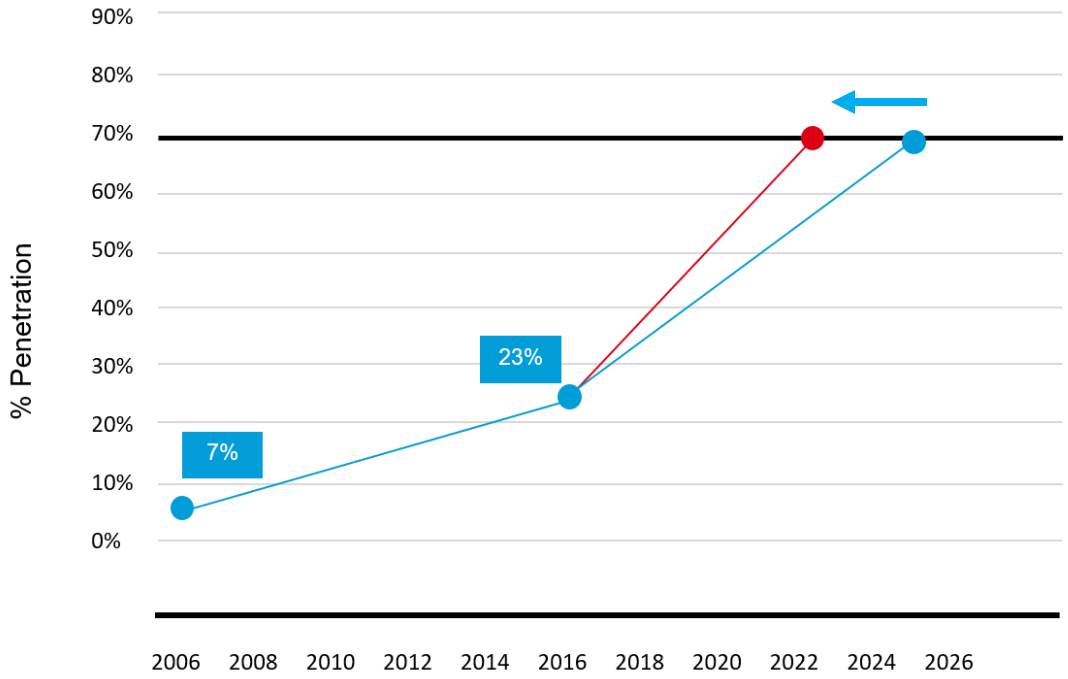
nielsen

# DIGITAL TRANSFORMATION

The time is NOW

# ONLINE GROCERY COULD SATURATE WITHIN 5-7 YEARS

Maturing more quickly than previous forecasts predicted




As many as 70-80% of food shoppers expect to buy online in ~~10~~ 5-7 yrs.

Source: Nielsen Digital Segmentation Survey, 2016

# DIGITAL READINESS … A WAYS TO GO

| | Manufacturers | | Retailers |
|---|---|---|---|
| PEOPLE | 20% | Believe they have the skill sets to succeed in digital | 7% |
| PROCESS | 32% | Have integrated their digital marketing and merchandising assets | 22% |
| TECHNOLOGY | 35% | Have established a digital investment planning and budgeting roadmap | 23% |

# DIGITAL TRANSFORMATION OPPORTUNITIES

Collaboration across these imperatives will drive sales or remove excess cost

- Duplicative Organizational Structure
- Disjointed Shopper Insights
- Master Data Accuracy
- Suboptimal Marketing & Promotions
- Poor Forecasting
- Digital Shelf Challenges

Source: Initial Manufacturer and Retailer Exec Interviews (2017)

# DIGITAL COLLABORATION IMPROVES MARGINS

Both agree highest potential from master data, promotion and shopper insights

Retailers and CPG manufacturers clearly recognize the opportunity for margin improvement through transformative digital collaboration

**2.50** ⟷ **3.50**

# DIGITAL TRANSFORMATION BEST PRACTICE

+ Executive leadership for a cross functional and integrated plan
+ Build digital skillsets either by acquisition or internal talent development
+ Focus on long term, not week to week

+ Create marketing and merchandising processes that integrate in-store and digital
+ Test and learn

+ Define digital transformation technology roadmap
+ Integrate technology across all key elements of retailer/ manufacturer collaboration

# Next Generation Loyalty: Get it Right in Food Retail

precima

Transformative solutions, powered by insights.

# How loyal are shoppers?

## How loyal are you to your main food retailer?

5 = very loyal

4 = loyal

3= moderately loyal

2 = minimally loyal

1 = not loyal

**Average Shopper Loyalty was 4 out of 5!**



Source: IDC Retail Insights & Precima Next Generation Loyalty Study 2018

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# How loyal are shoppers…truly?

1. I prefer shopping at one grocery store where I can satisfy all my grocery needs — 58%
2. I typically only shop one retailer each week for food and groceries — 19%
3. I typically spend more than 90% of my weekly budget with my primary store — 7%



Source: IDC Retail Insights & Precima Next Generation Loyalty Study 2018

# Loyalty is NOT a card or a program or an initiative

*Loyalty has to be earned by **Best Satisfying the Needs of Customers***

To achieve this, retailers need to realize **two objectives**:

**Understand Customer Needs**
on a granular, timely & frequent basis

**Consistently Execute Actions**
that best satisfy customer needs



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# Consumer needs differ by generation

| | | |
|---|---|---|
| •Shop at fewer stores | → | •Shop at more stores |
| •Sticking with stores | → | •Embracing ecommerce |
| •More loyal to brands | → | •Less loyal to brands |
| •Fresh categories/cooking | → | •Prepared meals & kits |
| •Less digitally engaged | → | •More digitally engaged |
| •Like Weekly Ad | → | •Like Personal offers |

 **Source: IDC Retail Insights & Precima Next Generation Loyalty Study 2018**

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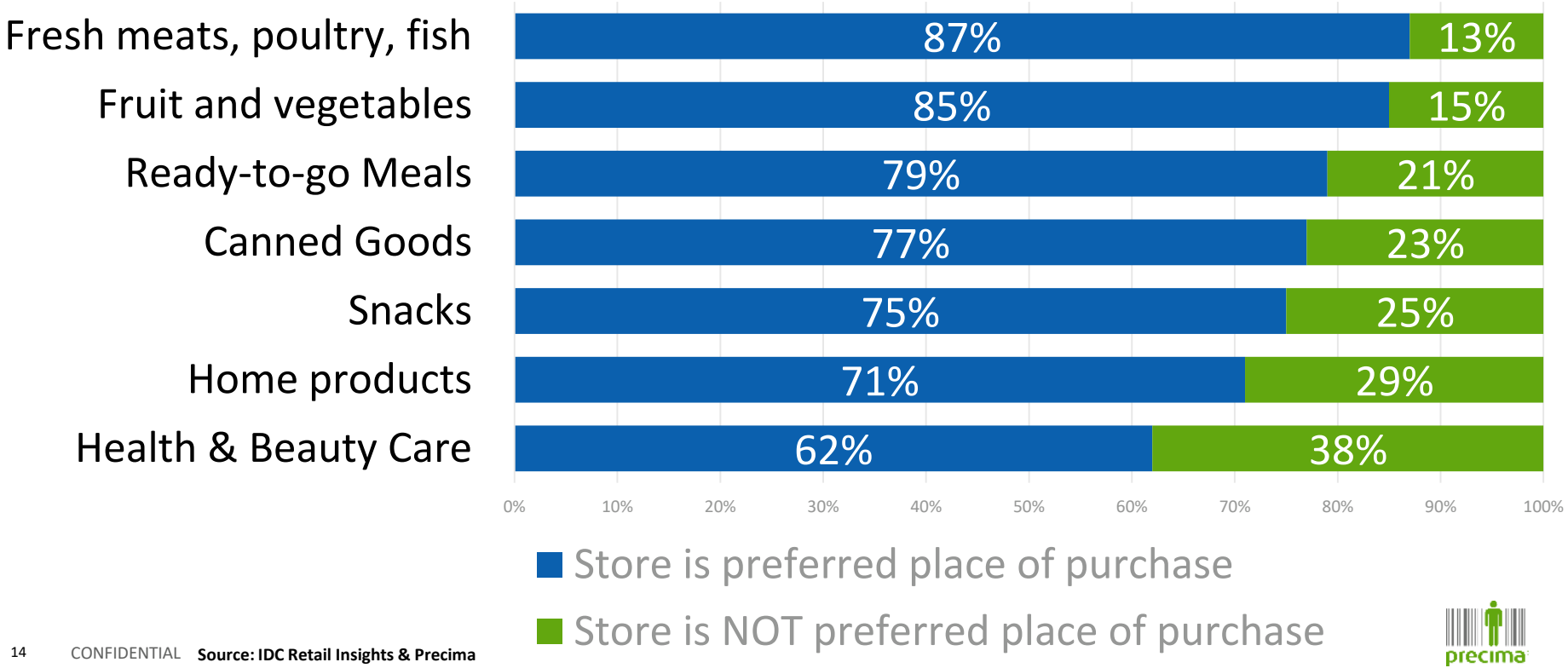
# Consumer needs are evolving

## What is your preferred place for purchasing the following products?






Source: IDC Retail Insights & Precima

# Loyalty needs to evolve and is Best Viewed in 3D

**1D** | Loyalty as a Strategy

**2D** | Loyalty as an Outcome

**3D** | Loyalty as a Program



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# Loyalty in 3D Delivers Differentiated & Sustainable Results

## Loyalty Strategy

| Enhanced Loyalty Programs | Personalized Marketing | Customer-Centric Merchandising | Shopper-Driven Supplier Collaboration |
|---|---|---|---|
| ROI 1-1.5X | 2-3X | 4-6X | 5-8X |

**Deliver Next Generation Loyalty in 3D - Get it Right in Food Retail**



Source: Precima

# Thank You!

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# How to Drive Superior Results Through Trading Partner Collaboration

**Marc Hubbard**

**Vice President, US Client Services**

Jan 27, 2018

ADVANTAGE

# 5% sales growth is at stake

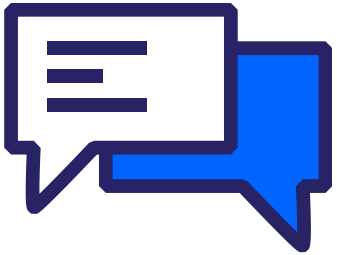
**Retailers receive more support when they collaborate**

**Retailers receive more $’s when they collaborate**

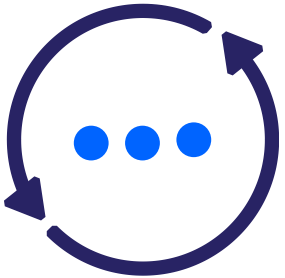
# How to be a Top Tier Retailer

1. Collaborate don’t dictate

2. Great Communication



3. Follow Through / Follow Up

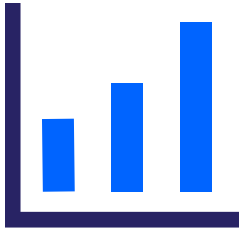


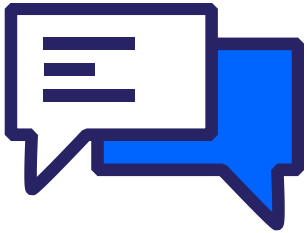
# How to be a Top Tier Supplier

1. Great Supply Chain

2. Consistent Performance

3. Proactive Communication





# Thank You

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