

THE POI RETAIL EXECUTION SUMMIT

Gaining Competitive Advantage with
Exceptional Retail Execution



From Category Management to... **Shopper-Centric Retailing**

Win Weber
Chairman & CEO
Winston Weber & Associates, Inc.

One of FMI Strategic Plan's Most Impactful Opportunities

Beyond today's Category Management

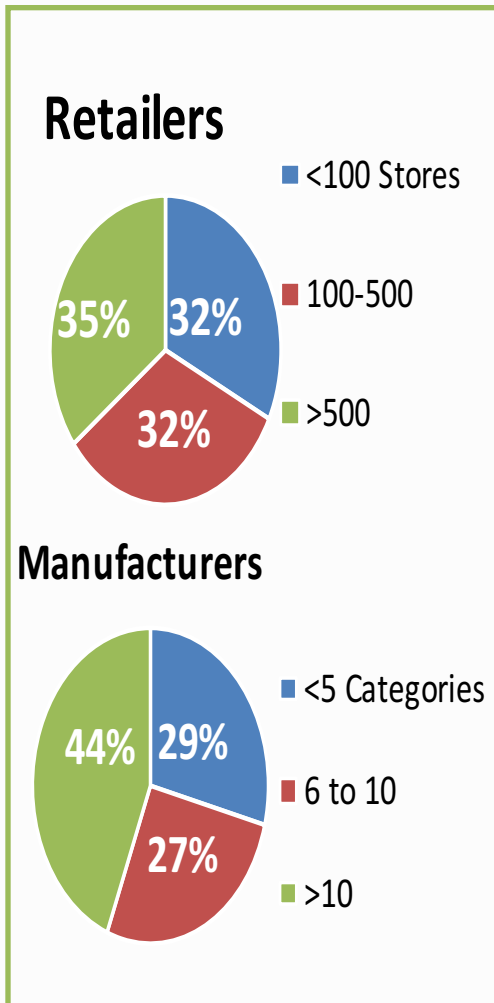
- “Upgrading the category management process will lead to the next step forward in joint strategic initiatives.”
- “While ubiquitous across the food industry, the category management process is antiquated.”
- “An overhaul of category management would allow suppliers and retailers to capture increased value.”

The Case for Change



A Time for Change

The industry has spoken...100% of retailers/manufacturers surveyed want change



<p>“Time to move beyond category management”</p>	<p>“Change must happen”</p>	<p>“Change should build on what we know”</p>
<p>“Category management has too many limitations”</p>		<p>“Decision Support is fragmented & unstandardized”</p>
<p>“Digital Based Insights are underutilized”</p>	<p>Emerging new “food lifestyle” calls for a shift in focus</p>	<p>Retailers and Manufacturers want “Shopper-Centric” collaboration</p>

Category Management is too limited

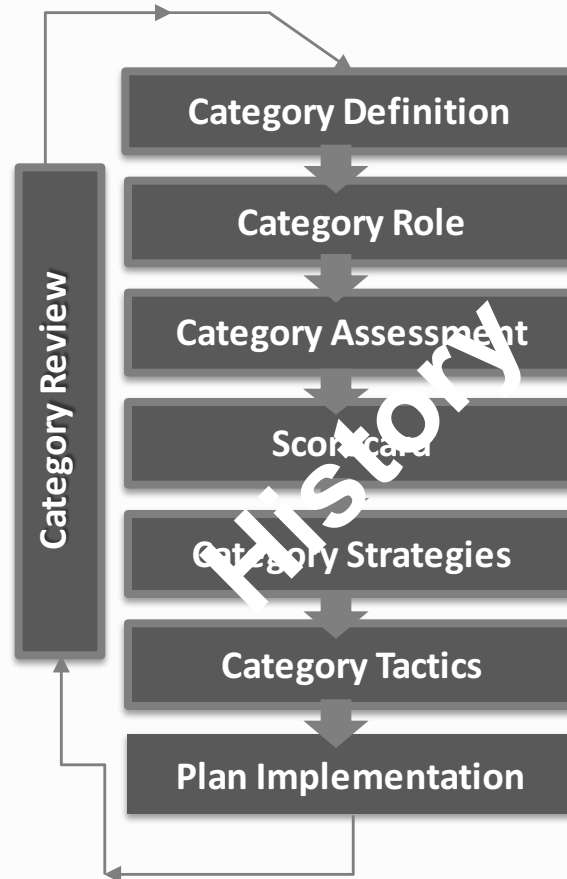
Lack of change in an evolving industry

Category Management Eight Step Process

1- Shopper insights aren't adequately considered before creating the category plan

2 - Category Management is too narrowly positioned

3 - Current category roles can result in a disconnect between the retailer's strategic positioning and the category plan



4 - Compartmentalization creates barriers to optimizing complimentary category merchandising

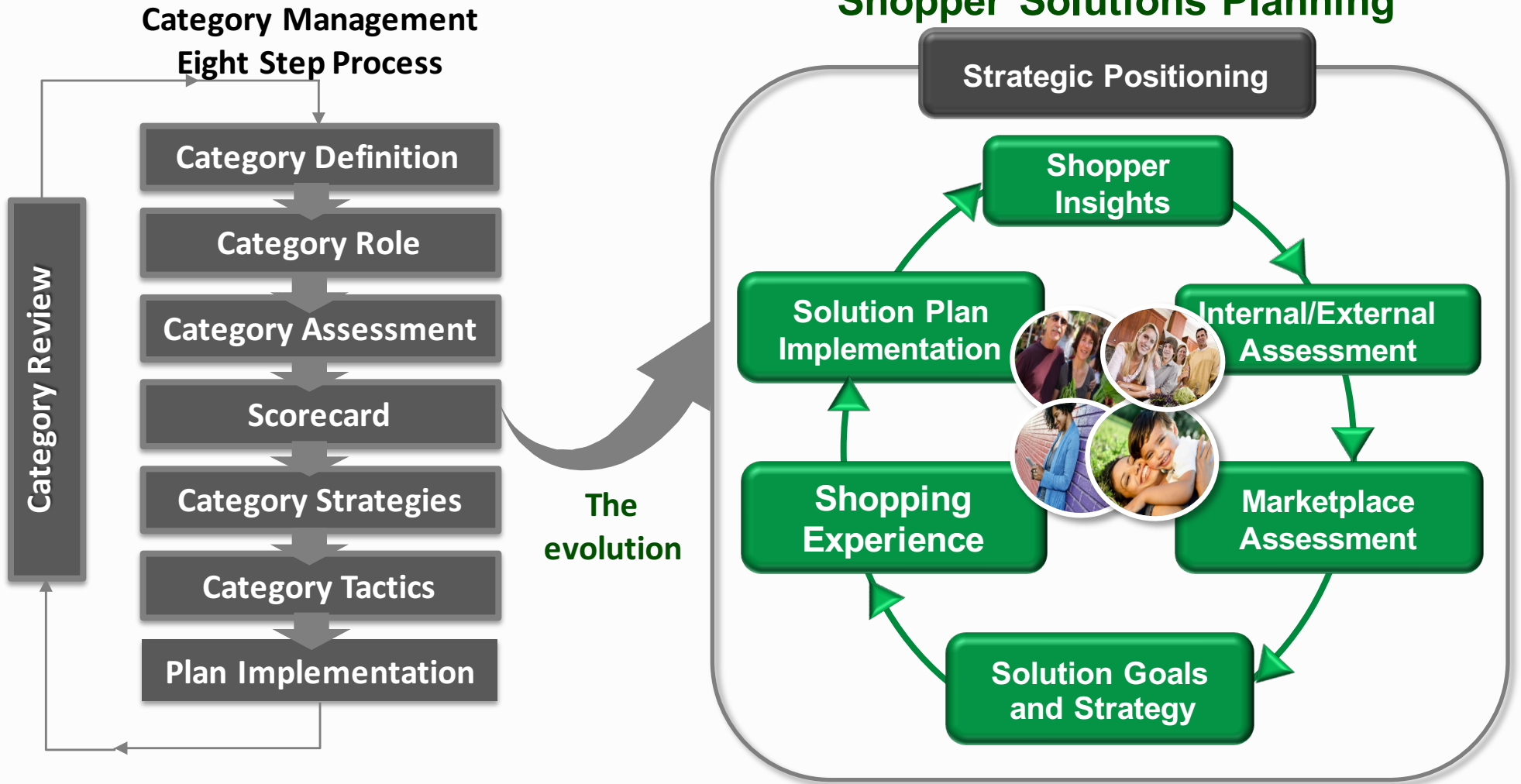
5 - Lack of shopper centric process and performance measurement alignment across retailer to the stores

Essential Change...
The Next Generation Model



Building upon the Past

Shopper-centric, insight-driven, solution-oriented



Points of Difference

It starts with Strategy

1

Category Roles are established as part of strategic positioning



5

Observational auditing focuses on shopping behavior and connection with the store

4

Complementary product knowledge + Shopper insights = Shopper Solutions

2

Category Planning is driven by understanding the shopper

3

Solution Groupings leverage complementary categories

Path to Shopper-Centric Retailing

Creating a shopper-centric ecosystem is possible, but must be accompanied by an increase in the speed and velocity of pilot testing and iteration



Internal/External Assessment

Marketplace assessment

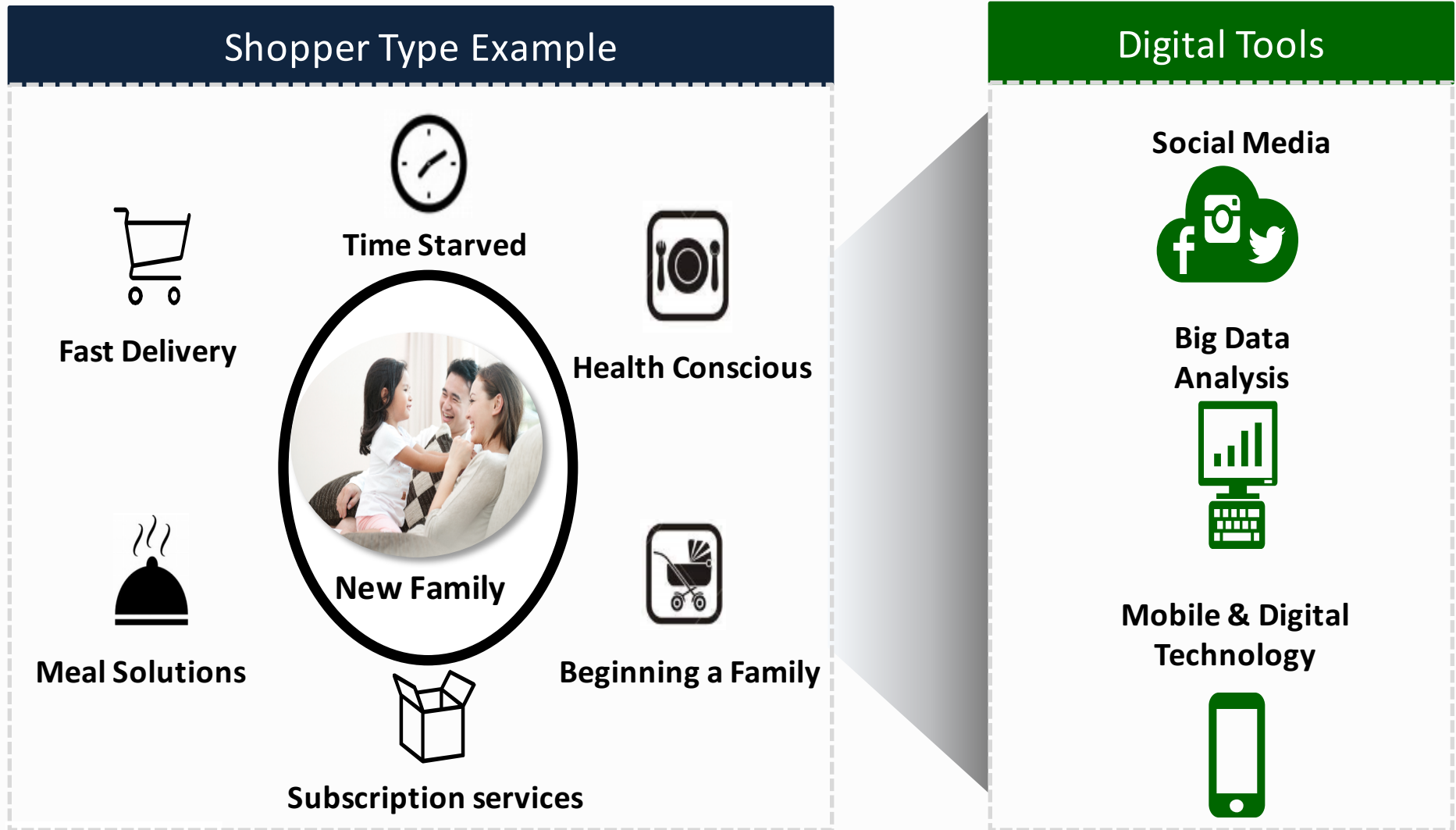
Solution Goals and Strategy

Shopping Experience

Solution plan implementation

Creating a customized shopping experience

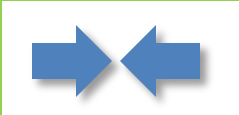
Shopper Solutions Planning will utilize digital tools to understand shoppers and to enhance the shopping experience for each customer type



Joint planning sets a new standard for the industry

A retailer driven, in-depth collaborative process with a focus on the shopper and shopping experience

Collaboration Challenges Addressed



Relationship and
Governance
Optimization



Corporate Strategy
and Goals
Alignment



End-to-End Value
Chain Optimization



Execution, Planning,
and Follow-through

- Supplier partner 18 criteria selection process
- Information sharing confidentiality agreement
- Detailed retailer category performance and customer insights data provided to supplier
- Retailer provides list to supplier of required consumer/ shopper insights and market level data
- Assessment of data/information supplied by each party
- Key insights agreement and preliminary opportunity identification
- Shopping experience “store walk” and SWOT analysis
- Prepare initial draft and finalize plan and more

Retailer organization alignment

There are certain shopper-centric structural elements that should be applied to how retailers structure their organizations in the future

Solutions Support team “Center of Excellence” ...analytics integrated and viewed as a strategic imperative and essential investment

Evolve from the current department structure based on merchandise attributes to a solutions based structure

Shopper/Shopping Experience Focus



Cross-functional Alignment

A new senior-level executive position within Store Operations establishes alignment with Merchandising

A new Manager of Merchandising Solutions and Execution is an integral part of store management teams

A change in vocabulary reinforces the commitment to shopper-centricity and sends a powerful message internally to employees across functions down to the store and to suppliers

Shopper-Centricity is the Solution

It addresses the expanding needs of the evolving customer by taking a holistic approach to the store



Shopper-Centric Retailing





- Insights Driven
- Whole store approach
- Focus on the shopper
- Adaptability
- Strategic Alignment
- Complimentary merchandising
- Defined Process

Call to Action...
Proposed Roadmap



Keys to Success

Considerations when making the Change

-  Elevate executive management dialogue on strategy
-  Align business strategies and capabilities in a solutions-oriented environment
-  Rise above brand-centric biases through shopper-centric alignment
-  Joint planning should focus on enhancement of the shopper experience



The Future is NOW!



President
and COO

“We are in the early stages of transitioning from category management to shopper-centricity. Our changes to-date include:

- Invested in expanding our analytic capabilities into one integrated support organization.
- Created a new Director Merchandising Execution position in Store Operations.
- Restructured what was formerly referred to as our category management organization.
- Completed the first round of category plans using the new Shopper Solutions highly collaborative planning model.

Reaction internally has been excellent while suppliers are saying it has raised joint planning to a new level.

While we still have a long way to go, we are extremely pleased with the early results.”



The Future must not be Compromised

“Considering the magnitude of change to Shopper-Centric Retailing, and thinking about what is best for the industry going forward, the continued use of the term category management can best be compared to putting a new paint job on a Model T Ford. This term should now be placed in the annals of history.” – Win Weber

Category Management



Shopper-Centric Retailing

