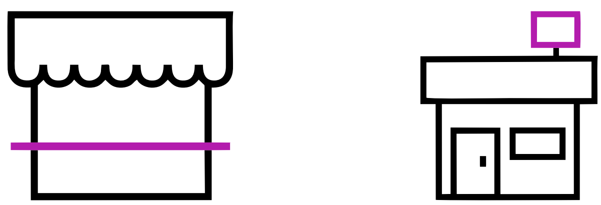
TRENDS THAT ARE TRANSFORMING IN-STORE STRATEGY

HOW SHELF OPTIMIZATION AND ANALYSIS OF TRADE SPENDS ARE HELPING BRANDS WIN IN STORE

- **Shoppers in South Asia still make two of every three brand purchase decisions in the store, making it the last-mile battleground for brands.**
- **60% of spends allocated for in-store execution of visual elements etc., are hoarded in the supply chain, and don't actually get deployed in the market, so it's imperative for brands to track and monitor in-store activations.**
- **Shoppers pre-plan 65% of their category purchase decisions, creating headroom for brands within those categories to activate the right in-store triggers and stand out.**

Shoppers walk into stores with a fair amount of purpose. In fact, our studies reveal that consumers plan 65% of their category purchase decisions. The good news, however, is that shoppers haven't made up their minds about which brands to buy within those categories, and that's where the opportunity lies. Our studies on shoppers show that they make two out of every three brand choices in the store. In parallel, retail formats are diversifying, alongside an increase in categories and products – resulting in shelf spaces getting crowded. This means that brands have to work even harder to find their way into consumers' shopping baskets.



HOW CAN BRANDS STAND OUT AND FIND THEIR WAY TO CONSUMERS IN STORES?

While brands regularly focus on in-store strategies, they often fail to consider execution efficiency, as 60% of money allocated to in-store execution of visibility elements etc., are not actually deployed in the market. Traditional trade is still predominant in India with 90% contribution, but omni-channel is gaining ground. So, methodical monitoring coupled with actionable learnings would go a long way in delivering efficiency. Extensive studies on measuring and analysing in-store activations across categories and markets reveal three key aspects that brands should leverage.

Range and Assortment:
Placing the right product mix based on the profile and the location of the store.

Visibility and Placement:
Brands can achieve a jump in sales of up to 1.4 times simply by making themselves more visible on shelves.[1]

Equipment and Support:
Fixtures, installations and assets that aid visibility can ensure effective presence of brands on shelves. It is also essential to maintain purity by ensuring that competing brands are not present nearby. Planogram compliance is also imperative to ensure products are placed at the most advantageous position within stores and on shelves.

60% OF MONEY ALLOCATED TO IN-STORE EXECUTION OF BRANDING ELEMENTS ETC., ARE NOT ACTUALLY DEPLOYED IN THE MARKET

QUANTIFIABLE NEED FOR DRIVING IN-STORE STRATEGY

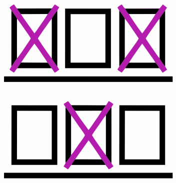
FMCG Marketers have been investing heavily every year on promotional elements, including point-of-sale (POS) merchandise, fixtures, brand image windows and several other assets to catch the shoppers' attention while they're in-store. India's fast-moving consumer goods (FMCG) industry alone, pumps an estimated $1 billion or more on in-store execution every year. However, a mere 40% of these huge budget allocations across various categories actually get executed according to the norms laid out by brands.

[1]Source: Nielsen meta learning from in-store studies across South Asia and South East Asia

THE GAP BETWEEN ALLOCATED BUDGETS AND IN-STORE EXECUTION

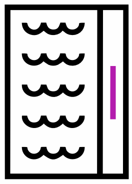
60% STORE

Planned POSM is not executed



30% STORE

Negotiated paid display not utilised



18% STORE

Planned assets is missing

Marketeers plan investments to improve in-store visibility and shelf optimization, but do not adequately track the outcome of these spends. Many manufacturers even have well-defined execution norms and investment protocols to develop stores that are most valuable to their businesses, often terming such ideal stores as Platinum or Gold Stores. So, where does the gap lie? While adherence to compliance norms by market, type of store and type of asset are important, these efforts should be methodically preceded by increasing the execution in the last mile, if in-store success is to be achieved.

Measuring in-store execution purely through investments made often yields inaccurate results. This is because execution doesn't follow the book, and the entire invested amount rarely reaches retail stores.

BRANDS SHOULD ESTABLISH AN INDEPENDENT AND COMPREHENSIVE TRACKING MECHANISM TO MEASURE IN-STORE ACTIVATIONS. THIS MECHANISM CAN THEN BE LINKED TO STORE-LEVEL SALES PERFORMANCE, ULTIMATELY DELIVERING A COMPLETE UNDERSTANDING ON THE RETURN ON TRADE SPENDING.

CASE STUDY FROM THE FMCG INDUSTRY

Our recent engagement with a leading multi-category FMCG manufacturer demonstrates that regular and scheduled measurement of execution of in-store assets and compliance with predefined execution norms defined by the manufacturer, can unlock massive opportunities within a store. This manufacturer invested heavily on in-store execution in more than 100,000 stores across the country. Of these, 25% were loyalty stores, with execution parameters beyond the mandatory assets like paid displays, POS merchandise and focus brand availability.

Despite these efforts, the manufacturer couldn't see any results because it didn't have a structured tracking mechanism. We worked closely with the manufacturer to track the availability of focus brands, presence and purity of assets, and paid displays each month across its sizeable 25,000 loyalty stores. We worked with the manufacturer's well-defined norms, which identified 10 key measurable in-store parameters. We assigned weightages to each of these parameters through mutual discussions, and we calculated a monthly visibility execution score for each store. To ensure participation from retailers and field, a variable payout to retailers and field sales team on adherence to visibility norms were linked to these execution scores. The manufacturer saw results within 11 months of systematic tracking.

QUANTIFIABLE RESULTS AFTER 11 MONTHS OF TRACKING IN-STORE EXECUTION

1.5X | AVAILABILITY OF MSL

+10% | PURITY OF ASSET

+15% | PURITY OF PAID DISPLAY

2X | VISIBILITY OF POSM

8% SALES UPLIFT

We improved on this mechanism by arriving at an optimized solution to increase the frequency of measurement in the set of loyalty stores and by expanding the store base to the entire 100,000 stores where the manufacturer made investments. In-store execution images of these stores were captured, processed and analyzed using advanced technology, like image recognition through self-serve and report key measurement parameters on a weekly basis. Monthly visits to the 25,000 loyalty stores ensured that all the other key parameters were also monitored regularly.

RESULTS ACROSS 100,000 STORES

2X	+20%	+21%	2X
AVAILABILITY OF MSL	PURITY OF ASSET	PURITY OF PAID DISPLAY	VISIBILITY OF POSM

3% INCREMENTAL SALES FROM THE LOYALTY STORES

7% SALE UPLIFT ACROSS IL+ STORES

ENSURING IN-STORE SUCCESS

As your consumers embrace multiple retail formats with equal ease, the time they spend with each format becomes even more valuable. And that means marketeers need to make the right in-store decisions. We realise the importance of in-store growth in driving the success of brands, and we have identified three critical attributes to help win in store.

Unbiased Measurement:
Brands need to start measuring the outcome of the money they spend in-store, as well as the compliance to their in-store execution norms.

Visualisation:
Easy-to-access and easy-to-use monitoring tools can help brands derive insights which will enable them to make decisions faster.

Feedback Mechanism:
Measurement of in-store execution facilitates immediate corrective measures, wherever needed.

An imperative part of planning for growth is planning for efficiency. Intelligent monitoring of in-store investments is certain to yield the desired results. Contemporary technologies like Image Recognition powered by deep learning and artificial intelligence will help transform in-store data faster with actionable insights and real time performance analytics.

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ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries.
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