Unlock the Power of Smart, Effective Retail Execution

Intelligent retail execution and the nimble technology used to optimize it are keys to growing sales and marketplace leadership

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Introduction

Demanding consumers and competitive pressures have raised the ante for CG companies trying to achieve effective retail execution. Supply chain disruptions and the global health crisis have added to the complexity and reinforced the need for CG companies to seek a **modern, digital-first approach** that enables greater control over retail execution operations.

"In addition to ever persistent difficulties with getting timely sales data, communicating effectively with field teams, and improving in-store merchandising and promotion programs, there are a host of other considerations you need to master to perform effective retail execution," says Andy Walter, a 26-year veteran of P&G and strategic adviser to many organizations in the CG industry.

"While retail execution has always been important," Walter adds, "it has risen to the top of the priority list because CG companies are taking more control over their sales operations. And, importantly, key players are winning in the marketplace, such as Mars, and P&G, and a few others by doing retail execution extremely well."

To stay competitive, retail execution effectiveness and the technology used to optimize it have become key to growing sales and profits. Gone are the days of manual entry by field teams, disconnected data in software silos, and receiving performance reports well after promotions and merchandising campaigns have ended.

Today's successful retail execution players must create and capture value by using a nimble set of technology solutions that seamlessly work together to improve performance and deliver competitive advantage.

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Orchestrating Tasks and Responsibilities

Shifting consumer behavior and fast-moving trends have emerged as two of the biggest challenges to effective retail execution in the last few years, especially for field teams handling in-store activities.

"Today's consumers are no longer content with an average store experience," says Cheryl Perkins, founder and CEO of Innovationedge consulting and former chief innovation officer for Kimberly-Clark. "This is becoming a *big* differentiator. Those who deliver a winning consumer experience will rise above the rest and continue to produce sustainable growth. They will become the top choice with consumers, which means that **CG companies that help retailers create these winning experiences will become partners of choice.**"

A unique orchestration of responsibilities and tasks is required to enable CG companies to maximize retail execution goals. At a strategic level these include:

- Creating **detailed promotion plans** for sales and marketing teams
- **Managing territories, routes, and schedules**
- **Ensuring compliance** with brand policies and pricing rules
- **Monitoring performance** of field teams and in-store activities
- **Providing data and intelligence** to optimize decisions
- **Maximizing in-store promotion and merchandising effectiveness**

Achieving these strategic goals requires a technology solution that can effectively manage field teams, territories, and in-store workflows at a granular level.
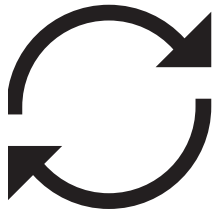
End-to-End

Gone are the days when CG companies used rudimentary KPIs to measure, manage and ensure compliance for in-store retail execution. Also gone are solely relying on manual data entry, phone calls from field staff, and capturing data in disparate software solutions. Each of these methods is prone to inaccuracies, blind spots, and data gaps.

Retail execution is far too important to operate with legacy systems that have these kinds of drawbacks. "On a rating scale of 1-10 in importance, retail execution is a 10 today," says Leslie Hand, group vice president, IDC Retail Insights at IDC. "The bar is set very high for winning at the shelf."

Successful retail execution today requires collecting large amounts of data and using it to enable field teams to make smart decisions. However, CG companies typically spend 80% of their time collecting or aggregating data about retail execution and just 20% of their time taking action to make improvements, according to a recent study by Frost and Sullivan. This inability to take timely action results in lost opportunities, concludes the study, *"How Digital Transformation Is Driving Change for Manufacturers."* The study also uncovers the disturbing fact that **less than 5% of the retail execution data collected is actually analyzed and used**.

To improve retail execution efficiency, CG companies need to enable their teams to work together at a peak level of efficiency. One big step in making this happen is to centralize sales data and field activity in a way that delivers end-to-end visibility, which can be done using a connected, personalized dashboard that shows field data, key business metrics, and events across the entire retail execution chain.

An end-to-end dashboard needs to be able to collect sales data, identify opportunities occurring in the field, and enable managers to make data-driven decisions that can have an immediate impact in the store.

"Ideally, successful in-store execution must be a quick, consistent and perfect implementation of brand guidelines, promotions, and everything else required to provide the optimal customer experience," says Innovationedge's Perkins. "It must consist of a set of behaviors, best practices, and technologies that make flawless implementation easy for store teams without imposing a massive strain. Technology plays a huge role in making this happen."

Leveraging a Modern Technology Platform

CIOs always remind business leaders that pursuing technology for technology's sake often doesn't produce anticipated results. Instead, CIOs recommend an approach that defines the problem, identifies end-to-end methods to fix it, and implements carefully chosen technologies to support and amplify the plan.

This is an important approach for large CG companies that operate on a massive scale with territories scattered across the country (and world) joining large numbers of partner organizations, retail leaders, managers, and field teams.

Legacy technology can be a major obstacle in scaling up to this level, particularly when merchandisers and marketers cannot dive into data to learn why promotions succeed or fail. When limited technology is in place, the usual method is to simply repeat previous campaign approaches without knowing which elements drove success. Relying on a 'do-it-again' approach guarantees inconsistency and prevents CG companies from taking data-driven steps to deliver better results.

To modernize retail execution operations, CG companies should "invest in digital solutions to improve day-to-day execution, deliver streamlined two-way communication, and create an integrated scheduling, learning, and reporting platform for front-line and field workers," says IDC's Hand.

This future-forward technology vision should offer a nimble set of solutions that work seamlessly together to drive performance improvements. These solutions should include KPIs for tracking sales, brand compliance, shelf presence, trade optimization, in-store activities, post-event metrics, partner collaboration, and more.

"Technology plays a huge role in connecting consumers, retailers, and retail execution teams to capture value in the ecosystem," adds Innovationedge's Perkins.

Upgrading retail execution technology to an end-to-end cloud-based platform lightens the load on internal IT teams and enables all data, dashboards, reports, and communication to be available everywhere and at any time they are needed.

Future Forward Technology

There are three big areas where future-forward technology can have a significant impact on retail execution operations, according to P&G veteran Andy Walter. They are:

1. **Making the last mile of retail execution more efficient and effective** in stores and on shelves by optimizing compliance of both field teams and the ecosystem of distributors, suppliers, and retailers.

2. **Streamlining data flow** both ways from all touchpoints, which refers to information going out to field teams – communication, alerts, planograms, price changes – and data sent back to managers about stores, shelves, and sales.

3. **Leveraging advanced analytics and machine learning** to turn complex data sets into actionable insights that drive more sales.

"Retail execution solutions need to evolve to accommodate these three areas and also to accommodate future needs," says Walter. "This means creating a platform that can manage an ecosystem of partners, field teams, and data sources."

Another key component of a modern retail execution platform is the use of **machine learning capabilities**, which enable retail managers to go beyond sales reports and focus on making promotions more targeted to shoppers.

Machine learning analyzes large amounts of data – everything from point of sale to competitive data to consumer data and more – to achieve new levels of insight that cannot be achieved any other way. "ML turns complex data sets into actionable insights that can drive more sales," says Perkins. "It enables retail managers to go beyond painting everything with the same brush, to getting down to the store level to see what's selling and why it's selling based on geography and demographics."

Perkins also emphasizes that "it's time for retail managers to rethink their approach to retail execution and realize the benefits of automation." She notes that "digital innovation should be an overarching goal moving forward since it's the one way to overcome the many challenges facing efficient retail execution."

Another way to overcome these challenges is to use technology that can deliver **real-time (or near real-time) data reporting**, a function that requires making easy, secure connections to a host of other enterprise applications.

To enable this kind of data sharing to work requires a well-documented set of web-services APIs that smoothly enable the exchange of key information. Retailers that shift their tech stacks and ecosystem of applications to a web-services and API-driven model can more easily embed Business Intelligence (BI) capabilities within the retail execution platform than retailers that rely on legacy architectures.

Retailers used to poll stores nightly to update sales and inventory and, as a result, retail execution operations usually happened before the nightly order processes would run," explains Hand. "This meant that most CG companies, with some exceptions, did not usually have visibility to data, so when a retailer placed an order for a product, it wasn't clear if the shelf was empty, or if they were simply being proactive, or if the data was accurate."

Nightly updates also meant that decisions about how to allocate inventory were based on partial sets of data, meaning that data could not always be trusted. "However, CG companies and retailers can do so much better today by adopting technology that enables collaborative data sharing and real-time data analysis," adds Hand. "Combined with machine learning this means the next best action can be performed to serve the retail customer at a higher level."

Accurate, timely sales and performance data can shed new light on product and promotional success metrics that may not have been predicted. Also, it enables CG companies to produce, distribute and place goods in the right place at the right time, which results in higher product sales and greater customer satisfaction.

One final advanced-tech note about something that keeps CIOs awake at night — security. **Modern, cloud-based platforms are built with a security-first approach**, unlike older systems. These solutions are kept up-to-date to counter an evolving set of threats from thousands of bots that scan the web every day to target vulnerable systems. Out-of-date solutions can leave the door wide open to an attack that causes business disruption, or worse.

Best Practices by Marketplace Leaders

To win in the marketplace, leading CG companies have elevated their retail execution operations to deliver success. The following are some specific use cases:

At **Unilever**, Dan Cook, who is head of Walmart Food Sales, has shifted from putting a lot of effort into "what happened in the business" over the weekend or last week or last year to understanding more about the shopper, who's buying the product, and why.

Cook still cares about "what happened" metrics, however, he says CG leaders in the marketplace need to "care about so much more now." As a result, retail managers need "to have up-skilled and use those better measures to understand efficiency, what the shopper purchased, and what the buy rate was."

Modern retail execution technologies used at Unilever "step up our analytics to deepen our understanding of the value of the shopper," adds Cook. "Did we bring in a new shopper with a promotion? Or did we just drive frequency with existing programs? These are things that we're expected to know, honestly, on a daily basis. We need that information not only to drive what we should do to correct the previous promotion but what we should do next. It's about how we take those actionable insights to answer not only the what, but then so what, and what we should do to win."

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Safeway is another company using advanced analytics to make data-driven decisions that are designed to influence the path to purchase. Safeway's approach is to create personalized campaigns that not only drive sales but also produce valuable data that can be used for future planning.

"The Safeway supermarket chain, for example, rewards shoppers with discounts based on previous shopping habits and sends them individualized deals through the Safeway mobile app," says Perkins. "This data is then used by retail managers to optimize inventory by adjusting items, shelves and display placement. And, importantly, this is done on a store-by-store basis instead of simply rolling out the changes chainwide."

Energy brand **Nutrabolt** uncovered a unique team benefit by using its retail execution platform to drive engagement and improve productivity by singling out high-performing field teams for recognition of their outstanding work.

"A day in the life of a field rep can be a lonely role, so when a VP or manager comments on their work they feel their work is being recognized," says Hagen Panton, vice president of global retail development and training at Nutrabolt. "I love commenting 'Hey, that's a killer display!' That recognition and feeling like someone is taking an interest in your work and celebrating your wins truly makes all the difference. None of that happens without our retail execution platform. It's made everybody better, recognizing that someone cares about their success and is noticing their work."

The primary purpose of the retail execution platform, according to Panton, is for managers to work with data about what's happening in the field to help teams maximize sales. However, celebrating and recognizing field-team wins has become an extra bonus and a performance driver.

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Conclusion

Although retail execution has become more crucial and complex than ever before, a modern, intelligent technology platform can help CG companies assume more control over their operations.

In addition to solving such persistent difficulties, such as getting timely sales data and communicating with field teams, a cloud-based execution platform can eliminate blind spots between sales data, inventory data, and in-store compliance. It can also boost merchandising and promotion effectiveness by optimizing trade promotion management and campaign compliance.

Adopting a smart retail execution strategy to meet the demands of today's complex retail challenges requires analyzing large amounts of data to achieve new levels of insight down to the store level. Equipped with actionable insights from AI, retail managers can see what's selling and why to avoid painting every retail strategy with the same brush.

Finally, retailers need to see what is happening in real-time or near real-time to avoid operating on partial sets of data. When combined with AI or machine learning, real-time data analysis can enable retail teams to take the next best action to drive sales and better serve customers.

Each visit to a store today is more critical to CG companies than ever before and leaders are winning at the shelf by using an advanced, secure, end-to-end technology platform that can easily communicate to field teams to optimize schedules, tasks, routes, and in-store activities. Other important functions include aggregating and storing large amounts of data, built-in machine-learning capabilities based on industry best practices, and the flexibility to create dashboard views that support business partner goals and initiatives.

What makes this possible is an advanced technology platform that streamlines today's in-store challenges by optimizing retail execution at all levels.

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