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Achieving Commercial Growth with Customization

Consumer Goods Industry White Paper

The Shopper-Centric Retailing Evolution

From the explosive growth of big data to the proliferation of channels, the path to purchase is being overturned. Consumers now have the power to cherry-pick their brand experiences and expect personalization and engagement in context. Retailers recognize that they must rise to these demands in order to remain relevant, but doing so requires an evolved approach to retailing.

Enter: the shopper-centric retailing evolution.

While the category-centric merchandising model delivered significant returns to retailers for many years, along the way, true intimacy with the shopper was lost, as demand analytics fail to incorporate shopper needs and motivations. Today, shopper intimacy is essential to retailer survival, prompting retailers to align their business strategies, teams, tactics and data around optimization of the total shopping experience.

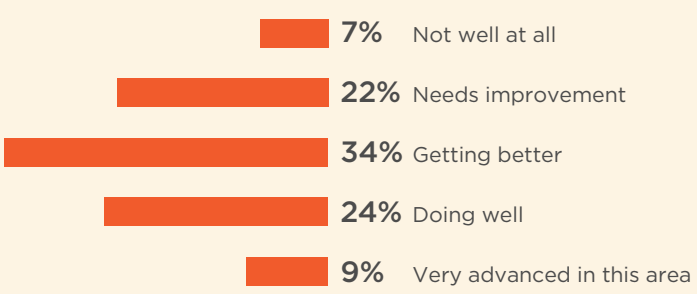
Shifting from Category Solutions—to Shopper Solutions

The key to shopper-centric retailing is the development of targeted shopper solutions, but retailers cannot develop these solutions alone. While most retailers collect massive amounts of shopper insights, they lack the skills, resource and tools to effectively interpret and apply them. In contrast, the shopper marketing teams of their CPG partners are expert in identifying the "why" behind shopper behaviors and converting these insights into retail activations. These behavioral insight experts are well-suited to fill the gap, but lack one critical capability—at-scale content customization.

Few shoppers marketers have an efficient customization method in place, but as the need for increased retail partnership rises, identifying a solution is becoming essential to CPG growth and shopper value enhancement.

Struggling to Localize At-Scale

How effectively do you adapt your branded content for different markets, partners and geographies?



Source: CMO Council, Age of the Adaptive Marketer Report, 2017.

Top challenges of content localization:

believe that content localization is too manual and/or needs to be more automated

believe that content localization is too complex to manage

Source: IDG Research, Catalyzing Growth and Revenue Opportunities with Content Localization, 2017.

Shopper Marketing Customization: Defined

Before looking at how best to build the tools and processes required to develop shopper marketing customization capability, it's important to understand what exactly the capability entails.

In essence, shopper marketing customization is when adaptive capabilities allow a brand to take a program and tailor the tactics of it to reflect the unique shoppers and attributes of a specific retail store location. Tactic customization can include the tailoring of the program offer, messaging, creative, and tactic mix, depending on which factors drive the greatest impact for a partner.

Insights into seasonality, assortment, product demand and foot traffic are examples of some of the store-level insights needed to drive customization, but shopper insights are also essential, including ethnic, economic, household and attitudinal characteristics. Many shopper marketers already possess the shopper segment insights needed to customize. In fact, some have even entered data cooperatives with their retail partners to further supplement their shopper insights. However, when it comes to store-level insights, relationships with local retail operations teams are key. By communicating with regional managers, shopper marketers can gain firsthand perspective into the defining factors of a community and the role the store plays within that community. This allows them to better understand how to play to the unique value systems of different markets without diluting their national brand identity or equity.

Through tactic customization, brands can increase relevancy across markets and help retailers personally connect, but understanding the value of customization and accomplishing it are two different things.

Overcoming the Barriers to Execution

IDG Research's 2017 *Catalyzing Growth and Revenue Opportunities with Content Localization* report found that companies cite slow time-to-market and manual processes as the top barriers of marketing content localization. The surveyed marketing executives believe content localization is too expensive and too complex to manage, but these obstacles exist because organizations fail to invest in the right technology, processes and performance metrics to support.

Overcoming the barriers to shopper marketing content customization requires a three-pronged approach that embeds customization capability not just into the shopper marketing department, but into the entire organization in a way that ensures demonstrable value and long-term shopper experience enhancement. This report examines three steps brands can take to cut through the constraints of time and complexity, and start meeting retailer demands for high-relevancy content that drives results.

Engage Retailers in Mutual Value

Critical to shopper-centric solutions development is strategic collaboration with retailers. The challenge? Retailers are innately distrusting of brand partners and will only open the door to collaboration if the value case is made clear. For this reason, the first step in engaging a retail partner in a customized shopper marketing program is providing a clear picture of the common opportunities and challenges. This helps to set the stage for developing a win-win solution that answers the retailer's question of "what's in it for me?"

Overcoming brand-centric biases and building trust depends on in-person meetings with retailers. At these meetings, it is not just the account manager who should be present, but a cross-functional team of members from shopper, category, and channel roles—redefined as the 'Shopping Experience' team. Going into meetings, the mission of the group should be to communicate a deep understanding of the retailer's strategic objectives, promotional calendar, category drivers, and shopper demographics. In evidencing understanding of the retailer's go-to-market strategy and differentiated value, brands can show their commitment to achieving the customer's goals. They can also use the opportunity to share some of their propriety path to purchase insights, which can help to foster transparent dialogue and idea exchange. From there, the two can work in joint partnership to craft a program strategy that is led by shared shopper objectives and insights.

Initial program planning meetings should also assess what each partner can bring to the table and how strengths can build off another to create a truly unique shopper solution that differentiates both sides. Shared costs and task owners should be explicitly outlined, as well as how performance data is going to be shared. While retailers are normally resistant to share their coveted POS data, the more brands funnel resource into customized programming, the more likely they are to share.

By grounding customization initiatives in shared goals and benefits, the stage can be set for a more collaborative retail partnership that involves routine communication, performance analysis and data exchange.

Align Internal Systems & Teams

The most common reason retailer-supplier collaboration initiatives fail is poor execution, but there are several steps brands can take to create the structure required to support efficient execution of customized shopper solutions.

The first step in developing the structure for execution involves establishing organizational alignment around the value, goals and KPIs of customization capability. This can be achieved by forming a cross-functional team that includes members of finance, supply chain, marketing, channel, category and shopper.

The task force should be committed to applying test and learn initiatives, with the goal of achieving greater scalability across brands, categories and customers. By building customization as a centralized capability with company-wide governance, the learning curve lessons can be shared and applied across other customers and business facets. These learning insights should be stored in a digital center of excellence that all teams can access.

The next phase of executional development involves putting integrated back-end processes and systems in place. For example, if you're putting in place an automated system to manage the creative delivery process, then you need to ensure that system can integrate with your supply chain to support timely execution. In the case of digital tactics, the custom artwork needs to be able to output to digital activation partners, while for in-store tactics, output to print production and POP vendors is required. The management and transfer of the data required to drive in-store and online retail activation must be streamlined. Finally, an efficient customization system should integrate with internal finance systems to ensure accurate labeling, invoicing and actuals reconciliation.

By aligning your customization platform with key internal systems and outside partners, real-time updates are made possible to support cross-management of logistics and accelerated channel activation.

Develop an Automated Menu

"Retailer-supplier collaboration is not standardized," said William Dankworth, an independent industry advisor and retired VP of Grocery & Natural Foods Merchandising from the Kroger Co. "This does not mean that there is not a desire to do so. The data is available, even in smaller retailers, but time, system limitations, lack of automation and even culture are impediments to sustainable retailer-supplier collaboration."

Typically, manufacturers receive one-off customization program requests from either the retailer or customer team, as opposed to a more top-down planning process or strategy. While responding to ad-hoc demands can be costly and complex, the creation of a menu of tactics with pre-defined customization options can ensure brand consistency across markets while making the process scalable and cost-effective. The menu-based system can also be used to support effective budgeting and ROI analysis by displaying the estimated lead time and cost of each customizable tactic.

Another benefit of employing an online menu of brand-approved customization options is that it makes customer activations more measurable by streaming all shopper marketing activities into a single environment. In doing so, post-event analysis can be conducted at the customer-level—with tactical data revealing ineffective customization elements, as well as proven performers. Over time, customization performance insights can be developed and used as logic to support data-driven recommendations. Decision guidelines and gating criteria can also be created to ensure that menu users are only deploying customization when and where it makes a measurable difference.

To further drive local brand equity and customer participation, manufacturers can share the menu with their retailers, allowing them to select localized campaigns and tactics that they can apply co-op or MDF funds towards.

By streamlining the design-to-fulfillment processes into a common platform of standardized processes, costs are lowered, customization is scalable across a broader number of customers, and speed-to-market is enabled.

Claiming Stakes in a Shopper-Centric Market

In a dynamic and varied marketplace, where different shoppers display different behaviors across channels, marketing to an average, in-store shopper can no longer be expected to deliver performance. Breakthrough results require an adaptive shopper marketing approach that recognizes the differences that define shoppers across the retail landscape.

While localizing content for different markets can be a challenge, the CPGs able to establish the internal governance, retailer collaboration, and process automation to support will be the ones to claim their stakes in the new, shopper-centric retail environment.

Who We Are

Cierant Corporation is a Shopper Marketing Optimization (SMO) software provider recognized for driving digital transformation of the shopper marketing function. The company offers a suite of cloud-based solutions that automate shopper marketing processes and deliver the collaborative planning, performance-based budgeting, and content localization capabilities needed to compete in the fast-evolving retail landscape. For more information on Cierant's SMO solutions suite, please call **203-731-3555** or email **inquiries@cierant.com**.

Cierant Corporation
34 Executive Drive
Danbury, CT 06810

www.cierant.com

p: 203-731-3550
f: 203-730-4620
e: inquiries@cierant.com

@cierant
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