

Food Retail Industry Study Urges Shopper-Centric Approach Versus Category Management

December 18, 2015 - ARLINGTON, VA - Category management in the food retail industry is stagnant, according to a new study by Food Marketing Institute (FMI), Deloitte Consulting LLP and Winston Weber, but a roadmap to a more insightful shopper-centric way of doing business is accessible in today's market. The collaborative business planning study suggests that the biggest shortcomings of category management relate to being too product-focused and too narrow in approach.

"Similar to the ambitions of the 1995 Efficient Consumer Response Initiative, our analysis in *Shopper Centric Retailing* recommends a culture change that challenges our comfort levels and bucks current trends in category management," said Mark Baum, FMI's chief collaboration officer. "We are calling for an industry transformation to adapt to today's new consumer."

The study found that 100 percent of retail and consumer packaged goods respondents believed some degree of change is required, a quarter of which believed that nothing less than an entire redefinition and transformation is necessary. Conversely, 85 percent of retailers have made either "no change" or "moderate change" to the initially prescribed, eight-step category management process.

Win Weber, chairman and CEO of Winston Weber Associates and co-author of the analysis, noted, "Our research strongly suggests that change is necessary, especially since no major upgrades to the ECR-prescribed category management process have occurred in the last two decades. Supermarkets are facing tidal pressures from shoppers who want their stores to evolve with their tastes and habits, so businesses need to resist the urge to remain complacent."

Echoing his co-author's findings, Tom Compennolle, a principal at Deloitte Consulting LLP, said, "A shopper-centric approach is consistent with the opportunities we see around retailer-CPG joint business planning. The Holy Grail is data - business intelligence shared between trading partners hasn't yet been harnessed, as evidenced by the research."

The study assesses the magnitude of foundational shifts needed within companies to address the pace of change in the food retail environment, specifically detailing: 1. Organizational alignment; 2. Analysis of shopper insights; 3. Addressing shopper solutions; 4. Aligning category roles in the annual review process and goal-setting; and 5. Reevaluating merchandising solutions.

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About FMI

Food Marketing Institute proudly advocates on behalf of the food retail industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org

About Deloitte Consulting LLP

Deloitte helps organizations grow their businesses and enhance value by identifying actionable insights. More than 23,000 professionals provide a broad range of capabilities across human capital, strategy and

operations, innovation and technology that are aligned to the particular needs of specific sectors, businesses and organizations. Deloitte provides clients with leading business insights that can help generate a tangible and measurable impact.

About Winston Weber Associates

Founded in 1985, Winston Weber & Associates (WWA) is a valuable resource to national and multinational retailers and consumer packaged goods companies in the US, Canada, Mexico, Latin America, Europe, Australia and Asia. Recognized as one of 2 the original architects of category management and a leader in the evolution to a more shopper centric industry, WWA's areas of expertise include strategic direction, organization design, business process reengineering, collaborative planning, category management evolution to shopper centric solutions planning, merchandising/marketing, retailer operational efficiency and skills development. WWA is headquartered in Tampa, Florida. For more information visit <http://www.winstonweber.com> or contact Win Weber at winweber@winstonweber.com.