

Woolworths Empower heads challenges for S&D companies

Sales, merchandising and distribution companies offer best-practice solutions for going to market.

By David Burton.

ASMCA sees growth in outsourcing store coverage

Plenty of merchandising companies offer their services to manufacturers, ranging from boutique agencies to large-scale, national and even global operators, but what share of the market do they cover?

According to Association of Sales and Merchandising Companies Australasia (ASMCA) CEO Keith Quigg, there are no accurate figures for this and the gathering of such information is becoming more difficult. With some service providers under confidentiality agreements and focused on their own business development, exposing data is not an option.

“From observation and with some released comment, we estimate there are about 20,000 merchandisers operating across the grocery, pharmacy, hardware and departmental markets,” he said. “What proportion hold more than one position is unknown.

“As the changes with tendering and technology filter through the trade, the share of business handled will grow, perhaps exponentially. An educated guess would suggest that 15-20 per cent of the market is third party, and growing.

“Comparison with other markets has not been done to date, but, with the ASMCA becoming the Oceania arm of the global WARES [World Alliance for Retail Excellence and Standards] group, such comparisons can begin. The information flow from WARES will increase significantly the local forward knowledge of global trends in merchandising.”

An initiative that affects not just ASMCA members, but the supplier segment in general, is Woolworths Empower, which involves using licensed software for the merchandiser to gain access to certain in-store data when in a Woolworths store.

Mr Quigg tells *Retail World* the response has been positive, although the accreditation cost has brought some consternation.

“At two recent breakfast presentations run by the ASMCA, Woolworths’ team were able to present the Engage and Empower programs to more than 250 suppliers,” he said. “These presentations included Coca-Cola speakers who had been trialling the new system and reported that it was progressive and informative.

“The feedback from those attending was that Woolworths is on the right track and



Keith Quigg, ASMCA.

that the technology move was necessary.”

Commenting on the lead taken by Coles to trial two preferred merchandising companies in 2014, Mr Quigg says Coles’ initial move to preferred merchandising appears to have been centred on correcting some of the brand, shelf and compliance issues in its stores.

“While there is no published information on how this is going, the general in-field information suggests it has provided great change in the stores’ ability to control shelf balance,” he said.

Mr Quigg said Coles had not telegraphed that it would ban other suppliers in its stores – only that, eventually, the roles would change and that some limits would be imposed.

“Their greatest concern was what they termed ‘noise’ – the nuisance calls that took large chunks of management time away from the store personnel,” he said. “Fixing this would not necessarily require barriers, but would demand cultural change.”

The Coles tender move has seen much greater interest from large companies in using third-party providers. This is particularly noticeable in regard to the requirement to provide shelf service to the entire Coles store list, a provision beyond almost every individual company in Australia.

According to Mr Quigg, as the pending Woolworths Empower programs come into play, the short-term contracts will be almost end to end.

“Covering greater than 90 per cent of the store list requires greater numbers of people in cooperative mode, something that our members are better set up to handle,” he said.

“The market for service provision will grow for the foreseeable future, backed by the option of smaller providers joining forces to cover growing demand.”

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Consumer trialling remains one of the strongest channels

Retail Safari provides a complementary suite of retail marketing services that connect consumers with brands in environments where the ability to influence is at its strongest.

Its integrated channel structure activates brands along the purchase journey, triggering the impulse to buy at critical points both in-store and out. Services include trial and purchase strategies, product demonstrations and sampling, experiential expos and events, brand activation, at-shelf high-advice sales experts, and cross-promotional, merchandising and retail training.

According to Retail Safari General Manager Retail Activation Lynne McKay, consumer trialling continues to be one of the strongest channels, increasing both purchase intent and conversion rates. However, she says not all trialling campaigns achieve success.

“If brands miss out on fully articulating their product benefits and versatility, then they will end up with an underperforming channel that doesn’t meet their needs,” she said.

Ms McKay says product education is fundamental to trialling success and involves more than just expounding a few key benefits about brands: it’s about deep knowledge that informs the consumer on how the products meet their potential lifestyle needs.

“Brand owners need to consider that consumers are habitual by nature, and changing their habits will take work,” she said. “Therefore, when introducing new products into supermarkets, brands need to fully understand their consumer behaviours, be clear about their product benefits and, most importantly, ensure product relevancy to the everyday consumer.

“Getting consumers to experience new brands is an essential step in breaking old habits and ensuring success.”

Ms McKay says demonstrating product versatility is another key factor in increasing usage occasions.

“Brands need to do a better job of educating consumers about



Lynne McKay, Retail Safari.

their products’ full potential,” she said. “If consumers can experience multiple use, then their likelihood of making a repeat purchase will increase.

“When done right, tapping into highly effective trialling drivers will not only increase brand visibility, but also increase purchase intent and drive conversion rates.”

Ms McKay says that although online shopping offers convenience, the trends reveal that consumers prefer an in-store, physical encounter where they can undergo a sensory experience.

“Our clients are recognising that the actual in-store experience is paramount and are taking full advantage of this movement,” she said. “Knowing that customers still like to touch, taste, try and feel, they understand that not only does physically holding a product in a grocery store create a sense of ownership, it also drives must-have purchase decisions.

“Although this is good news for our clients, they also recognise that the customer journey is cluttered and that the gap between them and their consumers is increasing. Therefore our clients are working smarter to ensure that the ‘last three feet’ of the consumer’s journey lives up to their expectations.”

Retail Safari is experiencing an increase in third-party sales and distribution services, according to Ms McKay.

“From what we’re seeing, those clients that accept globalisation, embrace technology and recognise that the consumer is in control are the savvy ones that are outlasting their competition,” she said.

The fact they are successful in gaining market share is because

they are competently navigating the marketplace, she adds, and also getting there faster because they are investing their time and money wisely by subcontracting services that are outside of their core competencies.

Ms McKay says these savvy clients have the added benefit of realising that looking outside of their own organisation doesn’t mean a complete loss of control.

Field execution matters most at Superior Sales Force

At Superior Sales Force (SSF), the philosophy – now part of the company’s heritage – is to concentrate 100 per cent on field execution.

“SSF is not a broker,” Managing Director Jamie Lobina said. “We are a field execution company. There are plenty of good brokers out there, so we made a conscious decision not to account-manage at retailer head-office level. We believe that the brand owner is the best person to account-manage their brand.

“Account management is the brand owner’s livelihood. When our people go into store, we’re totally dedicated to and focused on one task and one client, and this approach is what achieves focus and results.”

SSF calls on all Coles, Woolworths and independent stores around the country weekly, fortnightly and monthly (depending on their grading).

“We cover 96 per cent of the full network and are able to react and get to stores within 48 hours if required,” Mr Lobina said.

“In grocery, I’m happy to say we’ve stayed below the radar because we work on behalf of a specific client and we’re seen as that client, not as Superior Sales Force.”

Twelve years ago, 80 per cent of SSF’s business would have been P&C and route, and 20 per cent grocery. SSF’s execution in grocery was very much of a blitz nature on a campaign-only basis. However, in the past five to six years, this has changed. Manufacturers that SSF represented in grocery, route and P&C channels said they were not necessarily happy with being one of many clients represented in grocery. They asked SSF to assist in generating the same results in the grocery space on a permanent basis.



Jamie Lobina, Superior Sales Force.

“In actual fact, our client needs determined our path into grocery – our clients are the reason we went there in the first place,” Mr Lobina said. “However, petrol and convenience and impulse are still our heritage.”

Sales skills are paramount

“We bring a sales skill set to the model,” Mr Lobina, who trained initially as an Arnott’s route van driver, told *Retail World*.

“Anyone who has been in the industry across different channels would know that selling in new products and turning in orders is a bulldog task, which can be very challenging, particularly in route.

“Sometimes getting a three-carton order can be harder than getting a three-pallet order in Coles or Woolworths. So our people are sales oriented by nature: they take up the challenge to grow distribution by using their practised sales techniques.”

SSF’s training is also heavily skewed towards sales and negotiation skills.

“We believe that’s what sets us apart,” Mr Lobina said.

Effective planograms with minimum store manager disruption

When it comes to planogram activity, SSF has a separate team that works only on planogram execution. Team members know their stores well enough to be able to download planograms without intruding on the store manager’s time.

The SSF planogram execution team members have been specifically trained to thoroughly pre-plan each execution. They assess the layout, time required, in and out lines and tickets required, all before approaching the store manager.

Relief-rep service popular

A unique point of difference for SSF is the growth of its

relief-representative service. SSF provides a number of relief reps to many of the leading FMCG companies.

Mr Lobina says the service, which began about three years ago, has become a very prominent segment of the business in the past 18 months.

“We take away the headache of manufacturers having to worry about territories being left unrepresented due to workers’ comp, maternity leave, and long-service leave, etc,” he said. “This avoids the cost and time challenges to all businesses in employing a substitute full-time employee, with the associated HR hassles.”

SSF has close to 30 representatives now working on contracts, and in some cases they have been engaged for a two-year period under the relief-representative division.

“The future looks very exciting and, with the ASMCA creating some great industry initiatives, I think the whole outsource channel will continue to grow,” Mr Lobina said.

The Distributors celebrates 35 years

From humble beginnings, The Distributors has grown to become Australia’s leading Australian independent national convenience wholesale group for the P&C and route channels.

The business was established in 1981 when five snack and confectionery wholesalers teamed up to buy and sell more efficiently. The Distributors has grown to become a successful group comprising 26 proprietors operating 37 warehouses across Australia.

Through its network of 400 vehicles, more than 1,000 employees and 220 sales representatives, The Distributors provides national coverage with localised service.

In 2016, The Distributors will be celebrating 35 years of operation, with the group’s business continuing to grow and expand year on year.

Traditionally supplying confectionery and snack food, the group has grown and diversified and now also distributes beverages and grocery (food and non-food) across a comprehensive range of major and minor brands.

In 2015, new warehouses opened in Mackay and Cairns in Queensland to strengthen The Distributors’ national footprint.

With a large number of individual family businesses forming components of the group, it provides substantial economies of scale while delivering personalised, local service.

The Distributors’ industry leadership has been recognised, both at the AACS Industry Awards with the group being honoured as the 2015 AACS Supplier of the Year in the Distributor category, and with its selection in 2013 and 2014 as the Convenience Pulse Best Wholesaler/Distributor for superior customer service, dedication and passion.

New for 2016 from The Distributors is Mrs Higgins Bliss Bites. See page 24 for details.

One of The Distributors’ success stories for 2015 was the group’s exclusive arrangement with the importer of Jelly Belly – the overseas household brand of the original gourmet jelly bean – to supply the convenience and independent retail trade.

The launch of Jelly Belly’s wildest collection, the Bean Boozled 45g flip-top box and 100g spinner box, is claimed to have been a winner – daring customers to compare some of Jelly Belly’s tastiest and most popular flavours with the craziest ones.

New appointments to the team at The Distributors include George Tsapoutas taking on the General Manager position, and Lisa Shilling becoming National Account Manager based at The Distributors’ head office in Sydney’s Macquarie Park.

GS1 Australia’s SmartMedia is a planogram solution

GS1 Australia is well known for its barcode heritage and the GS1 Australia National Product Catalogue, formerly GS1net. It also offers many other services, including Recall and GoScan, that are in use in the FMCG sector and beyond.

Last year, the not-for-profit body with board representation from the industry, launched its SmartMedia service.

Designed to manage product images for advertising catalogues and other advertising needs, SmartMedia also provides the type of images commonly used in

planograms.

Use of this industry-standard imaging service from GS1 Australia can be not only cost-effective, but also meet the strict data specifications that GS1 manages on behalf of its retailer and supplier members.

The SmartMedia Planogram Module is used for the exchange of images and data used to develop planograms. The software also formats images for the major planogram software packages used by suppliers, retailers and third-party merchandising services.

By signing up to SmartMedia, users have the ability to share images and data sets for planograms with trading partners.

SmartMedia flexibility allows automatic downloads for retailers, as well as downloads by category, brand or company. It supports shelf-ready packaging, which retailers now expect whenever NPD occurs.

For sales teams working in-store, SmartMedia is also a powerful sales tool that will enhance their ability to present new lines to

store management.

With optimised display on tablets and mobile devices, it equips sales and marketing teams with the ability to showcase product ranges, images, videos, collateral and other promotional material with ease and on the go.

SmartMedia has been developed to follow the GS1 product-image specifications. These provide a global standard covering many technical aspects, including file types and naming conventions, image colour and quality, as well as other aspects.

Simply by choosing SmartMedia, users are guaranteed the correct specifications to meet industry standards.

SmartMedia works in unison with other GS1 Australia services, ensuring standardisation, decreasing duplication and maximising savings. All brand owners using the GS1 Australia Barcode Check service are able to access barcode verification reports automatically via their SmartMedia account and share them with trading partners. ♦

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