The Journey to Growth:
Collaboration Enhances Speed and Agility, Paves
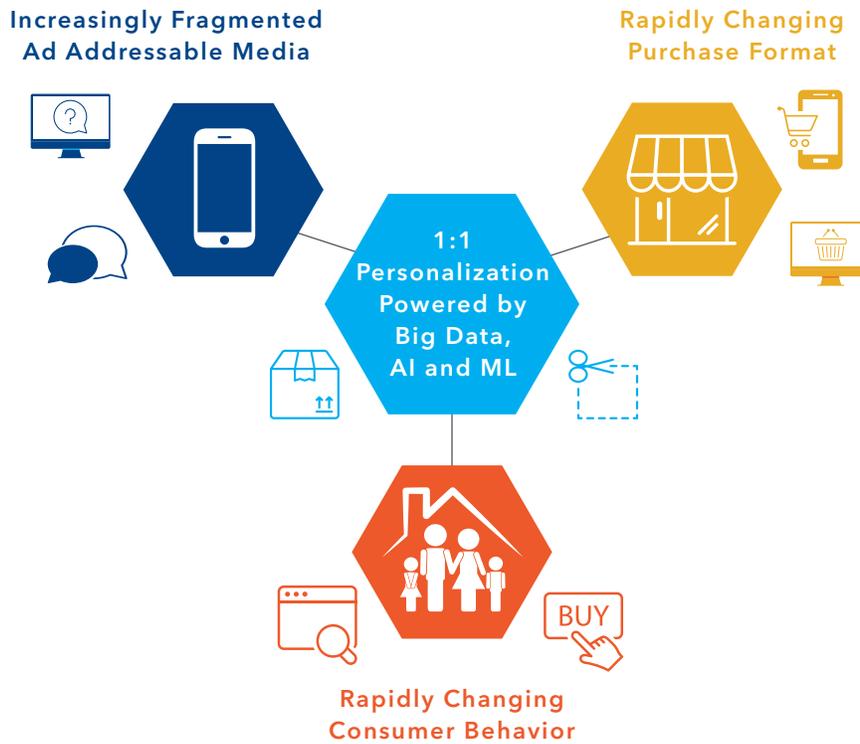the Path to Growth in a Challenging Marketplace

IRi
Growth delivered.

Capturing consumers and sales has become more complex than ever. Technology has spawned unprecedented retail disruption, completely redefining the competitive landscape and giving shoppers virtually unlimited options of where to shop and what to buy. Retailers of all sizes and formats are battling online and offline, making the path to purchase a complex web of buy moments. For retailers and CPGs intent on staying one step ahead of today's highly connected consumers, the journey to growth must be advanced, collaborative and in real time.

"The battlefield is a scene of constant chaos. The winner will be the one who controls that chaos."

NAPOLÉON BONAPARTE

EXHIBIT 1

A Complex and Changing Atmosphere

**Increasingly Fragmented
Ad Addressable Media**

**Rapidly Changing
Purchase Format**

1:1
Personalization
Powered by
Big Data,
AI and ML

**Rapidly Changing
Consumer Behavior**

"The Way We've Always Done It" Is Obsolete

To truly reap the benefits of collaborative growth, businesses must ensure they don't limit their views. Often, traditional business practices limit the scope of personalization efforts and won't allow a holistic approach to understanding consumers and marketing to them. And they don't consider enough what the modern retail landscape and consumers really look like.

In traditional retailer-supplier relationships, a major challenge is that each partner has a separate view of the customer — separate data sets, different performance goals and divergent ways of measuring impact. Certainly it's important for retailers to look at how customers behave in store — what's in the basket, trip missions — and manufacturers should look at drivers of product selection and switching behavior. But these myopic views limit the ability to understand all the influencers that sway shopping and purchasing behavior. By adopting a holistic view and shared goals and performance indicators, parties can create strategies that benefit both partners and react to tactical opportunities with speed and precision.

While businesses should not silo their analysis of consumers, they also should not silo their organizational structures, with each group focusing only on their own areas of expertise. True collaboration means all parties come together, bringing synchronized expertise to their areas of influence.

Technology — one of the single biggest changes in the CPG industry during the past decade — is setting a perfect stage for truly collaborative marketing programs. It is evolving at the speed of light, including voice technology — along with artificial intelligence and machine learning — which are the next evolution in how we interact in the digital world. These tools offer new ways to attract and retain consumers, a challenging but crucial feat because today's consumers continue to be more selective in who and what they engage with — because they can be. They're more demanding because they have more choices than ever before; they challenge marketers to win them over; and they vote with their wallets. As a result, seamlessly connecting with and continuously activating consumer impulses will be the keys to protecting and growing the business into the future.

Mastering the Data: A Key to Performance Growth

As a result of so much retail disruption and the depth of technology contributing to interpretation of consumer markets, the big data marketplace has exploded. Its complexity is marked by reams of disparate data from a variety of sources and often lacking insights. To take advantage of this advanced marketplace and make the most of the complex data world, the industry must master the data.

The marketplace and the data are complicated, but by using trends and insights garnered, an understanding of how consumers respond to marketing information that is coming at them is possible. Analysis shows how marketing impacts shopping journeys, and then marketers can influence the path to purchase and, ultimately, buying behavior. CPGs and retailers can keep up with the speed of the market; they just need to approach it with a new mindset and the necessary tools.
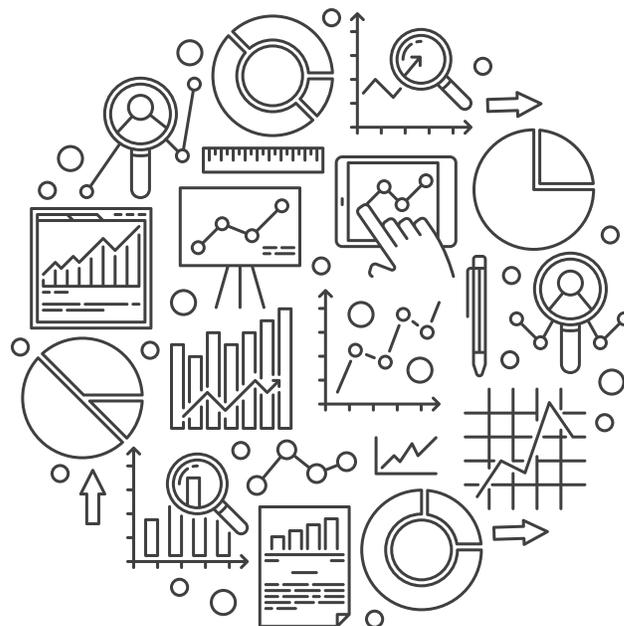
"This is a transformational alliance that will give the Brands of Ahold Delhaize USA a more comprehensive understanding of their businesses, improve collaboration with suppliers and provide a holistic view of the customer."

**J FLEEMAN,
EVP COMMERCIAL SERVICES AND STRATEGY,
DELHAIZE AMERICA**

Partners Engaging in Collaborative Customization Outperform Market Growth by 1 to 2 Points

To win, there needs to be a new approach to doing business—retail, CPG and media must:

Collaborate > **Personalize** > **Measure Impact**
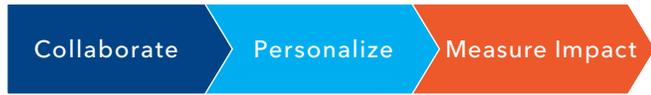
Perhaps the most challenging obstacle along the path to enhanced retailer-supplier collaboration is the reams of disparate—and often discordant—data swarming and always growing throughout the marketplace. For true collaboration to occur, both partners must have real-time access to fully integrated—and harmonized—data. Up until now, though, harnessing the data has been prohibitively expensive and painfully time-consuming.

EXHIBIT 2

Closer collaboration between manufacturers and retailers offers an underutilized path to growth:

Retailer Goals

- Same-store sales growth
- Better integrated, more actionable data
- Conversion of high-value shoppers

Joint Goals

- Grow market share of categories
- Drive revenue and margin growth
- Improve sales efficiency

Manufacturer Goals

- Brand share growth in categories
- More effective and more efficient retail trade and execution

A Universal Platform Democratizes Data, Sets the Stage for Collaboration and Personalization That Will Create A Powerfully Engaging Customer-First Experience

To set the stage for a collaborative retailer-supplier relationship that continually derives actionable insights from internal and external data sources, IRI has created a retailer insights gateway solution that is enabled by the IRI Liquid Data® technology platform. With this platform, partners can quickly integrate disparate data without sacrificing security and control, creating a simple and consistent way to access the data and the insights. Integrating data—IRI and third-party data from more than 40 data assets on the Liquid Data platform, plus the ability to integrate more than 125 additional data sources via IRI's open API connectors—creates a rich, harmonized data pool in one place. These assets can be used in all internal decision-making processes, including joint business-planning sessions with suppliers, and they drive significantly easier and more effective collaboration with joint decisions. Users have more meaningful metrics and reports on hand to allow manufacturer and retailer partners to make faster, better, smarter decisions together.

These harmonized data sets alleviate the need for manual efforts, and they significantly increase speed to insights. Further, integrated data provide a more efficient link between market demand and actual market behavior, keeping users aligned against category-focused/customer-first efforts.

Distribution Center Efficiency
Integrating Supply Chain Data with Point-of-Sale Market Data Allows Gateway Participants to Grow 4.1 Percent Faster Than Non-Participants

With an integrated gateway solution, suppliers have real-time access to daily data—for inventory, shipments, planograms, purchase orders and daily point-of sale transactions—allowing them to precisely plan for supply, demand, labor and transportation across the supply chain, thereby reducing distribution-related inefficiencies and enhancing in-stock positioning.

With this visibility, retailer-supplier partners can plan for not only day-to-day inventory levels, but also special situations, such as holiday/seasonal, promotional and/or new product launch initiatives. Suppose, for instance, a major drug retailer is looking to track in-stock positioning to ensure the successful launch of a new healthcare product. This effort requires having optimal stock at launch and proper scanning across the retail banner.

Through the use of a retailer insights gateway, the supplier has real-time visibility into positioning in the store and across the supply chain, allowing for rapid assessment—down to the distribution center and/or store level—of potential distribution issues associated with any of the SKUs in question.

> "We feel that there is real power and efficiency in connecting insights from our store shelves all the way back into the collective supply chain. This expanded agreement with IRI will allow us to collaborate in a more meaningful and real-time manner with our suppliers. We believe it will help us to provide more of what our customers want no matter when or how they shop."

AMANDA MARTINEZ,
GROUP VICE PRESIDENT OF CORPORATE PROCUREMENT
FOR ALBERTSONS COMPANIES

Supply Chain Optimization
Real-Time Alerts and Predictive Out-of-Stock Capabilities Reduce Out-of-Stocks by 7.2 Points

The availability of integrated insights aligned against a single point of fact also sets a solid foundation for minimizing out-of-stocks. Utilizing advanced predictive analytics, retailers can identify at-risk scenarios ahead of time. With these insights, retailers and suppliers can make on-the-fly adjustments to inventory levels — even mid-supply chain — to enhance promotional campaign performance. These adjustments can be supply-chain based to improve efficiencies, and also strategic to overall growth activity.

For example, suppose forecasts indicate that a major CPG beverage manufacturer's national promotions will be soft one week into a major promotional event. Through an integrated retailer gateway solution, the retailer and manufacturer would share a daily data update to investigate consumption against current inventory. With an agreed-upon threshold, the daily report will alert when inventory is needed. Then, by sharing specific warehouse details — name and inventory level — the retailer is armed with the data and insights needed to replenish supply at at-risk locations, thereby reducing out-of-stocks at the shelf.

Shopper Loyalty Enhancement
Integrating Frequent Shopper Program (FSP) and Point-of-Sale (POS) Data Allows Gateway Participants to Customize Marketing Programs, Supporting Trip Growth That Is 2.5 Percentage Points Higher and Per-Trip Spend of $1.60 Higher Versus Non-Participants

Through frequent shopper data, retailers possess broad and deep data on their most important customers — with customer, transaction and basket-level granularity — giving gateway partners the ability to run detailed diagnostic analyses like leakage, trial and repeat, and switching. This creates a better understanding of customer segmentations and trip types, arming gateway partners with the insights they need to customize marketing programs to a retailer's own customer and defined customer segments.

In today's marketplace of increasing shopper diversity and intense competition, keeping pace with changing needs and wants is challenging, but critical. Changes in shopper behavior can happen quickly. Quickly getting an understanding is necessary to protect against share erosion.

For example, suppose a beverage manufacturer identified weakness in Hispanic behavior in a key trading area. By diving deep into the retailer's loyalty data, the partners can determine what this target's preferred flavor assortment looks like. By aligning their beverage assortment against these preferences across high Hispanic stores, the manufacturer could fight back against well-positioned brands and improve their portfolio fair share within the market.

> In today's marketplace of increasing shopper diversity and intense competition, keeping pace with changing needs and wants is challenging, but critical.

EXHIBIT 3

Supply Chain Data Arms Key Manufacturer Teams With Valuable Insights

Sales / Catagory Managers

- Increase sales by proactively targeting out-of-stocks (OOS)
- Mitigate risk via demand shaping
- Integrate planograms
- Understand inventory metrics across brands and categories
- Qualify greatest inventory opportunities by store
- Demonstrate how shipments align to sales during promoted weeks
- Identify excess inventory
- Measure sales against in-stock inventory
- Analyze topline performance across stores and distribution centers
- Prevent client lost trips

Marketing

- Mitigate risk via demand shaping
- Drive excess inventory out the door
- Ensure on-shelf availability of new item launch
- Target planograms more effectively
- Show how shipments align to sales during promoted weeks
- Understand inventory levels and optimize replenishment
- Compare stores by balance on hand
- Drive insights on brand sales forecasts

Operations

- Maintain supply chain scorecard
  - Turnover KPI
  - Days/week of supply
- Decrease costs
- Optimize supply planning
- Improve new item delivery and planning
- Demonstrate volume of shipment by store
- Ensure on-time compliance around shipments and service level agreements (SLAs)
- Compare service levels across distribution centers and categories
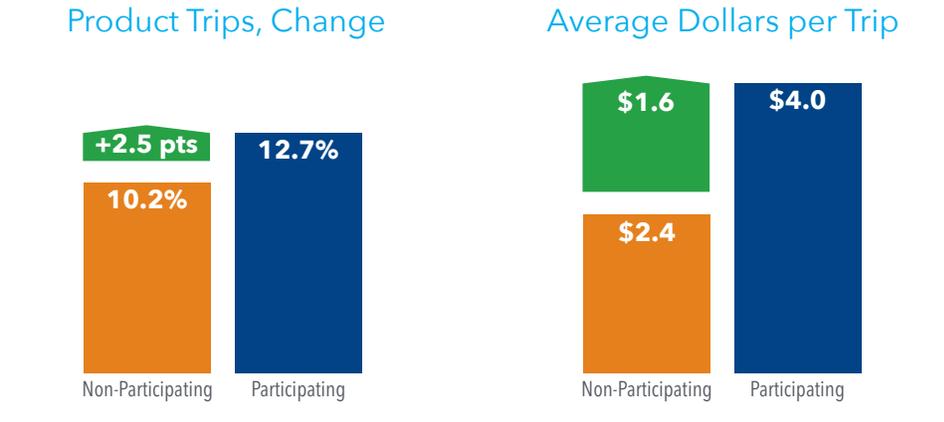- Forecast and identify excess inventory and out-of-stocks

Trip Growth
By Merging Customer Data With POS Market Data, Participating Manufacturers Outgrow Non-Participants by More Than 4 Percent

Today's shoppers thrive on customized shopping experiences. This impacts all elements of the purchase cycle, from need realization to product purchases. Messaging must convey knowledge and understanding of what matters most to each shopper — is it price, value, convenience, etc.? Where will the shopper buy — in-store or online? How should assortment reflect these needs and wants? The list goes on. By zeroing in on these preferences, retailer-supplier partners will encourage purchase behavior and loyalty while also driving mutually beneficial trip trends.

Suppose, for instance, that a retailer has identified a category that is contributing disproporationately to overall snack sector growth and is looking for opportunities to bring maximum impact from this hot category. As a first step, the partners need singular visibility into dollars, penetration and trip trends to ensure that these trends are meeting or exceeding expectations. Another opportunity lies in identifying high-performing brands within the category and the key buyers of those brands. Through integrated insights on a shared platform, the partners can identify trip affinities that will enable development of co-marketing/co-merchandising programs that reflect an understanding of purchase behaviors, supporting trip and basket growth while enhancing loyalty among these high-value shoppers.

EXHIBIT 4

Trip Growth

Product Trips, Change

+2.5 pts
10.2% Non-Participating
12.7% Participating

Average Dollars per Trip

$1.6
$2.4 Non-Participating
$4.0 Participating

Source: IRI Retail Gateway Program Sales Data; IRI Analysis

EXHIBIT 5

Driving Trip Growth

POS + Loyalty Giveaway > 4.6%+ Growth vs. Non-Participants

Category-Focused/Customer-First Requires a True Collaborative Approach

A singular and shared understanding of today's consumers needs to be at the center of business-building strategy and resulting marketing campaigns. Consumers today are motivated by better shopping experiences and more relevant marketing communications — brand and retail interactions that reflect and resonate against their individualized wants and needs will win. This customer-first focus must be the foundation for all workflows that define strategy to connect with consumers across the lifespan of a marketing campaign, building brand loyalty and growth.

After putting the consumer in the center of the strategy, then all parties must align for true collaboration against consistent and aligned content that drives innovation. Collaboration supports a rising tide that lifts all ships. But there are rough waters when it comes to data, as true collaboration can't happen without harmonized data, shared goals and common measures of success.

EXHIBIT 6

Retailer Programs — Value Proposition to Retailers

Market Measurement (POS) Gateway	Shopper Loyalty Gateway	Supply Chain Gateway	Price & Trade Promo Gateway (New Product)	RCDC Program
• Preferred access to POS through integrated platform	• Unique shopper insights data sharing program	• Suite of tools for store and warehouse inventory management	• Retailer-driven, supplier-specific pricing and trade promotion application	• 350M+ cards
• IRI develops and manages hierarchies, ROM placement, RMA/CRMA, daily data	• Hundreds of reports for shopper-driven pricing, promotion, assortment, etc., decision-making	• Enables greater collaboration and supply chain management via controlled sharing of data with suppliers	• Speed of pricing and promotion execution and analytics (from annual to monthly)	• Industry's leading insights-to-activation platform
• Significant investment in team to support key priorities	• Insight into retailer-specific shoppers' buying behavior			• Deliver personalized customer insights targeting activation and measurement
				• Profit share to retailers from CPG media audiences and measurement

Sophisticated, multimillion-dollar **best-in-class ILD technology platform**

Agile, cross-functional team to support retail program

A shared workspace is critical to this journey. It allows for ongoing joint business planning and thus fluid, real-time, impactful and profitable decisions happening all the time. The benefits of collaboration on a shared workspace are numerous, but key impacts are:

- Sharing of information/real-time discussion, analysis and reporting

- Measurement against agreed-upon goals

- Identification of tactical and strategic opportunities

- Rapid assessment of arising threats via prescribed alerts

Insights and action have to move at the speed of consumers and retail—very fast!—and can and should be specific to customers, markets and place in time.

To win share, retailers and manufacturers must:

- Have a 360-degree view of the consumer, including digital and physical buy moments and the role of media influences

- Deliver personalization based on propensity to purchase

- Gain near-instant consumer feedback > traditional research

- Automate analytics, engaging with artificial intelligence and machine learning

- Have visibility to omnichannel coverage

Though the process is complex, building personalized marketing campaigns with collaborative efforts throughout the process—and big data supporting the programs—will take marketers on a new journey. The journey will be challenging in an ever-changing retail landscape and with ever-demanding consumer groups affecting trends everywhere from product development through purchasing behaviors. But there are processes in place that can jettison marketing campaigns to new levels of effectiveness.

Effectiveness that delivers results, profits and growth opportunities.

But collaborative efforts can't achieve best results unless they are specific to the retailers' and manufacturers' actual strategic, operational and tactical processes. Deploying generic collaboration processes doesn't deliver results, which is why IRI delivers custom processes for unique stakeholders in an organization, all delivered through the same universal platform. IRI capabilities bring the entire process to life, putting marketers one step ahead in a collaborative, state-of-the-art, modern journey.

Though the process is complex, building personalized marketing campaigns with collaborative efforts throughout the process—and big data supporting the programs—will take marketers on a new journey.

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About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers and media companies to grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI helps to guide its more than 5,000 clients around the world in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver market-leading growth. A confluence of major external events—a revolution in consumer buying, big data coming into its own, advanced analytics and automated consumer activation—is leading to a seismic shift in drivers of success in all industries. Ensure your business can leverage data at www.iriworldwide.com.

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