

A CRC WHITE PAPER

# Achieve Maximum Sell-Thru with Mobile Technology

How Mobile Technology Can Increase Sell-Thru



A Consumer Goods White Paper



***Share of mind? Share of wallet?  
Share of shopping cart?***

***Want maximum sell-thru?***

***You'll need to out-perform your  
competitors and even yourself at  
every turn.***

***This is war; and the casualties are  
lost funds from every cart.***



**“Maximum sell-through.”**

Easy to say. Not easy to do.

Even if you had no competition, the logistics of having

- exactly what the consumer wants
- when s/he wants it
- attractively merchandised
- in stock
- in distribution
- in compliance (pricing, signage, promotional and merchandising standards)
- priced where the consumer finds value – and with enough profit for the entire supply chain to share
- and many other determining factors discussed in this document

...can itself be an enormous undertaking.

Add competition to the mix, and obtaining maximum sell-thru becomes exponentially higher.

Attacks come from all sides.

- Long established supply chain systems are the price of admission – no longer an advantage. Your competitors are turning up the heat with new technology.
- Low cost providers from the global market are competing for ever specialized demographic outlets.
- The Internet becomes more competitive each year – and even when consumers do visit retail stores, they are better educated in terms of brand, features, benefits, and price.
- Gorilla Merchandising shrinks your footage, facings, signage, and sales.



***The consequences of just one Out-of-Stock could cost a lifetime of brand loyalty.***

***Perfect Retail Execution is the only way to maximum sell-thru.***



Whether or not your product moves past the checkout has far reaching implications – far beyond your gain or loss from the individual transaction. Consumer and brand loyalty are greatly influenced by what has been purchased before. So, clearly, a lost opportunity for the consumer's first purchase often translates to future lost opportunities for much of that consumer's lifetime. For this reason it's an urgent priority to remain full-throttle competitive with what is working for your competitors – and with what your competitors have not yet found.

Each day you get it wrong, your competitors are capturing lifetimes of brand loyalty and repeat purchases, and if you're not employing mobile technology in the field, your competitors have an extreme advantage that you do not.

This paper will explain in great detail, exactly how your competition is benefitting from the use of mobile technology, and what you're missing if you are not.

### **Retail Execution**

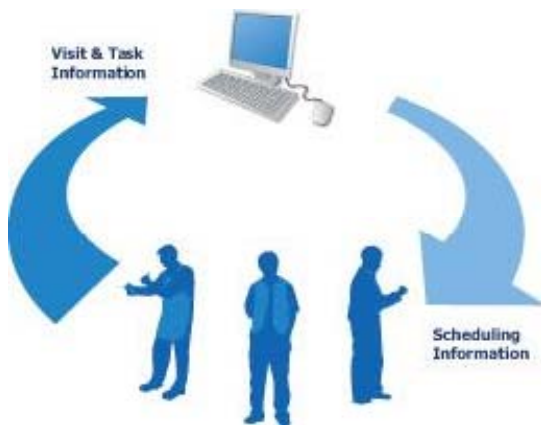
Let's begin with call coverage.

Ask one hundred different CPG companies how stores should be covered, and you'll get over one hundred different answers.

Each complex, each with its own business intelligence; yet each critical to the mission of sell-thru.

With turnover – typically high for field workers, day-to-day changes due to economic conditions, illness, out of stocks, recalls, and reasons too numerous to list – where any given rep should be at any given moment (times number of reps deployed) equals more information than any group of people can process without specific technologies to keep it all straight.





***Thousands of variables point to which is:***

- ***The right store?***
- ***The right assortment?***
- ***The right time?***
- ***The right person?***

***... and those variables change by the moment. Result?***

***The variables to getting the right person, in the right store, working on the right product, at the right time – all the time – are overwhelmingly enormous.***

Yet, there are companies that get it right! Getting it right becomes a process of observation and modeling of successful behavior.

**Let's break it down.**

The foundation for retail coverage is automated scheduling (with emergency override) and real-time information transfer so the rep's "Next" store is always the "Right" store – and exception based compliance reporting via an easy-to-use dashboard and/or email alerts to keep managers at 100% execution. Using a PDA or laptop the rep receives real time updates of work assignments, documents, product lists, and other critical information – enabling the rep to always work the 'right product' in the 'right store' at the 'right time.'

Sounds simple? On the surface it is; but internally we all know it's anything but. The real world requirements of getting stores covered is enormously complex. Variables from all sides make creating the model extremely difficult without computers; but here is the great power of computers.

First, we will look at stores. We begin with a number to be visited. Next, we may have blackout dates to observe; and we have a certain visit frequency (once, twice, three times), and perhaps a commitment for a number of hours per visit – as well as a period (i.e. day, week, month, quarter, etc.) that the store must be visited. Each store may end up with its own blackout dates, visit frequency, period, and duration. ***For example: store 123 must be visited twice per week for no less than 2 hours per visit; never on a Thursday, never before 9am and never after 2pm.***

***To Win at Retail, in the “last 50 yards” and in this “moment of truth” all of the forces must align to make it easy for your product to get purchased – thousands of times per day.***

***Get it right...or your competitors’ sales grow – at the expense of yours.***



***Using wireless mobile technology, ‘getting it right’ becomes simple and affordable.***

Next, we look at tasks. Against the above set of stores, we have a certain list of tasks. These tasks may be one-time tasks, or they may be recurring. Each one may have a budgeted number of minutes or hours. Depending on your role in the supply chain, you may be the manufacturer asking for these tasks to be complete, the retailer expecting these tasks to be complete, or a service company executing the tasks on behalf of some other company.

As the tasks (sales, delivery, merchandising, demonstrations, compliance verification, etc.) mount up and are assigned to stores, the schedule becomes increasingly complex. For some companies, many tasks from many clients are added to the point where many tasks on behalf of many companies are executed in a single store visit.

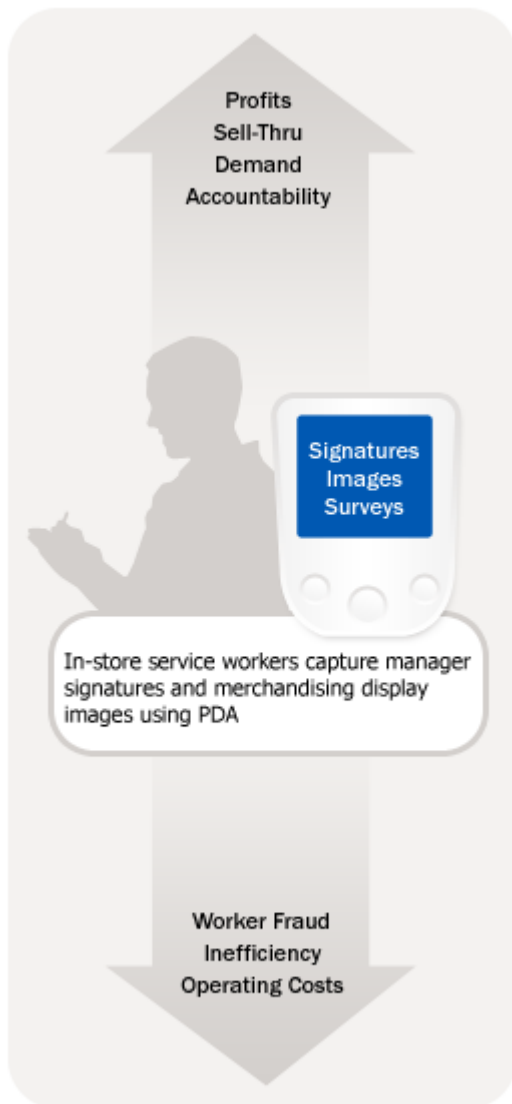
The complexity is only beginning however, as now the ever changing availability of staff enters into the mix. Part time, full time, vacations, sick days, individual dates and times unable to work. Incredibly this is further complicated by who is willing to travel, who can only work stores with someone else (husband, wife, transportation issues), how far people are willing to drive – the list goes on and on.

Now, with all of these variables, here you sit trying to manage all of this complexity so that in the “last 50 yards” and in the “moment of truth” all of the forces align to make it easy for your product to get purchased – thousands of times per day.

**Worth repeating: there are companies getting this right.**

Using incredibly powerful scheduling software – written specifically for this challenge, all variables are considered and the computer determines a perfect model – or as perfect as time and budget allow.

## “Getting it right” must include minimizing costs along the way.



Schedules are communicated to reps as they perform their daily tasks, and reps work their schedules. Sales, compliance, merchandising and other data collected is sent back to headquarters in real time – as is information about open routes, missed stores, and unexecuted commitments.

Meanwhile, new information from headquarters (new tasks, corrections to ongoing projects, issues, resolutions, etc.) is constantly being fed to the system, which adjusts and reschedules – and that information is transmitted to the reps to maximize execution.

Recent advances in wireless technology make ongoing communication with headquarters possible, and the costs are increasingly affordable.

As information becomes available from thousands of inputs: other reps, retailers, manufacturers, headquarters, shipping companies, and others; headquarters managers can quite literally change assignments while reps are in the field.

### Managing Costs

The above section is a great first step, but there is more to the story. Sending reps all over the country without regard to efficiency could drive costs too high to realize the benefits of 100% coverage – and demoralize the workforce.

In addition to the points covered above, scheduling software is very aware of drive time, mileage, and combining tasks within visits to minimize trips to stores.

Simply combining tasks within a store does not completely address the cost issue, so other factors – such as keeping part-timers below an hours-threshold, avoiding overtime, and using the most cost effective reps (above a certain skill threshold) all enter in to the scheduling equation.

***100% Execution at Minimum Cost:  
is only the price of admission.***

***Now drive sell-thru with optimal  
task execution.***



Amazingly, cost containment continues to add complexity. Beyond getting all doors covered with the most logical rep, there is the matter of allocating resources most effectively. If headquarters has assigned priorities to three tasks within a store (and set a strict budget for time in that store) – and potentially mandatory tasks to be completed in a store – it's a waste of an expensive trip to have a rep go to the store and not complete what was most strategically important to the mission.

Only with field based technology can you ensure that tasks are worked in priority order, and that reps do not leave stores without mandatory tasks being complete – and data being captured in way that will not be rejected after the call.

In addition, perhaps store management has ideas about how reps can be even more effective. With handheld technologies, a manager may provide comments that will be seen by headquarters and used to tailor the mission for maximum sell-thru.

Task completion is an area that CPG managers struggle to execute. Often, without mobile technology, management doesn't find out about non-complete tasks until a retail call is complete – at which point it's too late to execute the task.

Where above we refer to avoiding failure to execute in a given store, now we turn our attention to avoiding failure on a massive scale.

Often, miscues cause massive failure by asking reps to complete tasks that are impossible for a number of reasons. Perhaps reps are being asked to build displays for products that have not shipped. Or consider a survey asking about two products on a display but the intent was to ask about three or more products.

The faster that headquarters can find and correct these issues, the fewer wasted calls will result. Only by using immediate feedback, immediate re-scheduling (or correction of instructions and tasks) will the project be saved.



***The potential to save millions in wasted trade promotion spend, and gain millions in additional sales combine to be one of the most compelling reasons to use mobile technology!***

Efficiencies gained with mobile computing go far beyond scheduling and call coverage. Now let's examine how mobile computing adds value to each task in the store.

- **Promotional Compliance:** Trade Promotions increase sell-thru, but at what cost? Promotions are expensive, and need to be executed to gain the forecasted lift. Often, 20% of stores do not comply. This non-compliance is extremely expensive to the manufacturer, can potentially anger consumers, and can even hurt the retailer. Timing is everything, and field reps who routinely make pre-promotional visits need product in stores, cooperative retail managers, and the tools and signage necessary to execute the promotion.
  - ***Solution: Mobile technology ensures the rep has an accurate view of what is needed, when it is needed, and the sales tools (presentations, POS data, historical lift data, regional/demographic lift data) necessary to get 100% compliance from store managers. In addition, anything necessary to the promotion not found in the store can be ordered in time to arrive for the promotion.***



***This rep is executing a pre-promotion task to ensure that product has arrived in time for the upcoming promotion.***



## ***Rule #1: Have it on the shelf***

- **Distribution Checks:** distribution voids are the bane of retail. After all of the money for product development, manufacturing, wholesale sales, manufacturing, shipping, advertising, brand building, and retail space the stars finally align and a product has earned space on a shelf – except it's not there. All the foregoing is wasted and your competitor wins the lifelong loyalty of the consumer because their product was there and yours wasn't.
  - **Solution:** mobile technology allows multiple authorized-lists per store, and provides for quick, easy, and accurate distribution checks. Using a scanner, a rep can quickly determine if all authorized product is in the store, and quickly get voids filled when found.
  
- **Out of Stock management:** Similar to the distribution void, all efforts to drive products through scanners fall flat when products are out of stock. Often times, OOS situations go undetected as a few damaged products sit on the shelf, and automatic replenishment systems fail to kick in as computer inventories show product in the store when in fact nothing sellable remains.
  - **Solution:** *lack of scan data can trigger sales alerts and product-related tasks to determine why items are not selling, and fix what is broken to get sales flowing again.*



*Immediately react to issues by issuing video training for reps and retail employees.*



*Ensure maximum, error-free orders with in store technology.*

- Product Knowledge Training: We've all been trained by internet search: search for information and hit the 'back button' if your search turns up garbage. This behavior transfers to the selling floor where consumers increasingly seek to be educated by retail floor employees. They pick up a product and ask, "why should I buy this one?" If the employee answers correctly, a sale is made. A blank stare earns the 'back button' and the consumer goes on to buy a familiar brand – or worse – from another store or the Internet! Product knowledge is critical to maximum sell-thru, and without timely relevant training materials in the aisle, it's not going to happen.
  - **Solution: download sales training videos to PDA's and laptops and have reps train retail employees with compelling, interactive videos. Track which store employees have been trained per product line, and gain the competitive advantage.**
  
- Orders: consumers can't buy what isn't in the store. Where reps have the ability to turn in orders from retail calls, the goal is to push maximum product through the store without overstocking the retailer. Of course, the selling floor is extremely competitive and store managers need to be sold on new items, displays, end caps, and additional product.
  - **Solution: with sales data, previous order quantity, suggested order quantity, and compelling sales literature, managers buy more product.**
  
- Excess Inventory: long term, it helps nobody to have a back room full of overstocked product angering a store manager.
  - **Solution: Not ordering too much product to begin with is a great start, but finding such conditions can alert headquarters of miscues, and demographic mis-match before the mistake is repeated in a thousand stores.**



***Rugged, business-critical mobile devices exist to satisfy most every task and budget.***



- Competitive Intelligence: Your competitor may be selling twice your volume based on a simple strategy. Perhaps it's the price; or the 'deal'; or a rebate. While your product sits on the shelf, theirs blows out the door. And unless you have reps constantly checking your sales landscape you can quickly get left behind.
  - ***Solution: competitive price, promotional, strategic, facing, footage, signage, point-of-interaction, cross-merchandising, and go-to-market strategies – all simple to check using PDA's or Laptops programmed to add such competitive tasks to a retail call.***
- Point of Sale Material: POS and POP are critical to the maximum sell-thru strategy, but without technology, maintaining signage is a wasteful process. Without solid checks to ensure the correct POSM is ordered in the correct quantities, waste often approaches 15%.
  - ***Solution: mobile technology makes it possible to display a picture of what is being ordered, ensure that only proper quantities are ordered, ensure that it is ordered correctly from fulfillment or manufacturer, and shipped correctly (to rep's home or store) as required.***



### ***Service Confirmation.***

### ***Retail Call Confirmation.***

### ***Compliance Confirmation.***

### ***Delivery Confirmation.***



- Shelf level pictures: It's critical to know what your selling floor looked like when the rep arrived to get a handle on visit frequency requirements. If shelves are full, you need more product knowledge training and therefore higher visit frequency. If shelves are empty, you need higher visit frequency both to keep shelves full and to accelerate your success. On the other hand, if shelves are full and parking lots are empty, you need lower visit frequency. In addition, merchandising done for hire needs verification and pictures are becoming the de facto standard 'proof' that a visit occurred.
  - **Solution: while digital photos may be uploaded from the web, potential for error is high, morale of having to go home and work turns low, and the potential for fraud increases. Using PDA's that have built in cameras / imagers, pictures that are captured in the store are instantly attached to the call report for that store, leaving only positive aspects of in store photos.**
  
- Delivery: Disputed invoices, paperwork, lost confirmation of delivery, shrinkage, and waste plague this activity.
  - **Solution: Capturing signatures on a PDA, printing receipts at the store, and inventory tracking on the PDA streamlines this process and ensures maximum profitability.**



***What can be monitored can be measured.***

***What can be measured can be managed.***

***What can be managed can be controlled.***

***It is with this control that we increase sell-thru.***

- Plan-o-gram compliance: As retail competition increases and consumers are increasingly expecting to be catered to, demographic plan-o-gramming is the next wave of category management. Chains that had two or three plan-o-grams per section for 75 years are undergoing a paradigm shift and beginning to have multiple plan-o-grams where they had only a few before. Maintaining plan-o-gram compliance in this new world will be extremely difficult without technology.
  - ***Solution: per-store plan-o-grams downloaded in picture and schematic form to the PDA ensures that reps always have the very latest plan-o-gram when at the shelf. Scanning each shelf tag alerts the rep to anything not to spec.***
- Time of execution: Certain tasks have day-of-week, or time-of-day requirements, and many stores have black-out days and dates. Without technology it becomes all too easy to execute the wrong task in the wrong store at the wrong time.
  - ***Solution: the PDA can be programmed to not allow reps to report on tasks that are not currently authorized for the store – saving face and funds for the rep's company, and adhering to contracts and strategic planning by headquarters.***
- ***Bad Data: Under the paper and pencil system, much of the data coming from the field gets thrown away because it doesn't meet the business rules of the agency that has paid for the data to be captured in the first place. This results in two huge problems: all of the money paid to collect the data is wasted, and the information necessary to business decision making does not exist.***
  - ***Solution: The PDAs and Laptops are programmed to account for end-user business rules and insist that reps collect data that matches requirements before being allowed to exit the store.***



***Any mobile system implemented needs to integrate tightly with its back-end systems.***

## **Field Force Management**

Pressure on field force management is enormous. Nothing less than 100% execution is acceptable. Nothing less than ever increasing sales is acceptable. Yet, budgets are tight, turnover is high, demands for information from the field increase without increasing funding, and the complexity of the real world increases every day.

And in addition to managing all of the retail execution tasks above, all of the complexities of a diverse and mobile workforce are heaped on top.

Back office tasks demand automation. Some examples are:

- On Boarding: Many companies find it necessary to build and maintain a pool of talent that can be called upon with short notice.
- Payroll: Every company has their own way of paying their field force, and in fact, often the pay methods vary per project. Management needs quickly flexible ways to pay, and to comb out exceptions while maintaining compliance with laws in many areas.
- Rep churn: the process of hiring, equipping, training, and getting reps productive – and minimizing the impact on execution and sales, is a constant challenge.
- Field support: To keep work flowing, reps need timely information, and support for their technology.



***When the questions to the right are re-written as goals, those goals can be communicated to the field at light-speed.***

***Results of attempted execution against those goals are communicated back to headquarters at light-speed.***

***It is in these crucial hours that corrective action completely changes the game in favor of those using mobile technology.***

Mobile technology with a mature back-end will support field force managers in all of the above, and make it easy for managers to monitor, assign, re-assign, and track that all reps are hitting all goals for sales and execution.

Mobile technology is the clear-cut answer to the questions that managers typically ask... such as:

- How can we increase speed-to-shelf?
- How can we respond more quickly to sales and service opportunities?
- How can we reduce our Out of Stocks?
- How can we get better information about what consumers want, and will want in the near future?
- Are retailers in compliance?
- What are our competitors doing?
- Is our pricing strategy correct?
- Do we have damaged goods on the shelf?
- How can we convince non-complying store managers to comply?
- How can we ensure freshness (if this applies)?
- How do we best compete with private label?
- How do we best convince retailers to reward our brands with additional shelf space, footage, displays and endcaps?
- How can we gain greater insight to success or failure of trade promotion spend?
- How can we better diagnose OOS issues, and correct them before they hurt our brands?
- How can we increase the speed of our execution of retail programs necessary to respond to information we learn during hot selling periods to maximize the success of the programs?
- How can we empower field representatives to correct situations they find in the field without losing control of our categories and plan-o-grams?
- How can we link field execution to sales data to accelerate success and eliminate failure?
- How can we truly measure the success of trade promotions adjusted for: competitor activity, out of stocks, product placement, pricing,



***These systems are typically implemented in weeks or months – not years.***

***Typically, costs are recaptured in under a year, and massive return on investment results.***

- signage, display compliance, demographics?
- How can we execute more visits with the same number or fewer field personnel?
- How can we reduce our expenses in terms of mailing costs, re-visits, bad data capture, employee turnover, sagging sales during turnover, data entry, duplicated work, inefficient scheduling, poor planning, and field support costs?
- Why did scan data drop to zero for a certain product or promotion at an individual store?
- How can we standardize resolutions to merchandising problems to ensure that our best practice solutions to well known problems are executed consistently despite turnover. Further, how can we extend this to be tailored to each demographic?
- How can we deal with increasing requirements to support multi-lingual requirements?

### **Costs and ROI**

Few technology systems so clearly out earn their cost as CPG mobile technology. It will be shown below that for many reasons of both cost reduction and sales lift, implementing CPG mobile technology is one of the most profitable investments a CPG company can make.

It should be understood at the outset that this is mature technology, without surprises experienced by early adopters, and also that these methods have been used sufficiently long enough to provide overwhelming empirical data to support the assertions below. For that reason there is no need to budget risk analysis for failed implementation, hidden costs, or unexpected surprises.

Proper choice of software requires little to no support of IT after initial implementation, and allows business users to change programs in real time without IT support. Implementation times range from immediate to somewhat longer based on the level of customization and integration with existing systems, and implementation costs follow the level of integration and customization.



***Cost containment is an ongoing part of the process, thereby maximizing the ROI from increased sell-thru.***

While the costs below are average, even repeating the analysis at the high end would result in tremendous ROI in terms of both cost savings and increased sales.

Regarding hardware, mature technology with many options to tailor the price and features to the mission exists at prices ranging from \$300 to \$3,000 per unit. The next section will describe these features in detail.

Regarding software, pricing is dependent upon the amount of customization necessary for integration with back-end systems, but typically ranges from \$1 per store visit to a flat rate of \$150 per month per field rep.

For the purposes of this section, we will assume a middle of the road cost in terms of both software and hardware, or \$1,500 in hardware and \$75 per month in software – per field rep. In this example, the hardware has a 5 year shelf life, so we will assume a cost of \$25 per month over a period of 60 months. This hardware cost of \$25 added to the software cost of \$75 results in a monthly cost of \$100 per field rep. Assuming a 40 hour work week (160 hour work month) the total cost results in an additional \$0.63 per rep-hour.

From an annual perspective, the solution adds \$1,200 to the cost of the rep for the year.

Let's examine a typical field force of 50 people. Annual costs increase approximately \$60,000.

How are these costs offset?

Many companies find approximately 10 hours of time savings (in reduced paperwork) per month, per rep. This 500 hour savings per month translates to 6,000 hours of savings per year, and pays for the solution by enabling a 3 headcount staff reduction, or an additional 3 person-year increase in customer-facing time and additional field-sales and merchandising activities.



***Increased sell-thru – the main reason for using mobile technology to augment your CPG field force.***

However, the most compelling reason to implement this technology is the increase in sales. Many companies agree that up to 20% of trade promotion spend is wasted by failed execution in 20% of stores that do not participate for the many reasons such as poor planning, non-compliance, stores not worked, etc. Correct implementation of mobile technology can drive these numbers closer to 100%, and add 20% to the sales lift experienced in the average promotion – not to mention avoid the loss of 20% of the cost for many promotions. On a 100 store promotion, with a \$1,000 per store cost, this one benefit saves \$20,000 per promotion in waste before accounting for sales lift – and this on just one promotion.

Sales are also increased by finding and eliminating Out of Stock; Out of Distribution; non-compliance in facings, footage, points of interaction, pricing, plan-o-gram, signage, etc. In addition, suggested order quantity, order history, compelling collateral to convince store managers to increase orders increase sell-thru with 'click of a button' access to critical information necessary to close the sale.

Sales are also increased by top-shelf product knowledge training ensuring that store-floor employees speak first and most highly of your products.

Less missed visits means shelf presentation standards are maintained to your highest standards, driving maximum sales.

Costs are reduced by reduction in mileage and drive time gained from more efficient scheduling, as well as fewer re-visits for missed tasks, and/or sub-par performance.

For companies that currently mail (or overnight) display building instructions, plan-o-grams, surveys, merchandising standards, etc., these costs approach zero overnight. If this applies to you, simply insert your current mailing costs (don't forget to add the cost of consumables such as paper, ink, envelopes, etc.), and calculate this into the ROI equation.



Other companies are emailing these materials, however, field reps find it necessary to print them for use in the field, and here there are consumable costs. These costs also quickly approach zero with mobile technology presenting these documents in the field.

### **Pulling it all Together**

The war for profit is won or lost at the shelf, and traditionally, the shelf has been where most failures occur. Competent field staff is hard build and maintain, but even they are overwhelmed by the volume of information necessary to capture and execute. Headquarters management needs immediate 'speed of light' transfer of information to and from the field – and nothing short of wirelessly connected mobile devices will supply that information.

Wirelessly connected mobile devices are just the 'information superhighway' for CPG data, however. In addition, CPG companies need hardware matched to the task and software that accelerates the flow of information in a way that all stakeholders can use and understand.

In our increasingly information driven economy, the consumers' expectations and demands to be educated first, and sold later will only increase – and the companies that win the war at the shelf will do so with information transferred to the mind of the buyer. The need to disseminate information more and more quickly will only accelerate as product release cycles shorten.

Are you absolutely doing everything you can to maximize your sell thru?