

# TRANSFORMATIVE RETAIL MERCHANDISING

OPTIMIZING RESULTS AND  
RETURN ON INVESTMENT



ADVANTAGE  
SALES

**N**early two years after the pandemic fueled short-term pantry loading and long-term changes in shopper behavior, brands and retailers are keenly focused on the most efficient and effective ways to keep the right products visible, available and prominent on physical and digital shelves when and where shoppers make their buying decisions.

Historically, consumer packaged goods companies have leveraged retail merchandising services for competitive advantage by ensuring and increasing brand presence and product availability at brick-and-mortar stores.

While that's still true, the role, the importance and the validation of the value of retail services have evolved as:

- Pandemic supply chain challenges have retailers reconsidering category space allocation, new item acceptance and SKU count, and on-hand inventory levels.
- Retailers assume more responsibility for improving their store and shelf conditions, leading some manufacturers to question the impact and value of retail merchandising services.
- Advances in the use of data and technology make the allocation of retail merchandising services more precise, more effective and more cost efficient — and measuring return on investment more accurate.
- The rise of online grocery shopping has spurred new solutions for online order fulfillment and has affected on-shelf product availability.
- Manufacturers seek a more data-driven, surgical approach to pricing and traditional trade promotion activity.

**“Transformative Retail Merchandising: Optimizing Results and Return on Investment” explores these critical areas:**

- How highly flexible, highly customized retail services create the most impact and generate the highest return on investment
- How technology, data and insights can be used to optimize results
- Measuring the true return on investment in retail services

# Retail Services: Fact and Fiction

Persistent misperceptions about retail services often derail retail execution strategy and dampen return on investment. Here are a few of the most often heard falsehoods — and the reality that disproves them.



**MYTH:** All high-volume retailers require retail service.

**FACT:** A product manufacturer's investment in services at any retail customer, of any size, should be driven by the potential to impact sales. Not every high-volume location offers the same potential for sales growth.

**MYTH:** There's limited value in providing retail services to retailers who practice automatic replenishment.

**FACT:** Retail merchandising services make a significant difference at these stores when associates with access to a retailer's store-level inventory system correct phantom inventory, more accurately manage inventory levels and plan for upcoming promotions.

**MYTH:** Planogram decisions are made at retail headquarters.

**FACT:** There are more than 7,000 U.S. grocery stores working with wholesalers and operated by empowered store managers where retail merchandising services can significantly impact shelf placement and SKU availability.

**MYTH:** Manufacturers are unable to assign a value and measure return on investment in retail services.

**FACT:** The true value of retail services can be precisely measured through retailer point-of-sale and shipment data and SKU-level reporting, which provide unique visibility into the impact of retail execution.

**MYTH:** Retail services and coverage models are static and offer little flexibility.

**FACT:** With the right data and insights, retail service models can be highly flexible, built around store-level opportunities and modified based on results.

**MYTH:** Project work is a last-resort solution to improve a brand's shelf conditions and performance.

**FACT:** When project work is used as a single solution, the impact is inconsistent. However, when deployed as an element of a holistic retail solution, on-demand services effectively and cost-efficiently supplement dedicated and syndicated services during a brand's peak selling seasons. What's more, when powered by advanced in-store technology and SKU-level reporting, project retail services provide the same level of execution, accountability and visibility into results as ongoing retail execution.

# Rethinking the Foundations of Retail Merchandising

The core aspects of best-in-class retail merchandising are well established. But the use of **advanced in-store technology** and **powerful, data-driven insights** will maximize the value of every activity at retail.

**Today, the most cost-efficient and effective retail solutions deliver on these four traits:**



## PRECISION

Executing the right services at precisely targeted store locations through a lens of delivering the greatest impact and return.



## OPERATIONAL FLEXIBILITY

Executing highly customized and flexible deployment models — including dedicated retail teams providing services for a single manufacturer at each store visited, syndicated retail teams providing service for a number of manufacturers at each store visited and hybrid teams with some stores receiving dedicated service and others receiving syndicated service — based on each location's potential to increase SKU availability, shelf placement and promotional activity.



## OPERATIONAL EFFICIENCY

Leveraging advanced technology to dynamically route full-time associates on dedicated retail teams in the most time-efficient and cost-effective manner based on the potential for the highest ROI on a given day.

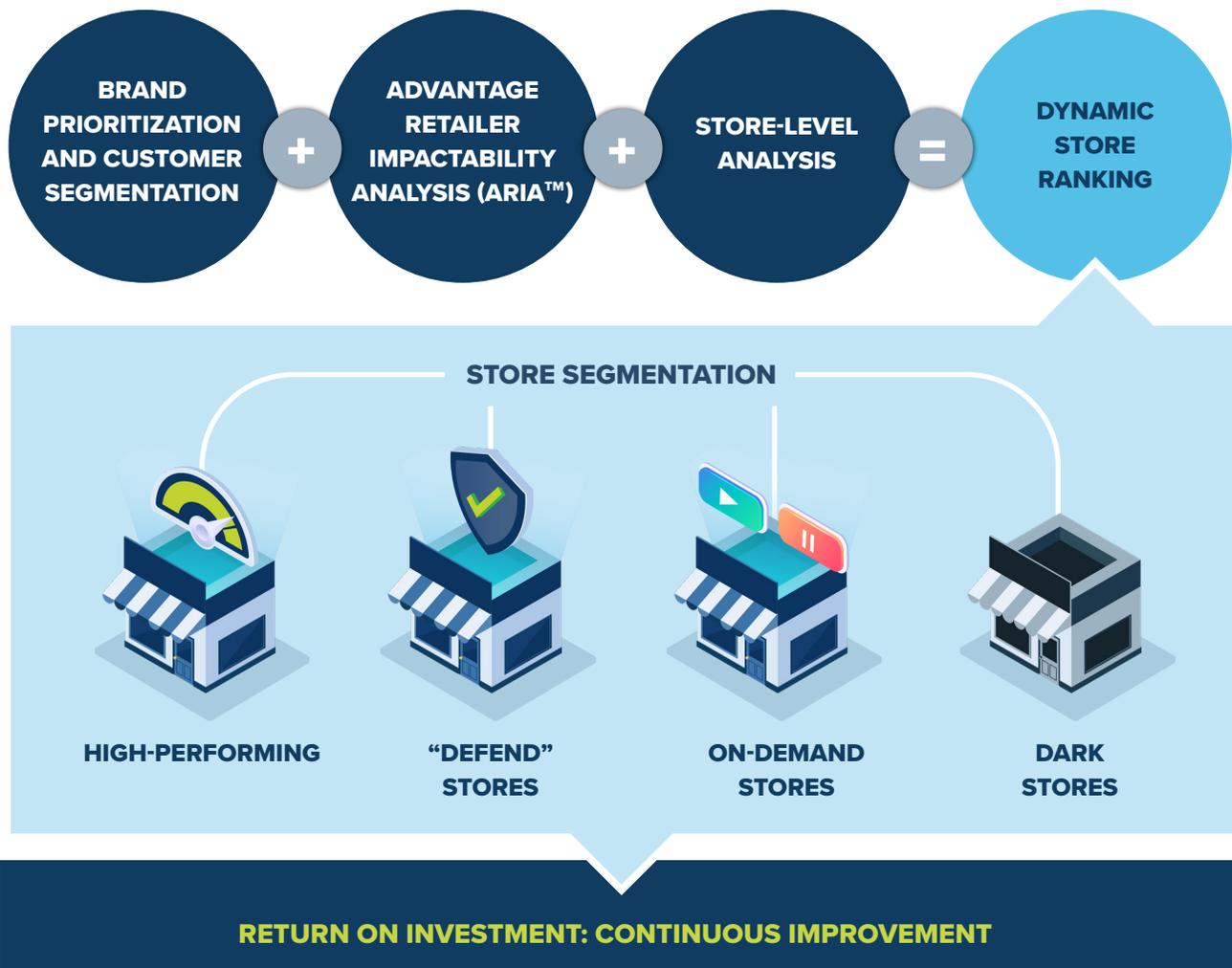


## MEASUREMENT

Quantifying return on investment by measuring results through retail point-of-sale and shipment data, plus closed-loop impact — measuring the sales impact of each completed activity — down to the SKU level.

# Optimizing Retail Execution Through Data-Driven Decision-Making

There are five areas in which the use of advanced technology, data and analytics can boost results, improve return on investment and better quantify the value of retail services.



## BRAND PRIORITIZATION AND CUSTOMER SEGMENTATION

While manufacturers lay out which brands and retailers are strategically important to them, a data-driven assessment of out-of-stock levels, on-shelf availability and the impact of displays for specific products at individual retailers determines which customers present the biggest opportunity for growth.

## ARIA™: ADVANTAGE RETAILER IMPACTABILITY ANALYSIS

A deep dive into 24 rolling months of 500 million points of historical retail execution data around fixing voids and out-of-stocks; selling, building and maintaining displays; influencing planograms; adjusting inventory; and selling in promotions reveals the potential impact of specific retail activities at the customer level.

## STORE-LEVEL ANALYSIS

The size of the opportunity for sales growth through retail execution is identified for each store through an analysis of data that reveals locations with high foot traffic, high brand and product sales, and shoppers who are highly aligned with the brand or individual SKU.

## DYNAMIC STORE RANKING

By ranking all stores by the potential impact of retail services, retailers and stores are segmented by retail execution model — dedicated, syndicated, on-demand or no coverage — to ensure the highest return on investment.

Store Segmentation	
Store Type	Optimal Retail Services Model
<b>HIGH-PERFORMING</b> <i>(High volume, highly impacted by retail services)</i>	Dedicated or high-frequency syndicated service
<b>“DEFEND” STORES</b> <i>(High volume, limited impact by retail services)</i>	Standard frequency syndicated service
<b>ON-DEMAND STORES</b> <i>(Lower volume stores, opportunity for ROI limited)</i>	Strategic, as-needed service around key events/seasons
<b>DARK STORES</b>	No coverage based on limited opportunity and sales growth potential

## RETURN ON INVESTMENT: CONTINUOUS IMPROVEMENT

By using a grocery manufacturer’s own metrics to measure the value of each retail activity for each SKU, plus after-execution sales lift data, results are continually analyzed so that store segmentation, retail execution models and coverage can be adjusted as needed to ensure the greatest return.

## CASE STUDY

# The Value of Targeted Dedicated Retail Services

### OPPORTUNITY

A large global brand sought to validate its long-time investment in dedicated retail services.

### TEST

From June 1 to September 30, an A/B test measured the impact of targeted dedicated retail services, including weekend coverage, on sales of 37 SKUs in mass merchandiser and grocery stores.

### METHODOLOGY

During the 17-week testing period, dedicated retail services were pulled from 63 stores across the U.S. selected to avoid geographical bias. Sales of selected SKUs in three product categories — grocery, frozen and health and beauty — in these no-coverage stores were compared to sales in 75 full-coverage stores with similar volumes and shopper demographics. External factors affecting sales, such as stores using different distribution centers, freezers needing repair, closures due to Hurricane Ida and COVID-related supply chain shortages, were tracked and considered.

### TEST RESULTS

Stores with targeted dedicated retail coverage saw a nearly 6:1 return on investment on retail services as measured by dollar sales performance.

#### RETAIL SERVICES RETURN ON INVESTMENT

	TOTAL ROI	MASS MERCHANDISER 1	MASS MERCHANDISER 2	GROCERY RETAILER
After 4 weeks	3.5:1	3.6:1	2.8:1	3.7:1
After 17 week	5.9:1	6.3:1	4.7:1	4:1

## CASE STUDY

# The Value of High-Frequency Syndicated Retail Execution

### OPPORTUNITY

A beverage manufacturer was seeking a full-service retail services provider that would improve distribution and points of shopper interruption and increase its return on investment in retail services.

### TEST

In a one-year test, syndicated retail team associates provided twice-monthly coverage in 750 stores operated by independent grocers and small regional chains. Six juice brands totaling 143 SKUs were represented, with associates working with an average of 64 SKUs per retail customer.

### TEST RESULTS AND SOLUTION

The test proved the value of syndicated services with significantly stronger sales in stores with retail coverage. After 18 months of sales growth, twice-monthly syndicated execution was expanded to 145 grocery retailers, and, in the third year of service, to Walmart and Target stores.

As of November 2021, the client was represented by syndicated associates twice monthly in more than 13,700 grocery and mass merchandiser stores, with one customer's stores receiving weekly service.

Training of in-store associates, including video training and client-specific training; processes; and internal and external reports and communication are continually evaluated and improved. Results are reviewed with the client each month and the coverage model is formally reviewed each year.

#### Syndicated Services Store Count

2016	2017	2018	2019	2020	2021
750	1,600	7,400	13,700	13,700	13,700

### RETURN ON INVESTMENT

Driven by increased facings, corrected voids and displays, return on investment, based on the manufacturer's determined value of each retail activity, increased from 2.3:1 at year-end 2016 to 6.3:1 for the 10-month period ending October 31, 2021. Points of interruption have increased from an average of 1.2 displays per store to two displays, remaining steady through the pandemic.

#### Return on Investment



#### Displays per Store



# The Data-Driven Journey to High-Results Retail Services



In today’s omnichannel marketplace, brands’ opportunity to grow market share and incremental sales increasingly depends on high visibility and availability online and in stores. The value of keeping items on the shelf has never been greater.

At the same time, cost pressures have manufacturers seeking the most impactful, cost-effective way of improving their presence at the shelf and in displays.

Advanced technology and data analytics can determine what type and what frequency of retail services will have the greatest impact for brands at precisely targeted stores, resulting in more sales and increased — and proven — return on investment. ●