Question:

"Collaboration" is much on the lips of CPG suppliers and retailers. But meaningful collaboration must start with FACTS — solid, agreed-upon information about a mutual problem or mutual opportunity. Please name a SPECIFIC industry problem / opportunity that trading partners could fruitfully collaborate on, if only they had the FACTS (read: good information). What facts about this problem / opportunity do trading partners typically lack? How could they obtain them? In the fact-gathering process, what role should be played by the supplier? By the retailer? What difference would / could having these FACTS make, in trading partner relationships and in outcome?

CPG / RETAIL THOUGHT LEADERS ROUNDTABLE

WIN WEBER WINSTON WEBER & ASSOCIATES, INC.

THE OPPORTUNITY: THERE IS A HUGE SHOPPER INSIGHTS KNOWLEDGE GAP that can only be closed when retailers and suppliers realize the importance of working together to understand the experiences, thoughts and emotions that drive shopper purchase decisions … the key to creating growth.

Understanding "Shopping Moment" Thinking

The store, and what goes on within the store, is more important than ever before. Over 70 percent of all purchase decisions are made in the store, at the shelf, during the shopping moment. What transpires in the store, and the store's ability to help consumers make good decisions, determines loyalty to the store, department and category. It influences category and product sales. In this environment, the role of the store should be to help the shopper make up her mind by providing an information-rich experience, to spark thinking about what she wants. This enables the shopper to construct the information needed to make the *"right choice."* The shopper is satisfied and feels good about the decision. Shopping becomes routinized.

WHEN THE SHOPPING EXPERIENCE FAILS TO PROVIDE THE SHOPPER THE HELP NEEDED to decide what she wants, and questions remain unanswered, demand can be turned off. The shopper can shut down and leave empty handed. In this case, the shopper will probably choose another store. Or, the shopper will make do and leave with a less-than-desirable alternative.

What will help shoppers who want to make up their mind when they are in the store? How should brand advertising, on pack communications, merchandising and retailer based communications work together to help the shopper decide what she wants?

Addressing the information needs of the shopping moment is key to strengthening center of the store performance. It provides the greatest opportunity to generate incremental category and brand sales.

The Knowledge Gap

WHILE MOST SUPPLIERS BELIEVE THEY ARE FULLY ARMED with a wealth of consumer data, there is no compelling data available to explain what really goes on in the shopper's mind at the shelf, during the shopping moment. Especially when the shopper does not go into the store with a tight specification of what she is looking for.

POS data and traditional consumer research methodologies such as panel data, focus groups, observed behavior, entry / exit interviews etc. are useful for explaining what shoppers *have* purchased. However, they fall far short of understanding the thoughts, emotions and experiences that drive shopper behavior. What shoppers *do* seldom explains what they *feel inside*. What shoppers say is often different than what they do. Purchase decisions are influenced by factors other than demographics and the products shoppers routinely buy.

It should be mentioned that these methodologies only correlate with *today's* market structure and *past* behavior. They are unsuited for *predicting the future*.

WHAT'S DRIVING IN-STORE SHOPPER BEHAVIOR? How can shopper behavior be changed to improve the effectiveness of the shopping moment? Without being able to answer these questions, neither suppliers nor retailers are adequately equipped to make shopping moments more effective. Both will miss significant sales growth opportunities because of this knowledge gap.

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WINSTON WEBER
Chairman & CEO
Winston Weber & Associates, Inc.

The Collaborative Challenge

Responsibility for closing the knowledge gap falls squarely on the shoulders of the retailer and the supplier. Both parties must be willing to rethink their collaborative relationship priorities. Based on a recent survey, which reveals widespread retailer dissatisfaction with suppliers in providing actionable consumer insights, we should expect retailers to be responsive to redefined supplier capabilities and initiatives.

To meet this challenge head on, it will be necessary for suppliers to take the lead and respond as follows:

- Move beyond relying solely on consumer research that operates on a relatively narrow band of brand/ product attributes to allocating resources to shopper research that focuses on what goes on in-store, at the shelf…how shoppers make decisions during the shopping moment and why;
- Collaborate with retail partners in the design and interpretation of retailer-specific shopper research; place more emphasis on the development of innovative and differentiated merchandising solutions; joint concept ideation sessions;
- Create a Shopper Insights function, apart from Consumer Research, that operates with its own research budget and is positioned to support account team go-to-market initiatives;
- Add shopping moment research interpretation and application capabilities to account teams through restructuring and training; reduce excessive resources being deployed to analytic support for category management.

Retailers must respond as follows:

- Be willing to move beyond the "best cost of the day" negotiation mentality to where the shopper is the primary emphasis of all collaborative planning initiatives and align category manager performance measures accordingly;
- Create a Shopper Insights function, within Merchandising, that supports category management and is aligned with the suppliers' Shopper Insight capabilities;
- Redefine the role and responsibilities of category managers to truly reflect a commitment to a shopper-focused relationship with suppliers (requires new skills and trading practices);
- Require retailer-specific shopper insights investment as a criterion for being selected as a category captain/advisor;
- Encourage all suppliers in targeted categories to contribute their fair share of resources required for shopper research at the category, aisle or department level.

In summary, both parties must be able to align their respective organizations to effectively collaborate on the type of qualitative research required to determine what drives the shopper purchase decision in the store, at the category level; they must be able to work together in the development of merchandising solutions; and they must be able to collaborate on the type of quantitative research necessary to validate growth concepts.

Research that can close this knowledge gap, though more costly than conventional research methodologies, is now available in the marketplace. ■

CPG / Retail Thought Leaders Roundtable