



From Retail Banner to Brand

How to unlock go-to-market performance

SPP

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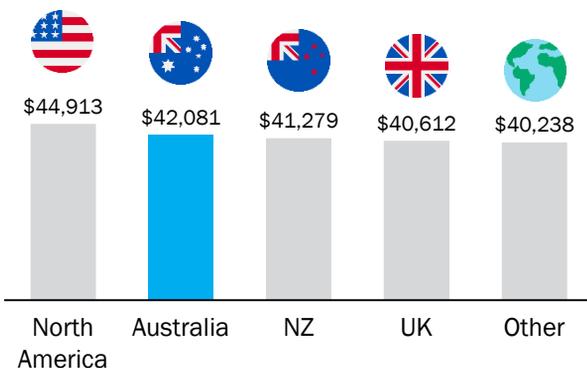
Winning in a market where consumer preferences and shopping behaviours continually shift requires consistent delivery against a distinctive and appealing proposition. For independent retailers, sometimes with only a brand banner in common, this is often easier said than done. So what can independent retailers do to build and deliver a consistent brand proposition without losing the appeal of being the 'local'?

Consumer preference and shopping behaviours are shifting demand to the local independent retailer

Changing consumption patterns reflecting on-the-go purchases with a focus on quality, sustainability and provenance is driving more frequent visits to the local retailer. This is evidenced in the shift away from multi-national and big box retail, which have experienced a downturn in retail sales trends¹. At the same time, Australia's independent retailers reach a significant part of the market and are globally one of the best performing independent retail markets, with an average of \$42,081 monthly retail sales per outlet – second only to North America².

Average Monthly Sales per Independent Retail Outlet by Country²

AU\$, 2019



Capturing scale efficiencies requires a shift to a national brand and proposition

Local retailers are well placed to capture a greater share through improved focus on their local market, but they must balance this with the need to procure and promote efficiently to establish scale economies in order to compete effectively in the market. For example, for many retailers, without the structure and scale of the grocery giants, the cost of doing business in independent retail can be a significant disadvantage despite the higher margins available.

This disadvantage extends to negotiations for supplier investment. Suppliers often seek to optimise their distribution and profitability through the independent retail channel, where they frequently realise higher margins. However, the cost of doing business with independent retailers without a clear value proposition and consistent execution is a very real constraint.

The new game: Act local / Access scale economies

Independent retail banners or buying groups recognising the market opportunity are transitioning to a strategy of 'managing nationally and executing locally' in order to not only attract supplier investment but also to deliver on a clear shopper proposition that is tailored to local needs.

Independent retailers who have successfully deployed this strategy have focused on organising around core go-to-market capabilities, using this as a source of competitive advantage to secure greater supplier investment and capture a greater share of consumption, without losing the 'local' flavour that consumers increasingly demand.

¹Euromonitor International. November 2019. Retailing in Australia.

²Vend. November 2019. Retail Benchmarks Guide 2019.

Our experience with and observations of successful independent retail models highlights the power of alignment around shopper proposition

With local operators rightly demanding a say in where they invest, clearly it is not always easy, and there are no quick fixes. Success stories do, however, have one thing in common: alignment of all parties - independent members, national support office and suppliers - to a common goal of delivering a distinctive shopper and member value proposition that drives traffic and spend in store.

Debunking traditional myths, it is possible to take a systematic approach to build productive member, retailer and supplier relationships, which can go a long way to delivering results. Here are our key ways:

Consistency in proposition and execution can be achieved without losing 'local' flavour

- Shopper propositions may not always be distinctive, but if executed well, it can be a competitive advantage
- Range and Format need to be aligned to the value proposition, whilst being adaptable to local needs
- A granular approach to format grids can deliver in spades – driving category consistency and localised ranging
- A core range can simplify the business – ranging across many categories have significant overlaps

A national structure does not diminish the role of the states

- The states have a role to play in execution
- Foot soldiers 'adding value' not 'expediting' need help
- Continuous improvement culture delivers upside that is sustainable

Ultimately suppliers want the same thing as retailers - but they are more discerning on where to place channel investment

- Assurance of execution across national footprint is worth plenty
- Suppliers are often not tapped for category expertise

You don't need a lot of data to make evidence driven decisions

- Data is king but basics are often missed
- Data can be powerful in shifting retailer and supplier relationships from adversarial to constructive

The following SPP Case Study illustrates how this can be done.

Case Study 1: Australian Independent Retailer

SPP worked with a leading independent retailer to assess its 'go-to-market' approach and identify key areas of improvement.

Our review assessed the market and included extensive consultation with members, suppliers and state teams.

The review identified where to focus for driving increased visitation, basket size - over 10% - and improved go-to-market lead times, reduced duplication of effort – 30% improvement - from clear national / state roles and supplier engagement.

Key Learnings

- A strong definition and understanding of a retailer's shopper value proposition, and the audience/customer this appeals to, needs to drive a retailer's 'go-to-market' approach
- Retailers must balance a 'national' approach with local elements to ensure relevance to the local market
- Articulating a growth story to suppliers is key to securing additional investment
- Suppliers are looking for an easy partner to do business with - additional supplier investment is available to those that can deliver excellent execution and are easy to do business with.

A systematic approach to unlocking ‘go-to-market’ effectiveness is the key to aligning suppliers and retailers to deliver mutually beneficial outcomes.

SPP’s Retail Go-to-Market Diagnostic guides retailers through a structured, customer centred approach to assessing and aligning the go-to-market capabilities.

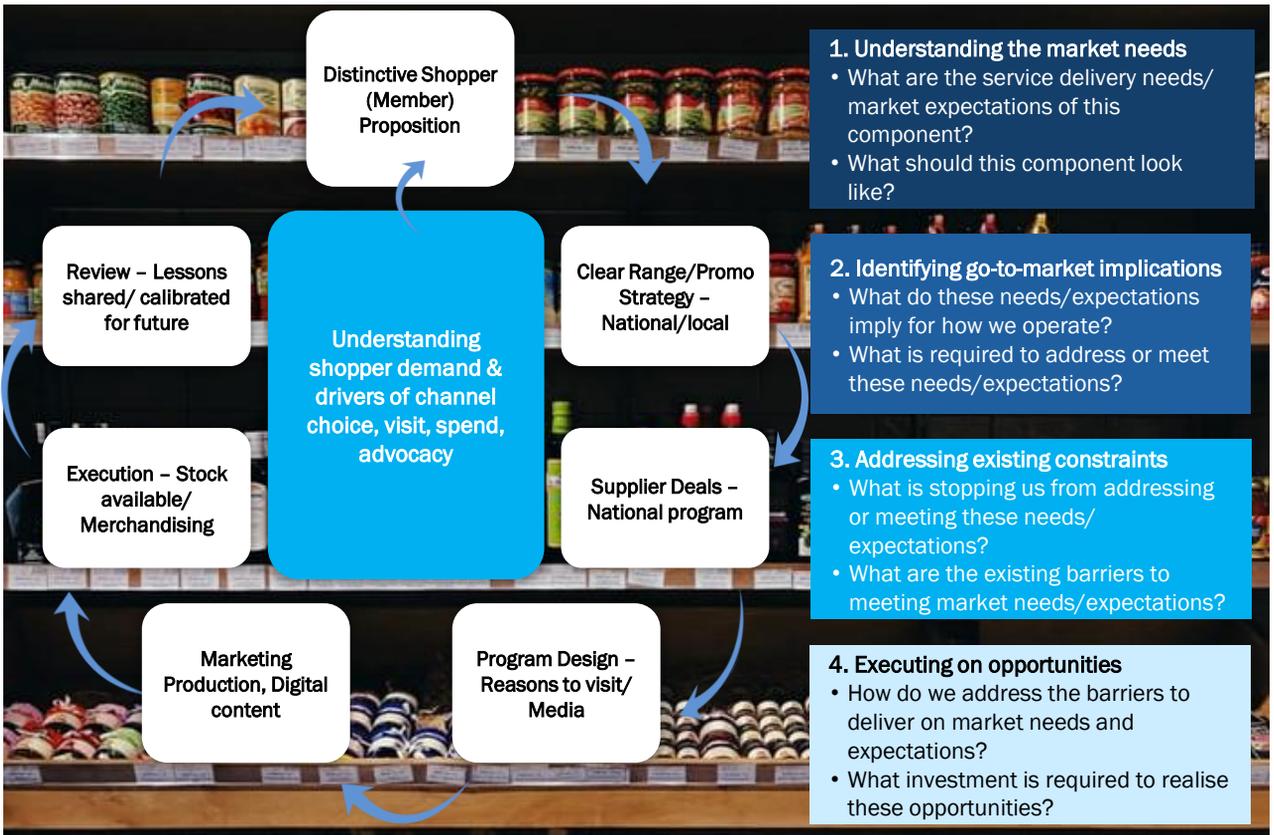
Our focus is on what’s required to win in evolving retail markets as well as what’s required to drive shopper preference to the retail brand. We start with developing a deep understanding of the retailer’s shopper behaviour and review how aligned the key go-to-market activities are.

Our experience is that this approach delivers a holistic plan of action that accounts for existing resource capacity or capability constraints.

Exhibit 1: SPP’s Retail Go to Market Framework & 4-Step Approach

SPP’S GO-TO-MARKET DIAGNOSTIC

4-STEP APPROACH



Are you getting the most out of your Go-To-Market?

If you think your organisation can achieve more by accessing the benefits of scale (for example, through marketing, promotions, salesforce,) and you would like to know more about how SPP can help you achieve this, please contact us. ■



Our Consumer practice services deliver on these questions:

- Where are your biggest market opportunities that should be pursued, and how?
- How can you optimise returns from brand portfolio and channel strategy?
- What pricing strategy will deliver the best returns?
- How can you mobilise go-to-market sales and promotional investment for best return?
- How can you activate data as a key information asset?



About SPP

Strategic Project Partners is a generalist, strategy consulting firm.

We support organisations to solve complex strategic and operational challenges.

Established in 2005, SPP has delivered successful outcomes for a broad range of commercial and Government sector clients.

SPP's Consumer practice brings 'Customer First' capabilities to helping our clients grow profitably into the future.

We serve retailers and branded goods, leisure, sport, media and entertainment clients.

Our services cover:

- Market opportunity identification and assessment
- Brand portfolio and channel strategy optimisation
- Pricing strategy for profitable growth
- Mobilising go to market sales and promotional investment
- Data and analytics strategy and activation

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Noel is a highly skilled strategy consultant with more than 14 years of experience in brand portfolio and channel strategy, performance improvement and growth strategy for Consumer Goods, Retail, and Agribusiness clients.