

# Data Driven

Data — the modern tool of the 21st century supplier — powers profits all around.

BY LISA PLUMMER



By using data, a good supplier demonstrates interest in finding solutions for retailers — and increasing their profitability.

Imagine you're an independent convenience store operator. You work tirelessly to keep your store stocked with the merchandise your customers want. Although it's not always easy to anticipate consumer needs and stay ahead of trends, you do your best to monitor sales patterns and infuse your shelves with new offerings. But choosing the "right" new products can get daunting, with so many suppliers claiming their product is "perfect" for your store — although they sometimes can't tell you why or exactly how it will improve your bottom line.

Then a different kind of supplier walks in. He has facts and figures to demonstrate why his company's product could be a good match for your store. He's done his homework about your customer demographics and how his product category is performing at competing c-store chains and other retail outlets, as well as the category's performance in the overall marketplace.

Once you give him access to your in-store data, he is able to determine where the performance problems are in his category and show you how his product will help close those gaps. He's the kind of supplier who doesn't just want to sell you product, he wants to provide you with solutions.

So what sets him apart from all other suppliers? Simple — he uses data.

### A COMPETITIVE ADVANTAGE

With throngs of suppliers selling the latest and greatest in beverages, snacks

and services, retailers have heard every selling story under the sun. But by using data, you can demonstrate that you're the kind of supplier who not only knows what's going on in the marketplace; you're also interested in understanding your customer's business, finding solutions to his problems and increasing his profitability. And that will separate you from the rest of the supplier pack and earn you more face time with busy retailers, said John Fisher, senior vice president of marketing of North Carolina-based retailer The Pantry Inc.

"If you can help [retailers] solve their big problem with your little product, you'll get much more attention," said Fisher. "Demonstrate with real data how your product will close a gap in the retailer's current offering and how it translates into incremental revenue and profitability. The second you can do all that with data, you separate yourself from most of the other people who sell in this business."

By analyzing a retailer's in-store data and comparing it to industry and share trends (how you as a supplier are performing compared to the overall product category), the fact-based vendor can help a retailer obtain a thorough picture of how a store is performing in a particular category, what trends the retailer may be missing or over-delivering against, how he is faring against the competition, as well as the store's strengths, weaknesses, gaps and opportunities.

Once both parties understand the

whole picture, the supplier can then suggest ways to improve category performance and propose a marketing strategy — using his product — to solve those problems. For some larger retail chains, a strictly transactional relationship with suppliers is a thing of the past. Suppliers not only need to come prepared with facts, figures and ideas about improving category performance, they need to be thinking in terms of partnering with retailers to find opportunities that better meet shopper needs, according to John Zikias, vice president of marketing at Kentucky-based retailer Thorntons Inc.

"If [this product is] perfect for my stores, I want to know [from the supplier] who is the primary targeted user of the product, how frequently they'll purchase it, how much will they consume and where the sales are going to come from," said Zikias. "All of those things are important for us to understand where we should place the product, or whether we should test it or roll it out."

#### **PARTNERING IN SUCCESS**

By using data to understand retailers' business, determining how your product can help their overall business plan and then partnering with them to achieve their objectives, you've become more than just a vendor — you're a trusted partner. Doing the data legwork can only endear you to busy c-store owners who may not have the time, energy or resources to resolve their per-



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formance issues on their own.

“If I’m performing less [in a certain product category] than the channel, I probably have a problem ... and I want my supplier to help me find out why,” said Fisher. “If a vendor is smart with the facts and can show that we have an opportunity using syndicated data then we’ll give him access to our data so he can get very specific about what’s happening inside of our stores and develop the appropriate plan.”

Besides helping suppliers customize in-store marketing plans to help increase category sales, data can also help determine where a product should be displayed and what consumers are buying. In-store data can also monitor trends in products typically sold in tandem, such as candy and soda. In response, a resourceful candy supplier could elect to team up with a soda vendor to create a cross-merchandising program, boosting sales in both categories. In the end, the retailer sells more product in each category and both vendors sell more product to the retailer — all thanks to a little data.

### RESULTS AND LOYALTY

Instead of adding new product almost blindly, retailers can look to their fact-based suppliers to help eliminate the guesswork, creating a more targeted, customized store environment that better matches their customer demographic. And that can only help improve store traffic and increase profits, said Zikias.

“It gets back to focusing on the prize: satisfying the consumer,” said Zikias. “If you can find a supplier partner that has similar values and also wants to work with you to focus on the consumer, long term they’re going to be more profitable

and we will have greater sales and more profits as well.”

By partnering with your retail customers and demonstrating your investment in their success, you are not only more likely to earn their business, help them increase sales and sell more product yourself, but also earn their trust and loyalty. And in an increasingly competitive marketplace, using data to achieve those results can be well worth your extra time, energy and effort.

“This is selling in the 21st century and suppliers that are not using data are going to get left behind,” said Fisher. “Data is the path to the truth of what sells and why, making sense out of the millions of SKUs, variations by geography, location, demographics, occasion states, physical assets and POS systems. Understanding the facts and the data are the foundation required to make good decisions for both the retailer and a true supplier partner, equally vested in product, category and brand performance.” **NACS**

*Lisa Plummer is a freelance travel and business writer based in Las Vegas. She frequently writes about the meetings and convention industry.*

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