

COMPETITIVE EDGE

By Jim Hertel

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Transforming Big Data into a Big Advantage

Companies continue to invest heavily into their data strategies. However, creating a sustainable, data-driven competitive advantage requires an integrated framework built on data, analytics, and the requisite business perspectives.



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BIG DATA

BIG DATA
ANALYTICS
PERSPECTIVE

Seismic shifts are undoubtedly taking place in the consumer packaged goods industry. New initiatives such as click-and-mortar retailing, digital promotions, zero-based budgeting, localization, and personalization are on every strategists' short list. Industry veterans have learned to keep an even keel as they navigate the ebb and flow of the industry. In the past, many companies embraced a "wait-and-see" mentality as a means to protecting their hard-earned profits. Executives, faced with massive waves of change, understood they could not be on the bleeding edge of every new movement. They would let the early adopters lead the way. Once the waves of change became more manageable, these laggards would catch up – and they would do so more efficiently than the early adopters. We think that mind-set is becoming outmoded and is dangerous thinking.



Without data you're just another person with an opinion.

- W. Edwards Deming



The Three Ps of Advanced Analytics

Predictive and prescriptive analytics have the potential to widen the gap between leaders and laggards. However, the third P: perspective, is likely to sink companies opting to wait-and-see. Companies that successfully extract actionable insights using predictive and prescriptive analytics; then combine these insights with new perspectives, will capture market share at disproportionate rates. Consequently, the distance between leader and laggard will become insurmountable.

A Case In Point: Creating A Pizza Solution Center



Purpose	Create Pizza Solution Center to increase sales using secondary placements and cross-selling strategies to increase margin and basket size.
Challenges	The Pizza Solution Center would have to come from existing center-store space. Retailer's don't have enough shelf space for primary product placements, making secondary placements highly unlikely. Additionally, the effort called for financial support and justification on a category (Pizza Solution Center) that didn't exist.
Strategy/Perspective	Optimize all relevant subcategories and aisle competitors based on space, assortment, and profitability. Only use performance metrics with a common denominator to fairly benchmark the virtual Pizza set against aisle competitors.
Subcategories in Pizza Solution Center	Pizza Pie and Crust Mixes, Grated Cheese, Mushrooms, Pizza Sauce
Aisle Competitors	Soup, Pasta Sauce, Pasta, Rice, Canned Vegetables, Dry Dinners (Pasta), Canned Tomatoes, Potatoes (Packaged), Dry Packaged Dinners and Kits, Shelf-Stable Entrees
Primary Data Source	<i>Total Store SuperStudy™</i>

Methodology

Develop a strategy, supported by performance metrics (sales, profit, assortment, and space), to demonstrate the value of a stand-alone Pizza Solution Center in terms of:

1. Shopper convenience
2. High impulse purchases
3. High profit purchases
4. Increased basket size
5. Space rationale for adding a new section/category solely comprised of secondary item placements

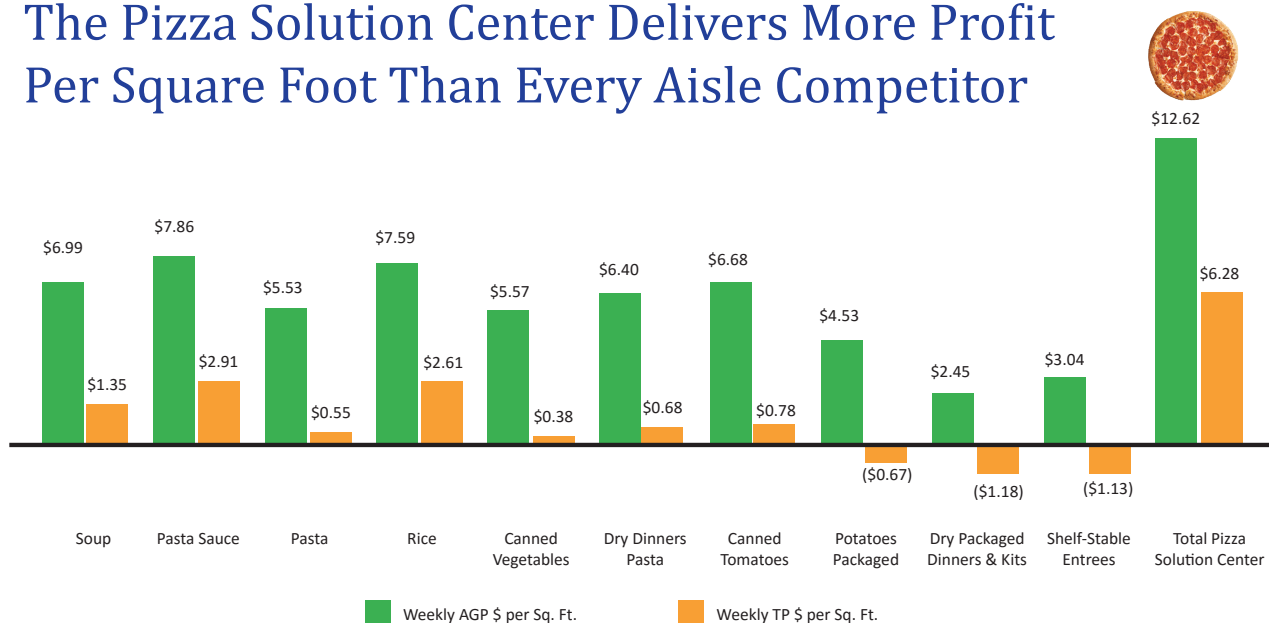
The process began by summing the performance of all relevant categories and subcategories. Next, categorical data was compared to the performance metrics of potential shelf and aisle competitors, including: Soup, Pasta Sauce, Pasta, Rice, Canned Vegetables, Dry Dinners Pasta, Canned Tomatoes, Potatoes (packaged), Dry Packaged Dinners and Kits, and Shelf-Stable Entrees.

For objectivity, only metrics with a common denominator were used to benchmark the Pizza set against other categories and subcategories competing for shelf and/or aisle space. Performance metrics included:

- Margin
- Per-unit performance
- Per-unit square footage of facings (SFF)
- Percentage of SKUs making money
- Percentage of SKUs generating 95% of sales

The aggregate performance of the Pizza Solution Center was then compared to aisle competitors.

The Pizza Solution Center Delivers More Profit Per Square Foot Than Every Aisle Competitor



In the example above, the Pizza Solution Center outperforms all other aisle competitors in terms of weekly adjusted gross profit and weekly true profit. Therefore, the retailer can improve margin by optimizing space; particularly space allocated to Packaged Potatoes, Dry Packaged Dinners and Kits, and Shelf-Stable Entrees. By doing so, the performance improvements are likely to be exponential as margin-eroding items are replaced with profit-generating meal solutions. By combining new perspectives with broader (store-wide) datasets, manufacturers can refine their sell-in strategies by creating compelling, data-driven programs that satisfy the needs of the trading partners and their shoppers.

TOTAL STORE SUPERSTUDY
GROCERY

Your Window to Retailer Costs, Profits, and Productivity

Whether you're analyzing the success of your business or need key financial data to support category management review and plans, the Total Store SuperStudy™ lets you see how specific segments are performing at retail, and provides critical financial insights that aren't available from traditional syndicated data providers. Our FRS and financial reports will enable you to:

- See adjusted gross margin and other profitability data
- Benchmark your products against the category
- Analyze the performance of emerging categories and segments
- Evaluate company contribution to retailer profitability
- Examine trade spending, cash flow, and ROI across the entire store
- Provide rationale for increased shelf space

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Click the image to download the product data sheet.

Advanced analytics bring significant insights into the decision making process. However, combining these insights with new perspectives can deliver game-changing results. In other words, business intelligence properly applied becomes business wisdom.

To learn more about shopper-centric strategies and tactics, contact Jim Hertel at 847-756-3712 or at jim.hertel@willardbishop.com.



Relating Reading



About the Author

Jim Hertel | Senior Vice President

Mr. Hertel takes great pride in developing innovative solutions that help clients increase and sustain performance. His strategic use of data and shopper analytics can be found in most client engagements, as well as in Willard Bishop's products and systems. Jim's rich experience in food retailing and economics makes him a frequent contributor to thought leadership panels, associations, and publications such as FMI, NGA, GMA, Time Magazine, NY Times, Supermarket News, Progressive Grocer, Grocery Headquarters, and Consumer Goods Technology.

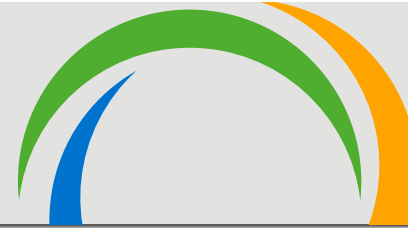
Throughout his career, Jim has developed insight-based growth strategies for companies including Anheuser-Busch, Campbell Soup Company, Kraft Foods, Unilever, Walmart, Coca-Cola, Purina, and more. Prior to joining Willard Bishop, Jim worked in brand management at Procter & Gamble and led the client service group at Spectra Marketing – the leading provider of targeted selling and marketing services. Jim earned his B.A. degree in economics from Duke University.

Want Willard Bishop to address a specific retail or CPG issue in an upcoming Competitive Edge?

If so, send a request to jeff.rice@willardbishop.com stating your challenges, issues, or ideas. The Willard Bishop editorial staff will review all submissions and notify you if your topic is selected.

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Solving Complex Issues for Consumer Goods Manufacturers and Retailers

Willard Bishop uses its manufacturer expertise and unprecedented retailer knowledge to create performance-based strategies that work for the supply side, as well as for the demand side. Willard Bishop also integrates shopper-based analytics and cost modeling to identify and quantify hidden opportunities. The company further augments its solution matrix (manufacturer, retailer and consumer) by providing custom-developed applications, models and tools that improve client performance – from concept to consumer.

For Consumer Goods Manufacturers

Capturing growth in mature markets and channels has always required a deep understanding of the manufacturer-retailer-consumer relationship. However, the emergence of Omni-channel marketing and the evolution of the digitally connected consumer, are creating new challenges and opportunities for consumer goods manufacturers. Willard Bishop helps manufacturers identify these opportunities; then develops specific road maps that enable clients to capitalize on these trends, while uncovering hidden growth opportunities. Areas of expertise include:

- Growth Strategies
- Shopper Analytics
- Performance Optimization
- Store-Level Merchandising and Support

For Consumer Goods Retailers

Willard Bishop helps consumer goods retailers develop competitive platforms that attract and retain specific shoppers and optimize the sales floor. These platforms include a diverse solution set that connects the retailer's brand identity to the in-store experience. Using localized approaches to assortment, pricing, and promotion, Willard Bishop helps retailers increase shopper loyalty and basket size, while applying advanced analytics to increase efficiencies that span the extended value chain. Areas of expertise include:

- Competitive Positioning
- Pricing and Promotion
- Profit/Productivity Optimization
- eCommerce and Delivery

Products, Tools, and Data

Through the years, Willard Bishop has developed products that bring new insights and understanding to the manufacturer-retailer-consumer relationship. In addition to shopper analytics and merchandising data, Willard Bishop provides comprehensive decision support systems and promotion optimization solutions.

AD-IN™ (*Developed by Willard Bishop and Prognos*) AD-IN™ is the first promotion productivity tool that optimizes the collective performance of retailers' circulars (print and digital) and TPRs in order to gain margin and increase visits.

Willard Bishop SuperStudy™ (*Available for Grocery, C-Store, and eCommerce*) SuperStudy™ is a subscription-based service for benchmarking product and category performance using expanded dataviews to provide critical financial insights that are not available from traditional syndicated data providers.

Willard Bishop SuperShopper™ Database

Improve decision making and business intelligence with the SuperShopper™ database, and benefit from more than two billion consumer transactions from key retailers, representing 20 million households.

About Inmar, Willard Bishop's new parent company

Inmar is a technology company that operates intelligent commerce networks. Our platforms connect offline and online transactions in real time for leading retailers, manufacturers and trading partners across multiple industries who rely on Inmar to securely manage billions of dollars in transactions. Our Promotions, Supply Chain and Healthcare platforms enable commerce, generate meaningful data and offer growth-minded leaders actionable analytics and execution with real-time visibility. Founded in 1980, Inmar is headquartered in Winston-Salem, North Carolina with locations throughout the United States, Mexico and Canada.