repsly

Endcaps & Insights

The Necessity
of Data Maturity in Retail

Endcaps & Insights

The Necessity of Data Maturity in Retail

Contents

About
the Author

Matthew Brogie is part of the founding team, and CEO of Repsly, Inc., the world's leading solution for high performance retail execution teams.

Mat has spent the past 20+ years of his career focused on bringing technology-enabled business solutions to the consumer goods industry, having implemented solutions for tens of thousands of field reps at companies such as Coca-Cola, Procter & Gamble, Pepperidge Farm and hundreds of others.

Introduction

We talk a lot about Data-Driven Retail Execution at Repsly. We talk with each other, with our customers, with analysts, partners, and even with our competitors. What is most interesting to me is how CPG brands leverage all kinds of data to inform and improve their retail execution, ultimately increasing sales by driving performance through the insights that data provides.

The team at Repsly has worked with thousands of field teams over the years at all stages of growth, from 'Mom & Pop' operations just breaking into retail to multi-billion dollar companies operating all over the world. Along the way, we've developed quite a few insights of our own about the maturity curve associated with how organizations use data.

There has been a tremendous amount of research and thought leadership published around how organizations manage and leverage data since the beginning of the 'Big Data' era, which I put at the early 90s, a time when storing more than one Gigabyte of data became commercially viable for businesses of any size. The data maturity models put together by the likes of Gartner, HP, and AMR Research all describe how organizations derive more value from data when they evolve their capabilities from simple, reactive, backward-looking analysis, towards more complex, integrated, and forward-looking discovery.
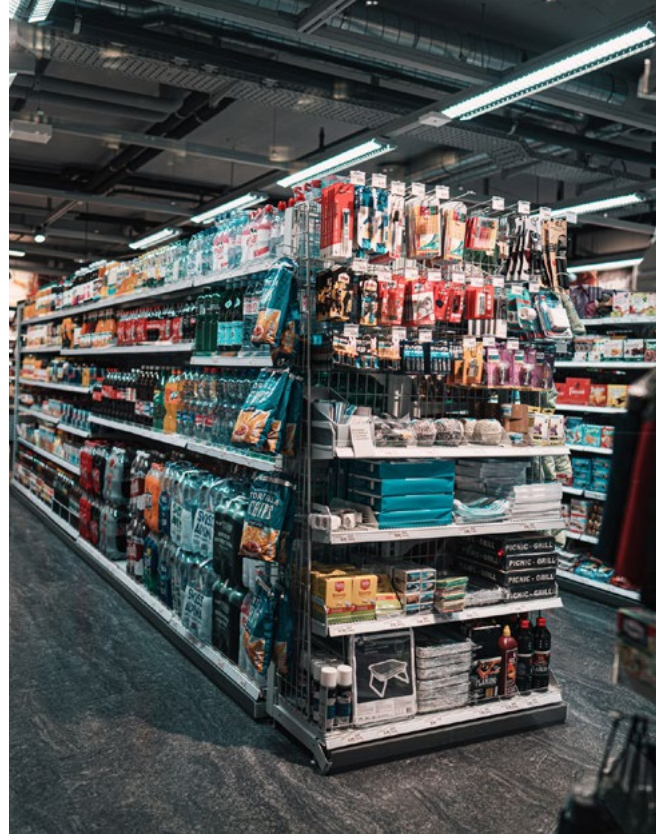
I'll consolidate what we've learned in the hopes that you might recognize where your organization is on this curve and discover how you might evolve to the next level, driving even higher returns from your data and insights.

Range of Experience

In the early days of innovation at Repsly, we focused on simplicity, ease of implementation, and ease of use more than anything else. These tenets have stayed with us at our core, and have been particularly important to both small emerging brands and innovative groups within large organizations that were given license to be lean, agile, and disruptive in their markets and inside their own companies. Over time we watched and learned from literally hundreds of brands as they grew their market share, and as the larger companies extended their use of Repsly more broadly.

We developed an understanding of how these organizations evolved their approach to Retail Execution as they gained distribution in more and larger retail chains, and across broader geographies. We saw the shift from extremely passionate founders, to high-energy brand evangelists, to organized teams and eventually complex workforces that drive execution in the trade. We've seen and understand how brands morph from dedicated in-house teams to broker and retail services partners, and in some cases to crowdsourced field activities, and how over time they optimize their field presence across multiple of these channels.

What has become extremely clear to us as we've engaged with, supported, and learned from these relationships is that while there may be general frameworks around how CPGs go to market, the exact method employed by any given brand is unique. The best way to optimize sales of a particular product is heavily influenced by a very long list of factors: price, channel, category, shelf life, distribution model, level of competition, stage of disruption… the list goes on. What this means is that there is no single way for

a brand manager to know exactly what is right, and as a result, they must be flexible and agile in both the data that they work with and how they leverage that data.

What is also abundantly clear is that as organizations grow, and their access to resources changes, they can manage and leverage more types of data more effectively. For example, a pickle company selling $5M of its product in independent grocery stores will take a very different approach to data and analysis than a $250M pickler distributing through Walmart, Kroger, Albertson's, and Costco.

Working with so many of our customers, and seeing them perform and evolve at all parts of this business maturity curve has shaped our understanding of the data maturity model as it applies to growing CPGs.

"What is also abundantly clear is that as organizations grow, and their access to resources changes, they can manage and leverage more types of data more effectively."

Types of Data
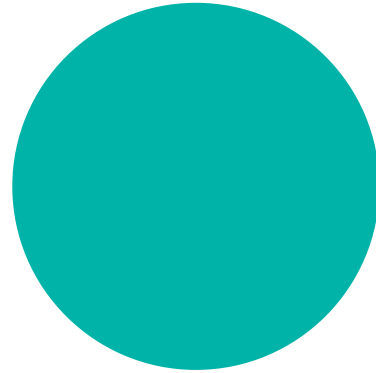
Just as all of our customers evolve and grow over time, Repsly is on an ever-advancing capabilities journey as well. We entered the age of "advanced data analytics" about four years ago, with the introduction of our Advanced Reporting capabilities.

Before that, our customers were able to export/synchronize data to their Business Intelligence systems, or leverage our Data Visualization features to see data summarized in simple graphs. For the most part, they were looking at **Activity Data** like the number of store visits made by each rep, the duration of those visits, and possibly what their reps were able to get accomplished in the visit.
The primary purpose of tracking and reporting on this kind of data is to drive accountability and to measure the discipline of the team in executing the brand's coverage model.

Our more advanced customers included some **Observational Data** as well, things like the level of competitive activity, shelf position and price, or points of presence (PoP) within the store. With this kind of data, our customers were able to understand not only the amount and depth of coverage they had, but a bit about the effectiveness of their teams in executing retail execution plans, as well as the in-store environment. Reps were able to act as the eyes and ears of management as they developed in-store marketing plans. We began to hear from our customers that they were interested in understanding the Return on Investment (ROI) they were getting from their field teams and wanted to be able to measure the impact that each rep, or better yet each visit, had on sales. This was the beginning of our understanding of just how powerful data could be for our customers.

We started with simple imports of **Point of Sale (POS)** Data that could show how sales of a particular product changed at an individual store over time. This could be used by managers to understand the impact of a visit in actual dollars, and by field reps as they provided evidence to store managers of how a secondary placement, for example, impacted sales. We began to see that this data could tell us things that might not be evident when just looking at the activity and in-store conditions - like that a sudden drop in sales of a product at a store meant there was some **On-Shelf Availability** (OSA) issue that a rep would need to investigate; or that adding an additional PoP provided a measurable lift in sales that could be different depending on where in the store it was placed. These are very powerful insights that make Retail Execution teams much more effective at optimizing their impact on sales.

Knowing how visit frequencies, and specific in-store activities impact sales at the store level gives managers the ability to plan and prioritize how resources are used in the field and can provide meaningful feedback on the value that field teams and individual reps are driving. As we implemented the infrastructure needed to manage and understand these essential types of data, and create the insights to drive field performance, it became clear that data

itself can not only expose issues in the field, it can also help to predict issues and ultimately enable field teams to create a meaningful impact on sales. Additionally, we saw that the more types of data that an organization is capable of working with, the more value they can derive from that data.
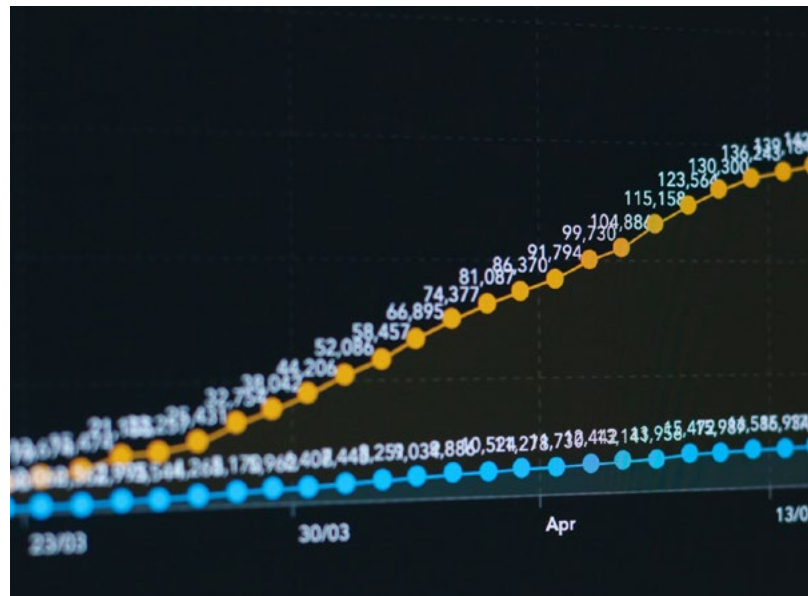
Bringing **Supply Chain Data** into the mix (inventory, depletion, and shipment data), exposes potential future issues that can be avoided with precise actions; and understanding what affects future demand should be part of field activity planning as that demand can be amplified by well-executed field operations. This hints at the leading edge of how the best CPGs leverage in-store activity to complement and leverage **Social and eMarketing Data** to maximize sales.

Data Maturity Model
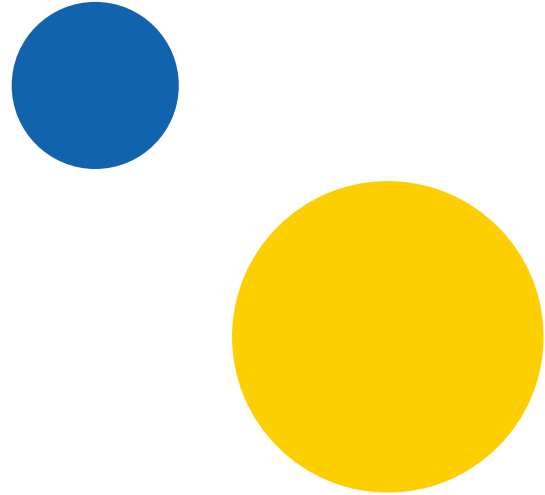
I mentioned earlier that there's been a great deal written about how companies can and do approach working with data to drive performance.

We've developed our own view of how to think about maximizing the value derived from data by combining the above two topics: our experience working with CPGs of all sizes and all stages of their growth, and the escalating value that comes from mastering a wider range of data. Ours is a four-stage evolution of 'data maturity' that starts with a simple look backward at what has happened, and over time develops into a forward-looking discipline that leverages data in an agile way to anticipate the impact of future actions and create a cycle of continuous improvement.

Our view of data maturity is tied to the number of data types that an organization works with,

and how that data is leveraged. I've anonymized some clear examples of how some of our customers use data at various stages of growth and maturity to illustrate what we've learned. For this exercise, we'll use the fictitious beverage company 'BrandGood' and its various stages of evolution as the backdrop for these examples.

BrandGood was the culmination of a year's worth of experimenting with recipes and processes to bring a fantastic beetroot-based probiotic beverage to market. The team was perfecting the product while selling at local farmers markets in southern California, and sharing with friends and family when they got their big break - a regional buyer from Whole Foods gave the team a shot in eight stores to pilot the product. The founding team worked frantically to produce enough product to keep it in stock and to make sure that there was plenty of demand to

keep it moving off the shelves. They spent time in production, marketing (online and in-person), and making sure the product was always fresh, featured, and available to consumers in those eight Whole Foods stores. After three months of great success, their dreams came true and they got the authorization to sell through 125 more Whole Foods stores.

After a lightning round of raising money, they hired a team of six field reps to manage their presence at these stores and to open new doors at independent retailers in the region.

Meanwhile, the founders worked on expanding to other regions, and other banners.
Over two years, distribution went from a single SKU and a few cases per week at farmers markets to a dozen SKUs and over 25,000 cases/week through several large banners and distributors across the country. The field sales team grew from a couple of multi-hat-wearing founders to over 100 territory reps driving fantastic growth!

Yes… BrandGood's entire business changed, and a huge part of their success was due to the continuous development of their data maturity.

Stage 1
Reactive

In the early days, when BrandGood was just building their field team, they deployed Repsly to give managers visibility into what was happening in the field, answering questions like, How many times did Joe go to the Palo Alto Whole Foods last week? Was there enough inventory at the store? Was the product in the functional beverage cooler near the produce department?
They wanted to make sure that Joe was covering the stores according to their plan, and wanted to be aware of any issues with stock levels or contract compliance.

The data came in quickly and in a very simple, consumable format, and the team could easily scroll the list of visits to get a very quick sense of how things were going in the field. It was perfect for their

size and stage… anything more involved would have been a distraction from the 1,000 other things they were trying to get accomplished.

BrandGood was very successfully operating in Stage 1 of data maturity as they established themselves as a successful brand at the regional level. They were receiving data about what happened in the field, and they were able to react to that data in order to address issues.

Stage 2
Proactive

When distribution began to expand to other regions and banners, and the field team grew to 25+ people, the BrandGood team found themselves relying more heavily on its field reps to drive sales beyond what would sell based purely on brand marketing efforts. They needed to understand which actions their reps took in the field had an actual impact to sales; instead of making sure things were as expected, they began to affect change in order to drive more sales. BrandGood was developing its retail execution capabilities as it was scaling. For example, the BrandGood field reps were able to build one-on-one relationships with store managers, and in many cases were able to convince the managers to allow them to put the product in a secondary location in the store, such as the beverage section in the produce area. Having a secondary location almost always has a significant impact on product velocity in a store. Knowing which stores had a higher propensity to allow this kind of 'off contract' marketing, and being able to identify which stores had not yet been approached for a secondary display enabled BrandGood management to proactively prioritize visits and actions to those stores, driving higher sales.

Stage 3
Predictive

As BrandGood continued to grow and become more sophisticated with managing the business, they began to gain access to new data sources, such as Whole Foods sales data through its vendor portal. They found that merging the sales data with the rep activity data gave them incredible insights enabling them to become predictive about things like how much lift a secondary display would provide; how long the 'afterglow' of increase sales lasts after a store visit by a rep; and what the actual dollar impact of a merchandising visit or sampling event would have. By bringing external data into their retail execution system, BrandGood was able to be smarter about how to allocate field resources and drive more ROI from their field team.

Stage 4
Agile

As BrandGood continued to develop sophistication around business operations, their use of data continued to increase and pay more dividends. Adding promotion data (promotion dates, promoted SKUS, and expected lifts) into the mix gave BrandGood what it needed to react quickly to maximize the return from its promotional activities. BrandGood was able to use their compliance dashboard to see where they were and were not getting the expected lift after the first day of a promotion. Instead of deploying their reps to visit all stores over several days to discover problems, they were able to target their reps at the specific stores where the results were not being realized. Their field team had become truly agile, adapting to situations to remove impediments to growth in near real-time! With this strategy and this level of data analytics, BrandGood was able to get their promotional compliance up from roughly 70 percent to over 90 percent, driving substantial incremental sales!

Summary

In summation, a company's data maturity is measured by the number of data types and sources that are used effectively to drive business results, and by the type of decisions that these data-driven insights enable. Simply having access to data is not enough to realize business benefits. The organization's ability to systematically combine and analyze multiple sources of data in ways that deliver a step change to how effectively that organization operates is where the transformative impact comes from. As organizations grow, the stakes get higher, and the relative importance of being able to be Proactive, Predictable, and Agile increases as well. The organizations that purposely drive up the data maturity curve are the organizations that we've seen emerge as the winners in their space.

Is your brand ready to take a data-driven approach to retail execution?

CONTACT US

How do you use data to make retail execution business decisions?

TYPES OF
DATA

Siloed

1 Reactive

Leverage a single type of data. Make business decisions in reaction to market conditions.

A brand that receives data about what is happening in the field, and can react to that data in order to address issues.

2 Proactive

Leverage 2 types of data. Make business decisions in an effort to pro-actively influence market conditions.

A brand that understands which actions their reps took in the field had an impact on sales, ultimately allowing them to begin affecting change in order to drive more sales.

3 Predictive

Leverage 3 types of data. Use past program outcomes to predictively make business decisions on future program outcomes.

4⁺ Agile

Leverage 3 types of data. Use past program outcomes to predictively make business decisions on future program outcomes.

A brand that is growing in sophistication and merging data sources to build incredible insights enabling them to become predictive and smarter about how to allocate field resources and drive more ROI from the field team.

Integrated