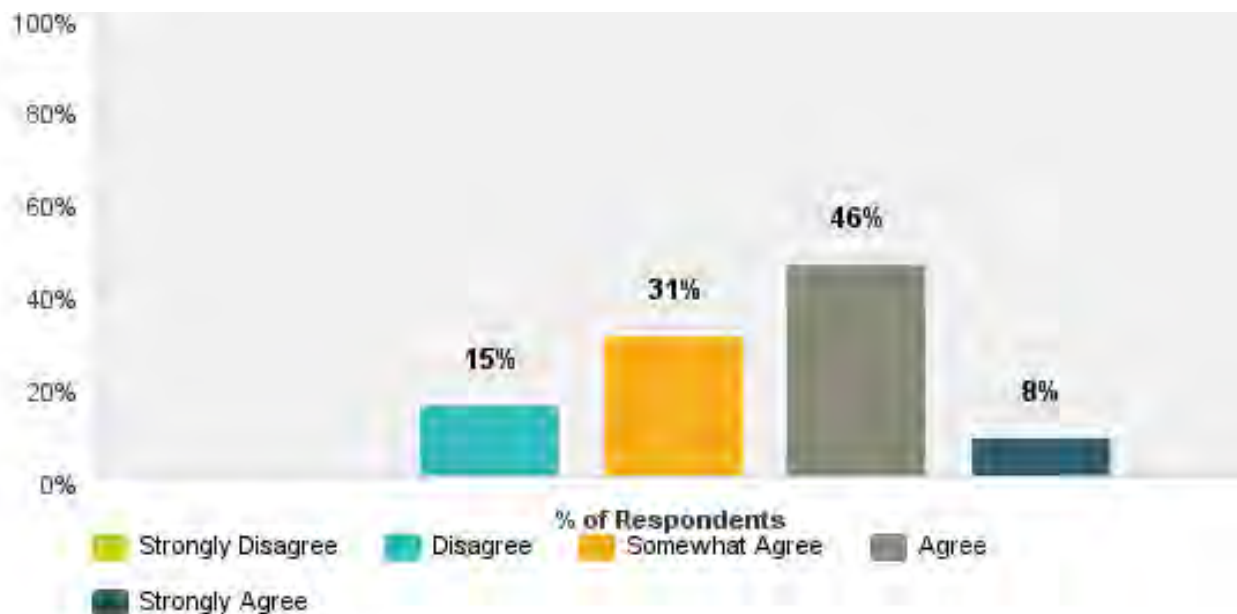


Source: POI Research. "2015 TPx and Retail Execution Survey".

# User experience…

"How important is user experience in your retail execution solution?"

Everybody says it is important and yet they:
- Buy solutions that that are **"cloud for cloud's sake"**.
- Don't sufficiently **involve the field force** in selection and configuration.
- Don't have **off-line capabilities**, which limits the power and can increase latency.
- **Have old solutions** that were designed to run on ruggedized devices (like Windows Mobile).
- Talk about BYOD and yet the **choices are really limited.**
- Buy clunky stuff for some promise that **doesn't consider what users want.**
- Excessive managerial oversight **"command and control" functionality.**

# User experience.  More things to prioritize:

- ✓ Dashboard configurable at individual user level.
- ✓ Embedded analytics.
- ✓ Ergonomic – minimum of screens, big buttons.
- ✓ Both office and field-based user needs met.
- ✓ Emerging capabilities such as voice recognition.
- ✓ Data visualization; quickly translate insight into action.

# User experience: Insightful – makes me smarter and able to sell more.

"How important is the ability to show an aspect of the business in an insightful way or KPI?"
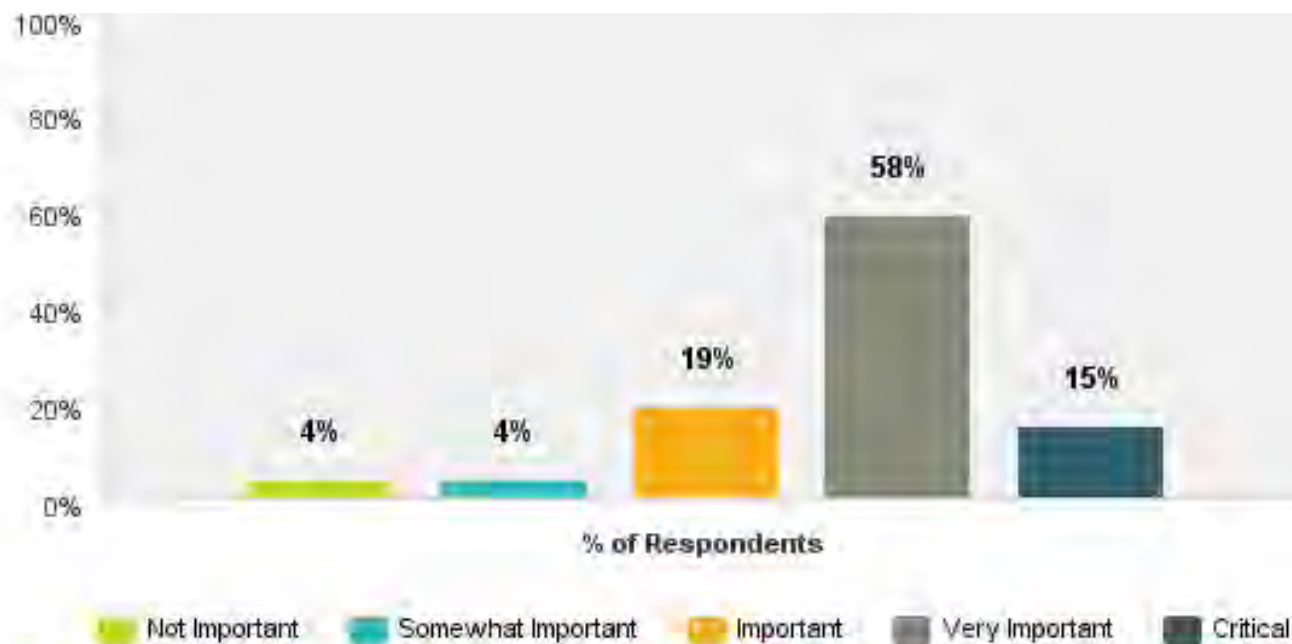


Nevertheless, there are still some pretty primitive solutions out there…

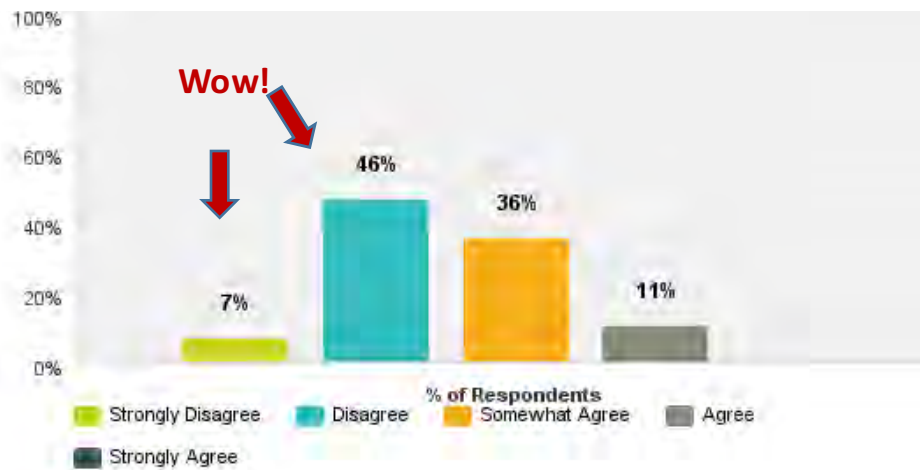Source: POI Research. "2015 TPx and Retail Execution Survey".

## Functionality:

- ✓ Helps me "sell more".
- ✓ Sufficient off-line capabilities.
- ✓ Configuration tools suitable for a junior, non-technical member of your team. No need to call the vendor for reports or configuration.
- ✓ Maps to how I do my job.
- ✓ Coaching capabilities.
- ✓ Turns data into insight.
- ✓ Largely pre-built, not a platform or toolkit.
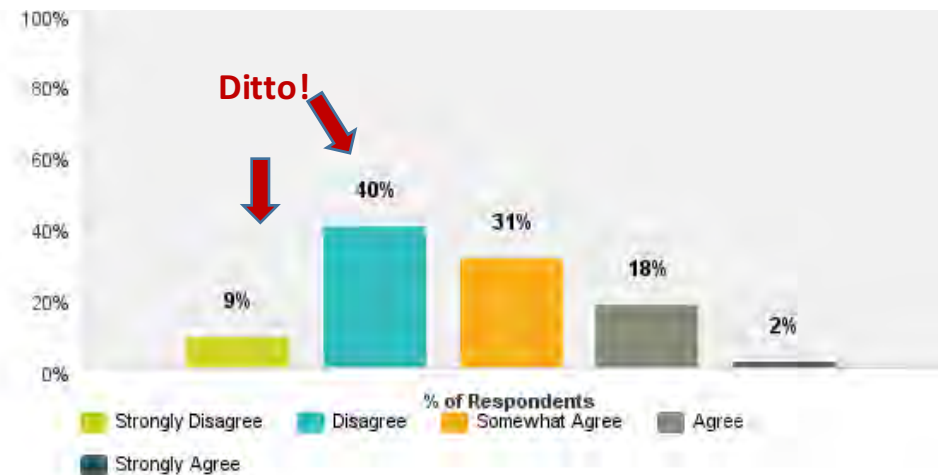- ✓ No need to customize.

# There is a serious analytical shortfall in many solutions...

"Your retail execution solution provides the analytical capabilities required to make appropriate decisions at the store level."
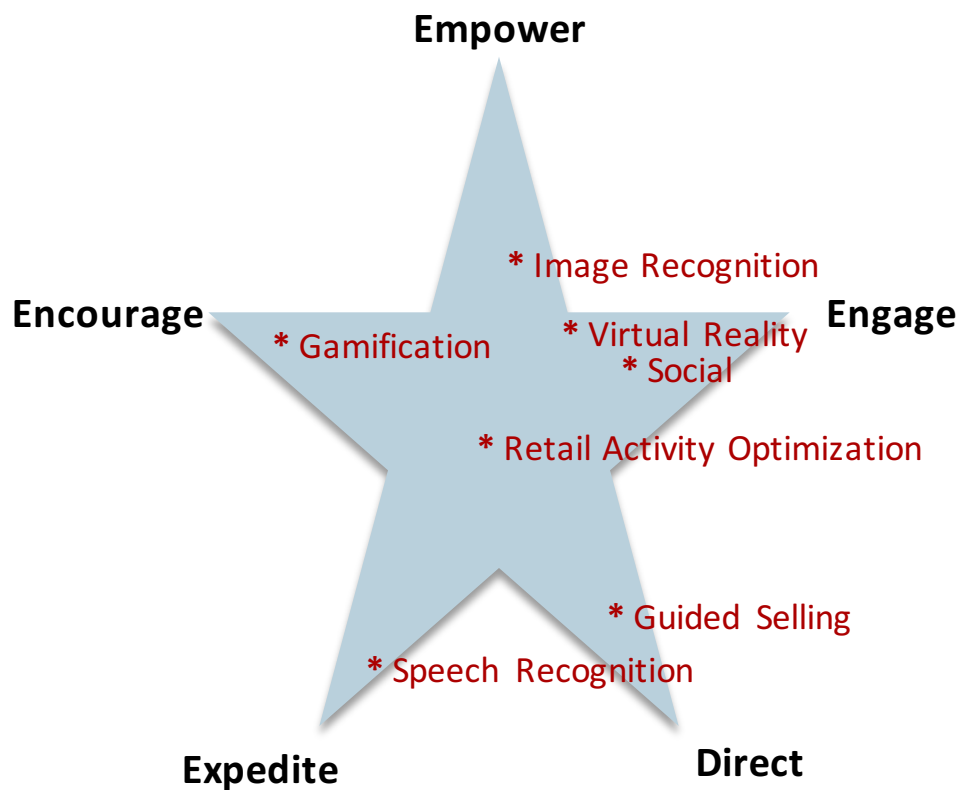
"Your retail execution solution provides the analytical capabilities required to make appropriate decisions for office-based users."

**Field force**

**Office-based workers**

Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Stars" of Field Sales Technology



**Empower**

**Encourage**

**Engage**

* Image Recognition

* Gamification

* Virtual Reality

* Social

* Retail Activity Optimization

* Guided Selling

* Speech Recognition

**Expedite**

**Direct**

# Sell More: Five "Star" Technologies as Game Changers

1. Gamification

2. Social

3. Retail activity optimization

4. Image recognition/speech recognition

5. Guided selling

6. Virtual reality

# "Star" Technology: Gamification

| Function | Benefits |
|----------|----------|
| Leader boards | Appeal to competitive nature |
| Compensation simulation | Millennial need for answer to WIFM |
| Embedded games | Entertainment factor, user experience |
| Daily contests | Short term focus — like sales mindset |

"Asking for feedback constantly may drain your boss's energy. You can make it easier on both of you by setting specific goals and tracking your own progress toward them. Check out some apps you can use to help you with measuring your progress."

— Lindsey Pollack, *Millennial Workplace Expert,* 11 February 2014

# Survey indicates big opportunity relative to competition...

"Do you have gamification (contests, leaderboards, simulation)?"

**Planned Enhancement**
9% (5)

**Yes**
11% (6)

**No**
80% (45)
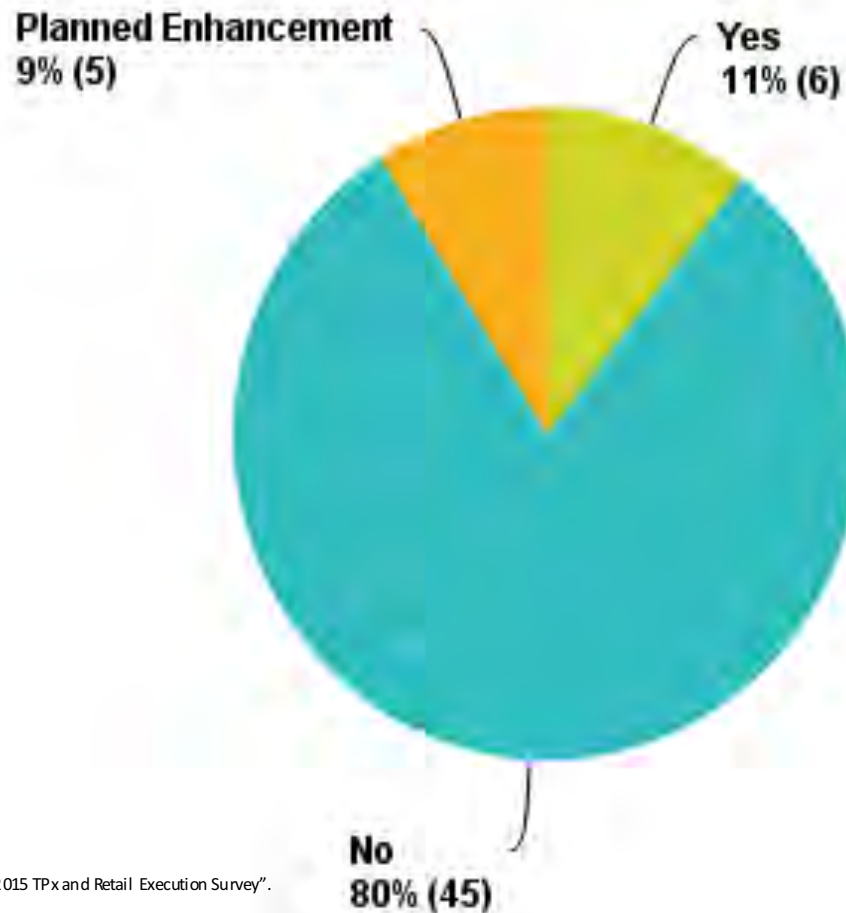
Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Star" Technology: Social Selling

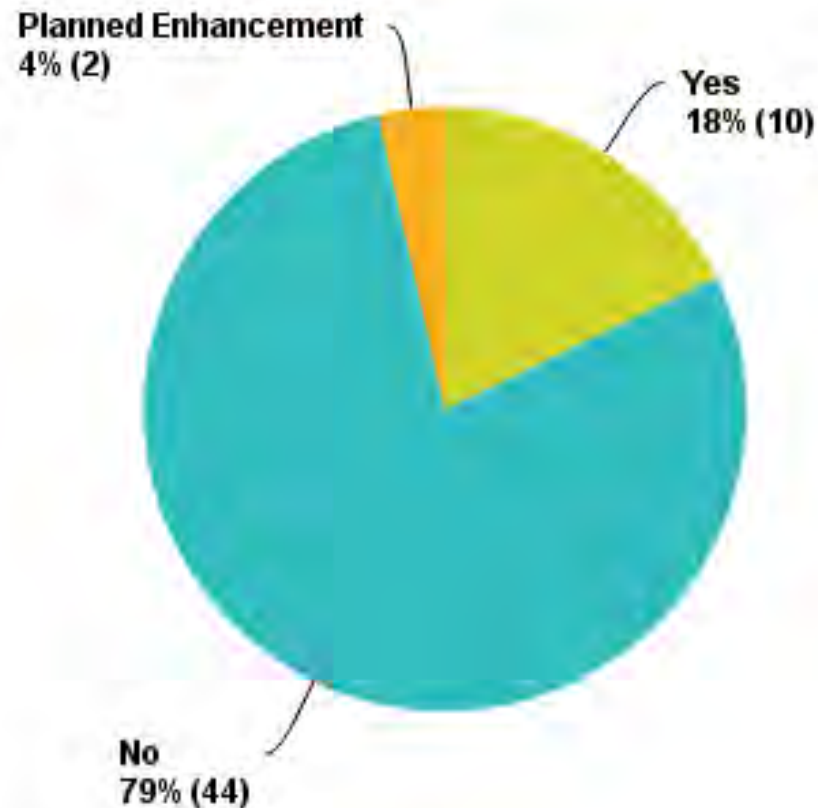| Function | Benefits |
|----------|----------|
| "Posting" from within the SFA system | Leverage power of the many |
| As a peer or manager | Rapid feedback |
| Best practice capture | Library of practices for reference |
| Business social | Build esprit de corps |



"Leveraging the
one to facilitate
the many."

# Survey indicates big opportunity relative to competition...

"Do you have social capabilities embedded within solution to leverage insights with peers, manager, or others?"



Planned Enhancement
4% (2)

Yes
18% (10)

No
79% (44)

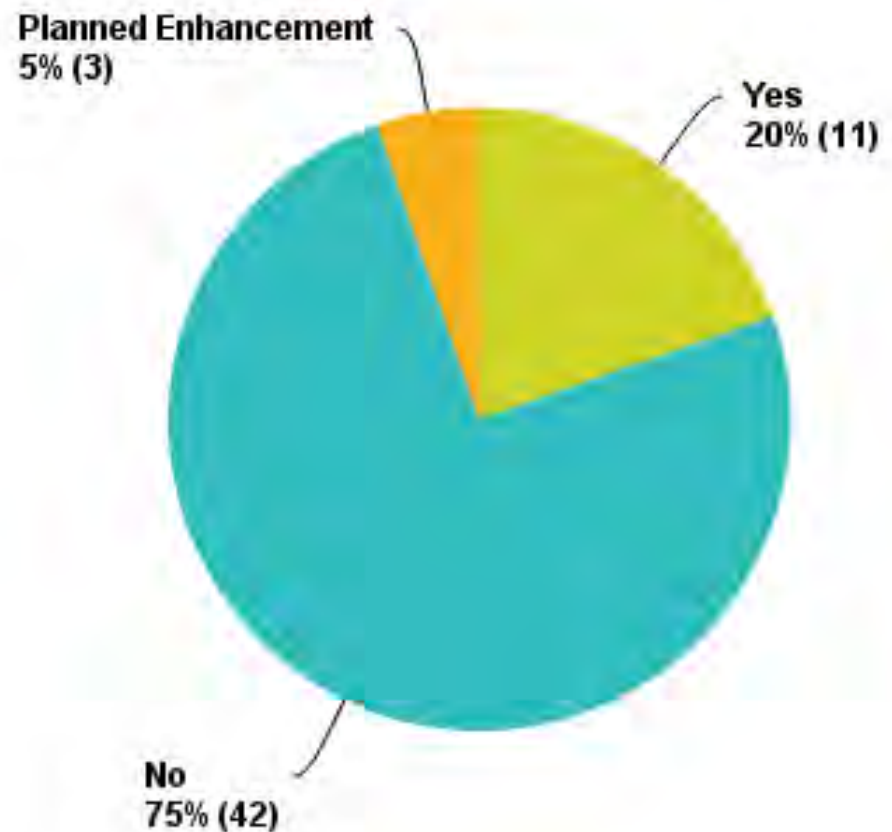Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Star" Technology: Retail Activity Optimization

*"Where should I go, what should I do, and in what sequence in order to yield the greatest yield on my time?"*

| Function | Benefits |
|---|---|
| Reflect store conditions from night before through POS | Low latency |
| Identify opportunities at store level | Reduce redundancy and guesswork |
| Prioritize opportunities | Maximize ROI |
| Task corresponding salesperson | Accountability and ability to execute |
| Optimize the route to be taken | Minimize drive time and fuel use |
| Factor in constraints like fuel costs, seasonality, doctor appointment | Individualize by territory instead of "averages" |
| Predictive modeling | Determine what has to be done today to improve outcome/avoid problem tomorrow |

Survey indicates big opportunity relative to competition…

"Do you have retail activity optimization (utilizing daily POS data to determine which stores to visit, in what sequence, and what to do while there)?"

**Planned Enhancement** 5% (3)

**Yes** 20% (11)

**No** 75% (42)

Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Star" Technology: Speech/Image Recognition



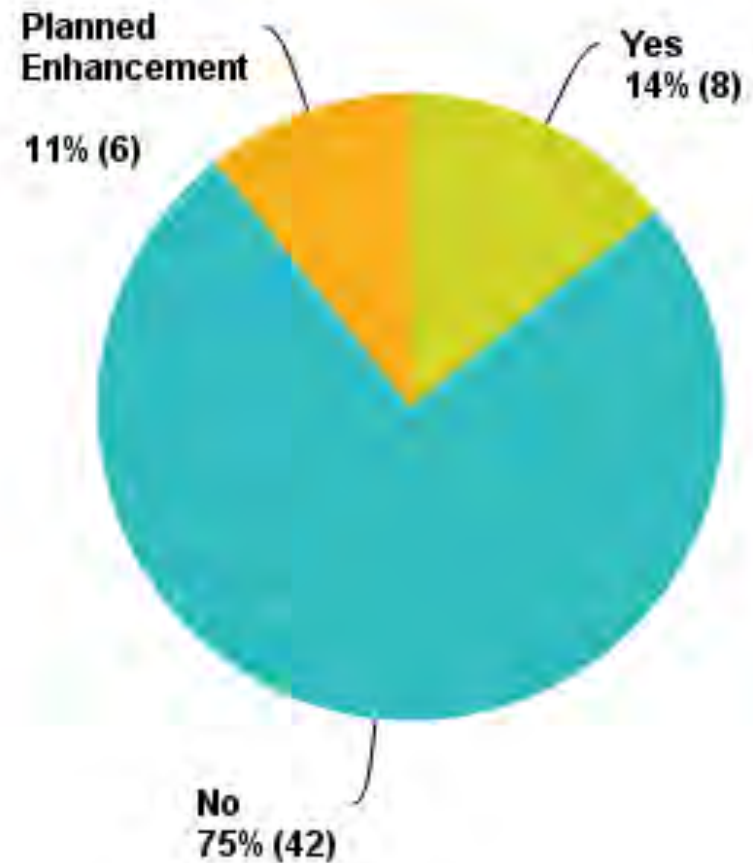| Function | Benefits |
|---|---|
| "Speak" the observations — like and order | Efficiency of talk versus type |
| Bluetooth interface | Helps when using large devices like tablets |
| Noise cancelling | Eliminate errors |
| -------------------- | ------------------- |
| Digital audit | Speed, accuracy |
| Compare realogram to planogram | Generate KPIs to drive action |
| Space analytics | Leverage in negotiations |

## "Star" Technology:
## Image Recognition

Turning actual
retail into
digital diagram and
comparing to
planogram

Survey indicates big opportunity relative to competition...

"Do you have image recognition (take a picture of shelf set, image is transmitted and recognized, KPIs and actions are transmitted back to the user)?"
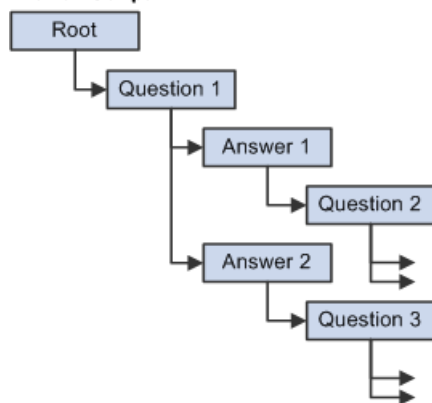
Planned Enhancement 11% (6)

Yes 14% (8)

No 75% (42)

Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Star" Technology: Guided Selling

| Function | Benefits |
|---|---|
| Branching logic | Direct actions based on entered responses |
| Fact-based selling | Customer-specific sales story |
| Graphical delivery | Compelling nature of show and tell |
| Historical data | Outlet-specific analytics |
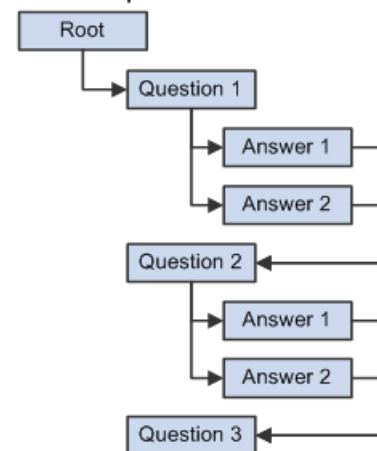


"The look of success"     "The perfect store"

Survey indicates big opportunity relative to competition…dead horse fully beaten.

"Do you have guided selling (use of branching logic to guide field sales person to certain activities based on answers to certain questions)?"



Planned Enhancement
4% (2)

Yes
22% (12)

No
75% (41)
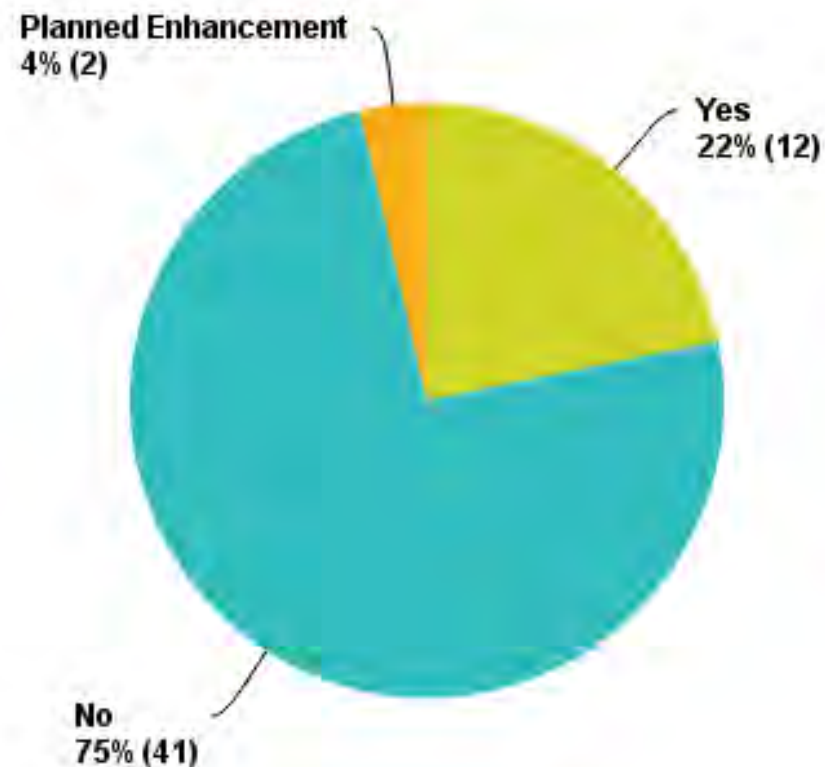
Source: POI Research. "2015 TPx and Retail Execution Survey".

# "Star" Technology: Virtual Reality

*A picture really is worth a thousand words*





Source: http://www.augment.com/portfolio-items/coca-cola/
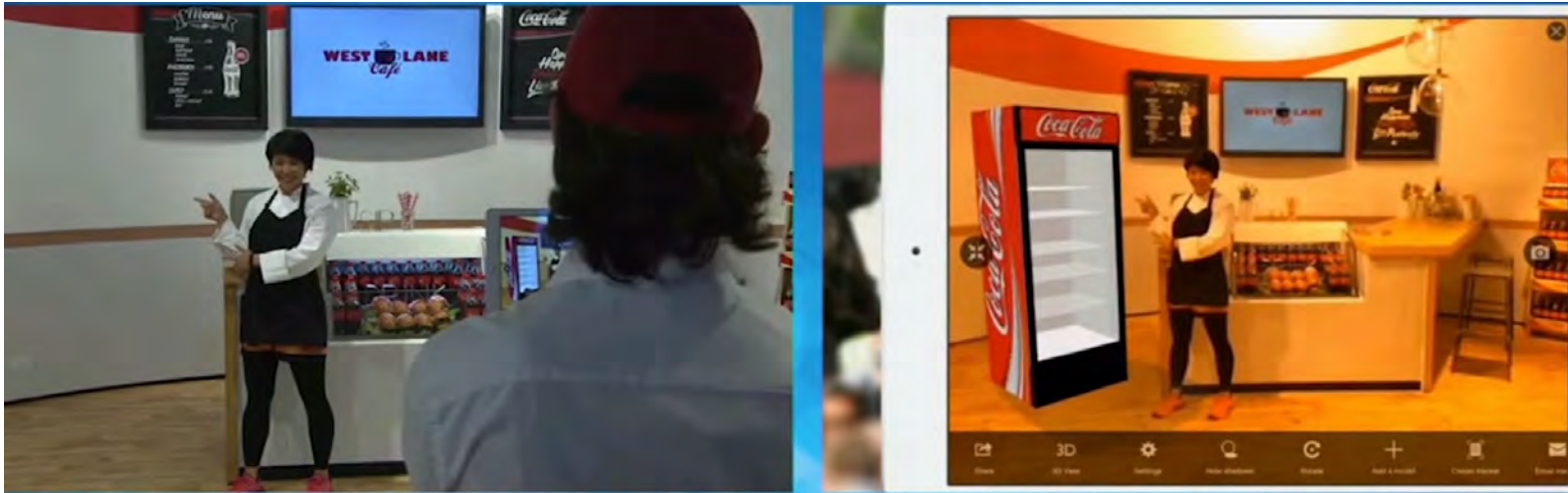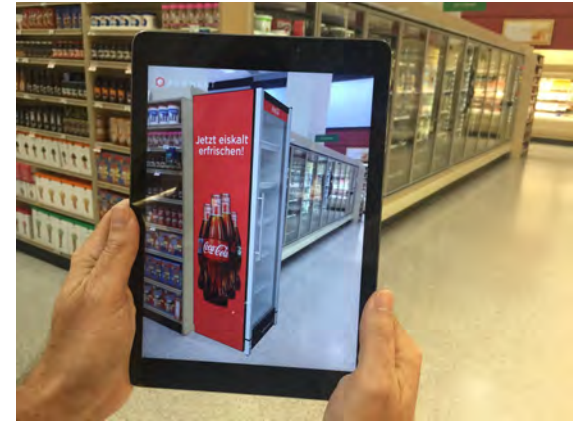
# Functionality: Off-line capabilities

"Your retail execution solution has sufficient off-line capabilities to handle complex pricing requirements on the mobile device or keep mobile users informed of daily progress without connecting to the server."
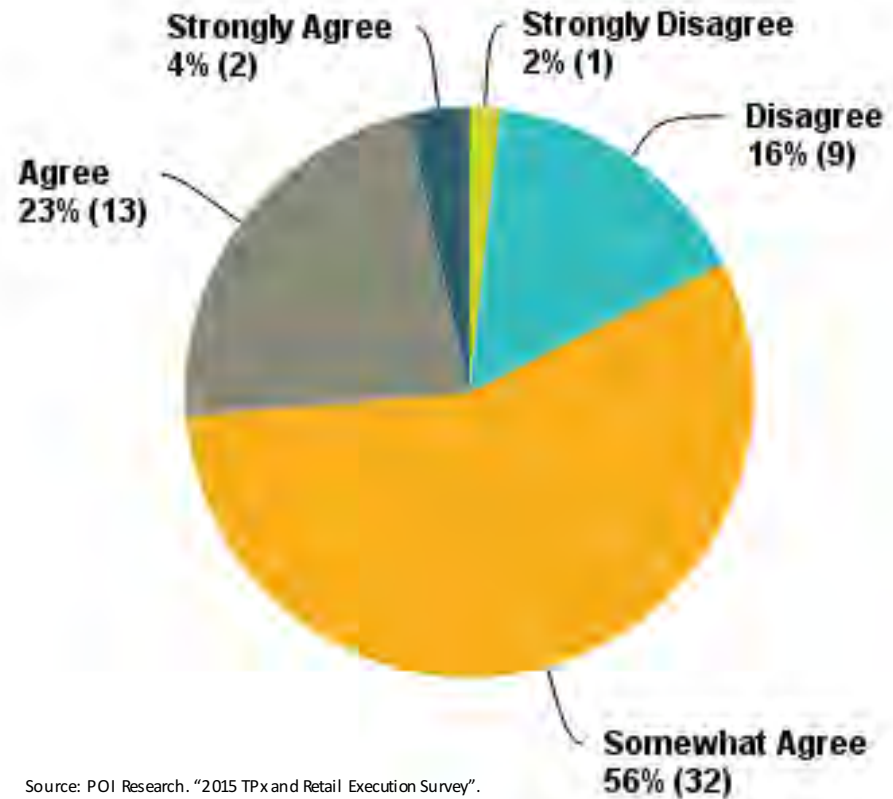


Source: POI Research. "2015 TPx and Retail Execution Survey".
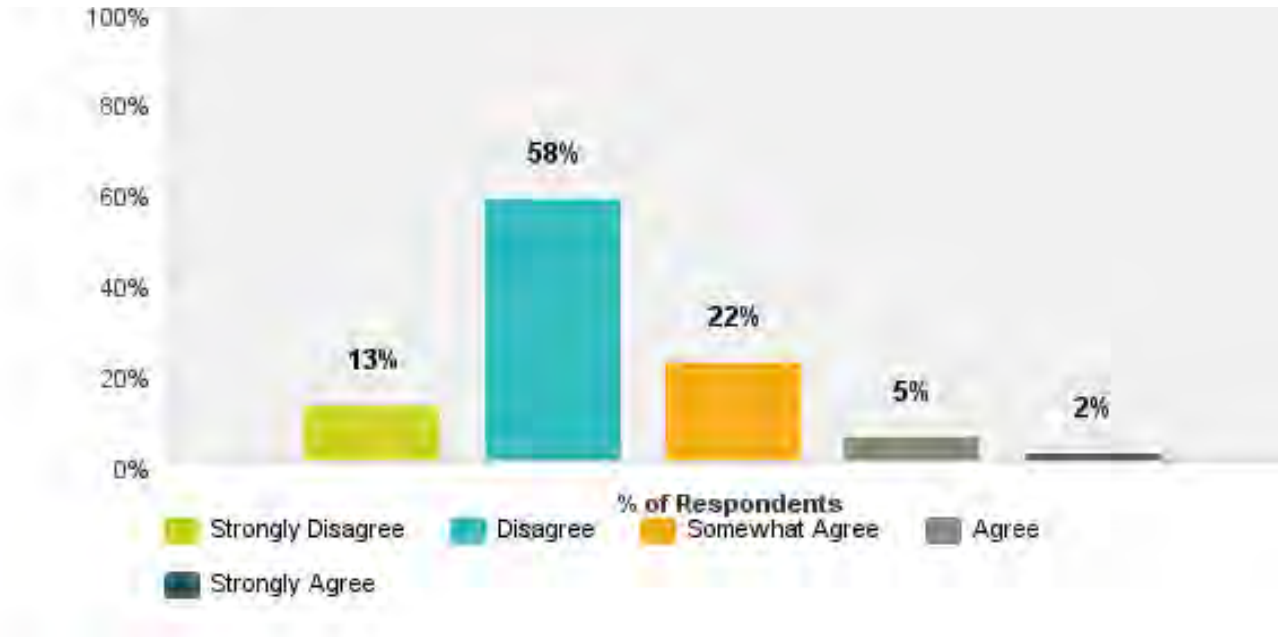
Yikes!
No in-flight analytics or complex pricing capabilities.

# Functionality: Crowdsourced data integration

**You** believe that merchandising activities can be crowdsourced.



Strongly Agree
4% (2)

Strongly Disagree
2% (1)

Disagree
16% (9)

Agree
23% (13)

Somewhat Agree
56% (32)

Source: POI Research. "2015 TPx and Retail Execution Survey".

We are tracking several vendors that we consider to be Best-in-Class in these areas.

See Retail Execution Panorama for all the details.

## POI Best-in-Class Recipients

| Functional area | Recipient(s) | Why critical to retail execution? |
|---|---|---|
| Mobile UX | eLeader, StayinFront | Increased adoption, usability and engagement. |
| Desktop UX | Kantar Retail Xtel | Addresses the often overlooked needs of office-based personnel to analyze and direct field efforts. |
| Gamification | Kantar Retail Xtel Accenture CAS Ivy Solutions | Encourages effort and provides constant feedback through all manner of incentives and programs. |
| Data Visualization | Accenture CAS | Turns data into insight with meaningful and quickly understood graphics and/or dashboards. |
| Analytical Insights | StayinFront | Provides KPIs in in unique and innovative ways. |
| Merchandising | RW3 SAP | Fully enables this vital function with all necessary roles and analytical requirements. |
| Distributor Management | Accenture NewsPage | Ability to execute with a channel partner — particularly critical in emerging markets, which is a vast opportunity today. |
| Retail Activity Optimization (RAO) | Asseco, RW3 | New frontier of being able to use POS data to drive where to go, what to do, and in what sequence to derive the greatest return on resources. |
| Guided Selling | StayinFront | Addresses the issue of sales personnel "not having the information to make decisions while in the store" that was identified in the 2015 POI Survey. |
| Social Selling | Pitcher Spring Mobile | Harnesses the power of the team to improve outcomes. |
| Coaching | Asseco | Provides formalized feedback loops to address the human element. |

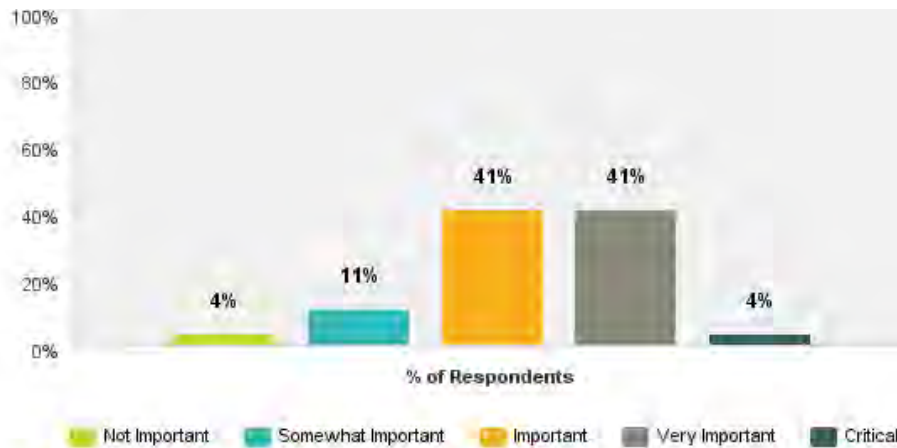Source: POI Research. "2015 TPx and Retail Execution Survey".

## Expertise and best practices:

- ✓ Vendor/services partner really knows my business.
- ✓ Able to "show better ways".
- ✓ Depth of skill, not just project lead/partner.
- ✓ Can effectively help to inculcate in my people/process.
- ✓ Knows the pitfalls of change management and can help to avoid them.

Huge gap between best practices expected...          and those actually provided:

"How important is market knowledge of vendor/services provider and ability to go beyond meeting your stated requirements by providing best practices?"

"When you implemented your retail execution solution, your vendor/services provider help you with best practices."
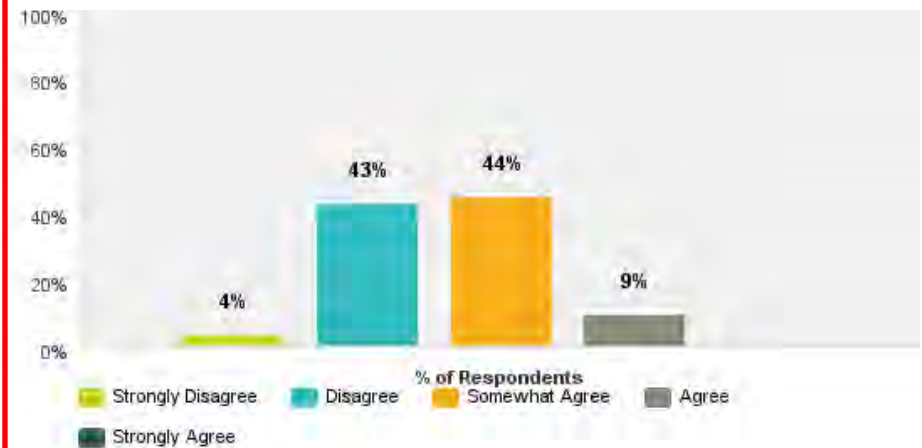
Source: POI Research. "2015 TPx and Retail Execution Survey".

## Geographic coverage and support

- ✓ Local market knowledge.
- ✓ Support in near-same time zone.
- ✓ Don't need to fly in talent from afar to work on project.
    - Case study: Flying people from Europe to Australia every 2 weeks as project team.
- ✓ Possibility of internal deployment as well as through partners.
- ✓ Able to respond to unique requirements such as "great firewall of China".
- ✓ Support for relevant languages and currencies.
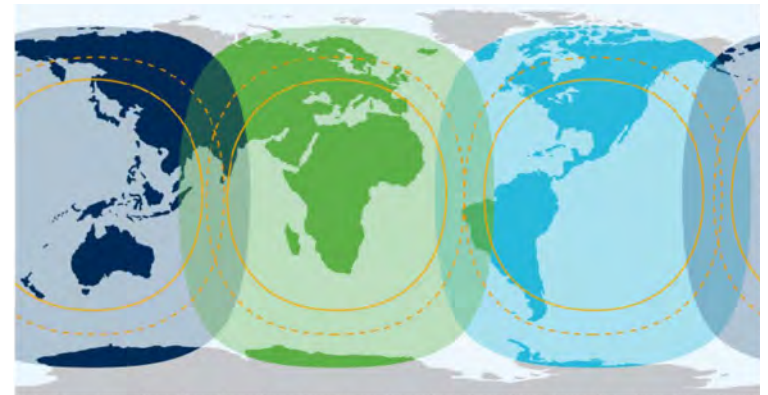
# Geographic coverage and support

People understand this empirically but **forget at selection time**. Results include:

- Non-native language support
- Time-zone issues
- Extra travel cost
- Lack of situational context

"How important is having local support capabilities in the form of people on the ground in geographies where you have users needing help with implementation or ongoing support?"
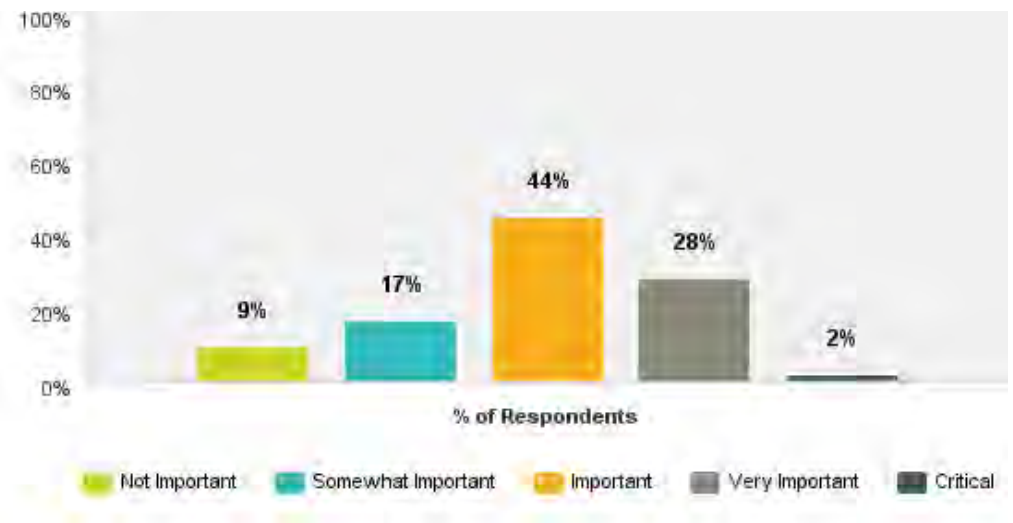


Source: POI Research. "2015 TPx and Retail Execution Survey".
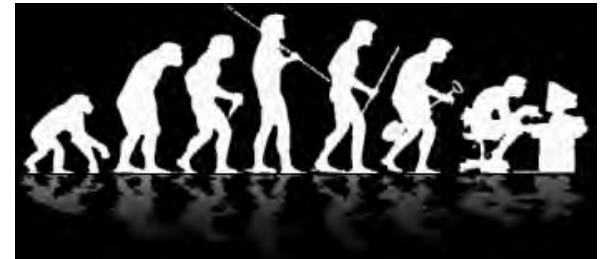
## Strength of roadmap:

- ✓ Can the vendor evolve to meet your needs over next 2-3 years?
- ✓ Do they deliver against plans or is it just PPT-ware?
- ✓ Do they have a combination of vision and resources to achieve it?
- ✓ In the past have they relied on CG "co-innovation partners" for ideation and funding?

# Market Responsiveness and Track Record. Direct quote from the Panorama:

## Market Responsiveness and Track Record
Ability to respond, change direction, be flexible, and achieve competitive success as opportunities develop, competitors act, and customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.



Similar to a "safe" forced migration.

Consider the Retail Execution Graveyard:
- Cegedim
- Eleven Technology
- Euremis
- FDV Concept
- JustEnough
- MEI
- Thinque Systems

Possible Upshot:
- Forced migration
- Loss of support
- Fall behind competitors
- You now own it!

The Seven, again:
1. User experience
2. Functionality
3. Analytics and "sell more" capabilities
4. Expertise and best practices
5. Geographic coverage and support
6. Responsiveness and track record
7. Strength of roadmap
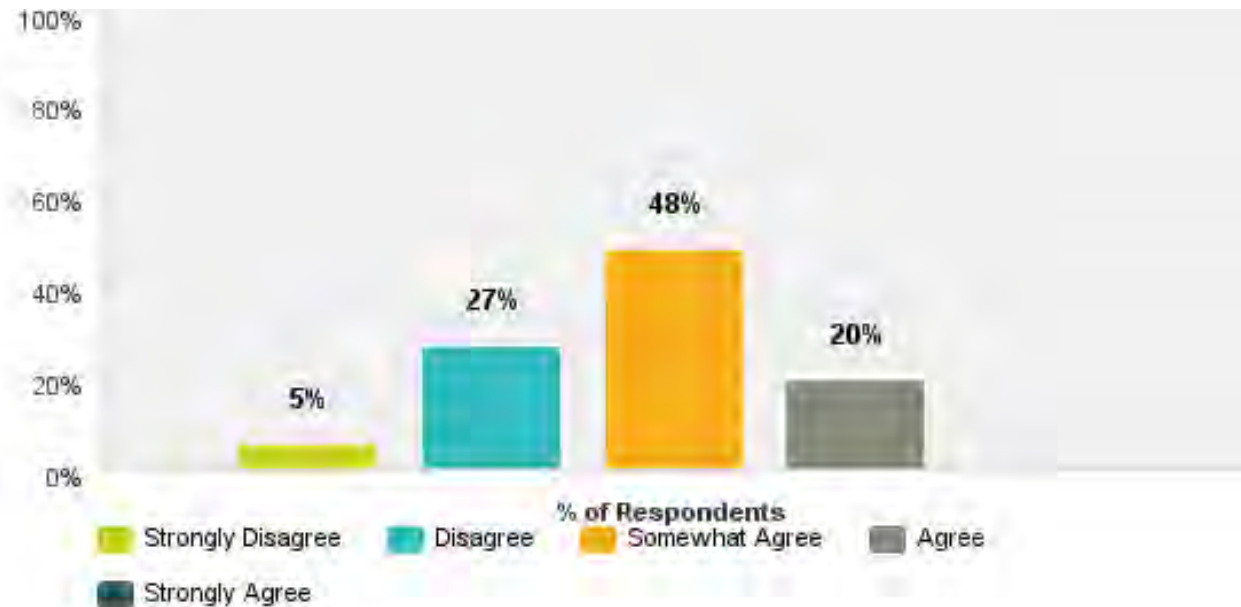
1. Focus.
2. Prioritize.
3. Chill.
4. Repeat.

But you can't sit idly by – something bad will happen.



Keep moving. Don't get too comfortable.

"You are satisfied with your ability to execute at the store level."

Perhaps not a rock dropping from the sky but you won't be happy...



Source: POI Research. "2015 TPx and Retail Execution Survey".

Keep moving. Don't get too comfortable...and don't be a "somewhat".

Think I'm kidding? What if retailers cease to see value in you being in their stores and deny access altogether?

"You have challenges regarding retailers giving you sufficient access to their stores."

That's a whopping 58%!
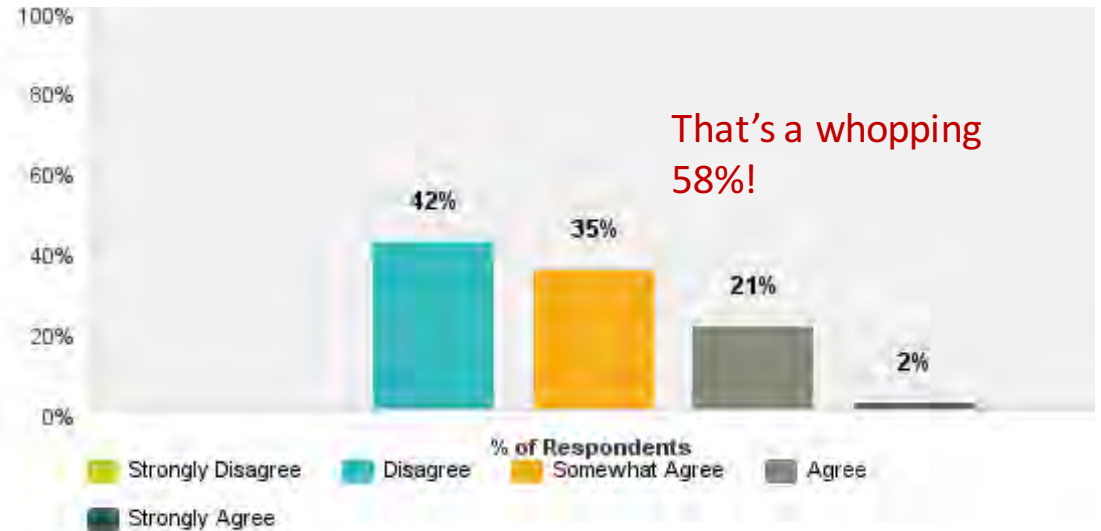
Seriously, keep moving. Don't get too comfortable.

# POInstitute.com for support/documents:

The POI Retail Execution Summit

Gaining Competitive Advantage with Exceptional Retail Execution

POI
PROMOTION OPTIMIZATION INSTITUTE

# Be part of the dialog…

- Take the POI survey http://svy.mk/2ctuHgi

- POI Dallas event, November 2-4

- Reach out: dhagemeyer@p-o-i.org

- Stop me for a chat

Appendices: Background data on survey respondents.

# Regions where you operate (choose all that apply):



Europe/UK — 45%
Asia — 41%
Pacific/Australia — 36%
Latin America — 42%
North America — 0%
Africa — 27%
Middle East — 28%
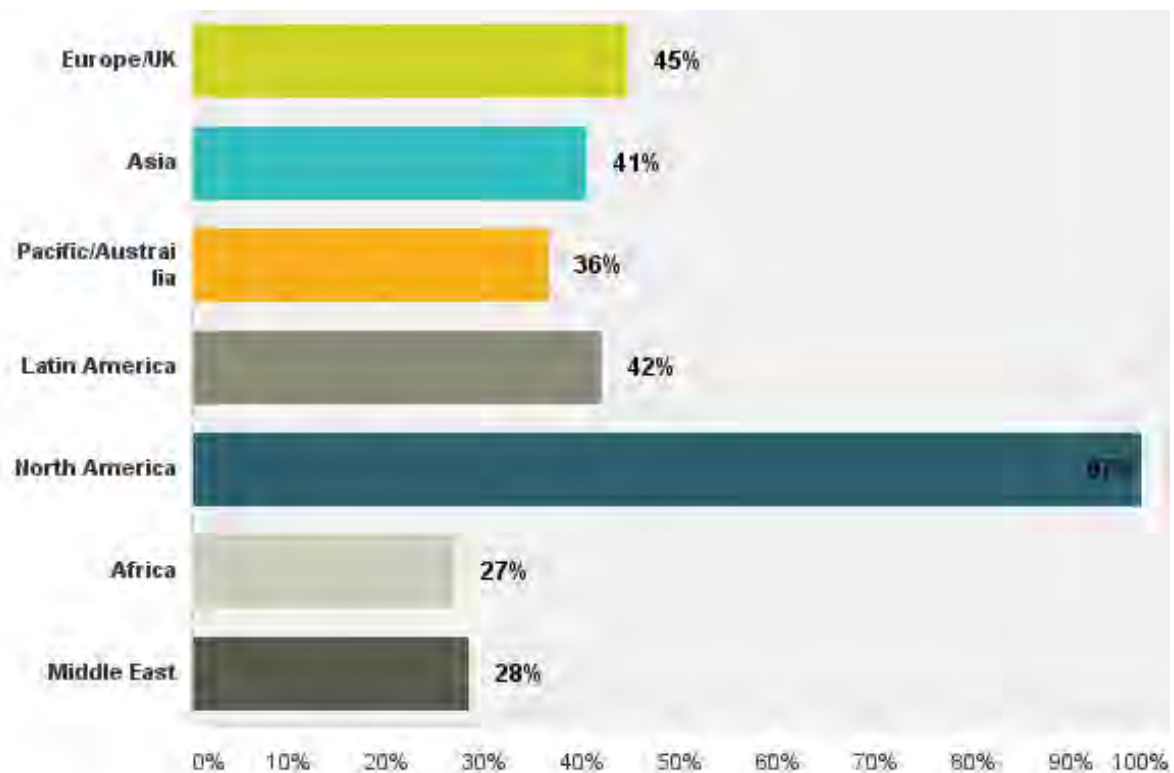
Total revenue (choose one):
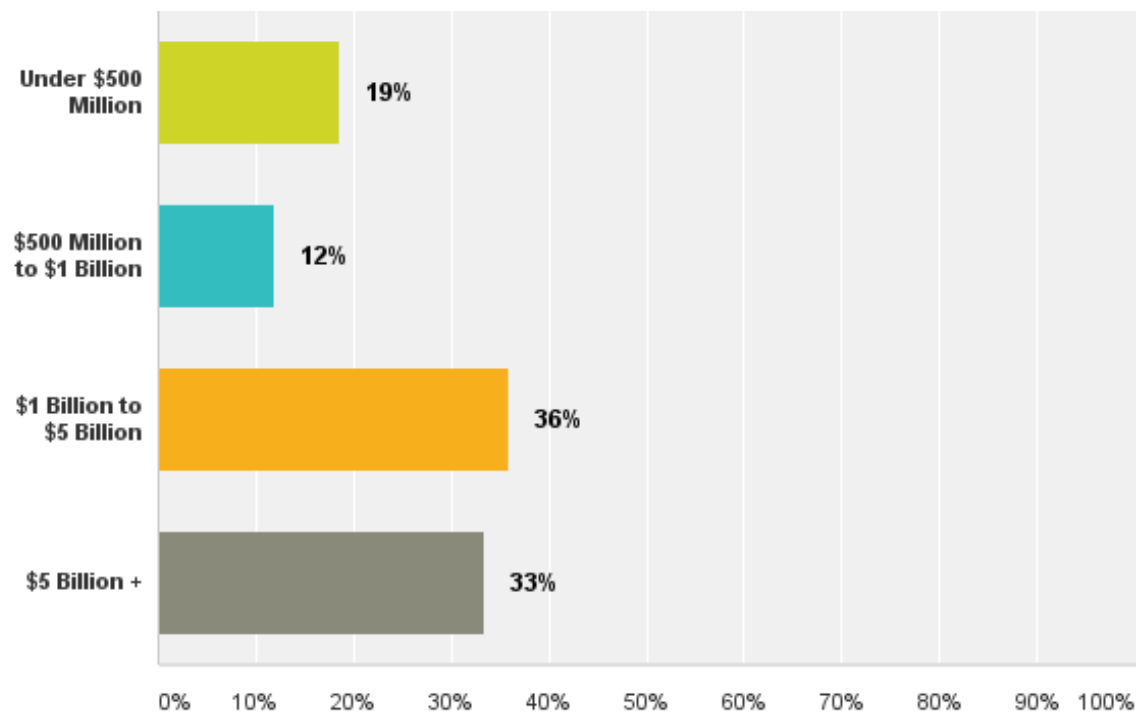
# Categories offered (choose all that apply):