Microsoft

Delivering Best-In-Class Retail Execution:

Five attributes that modern Consumer Goods organizations share

Introduction

Digital disruption has far-reaching impact in every industry, and this is particularly evident among Consumer Packaged Goods (CPG) companies. The power to process unprecedented amounts of data and execute advanced analytics in the cloud is creating game-changing insights. Furthermore, the integration of mobile solutions takes productivity and knowledge sharing to new heights. These evolving capabilities are empowering CPG companies to combat perennial challenges such as out-of-stocks, merchandising issues, incorrect displays, inefficient routes, and failed product introductions. Additionally, they are paving the way for innovation and growth.

Let's start by considering typical challenges retail execution professionals face in their day-to-day activities. We'll then highlight where digital technologies offer competitive advantages that help CPG companies reduce costs, improve productivity, and increase revenue.

Retail execution: a day in the life

Imagine this: a summer buy-one-get-one-free campaign is running in over 10,000 stores. Is the promotion being executed consistently and correctly? Are products being restocked in a timely manner? Is the promotion successful in all locations? What factors are influencing the results? What's the ROI?

Many brands have little or no visibility into on-site conditions. This makes it difficult to ensure that their products are available and visible to shoppers, and that their promotions are being executed as planned. As they work in the field conducting visual merchandising and sales compliance audits, brand representatives face hurdles that hinder their productivity. They can't be everywhere at once.

Even if a brand had the luxury of having reps present in all locations at all times, it's challenging to measure, track, and scale best practices, all while managing performance across locations. By the time

64% of retail execution professionals still complete physical paperwork during store visits[1]

managers get audit results, the data is often stale, diminishing its value. The difficulty of this process is compounded when CPG companies take a legacy approach to audits and knowledge sharing – and unfortunately, many still do. A recent poll found that 64% of retail execution professionals still complete physical paperwork during visits, rather than using more accurate and efficient digital methods[1].

Let's look in more depth at the day-to-day challenges that retail execution professionals face.

Pre-visit

Even before setting foot in a customer location, it can be hard for field staff to optimize plans and maximize time with the customer. From managing their customer contacts to organizing routes, reps spend a lot of time planning for a visit. It's not easy—they have limited time, many location-specific factors to consider, and a long list of pre-visit actions to complete.

Before meeting with their customer, brand reps typically develop agendas that address previous discussions, location-specific issues, and past promotions. They also create a list of scheduled visits, plan their route, map directions to each location, and review historical sales data. With a seemingly endless to-do list, reps are often stuck behind their desks, with limited availability left over for actual on-site visits.

The visit

While with the customer, the rep works with managers to review planogram compliance. These assessments often prove time-consuming as each requires manual, careful input to verify that products on the shelves exactly match the planogram. During the visit, reps may also need to process orders and manage inventory. If the customer is running low on stock, they typically document the need to complete a refill order after their visit—which may be a manual task. Reps also review promotion results, discuss location performance and address issues. Often, these conversations are backward-looking, as real-time data isn't available.

Post-visit

After a long day of visits, reps consolidate the information they have collected. This includes sales performance metrics, planogram compliance, customer information, and more. Ideally, a rep enters data once and that data automatically feeds into the appropriate systems. In reality, paper-based processes and data re-entry requirements slow things down, lower productivity and create data integrity issues. Aggregating and analyzing data across many locations is the next step – unfortunately, there can be long lag times between visits and availability of reporting. This means managers receive a historical view, which inhibits their ability to take timely action, like making changes to a poorly-performing promotion. Field reporting is combined with other insights, such as sales results and back-stock inventory, and shared with headquarters. Corporate teams and executives use the insights to drive company-wide resourcing, best practices, campaigns and investment decisions.

Five attributes of retail execution innovators

Fortunately, today's technology makes it possible for CPG companies to better address the day-to-day retail execution challenges highlighted above. Early adopters are already seeing benefits from using new technologies to improve their retail execution practices. Following are five traits that these firms have in common, and examples of how technology is enabling a better approach.
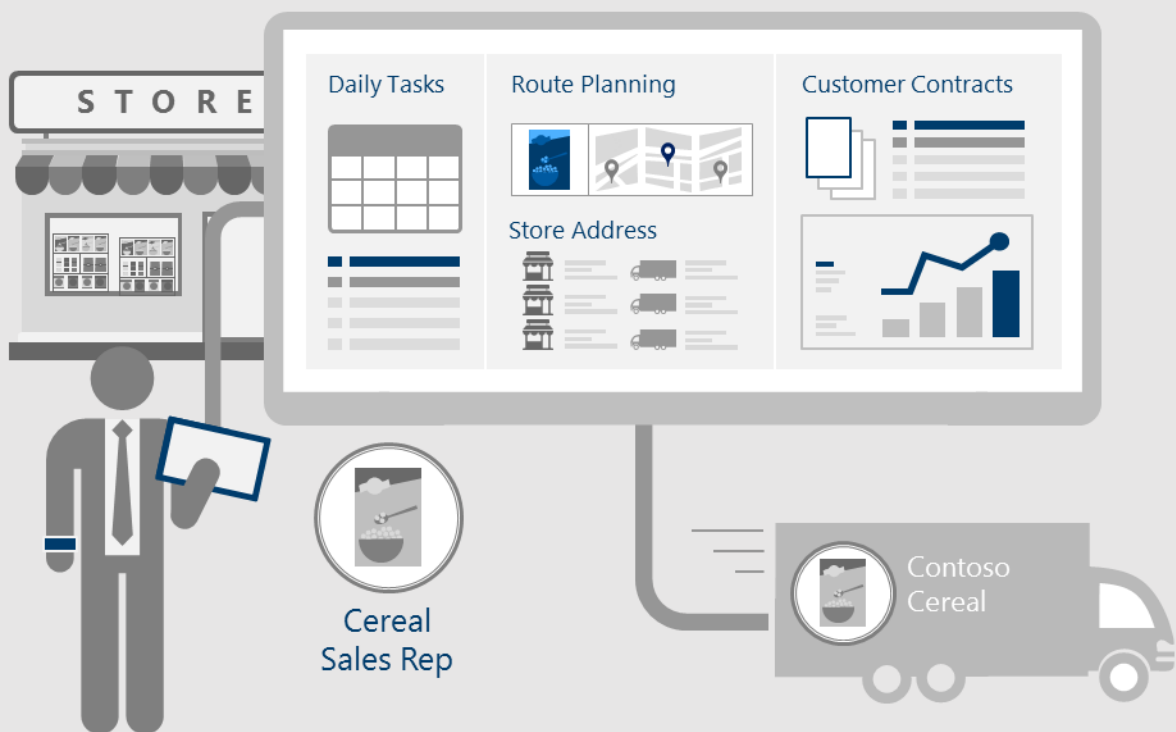
1 They are hyper-efficient planners.

As part of the planning process required for highly efficient retail execution, it is imperative to create a connected feedback loop between planning and execution teams and tools in order to enhance customers' experience with a brand and maximize sales. With a limited amount of time available for visits to each location, it is essential for retail execution professionals to get the most out of each visit as efficiently as possible.

Planning is crucial, but it by no means has to consume all the time or effort of retail execution professionals. With automated planning tools, account managers and account reps can wake up in the morning already knowing their optimal route, which locations to visit, which audits to conduct, and what topics to cover with their contacts. Organizations that move toward full automation of planning activities give employees hours of time back for more strategic initiatives that require more nuanced, human decision-making or even more visits per day. Ultimately, this frees the retail execution professional from the confines of their desk, allowing them to spend more time on-location on value-added activities for the brand.

Visit preparation

STORE

Daily Tasks

Route Planning

Customer Contracts

Store Address

Cereal
Sales Rep

Contoso
Cereal

2 They are cord-cutters.

Getting out from behind the desk and spending more time on-location is consistently a top priority for field representatives. For this reason, mobile access to mission-critical tools, applications, and information is an essential part of the modern retail execution picture. In order to capitalize on the efficiencies and insights mobile business apps deliver, the literal and metaphorical cords that tether reps to their desks must be severed.

Forward-thinking businesses are equipping field staff with mobile devices – this is the first piece of the puzzle. Everything from high-performance tablets to smartphones and even lightweight and unobtrusive wearable technology. Wearable technology alone is projected to drive potential operational savings of $1B per year by 2017 in the retail industry[2].

Mobile-optimized applications and productivity tools are the other piece of the puzzle. Many firms are disseminating knowledge and marketing information via mobile repositories that equip employees with the latest product and sales data instantly. As a result, CPG companies are closer to having total integration between their physical and digital storefronts making it easier to present a consistent message to customers, regardless of where they choose to engage. These firms are also using modern productivity tools to speed up and automate data collection from daily activities as well as analytics tools to draw insights from that data faster and more easily. These advances are enabling reps to do more and more of their job while outside the office.

Visit
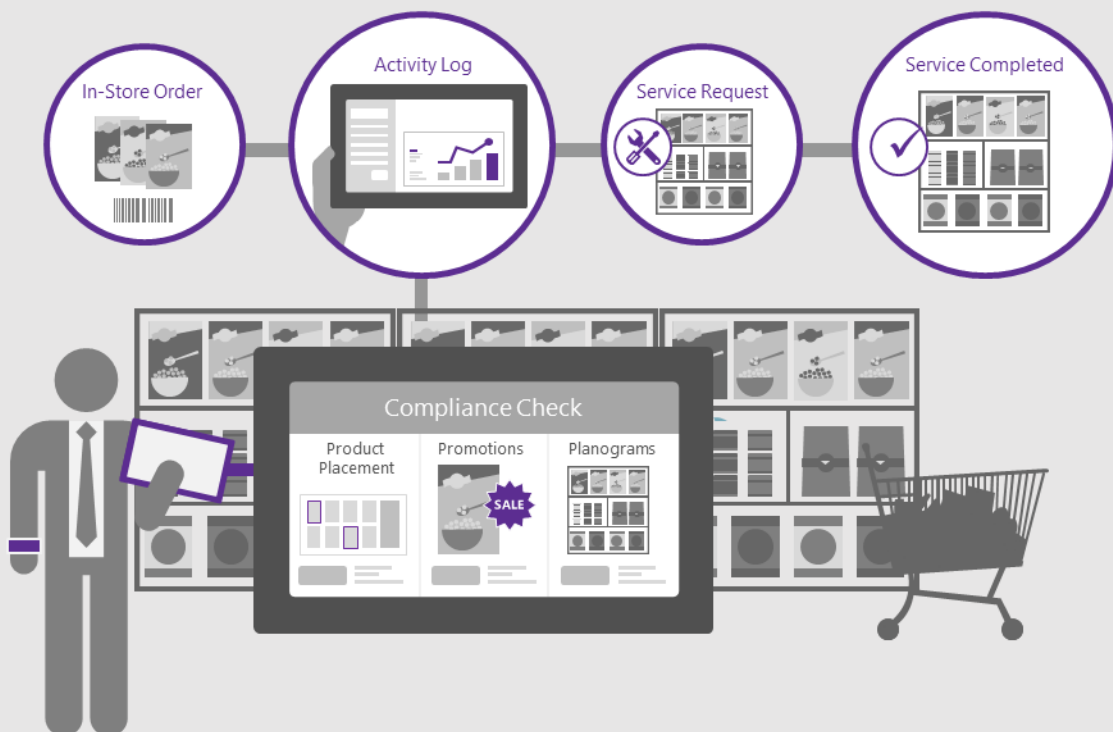
3 They take the guesswork out of compliance.

Winning at the shelf requires CPG companies to have utter dedication to brand guidelines and marketing compliance. Even the best-laid marketing plans are only effective if teams have easy access to them and implement them well. Given that, successful firms are making key information more accessible to their field teams. This enables field personnel to perform brand consistency activities, like setting up and auditing planograms and promotional materials, much more quickly, easily, and effectively.

Modern CPG companies are also adopting new technologies to help streamline audits, including taking advantage of advances in machine learning, artificial intelligence, and image recognition. These advancements in technology are driving a whole new class of solutions. For example, a field rep can now snap photos of planograms and displays while in the field, and a solution then automatically processes the photos and ascertains whether a given promotional display meets compliance standards. Whereas a human operator would have to painstakingly assess each detail to find errant product placement, these automated solutions find errors and inconsistencies in seconds.

4 They constantly improve using data.

Smart businesses structure their processes around data-driven insight. Digitally-captured data saves retail execution professionals time, avoids the mistakes inherent to manual, paper-based data collection, and can be disseminated in real time. Once this data is processed, the resulting insights have the potential to be game-changers.

The ability to perform analytics using a variety of data sources – from transactions, social listening, inventory, promotions, CRM, IoT devices, and more – makes it possible to get a more nuanced, holistic view of what's happening. Even weather data and social media sentiment can provide CPG companies with valuable insights that they previously lacked.

For example, if a brand is seeking to raise the performance of struggling locations, they can inform their strategy with data rather than conjecture. By capturing best practices from high-performing locations with skyrocketing sales metrics, a brand rep may develop a checklist they can use to compare low-performing locations and inform what needs to be adjusted immediately. Or, suppose a region is expecting a large snowstorm. With predictive analytics that draw information from shelf sensors and weather data, a brand can preemptively ensure that stores will be well-stocked with nonperishable foods.

Keeping data current is essential to sales success: real-time POS data can help improve sales by 10%, and access to accurate inventory information in real time is rated as the top capability in improving an organization's business agility[1]. From improving inventory efficiency by reducing their out-of-stock rate, to testing innovative process improvements, organizations are empowered by data to execute better and more accurately.

5 They dare to share.

High-performing teams don't keep their best practices a secret – they share these insights broadly. At leading firms, knowledge-sharing is an integral aspect of the retail execution process. From planning, to visits, to post-visit activities, the entire process is data-driven and information can be shared with colleagues, management, and partners to drive excellence.

This might be information on what is selling well in a particular region, subtle issues with a campaign, or feedback from several managers. Sharing knowledge in this manner involves rapid communication that makes teams more effective. 75% of CPG companies anticipate that enhanced collaboration with retailers, enabled through digital technology, will drive product availability and make the best use of shelf space and trade promotion funds. Indeed, collaboration efforts can raise store-shelf stock rates by 5-8% and reduce G&A costs by 3-10%[3].

Additionally, when individuals face the challenge of gaining buy-in from other members of their organizations, having hard data to share changes this dynamic. It empowers individuals to back up their findings from experience with objective information.

Effective dissemination of this information requires user-friendly dashboards, collaboration, and knowledge-sharing tools. An informed team is a productive one – using knowledge-sharing infrastructure makes it easier to cascade best practices and provides on-the-ground workforces the deep visibility and timely control required to succeed.

Post-visit analysis & optimization

Competitive Intelligence

Employee Performance

Store Performance

Visit Effectiveness

Collaborate with co-workers

Conclusion

Digital disruption, and the technology underpinning it, is creating unprecedented opportunity for growth and innovation. As a result, CPG companies that embrace new technology to drive more effective retail execution have a distinct advantage.

They get a more accurate, up-to-date view of what's happening on the ground, enabling them to adjust campaigns on the fly and generally be more dynamic. They drive consistent brand experiences in a more automated fashion. They integrate the digital and physical worlds. They gain insights that help them do more of what works and less of what doesn't. And they empower their personnel to be more productive and strategic with their time.

Introducing AFS Retail Execution

Microsoft is making significant investments in developing technologies and solutions specifically to help retail and consumer goods organizations stay profitable and relevant. Microsoft recently partnered with AFS Technologies to develop a comprehensive retail execution solution that helps CPG companies modernize their businesses without expanding infrastructure. AFS Retail Execution, built on Microsoft Cloud Technology, is a robust, flexible mobile solution designed to empower field reps to quickly manage daily tasks. The solution supports field sales and merchandising in executing on-location tasks more efficiently. AFS Retail Execution offers an industry-specific set of features that fulfill the core set of requirements for field sales execution. In addition, it is designed with a level of configurability that allows you to address advanced requirements and unique needs without software customization. Ultimately, the solution helps CPG companies to achieve their main aims: enhancing the service they provide to their customers and realizing revenue potential.

This starts with a dedicated retail execution solution from AFS, a long-time leader and innovator in the space. AFS has been recognized in Gartner's 2016 Market Guide for Retail Execution and Monitoring Solutions for the

After Adopting Retail Execution:

⬆ **25%**
Increase in **rep productivity**

⬇ **25%**
Reduced **margin leakage**

⬆ **25-50%**
Increased **distribution**

Consumer Goods Industry. With 132,000 active users of its Retail Execution solution, AFS is a leading provider in this space[4].

Companies that adopt AFS Retail Execution have seen a 25% increase in calls per rep per day, reduced margin leakage by up to 25% and increased distribution by 25-50% within six months[5]. All of this translates into higher revenue and greater competitive advantage.

The Microsoft Advantage

AFS Technologies CEO Joe Bellini explained their decision to partner with Microsoft: "In Microsoft we found a partner whose platform enables our current offerings to be highly accessible, secure, scalable, and reliable – basically covering our table stakes. The big win for AFS came with Microsoft's advanced intelligence capabilities."

AFS Retail Execution leverages a number of Microsoft cloud technologies to help CPG companies address their individual needs. These power Retail Execution, and are also available as standalone solutions. With investments of more than $12 billion in R&D annually, Microsoft has a track record of innovation that few others can match. No other technology provider offers a comparable end-to-end technology portfolio or the open, flexible approach of the Microsoft Cloud. Relevant offerings include:

Industry-leading cloud services
Microsoft's cloud platform, Azure, supports a fully hybrid architecture that empowers businesses to remain in control of their data and delivers the flexibility and cost-savings of running workloads and applications where and when they choose. With 85% of the Fortune 500 on the Microsoft cloud[6], Azure continues to prove its power and relevance.

85% of the Fortune 500 is on Microsoft cloud

Advanced analytics
Cortana Intelligence Suite (CIS) offers a powerful set of big data, business intelligence and machine learning capabilities that help businesses understand what's happening and predict the future.

Intelligent Business Apps in the Cloud

Microsoft Dynamics 365 helps to unify traditional CRM and ERP capabilities into new purpose-built applications. These applications work seamlessly together to manage specific business processes across, Sales, Customer Service, Field Service, Operations, Marketing, Project Service Automation and Financials.

Devices and mobility
From the industry-leading Surface tablet series to the Microsoft Band wearable, Microsoft offers a lineup of exceptional mobile devices that empower workforces to be productive from anywhere.

Find out more:

Microsoft offers a viriety of resources to help you get started. We look forward to helping you with your retail execution needs. Click on the tiles below to learn more.

afs technologies — Free trial solution on AppSource

Blog post: Attention to retail

Microsoft Retail & Consumer Goods blog

Follow @msretail on Twitter

Additional resources at Microsoft.com/retail

[1] EKN Outlook, 2016

2 Deloitte: Wearables in Action, 2015

[3] Accenture Analytics: Digital collaboration between retailers and manufacturers, 2016

[4] Gartner: Market Guide for Retail Execution, 2016

[5] AFS Technologies, 2016 <http://www.afsi.com/retail-execution-sfa-store-merchandisers/>

[6] Microsoft, 2016 <http://news.microsoft.com/bythenumbers/ms-cloud>

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