

Optimizing In-Store Success with Segmentation and Prioritization

Maximizing the value of applied resources in a manner that optimizes impact at the shelf is key to gaining a competitive edge with your consumer. CG and CPG companies are applying segmentation and prioritization strategies to increase in-store revenue, while maintaining the same level of investment in field sales and merchandising resources.

Segmentation (Coverage Optimization)

It is common knowledge that evaluating channel investments for retail coverage requires an overall understanding of opportunities for incremental revenue in chains and outlets. What is not so obvious is the level of impact your organization can have within specific chains, depending upon their business model and the type of resourcing that you apply to those calls.

The last few years have seen companies progressively making investments in their own direct retail resources where there is high value opportunity for impact in the outlet - or at a minimum, a dedicated 3rd Party Rep. At Walmart, the situation is amplified and more companies are making these changes for their WM coverage than for any place else.

With integration of retailer POS into a business intelligence reporting solution, you can now measure the impact of your resourcing decisions. This will be discussed later in our Measurement & Analytics paper, but the return on investment we are seeing associated with these choices is significant; as much as 2x same store sales growth.

Prioritization (Task Optimization)

Historically, retail execution philosophy was to apply equal effort to activities across brand groups and products, with the real emphasis against new items and promotions. The strategy most often implemented today does a better job at distinguishing revenue and profit opportunity vs. retail investment to increment those measures.

“Best-in-class” methodology looks much deeper into the organization and forces alignment by assigning a value to the brand groups and then achieving agreement between brand groups and account teams as to an absolute ranking of opportunities by account. Time is allocated against those opportunities so that the whole organization is in agreement about the tasks and order in which they are executed during any given period. Thus, coordination of priorities at retail can improve in-store performance based on your current spend, by utilizing existing information differently.

Prioritization success enables highly qualified coverage because you can point direct or dedicated resources at the opportunities in a cost-effective manner. What area/outlet/chain presents the *best value* for the Rep to take action? Being able to inform the Rep of the best answer in every situation – whether new item distribution, zero scans, promotions – affords a significant competitive advantage, serving to direct the Rep to the right product, place and time to maximize return. Especially important is the ability to prioritize your “next best item” in categories that have greater flexibility.

There are different levels of prioritization depending on the number of SKU's and categories involved. Allocating time where it is needed most - and most wisely spent - frees your retail team up from less important tasks that can be attended to later... or not at all. For example, many people fill up their time with busy work that is of no monetary value to the account. If directed to the right tasks, these incidental activities will - and should - be disregarded.

How can RW3 help?

RW3's team of experts lives in this world all day, every day with our clients. We help clients think through the strategic evaluation process as it relates to segmentation and prioritization, and to “keep the end in mind” as they implement solutions to achieve desired results and quantify outcomes. RW3's technology-enabled solutions place priority on areas where need is greatest and profits are most attainable, yet are adaptable and flexible to change with your evolving needs.

“RW3's expertise helped us understand and implement a business solution to improve on-shelf availability of our most profitable products. We are now able to act on opportunities in our sales process to positively impact customer satisfaction at the shelf.”

- Tony Schwister, Director, National Accounts, Retail Div., Jennie-O Turkey Store

RW3 is the recognized expert on retail execution in North America. Our business approach aligns development with customer needs and company goals, encouraging frequent inspection and adaptation, teamwork, and accountability. ■

RW3 drives profits at the retail shelf for top global brands like Nestlé, Sony PlayStation, Kellogg's and PepsiCo QTG through strategic consulting, custom reporting, analytics and flexible retail execution solutions. RW3 solutions offer an integrated, automated, end-to-end workforce system that allows data to flow easily where and when it is needed, allowing you to better understand your consumers, identify untapped sales opportunities, measure gaps in performance and optimize the environment where consumers meet your products. For more information or a business assessment, please contact RW3 Incorporated at 1-800-444-5793 or info@rw3.com. Visit us online at www.rw3.com.