



Suppliers Are Key Resource For New Shopper –Centric Model

By James Tull

Retailers can use some help when transforming their organization from traditional category management to a process driven by shopper insights. Developing this shopper-centric model is easier when done when retailers collaborate with their trading partners, says a noted category management expert.

That is why a solid shopper insights function is a must for suppliers, according to Winston Weber, president of Winston Weber & Associates, a Memphis-based consultancy.

They must have a singular focus apart from their consumer research on better understanding the shopper and shopper behavior on a market-wide basis. Then, working with retailers on a retailer-specific basis becomes key.

“We feel strongly that shopper insights is really going to be the most critical point of leverage between a retailer and supplier. The name of the game is going to be knowledge and insights,” said Weber in an interview with CPGmatters.

Before collaborating with suppliers, retailers can take immediate action to facilitate the shift to shopper centricity. In referencing his company’s Shopper Centric Retailing model, the consultant suggests the first step for a retailer is a modification of their more traditional planning process to this more advanced solution-oriented planning process.

“This must be supported by investing in building the required skills to support shopper centricity,” Weber added. “I would then focus on realigning processes, measures, structure and how to work more productively with suppliers.”

Weber stressed that the most difficult piece is the move towards restructuring the store. To better illustrate his view on the sluggish rate of speed a typical retailer will take toward new concepts, the consultant recalled a recent article he wrote called “It’s Time for the Turtles to Fly.” Both a blunt observation on current affairs, as well as a rally-cry for the industry’s future, the CPG industry veteran makes his view on the subject quite clear.

“The turtles I referenced are the retailers,” said Weber. “Consider the fact that it’s taken category management twenty years to get to about 70 percent of where it should be and

that store operations has not been restructured for decades. Change evolves slowly in our industry.”

Looking back to the early days of category management, Weber reminisced how his company first introduced the concept at HEB in 1991. Everyone said that it would never work.

“But the rest is history,” he said. “And we have learned that all you need is one or two retailers moving forward and the rest will follow.”

In retrospect, the consultant believes that it was initially a mistake to make category management an island unto itself without integrating it across operations. If that had been done – as he is suggesting it be done today – Weber said that the industry would be much further along the path to effective category management.

Regardless, retailers will certainly have to become more shopper centric in the future.

“They have no choice,” said the consultant. “And let’s recognize that this is a huge paradigm shift: restructuring functions, realigning processes and performance measures and bridging functional and departmental silos.”

Weber recognizes that some of what he is saying grates against the traditional P&L alignment between departments. “We are going against decades of one way of conducting the business.”

Nevertheless, a handful of retailers are in the initial stages of creating shopper insights or shopper marketing functions within merchandising or marketing, according to Weber. But he does not know of any who have placed a senior merchandising or “shopper solutions” executive in merchandising yet.

“That being said, one retailer in the U.S. and one in Canada are moving forward with our ‘beyond category management’ model: Shopper Centric Retailing,” he said. “This new business model addresses all of the aforementioned issues.”

As a 20-year category management veteran, Weber has an experienced perspective that few others possess. And he is candid about the current state of the industry, where there is way too much talk of “refreshing” an outdated model.

“That’s like putting a new coat of paint on a twenty year-old car,” he said.

He emphasized that the issues facing the industry today are much greater than strictly making modifications to the planning process. But will retailers be ready for action?

“The real issue now on our minds, and on the minds of others, is that we believe retailers are not moving nearly as fast as they should be to keep up with the changing consumer,” he said.

Despite the great potential of shopper centricity, Weber offered a sobering thought: suppliers may begin allocating more funds for shopper insights and shopper marketing, only to find themselves misaligned with a retailer that simply isn't ready or able. Unless the retailer can execute, the consultant warned, suppliers are not nearly going to get the desired return on investment that they hoped for.

"And that is a very critical issue at this point in time," he summed up.