nielsen

THE VOICE OF FOOD RETAIL

THE DIGITALLY ENGAGED FOOD SHOPPER

DEVELOPING YOUR OMNICHANNEL COLLABORATION MODEL

CONTENTS

EXECUTIVE SUMMARY

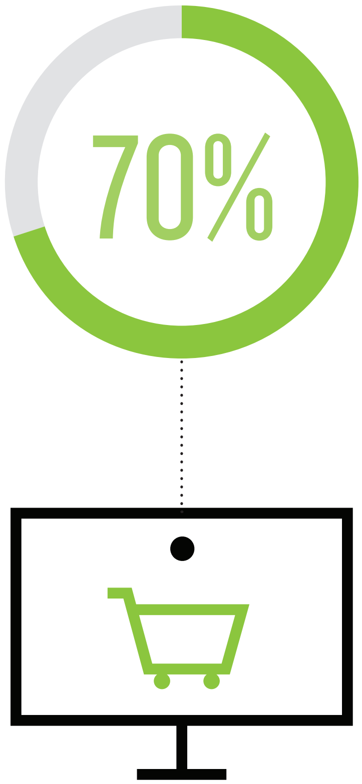
"A HIGHER RATE OF URGENCY DOES NOT IMPLY EVER-PRESENT PANIC, ANXIETY, OR FEAR. IT MEANS A STATE IN WHICH COMPLACENCY IS VIRTUALLY ABSENT."

This quote, from John P. Kotter's book *Leading Change,* seems no more relatable than in the context of the current state of fast-moving consumer goods. Omnichannel shopping has passed the tipping point. In 2016, Nielsen and the Food Marketing Institute (FMI) embarked on a multi-year engagement to examine what food and beverage manufacturers and brick-and-mortar retailers need to ready themselves for the emerging digital grocery landscape. The first year of research revealed the strengths physical locations provide to brick-and-mortar retailers as they seek to serve the evolving digitally-engaged food shopper and also flagged the urgency of the challenge. Specifically, the research predicted that consumer online food and beverage spend could reach $100 billion by 2025.

Now the need is more urgent yet. The pace of change and adoption has far outrun our predictions. Acquisitions, innovations and the pervasiveness of online engagement could cut the timeline by as much as half. In as few as five-seven years, 70% of consumers will be purchasing food and beverage goods online. The $100 billion they're expected to spend annually by 2022 or 2024 is equivalent to every U.S. household spending $850 online for food and beverage annually.

As noted, the good news is that there are important consumer need states that brick-and-mortar retailers have an advantage in fulfilling. But brick-and-mortar retailers have serious work ahead of them if they are to hold their share of the market. Our research shows that most retailers and manufacturers do not have the processes to sustain the profitable omnichannel operating model that is the only way they will match or outpace the pure-plays. Most do not have the technology they need to enable these processes. Nor, crucially, do most have the people required to run them.

That said, supermarket chains and the manufacturers that keep their shelves full certainly need all the time they do have. As John Kotter suggests, there is no room for complacency, or for the business-as-usual mindset that both drives it and is created by it. To win, manufacturers and retailers must prepare for and build people, process and technology capabilities in close collaboration to achieve six digital imperatives.



IN AS FEW AS FIVE-SEVEN YEARS, 70% OF CONSUMERS WILL BE PURCHASING FOOD AND BEVERAGE GOODS ONLINE.

SIX DIGITAL IMPERATIVES

1 **Getting the right people in place in unduplicated organizational structures:** Integrate the digital offerings they developed in parallel with their brick-and-mortar operations.

2 **Fixing inaccurate master data:** Clean up master data files so they are accurate enough to support online sales successfully.

3 **Aligning multiple forecasts to increase operational efficiency:** Integrate online and offline forecasting so that the right amount of inventory is available to meet orders through either channel.

4 **Optimizing shopper insights:** Bring retailer and manufacturer shopper information together into a single, comprehensive view of customer insights.

5 **Improving marketing and promotions:** Optimize the management of omnichannel marketing and promotions.

6 **Integrating digital and in-store shelf capabilities:** Manage what people see on the physical shelf and its digital counterpart so that the consumer sees the same information on or offline.

Our research stresses the urgency of the situation for retailers and manufacturers. A collaborative approach to balancing physical and digital sales strategies is the key to unlocking omnichannel success. The following paper expands on research findings and how these imperatives can help drive partners to a a seamless and profitable omnichannel model.

THE ACCELERATION PATH

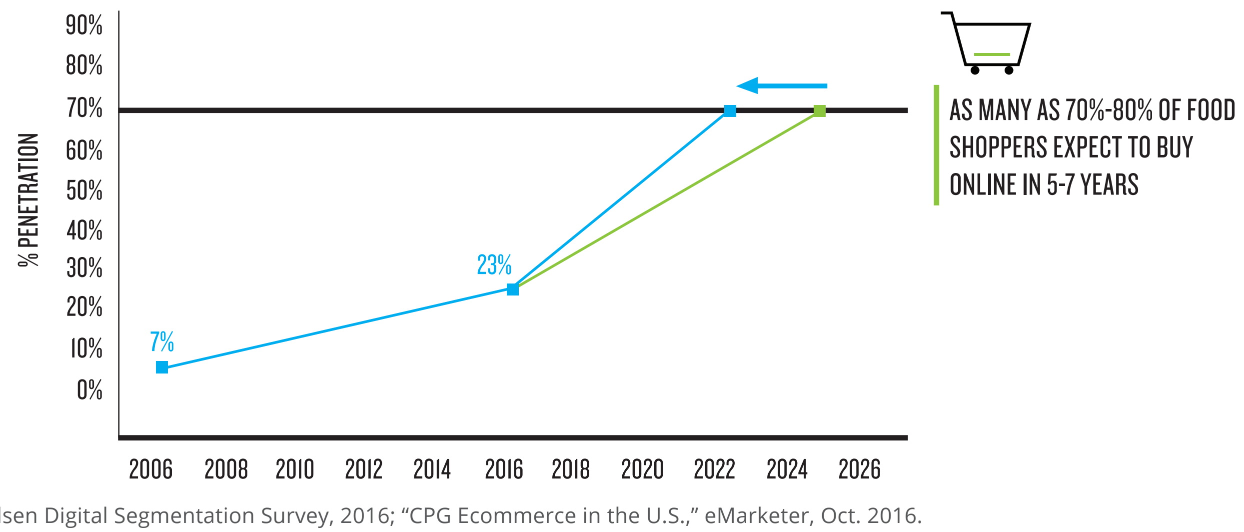
FOOD AND BEVERAGE HAS HIT THE "ACCELERATION PATH" TO 70% PENETRATION

Historically, 20% penetration has been a tipping point for industries to accelerate to online maturation – the point at which 70% of consumers are engaged in the online marketplace. Once 20% of consumers were purchasing books and music online, it took about 15 years for these industries to hit maturity. Banking, the next industry to go online, took about 10 years past the tipping point to hit maturity.

The road to maturation has continued to shorten as consumers become increasingly digitally-engaged. Consumers gravitate to the providers that give them what they need, how they need it and when they need it. This is an enormous opportunity for brick-and-mortar retailers to meet shoppers online as successfully as they do in-store. But they must seize it wholeheartedly. Our recent research revealed that consumers are past the tipping point of 20% adoption of online grocery shopping. In 2016, 23% of consumers purchased food or beverages or both online. We are now on an accelerated path to 70% penetration, which we expect to be achieved in five-seven years.

GROCERY COULD STATURATE WITHIN 5-7 YEARS

DIGITAL FOOD RETAILING IS EXPECTED TO MATURE MORE QUICKLY THAN PREVIOUS FORECASTS



Source: Nielsen Digital Segmentation Survey, 2016; "CPG Ecommerce in the U.S.," eMarketer, Oct. 2016.

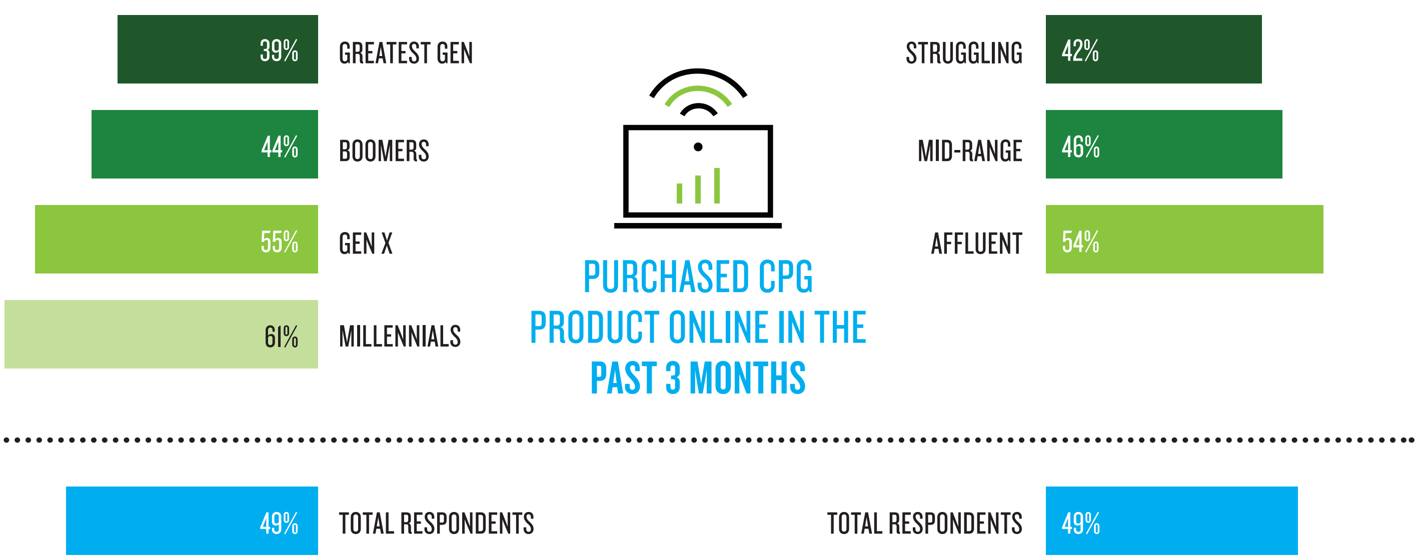
As noted, one acceleration driver is industry innovation through acquisitions made in response to observed consumer behavior: Whole Foods by Amazon, Jet.com by Walmart, Plated by Albertsons, and the planned acquisition of Shipt by Target: all indicate the importance of balancing one's physical and digital presence to establish a profitable omnichannel model. This balance cannot be underestimated as a component of success. Fortunately, in building their omnichannel experience for customers, grocery retailers have the benefit of two decades of best-in-class examples from other industries.

CONSUMERS ARE MARKET DRIVERS

It is acquisitions and innovations that are driving the industry forward. But it is worth reiterating that these are being done in response to consumer behavior. Consumers are the true market drivers. Pervasive online shopping across generational and socioeconomic consumer segments indicate the speed at which the industry will need to move. Conventional wisdom has long held that it is Millennials and the affluent who are purchasing consumer packaged goods online. In fact, while Millennials are in the lead (61% are purchasing online), Generation X (55%), Boomers (44%) and even the Greatest Generation (39%) aren't far behind. Consumers in all socioeconomic segments are buying online, too.

ONLINE SHOPPING IS PERVASIVE

ALL GENERATIONS AND ALL INCOME LEVELS ARE INTO THE DIGITAL GAME



Source: Digital Shopper Fundamentals, 2017

HOW READY IS THE INDUSTRY?

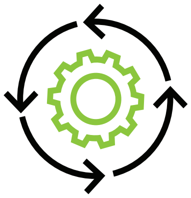
According to over 100 online assessments to determine digital readiness, roughly 30% of manufacturers think they are ready for a digital business transformation and only 10% of retailers can match manufacturer's readiness statement. The higher manufacturer readiness percentage may be driven by their need to meet the pure-play online retailers digital go-to-market requirements. The 12 areas used to measure digital readiness align with classic transformation categories with which we are all familiar - people, process and technology.

PEOPLE, PROCESSES, TECHNOLOGY: THREE INGREDIENTS CRUCIAL TO OMNICHANNEL SUCCESS

1

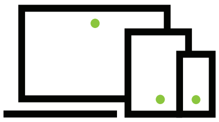
People represent the digital competency and skill sets needed to develop, execute and measure an effective omnichannel strategy.

2



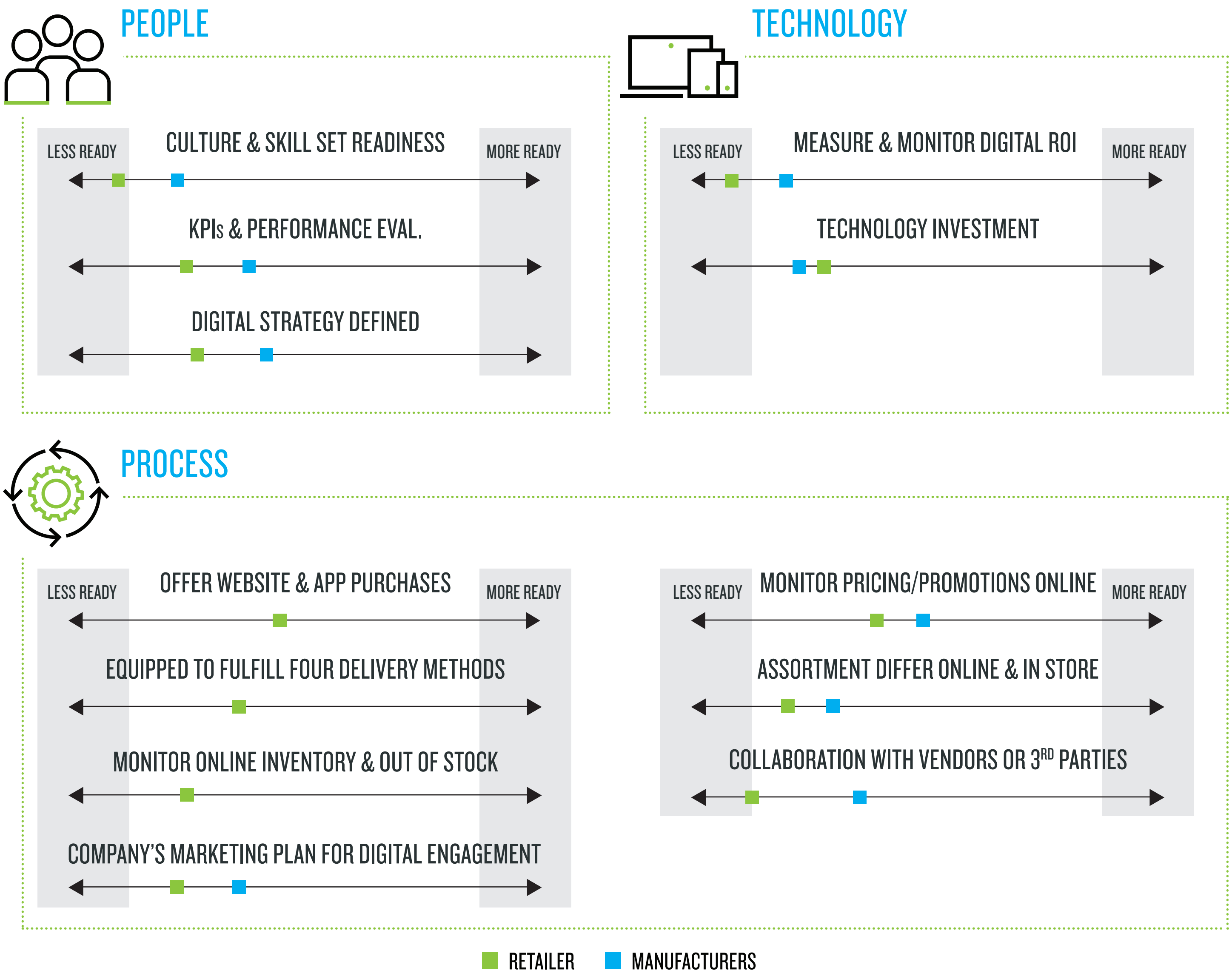
Processes represent the capabilities retailers and manufacturers must develop to integrate their online and offline businesses into a true omnichannel environment.

3



Technology represents the real time big data and analytics that enable people and processes to work effectively.

MANUFACTURERS' AND RETAILERS' SELF-REPORTED READINESS



Source: Food Marketing Institute Survey, Retailers & Manufacturers, Nov, 2017 Retail n=43, Manufacturer n=17

Overall, manufacturers reported themselves as being further along the digital readiness path than retailers. But neither side identified themselves as "digitally ready" on any of the twelve measures.

- People: The research found that only 18% of manufacturers and 7% of retailers believe their organizations have the skill sets to succeed in digital.
- Processes: Just 30% of manufacturers and 22% of retailers have integrated their digital marketing and merchandising assets.
- Technology: Just 35% of manufacturers and 23% of retailers have established a digital-investment planning and budgeting roadmap.

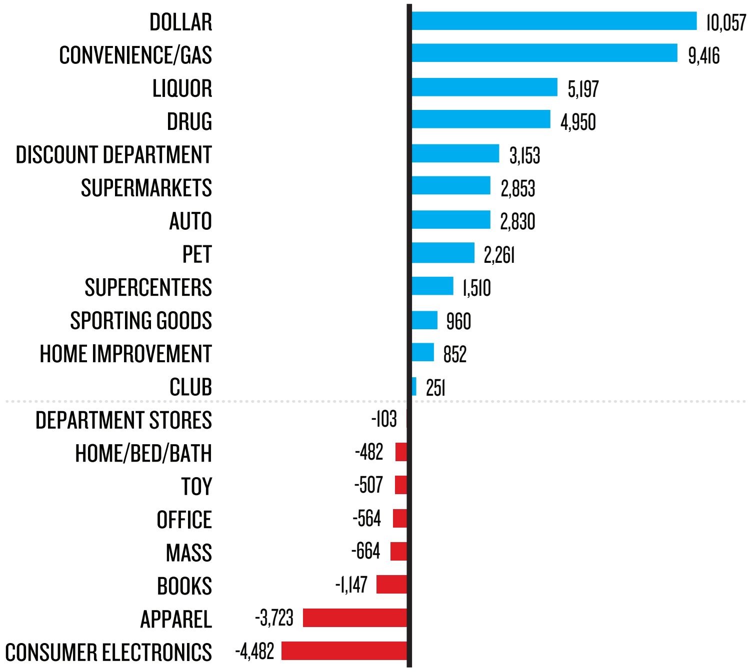
A further challenge was that interviews with retailers and manufacturers revealed that there was a disproportionate focus on technology as the path to digital transformation. Forty-seven percent of the respondents' comments focused on technology needs, while only 28% were about people and 25% about process. Technology is a critical part of this transformation, but it is an enabler to support new processes, not a standalone imperative. People need to be in place and processes established for technology to do its job.

The stakes are high. Between 2006 and 2016, there was a rough inverse correlation between the increase in U.S. e-commerce sales and the decrease of retail stores in industries whose consumers are migrating online in significant numbers. Fortunately, food and beverage retailer store counts continue to grow. Still, the tipping point has been reached.

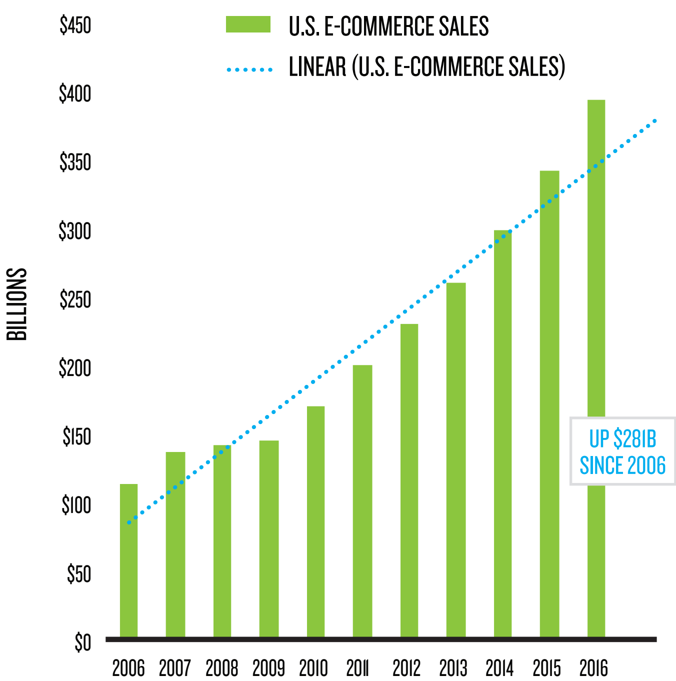
Manufacturers and retailers must collaborate to create a seamless omnichannel experience that fulfills the shopper needs pure-play digital retailers can meet, and the ones they cannot.

A DIRECT CORRELATION BETWEEN DIGITAL GROWTH AND NON-FMCG RETAIL STORE CONTRACTION

DIFFERENCE IN OPEN STORE COUNT 2016 VERSUS 2006



WILL GROCERY EXPERIENCE A SIMILAR FATE?



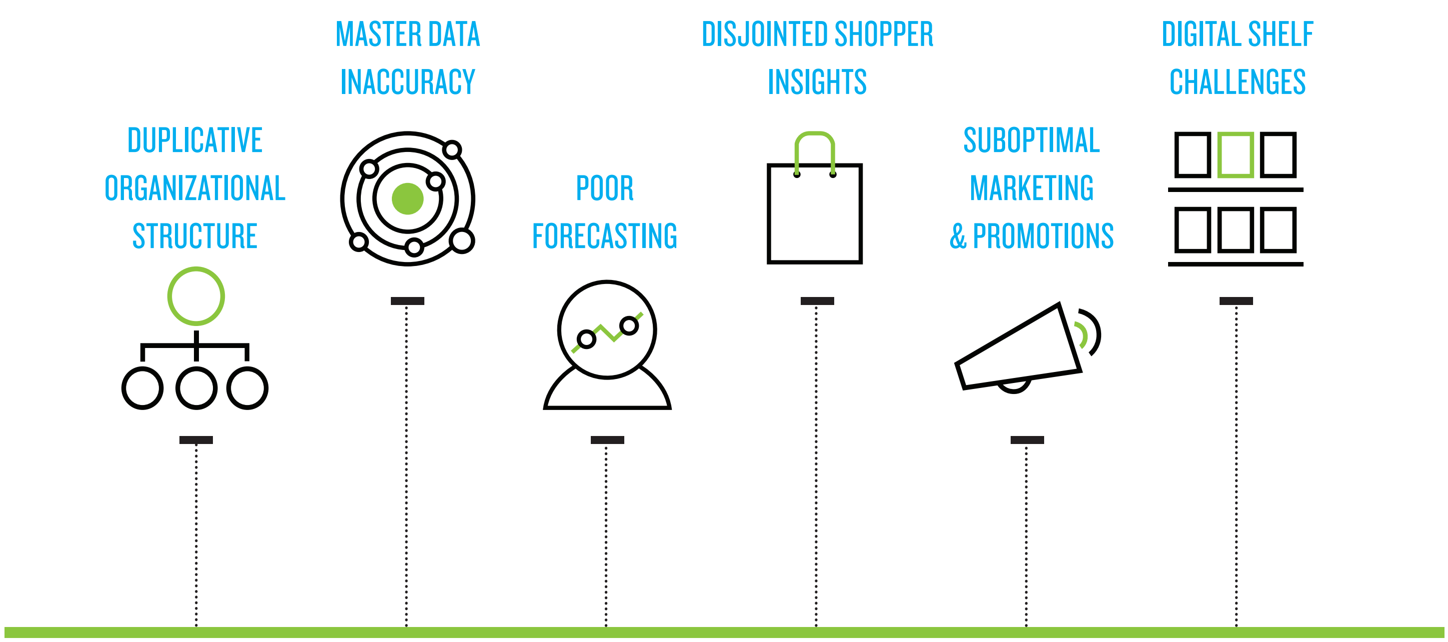
Sources: Nielsen TDLinx (open store counts); U.S. Census Bureau, U.S. Retail E-Commerce Sales

DEVELOPING AN OMNICHANNEL SUCCESS MODEL

Two crucial parts of the research were the FMI-Nielsen Digital Readiness Assessment Survey and in-depth interviews across many operational functions of grocery retailers and manufacturers. That work revealed six organizational imperatives that can accelerate or inhibit omnichannel success, depending on both how and how well they are met.

If retailers and manufacturers do not manage these imperatives together well, they will add cost and complication to their digital readiness efforts. Overspending on one or more imperatives will make impossible the investments needed to put in place all the people, processes and technology necessary to an omnichannel organization.

SIX IMPERATIVES IN THE DIGITAL COLLABORATION MODEL



Source: Initial Manufacturer and Retailer Executive Interviews (2017)

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COLLABORATION BETWEEN MANUFACTURERS AND RETAILERS IS CRUCIAL IF THEY ARE TO CREATE A COST-EFFECTIVE, UNDUPLICATED OPERATING MODEL.

THE WAY FORWARD

The fundamental **people** imperative is to resolve the digital skill set gap in the industry, whether by sourcing expertise from outside or developing it internally, and integrating it throughout the organization. Manufacturers and retailers cannot afford silos, which lead to conflicts, competing solutions, and general organizational dysfunction – particularly if they are to collaborate effectively with one another.

The **process** imperative is to adapt to the fast-changing digital market. Most traditional processes will need to be updated to meet today's digital requirements. Collaboration will be hardest to achieve in this area, but it is crucial for manufacturers and retailers to work on their processes together to simplify execution and reduce costs in the process.

The **technology** imperative must be embraced as the solution enabler. Current systems cannot support the pace of change or the analytic capacity required to compete with pure-play retailers. Only a collaborative technology model will allow manufacturers and retailers to free up the capital they need to invest in the necessary solutions.

PEOPLE, PROCESS AND TECHNOLOGY

SUCCESSFUL ROADMAP TO DIGITAL TRANSFORMATION

PEOPLE	PROCESS	TECHNOLOGY
THE DIGITAL COMPETENCY NEEDED TO SUCCEED IN AN OMNICHANNEL WORLD	STRONG PROCESSES ARE A REQUIREMENT FOR INTEGRATING AND MAINTAINING AN OMNICHANNEL STRATEGY	THE REAL-TIME BIG DATA AND ANALYTICS THAT ENABLE THE PEOPLE AND PROCESSES TO WORK EFFECTIVELY TOGETHER
Strategic Organizational Structure	Master Data Accuracy Integrated Forecasting	Cohesive Shopper Insights Improved Marketing and Promotions Optimized Digital Shelf

Source: Initial Manufacturer and Retailer Exec Interviews (2017)

PEOPLE

GETTING THE RIGHT PEOPLE IN UNDUPLICATED ORGANIZATIONAL STRUCTURES

Retailers and manufacturers readily agree that significant organizational and operational duplication exists, and that these redundancies must be eliminated to generate the savings necessary to invest adequately in a new model. Manufacturers and retailers are starting to hire people with digital transformation expertise, but these hires are rarely fully integrated into the company's organizational structure. Companies may hire people with digital skill sets but put them in charge of digital marketing or the company's website, rather than integrating them into their overall go-to-market, supply-chain or product innovation organizations.

One fresh foods manufacturer noted that,"We have to talk to four key retailer buyers in our category to address both in-store and online, instead of one category captain." One FMCG manufacturer highlighted the problem inherent in building up digital separately, "Our philosophy is to keep "brick" running as is, while trying to win in digital as a parallel path, but then we need to figure out how to marry the two together." Only one grocery retailer indicated that they were following a more integrated approach, "Our category captains are responsible for both the digital and physical shelf. This hybrid model works for us. But many manufacturers have two separate teams."

WHAT IS NEEDED TO WIN WITH PEOPLE?

Organizations need to project a vision of a winning digital strategy, and provide the leadership required to implement it. Cross-functional executive ownership is needed, as well as an integrated resource plan to guide the development of the required digital skill sets, whether by acquisition or organically. True digital expertise typically comes from experience at pure-plays in industries that have already migrated online. It is a great advantage if there are people in the company who are already digitally savvy, because the internal talent development route is challenging. Some companies have already started leveraging outside hires. Others are simply acquiring whole-companies. Either way, success will come to those who develop an entrepreneurial mindset and are willing to experiment and "fail fast" – while keeping the focus on process and technology innovation that will drive long-term success.

Specific to manufacturers:
Manufacturers need a roadmap for skill set acquisition and strategic digital partnerships. They need to balance their emerging digital strategy to respond to the competitive demands of pure-plays, brick-and-mortar players, and others on the path to an omnichannel offering. The roadmap must prioritize where to place their go-to-market investments.

Specific to retailers:
Retailers, too, must establish a roadmap for skill set acquisition and strategic digital partnerships. They must leverage the expertise of their manufacturer partners, who are further along the "digital readiness curve." Retailers must accommodate the speed of digital change by creating short- and long-term omnichannel strategies.

PROCESS

FIXING INACCURATE MASTER DATA

The research identified master data problems as the costliest challenge facing manufacturers and retailers. A successful digital presence requires accurate, complete and well-maintained data. Both manufacturers and retailers need to accelerate their efforts to improve on this front. If master data is not complete, valid, unique, consistent, timely, and accurate, it will be impossible to integrate different systems reliably, rendering collaboration impossible, with serious – and negative – consumer impact.

Lack of attention to master data is not the problem. As one grocery retailer stated, "We talk about inaccurate product information every day." One manufacturer identified consumer-facing digital product information as, "The No.1 capability that needs to be improved in the digital collaboration model. We need to get the correct information online and keep it correct." Given that manufacturers distribute their goods across multiple retailers and retailers receive products from multiple manufacturers, there is a need for standardization across the industry. Otherwise, manufacturers that deal with ten retailers must present and update their data in 10 different ways. The sheer number of products and the regulatory requirements for reporting on ingredients and contents makes this complex problem even more challenging.

Solving the master data issue for the emerging omnichannel world will have a significant impact on growth and profitability – making sure consumers see the same information on- and offline is critical to gaining and keeping their trust.

ALIGNING MULTIPLE FORECASTS TO INCREASE OPERATIONAL EFFICIENCY

There was unanimous agreement on the need for collaborative omnichannel forecasting to improve overall inventory management – but no agreed path to getting there.

The research made it clear that duplicative forecasting systems were adding inaccuracy, leading to either too much or too little inventory in the overall supply chain. Retailers indicated that, both in-store and online, too much inventory was creating waste in some cases – while too little in others resulted in out-of-stocks.

Every company interviewed indicated that their online and offline sales forecasts often do not match. One manufacturer said, "Forecasting costs a lot and offers little in the way of return on investment. Matching demand with supply in a seamless way is hard to do – and every retailer has its own process." Manufacturers cannot afford to operate different forecasting models with each retailer and achieve the cost savings necessary to invest as they must. In a razor-thin margin business, it is alarming to hear a grocery retailer say that, "Between 1% and 5% of product today is excess due to bad forecasting." Collaboration in forecasting will drive sufficient delivery optimization, inventory balancing and availability at a lower cost.

Many retailers and manufacturers are dealing with legacy forecasting and replenishment systems that cannot adapt quickly to the digital market. Manufacturers' production processes and retailers' inventory management processes are sales rather than demand-based, so shelves are stocked to a set number of cases, not to anticipated or predicted demand. Pure-play retailers use extraordinarily precise demand estimates to stock their digital "shelves." End-to-end, collaborative supply chain innovation will be necessary to meet the speed and personalization many consumers have been "trained" to expect by online pure-play retailers at a cost retailers and manufacturers can support.

There is a shift toward improving factory-to-home forecasting that will result in fewer out-of-stocks, better inventory turns, and better fulfillment of customer needs. This is a promising development that should be accelerated as far as possible.

WHAT IS NEEDED TO WIN WITH PROCESS?

The drivers of process success are similar for both manufacturers and retailers. Success starts with identifying the processes that must be adapted to address evolving digital needs. These processes must include cleaning up and maintaining master data and integrating forecasting with the supply chain.

In addition, processes related to new product development, merchandising and marketing should be reviewed. Companies cannot effect all these changes at once: they must prioritize their focus by the expected return on investment. This will allow the funds generated from one improvement to support the next one. Experimentation will be needed, so a fast "test and learn" cycle should be adopted. Financial success should be measured at every stage.

TECHNOLOGY

COHESIVE SHOPPER INSIGHTS

Today, retailers and manufacturers possess different sets of shopper data. The interviewees saw integrating retailer and manufacturer shopper data as a growth opportunity that would significantly improve return on investment. Siloed behavior is the biggest challenge to implementing improvements in this area.

One grocery retailer noted an opportunity to leverage their manufacturer partners on improving their knowledge of digital analytics, such as site traffic and conversion rates, because, "It's not our core competency. Loyalty card data is what we do." Another retailer said, "When we've been able to partner with manufacturers, share insight resources, and create joint goals, we've succeeded in growing the category together." Digital introduces a need for real-time shopper intelligence, which will require the collaborative creation of integrated datasets and analytics.

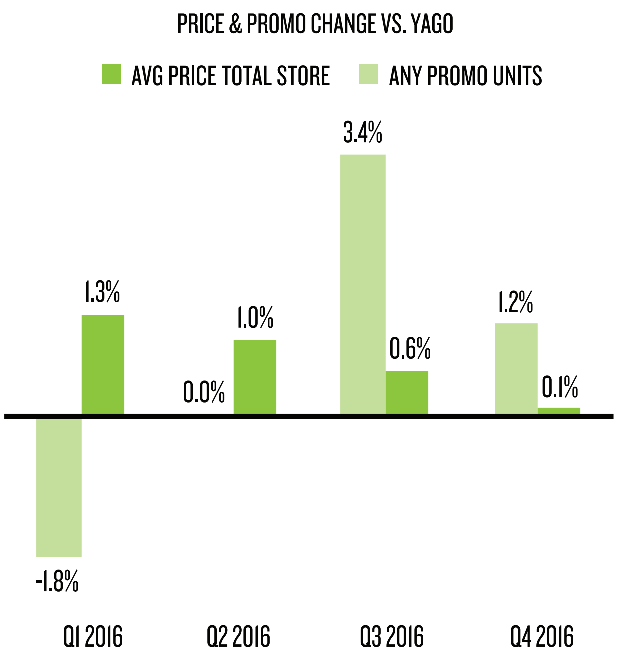
Most importantly, manufacturers and retailers need to combine their shopper data to create better alignment around the shopper. There are retailers and manufacturers working towards this critical opportunity. If they are to develop more loyal and profitable shoppers, both need to look beyond the debate about who the shopper is – a debate driven by retailers' fuller picture of the shopper across the store versus manufacturers' fuller picture of the shopper in specific categories across stores and channels.

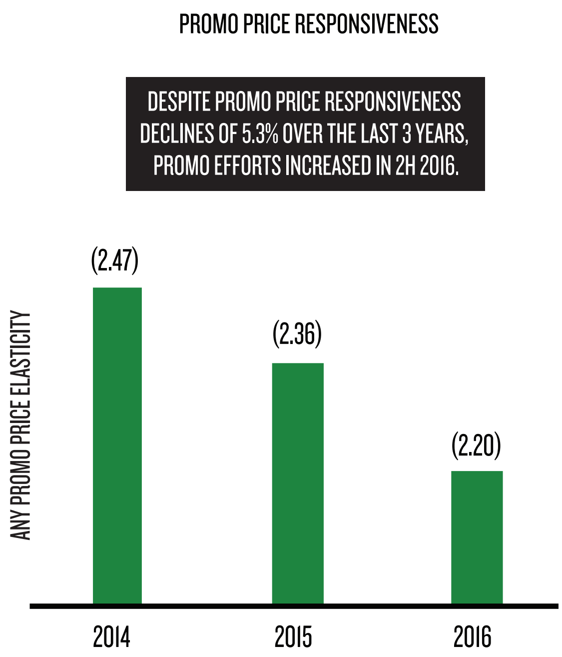
IMPROVING MARKETING AND PROMOTIONS

Promotions have become less and less effective over time, largely due to "training" shoppers to buy things only when they are on promotion. Digital offers an opportunity to break this paradigm through personalization. Again, the need for collaboration was highlighted, "We want to execute more promotions and collaborate with manufacturer partners in new ways to bring in new consumers," said one grocery retailer. A manufacturer recognized that they have "gotten good at social media" but have "done a bad job of translating campaigns to the retailer [and] partnering with the retailer."

Today's promotional model actually erodes value for retailers and manufacturers. In 2016, greater promotional activity offset retail efforts to raise prices – even as shopper responsiveness to promotions has fallen by more than 5% over the previous three years.

TODAY'S INCREASED PROMO DRAGS PRICE DOWN WITH DIMINISHED RETURNS





Source: Nielsen AOD Core: xAOC + Convenience, top 1,400 UPCs across all departments excluding alcohol and tobacco products

Manufacturers and retailers are optimistic about the possibilities digital brings to marketing, but all agree that the current process is suboptimal. The industry estimates that current trade promotion spend is above $500 billion. As retailers seek new shopper trips and larger baskets, both manufacturers and retailers say marketing must improve significantly, from flyers to in-store coupons to direct-to-consumer messaging. Some of our interviewees thought marketing effectiveness could be improved by at least 15% – that, for the same result, companies could be spending 85 cents or less where they currently spend a dollar. Manufacturers and retailers need to focus on marketing strategies that drive shopper engagement and marketing programs that drive outcomes, not displays.

An additional challenge retailers face is that, when marketing in the omnichannel world, the customer experience must be seamless at both the brand and banner levels online and offline. Again, it will take persistent collaboration for the full marketing return benefit to be achieved.

INTEGRATING DIGITAL AND IN-STORE SHELF CAPABILITIES

A seamless presentation of rich product data and images at the digital shelf and full on- and offline pricing transparency were both identified as critical to manufacturers and retailers. However, no respondents offered a solution to the challenge.

One manufacturer said, “Manufacturers spend a lot on separate personnel to optimize digital shelves. The existing category captains should handle that, but they don’t have the skill set.” One grocery retailer went considerably further, offering bluntly that, “Some manufacturers don’t know what a product image is.” Only one retailer said they were “ahead of the curve, actively working to integrate both the digital and physical shelf while understanding differences. Product launches are planned for both in-store and online.”

Manufacturers and retailers must agree on an omnichannel assortment strategy that will simplify the shopper experience. Getting there will entail rationalizing approaches to assortment innovation for in-store and online, including assortment management, pack-price architecture, packaging, and new product introductions. Products must be available, matched on- and offline, and easy to find and buy through either channel. It is not enough to think of “share of shelf,” the traditional view of a customer who comes to the shelf to browse. With a consumer increasingly buying from home, it is critical to think of an easy to search “digital shelf” – one they can summon with a couple of clicks.

As previously noted, physical retailers have built separate “bricks” and “clicks” organizations. This requires manufacturers to support two channels separately, but it also fails to match the reality of today’s shopper – one person, looking for seamless convenience 24/7, whether they are buying in-store or online. It obviously does not help when – as is sometimes the case – retailers’ “clicks people” come from the bricks world, bringing their mindsets with them.

WHAT IS NEEDED TO WIN WITH TECHNOLOGY?

Technology progress starts with a digital transformation roadmap, incorporating plans for external elements such as supporting shopper insights, customer engagement, personalization, collaboration, and internal ones such as data analytics and applications supporting digital strategies. All technology investments need to be made through the lens of how they will optimize the company’s processes to enable growth or improve profitability.

Manufacturers and retailers must evaluate their legacy systems against more digital-ready ones, and be ready to make drastic system changes: updating legacy systems is a never-ending game of catch up with the cloud-based systems that fuel the pure-plays. Proprietary data and particularly consumer data must be protected in line with best practice. Insofar as is appropriate, however, all technology systems should be open to enable integration across all collaboration partners.

Specific to retailers:
Retailers must underpin their omnichannel buildout with technology platforms that support delivery capabilities. Like manufacturers, retailers’ ability to plan optimal assortments both in-store and online jointly is crucial to maximizing the effectiveness of both the on- and offline shelf.

SIZE OF THE PRIZE

The six imperatives on which retailers and manufacturers must collaborate can positively affect both top and bottom lines by eliminating excess cost and driving growth. Duplicative operational structures, master data inaccuracy, poor forecasting, digital shopper insights, suboptimal marketing and promotions and digital shelf challenges are the fundamental areas in which all players can reduce costs and improve processes.

Driving costs out of the current model:
- Getting the right people in place in unduplicated organizational structures
- Fixing inaccurate master data
- Aligning multiple forecasts to increase operational efficiency

Driving growth into the current model:
- Optimizing shopper insights
- Improving marketing and promotions
- Integrating digital and in-store shelf capabilities

In the interviews, chief financial officers at grocery manufacturers and retailers estimated that effectively collaborating to eliminate excess costs in their current systems and drive more growth from collaborative efforts could increase their companies' margins by 2.5-3.5 points.

As noted, master data quality was the single largest cost driver identified by retailers and manufacturers, and would have the largest positive impact on margins. Improving the quality of the data and maintaining it will create efficiencies throughout the supply chain and sales process. Better alignment of forecasts will also drive improvements in the supply chain, leading to optimized inventories and reduced out-of-stocks. And integrating digital talent into unduplicated organizational structures will reduce costs, too.

Looking at the growth side, improving promotion effectiveness and shopper insights were identified as second and third in terms of contributions to margin improvement. More effective, anticipation-based marketing and promotions will improve customer engagement to drive higher sales at a lower cost. Truly integrated shopper insights will drive increased customer loyalty and basket size for existing customers and identify opportunities to attract new customers to banners and brands. Finally, aligning in-store shelves and their online equivalents will create a seamless experience for the customer, making it easy to purchase when and where they want to.

CONCLUSION

Our research stresses the urgency of the situation for retailers and manufacturers. A collaborative approach to balancing physical and digital sales strategies is the key to unlocking omnichannel success. Old models must be put aside in favor of a collaborative mindset. The change will be great, and will not happen without consistent and continuous executive commitment across the industry. The six imperatives discussed in this paper are daunting, but they can be met.

Getting this right is not merely a question of tactics, because tactics must emerge from strategy, and strategy emerges from an understanding of the impact the company strives for. The desired impact drives the company's strategy, out of which comes a vision of a new organizational structure and what kinds of people are needed where. The people work within that organizational structure to rationalize the company's master data and supply chain processes to eliminate waste and inefficiencies, streamline merchandising and improve its marketing. And an understanding of these two elements will identify the metrics against which the company must measure its performance, which will in turn clarify the analytics required to compete, and the technology platforms to deliver those analytics. Ultimately, this is what has to be done to deliver the seamless experience the digitally engaged consumers seeks.

METHODOLOGY

The Digitally Engaged Food Shopper study includes a Food Marketing Institute online assessment survey by retailers and manufacturers on the FMI website from Feb, 2017-November, 2017 (FMI-Nielsen Digital Readiness Assessment Survey, FMI.org/DigitalShopper). The study is also supported by interviews with FMCG retail and manufacturing executives who have chosen to remain anonymous. Additionally, the study used consumer information from Nielsen's Digital Shopper Fundamentals survey, 2017.

SOURCES

1. Nielsen Digital Shopper Fundamentals Survey, 2017
2. Nielsen Homescan Digital Segmentation Survey
3. Nielsen and FMI Digitally Engaged Food Shopper Study, 2016
4. FMI-Nielsen Digital Readiness Assessment Survey

Additional Sources:
- Nielsen Homescan Panel
- Nielsen TDLinx
- Nielsen AOD Core: xAOC + Convenience
- The Dialogic Group. LLC
- The U.S. Census Bureau
- U.S. Retail E-Commerce Sales
- https://bi-survey.com/data-quality-master-data-management

ABOUT FOOD MARKETING INSTITUTE

Food Marketing Institute proudly advocates on behalf of the food retail industry, which employs nearly 5 million workers and represents a combined annual sales volume of almost $800 billion. FMI member companies operate nearly 33,000 retail food stores and 12,000 pharmacies. FMI membership includes the entire spectrum of food retail venues; single owner grocery stores, large multi-store supermarket chains, pharmacies, online and mixed retail stores. Through programs in public affairs, food safety, research, education, health and wellness and industry relations, FMI offers resources and provides valuable benefits to almost 1,000 food retail and wholesale member companies and serves 85 international retail member companies. In addition, FMI has almost 500 associate member companies that provide products and services to the food retail industry. For more information, visit www.fmi.org and for information regarding the FMI Foundation, visit www.fmifoundation.org

ABOUT NIELSEN

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