

Supplier and Retailer Collaboration – Category Management

Powered by Advantage Group

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Supplier and Retailer Collaboration: Category Management



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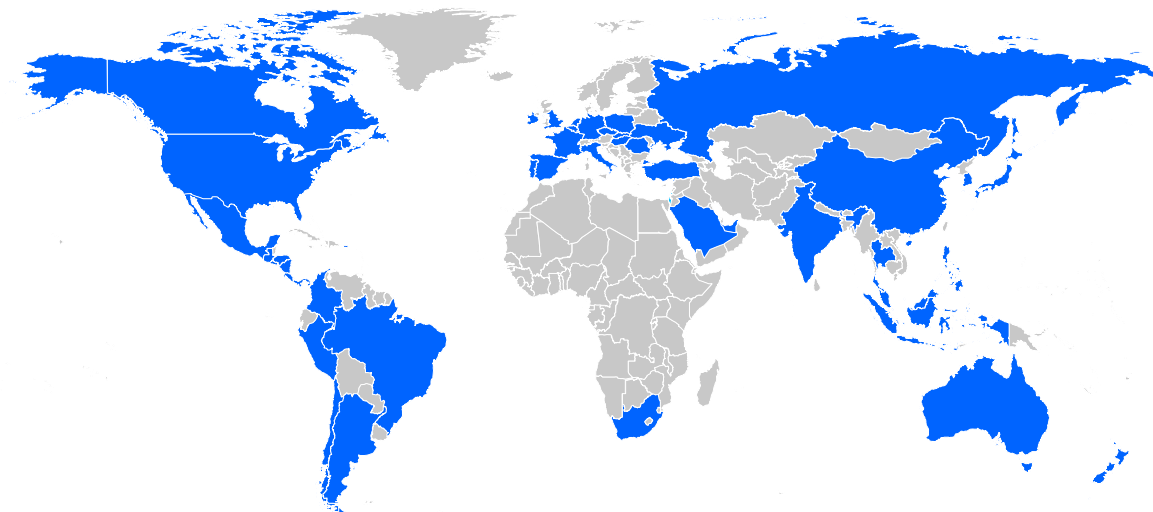
E: sknapp@advantagegroup.com

Advantage
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Before we start....

About Advantage



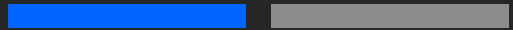
 HQ *Canada Mexico Puerto Rico USA	NORTH AMERICA Costa Rica El Salvador Guatemala Honduras Nicaragua Panama	CENTRAL AMERICA Argentina Brazil Chile Colombia Peru	SOUTH AMERICA Belgium Czech Republic France Germany Hungary Ireland Italy Luxembourg	EUROPE Netherlands Poland Portugal Romania Russia Slovakia Spain Ukraine United Kingdom	MIDDLE EAST AND AFRICA Kingdom of Saudi Arabia South Africa Turkey United Arab Emirates	ASIA / PACIFIC Australia China Japan New Zealand South Korea Thailand India Malaysia	Singapore Indonesia Philippines
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Why Advantage for Engagement?

We are the business partner engagement experts

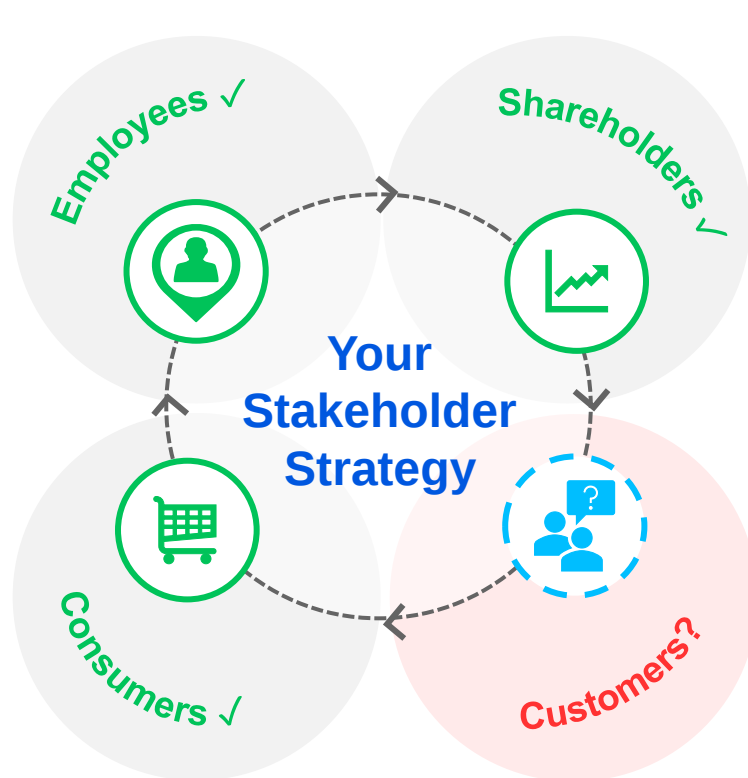
- We've helped thousands of businesses in the fast-moving consumer goods industry be better together for 30+ years in 40+ countries worldwide
- We thrive on the power of listening and responding to cultivate constructive, collaborative business relationships
- We know the questions to ask and how to best interpret the responses you receive in order to evaluate your relationships and position them for success
- We possess the tools and expertise to help you identify the behaviours and skills necessary to reach higher engagement



Why Customer / Supplier Engagement is Critical?

Many companies measure the satisfaction of their associates, shareholders, and shoppers

....But fewer companies have unlocked the potential of customer engagement as a critical differentiator and driver of growth



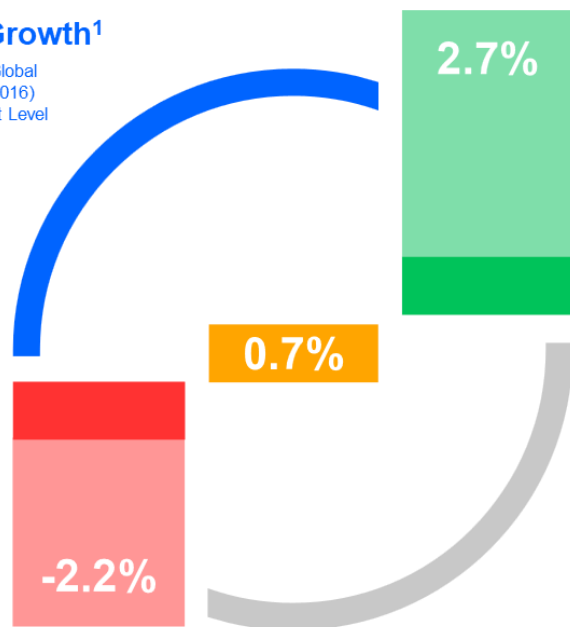
- Retailers and Suppliers are a critically reliant on each other
- Strong collaboration is driven by engagement
- Collaborative plans and measurement create long-term beneficial partnerships
- Engaged partners are more enjoyable to work with
- Well-executed engagement drives opportunities and investment

Engaged Partners Help Deliver Higher Growth & Unlock Investment / Resources

↑ 4.9%

Increased Sales Growth¹

Core Benchmark Set: 54 Top Global Suppliers over 5 years (2012 – 2016)
in Overall Performance at Market Level



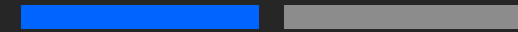
Advantage Report is a leading indicator of sales growth.

Suppliers who utilize **Advantage Report** experience an increase of 4.9% sales growth¹ in the following year.

Advantage Score	Percentile	Score Range
Upper Quartile Performance (25%)	75 th - 100 th	26+
Mid-Range Performance (50%)	25 th - 75 th	13 – 26
Lower Quartile Performance (25%)	0 - 25 th	<13

Advantage Markets: North America, Central America, South America, Europe, Middle East & Africa, Asia / Pacific

¹Based on Annual Gross Revenues in US Dollars



We are in a new Environment

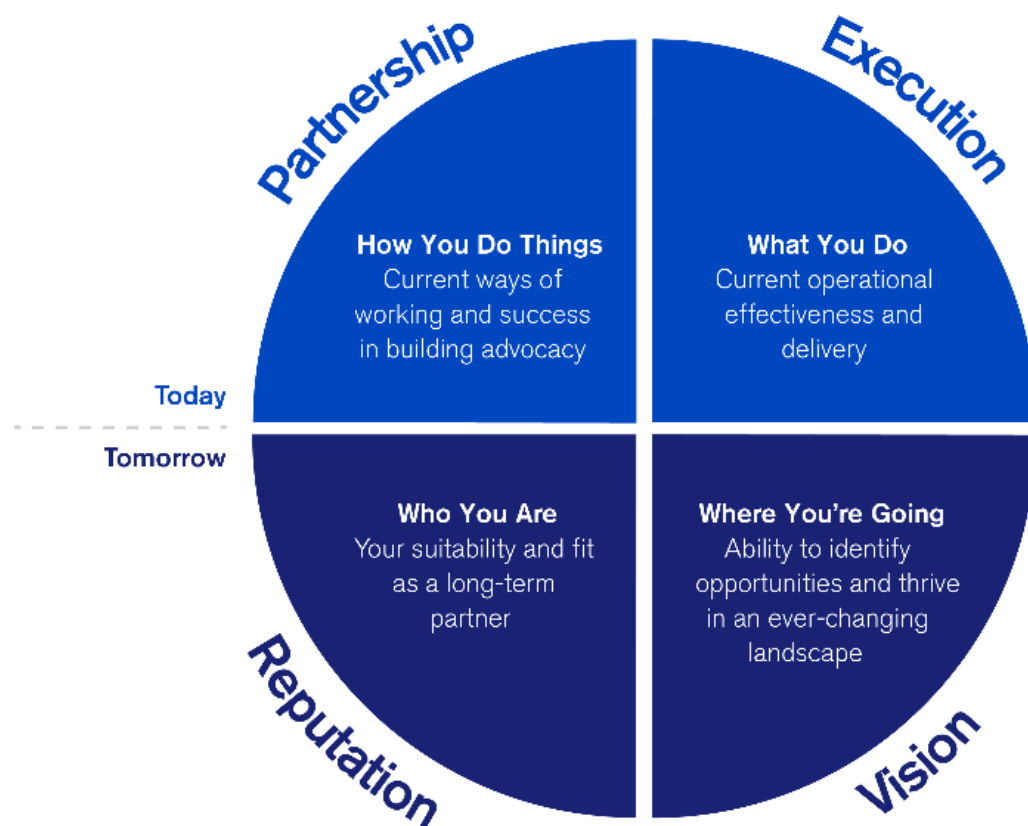
These three new dynamics are impacting business relationships while other trends are still accommodating





The Evolution of the Importance of Category Development

The Four Critical Engagement Drivers of High Performing Partnerships



360 Feedback – Retailers on Suppliers and Suppliers on Retailers

Category Development Competencies	
<i>Voice of Retailer</i>	<i>Voice of Suppliers</i>
Driving Category Growth	Category Management
Objective Insights	Data Actionability
Innovation	Innovation
Range / Assortment	Range / Assortment

Top Drivers of Engagement Over Time

(Supply Chain & Discontinued/New Competencies Removed)

Voice of Retailers

2019	Priority Rank		2022*	Priority Rank
Trust	1		Trust	1
Delivers commitments	2		Supports our strategy	2
Communication	3		Communication	3
Supports our strategy	4		Category growth	4
Appropriate investment	5		Delivers commitments	5
Driving Category Growth	6		Objective insights	6
Marketing programs	7		Innovation	7
e-Commerce integration	8		Appropriate investment	8
Objective insights	9		Differentiation	9
Differentiation	10		Marketing programs	10
Range / Assortment	11		Range / Assortment	11
ESG	12		e-Commerce integration	12
Innovation	13		ESG	13
Margin	14		Margin	14

Voice of Suppliers

2022	Priority
Trust	1
Ease of business	2
Supports our strategy	3
Collaborative planning	4
Agility	5
Capability & experience	6
Delivers commitments	7
Category management	8
Fair & equitable	9
Department communication	10
Mutual profitability	11
Strategy communication	12
Innovation	13
Range / Assortment	14
Marketing programs	15
ROI trade & media	16
Readily available	17
Program execution	18
Data actionability	19
ESG	20
Digital leadership	21
e-Commerce integration	22

*Excludes new competencies introduced in 2022

Top Drivers of Engagement Over Time

(Supply Chain & Discontinued/New Competencies Removed)

Europe

Voice of Retailers

2019		2022*	
Trust	1	Trust	1
Communication	2	Supports our strategy	2
Delivers commitments	3	Communication	3
Supports our strategy	4	Delivers commitments	4
Appropriate investment	5	Category growth	5
Managing promotions	6	Objective insights	6
Category growth	7	Innovation	7
e-Commerce integration	8	Appropriate investment	8
Marketing programs	9	Range / Assortment	9
Differentiation	10	Differentiation	10
Objective insights	11	Marketing programs	11
ESG	12	ESG	12
Range / Assortment	13	e-Commerce integration	13
Innovation	14	Margin	14

MEA

Voice of Retailers

2019		2022*	
Trust	1	Trust	1
Category growth	2	Category growth	2
Supports our strategy	3	Marketing programs	3
ESG	4	Objective insights	4
Communication	5	Supports our strategy	5
Differentiation	6	Delivers commitments	6
Range / Assortment	6	Differentiation	7
Marketing programs	8	Innovation	8
Delivers commitments	9	Communication	9
Margin	10	Appropriate investment	10
Appropriate investment	11	ESG	11
Objective insights	12	e-Commerce integration	12
e-Commerce integration	13	Range / Assortment	13
Innovation	14	Margin	14

Note: Differentiation & Range/Assortment tied to 2 decimal places

*Excludes new competencies introduced in 2022

Top Drivers of Engagement Over Time

(Supply Chain & Discontinued/New Competencies Removed)

Asia

Voice of Retailers

2019		2022*	
Appropriate investment	1	Trust	1
Delivers commitments	2	Supports our strategy	2
Supports our strategy	3	Communication	3
Communication	4	Marketing programs	4
Trust	5	Appropriate investment	5
Category growth	6	Category growth	6
Range / Assortment	7	Differentiation	7
Objective insights	8	Objective insights	8
Marketing programs	9	Innovation	9
e-Commerce integration	10	Delivers commitments	10
Differentiation	11	e-Commerce integration	11
ESG	12	ESG	12
Margin	13	Margin	13
Innovation	14	Range / Assortment	14

Oceania

Voice of Retailers

2019†		2022*	
Trust	1	Trust	1
Delivers commitments	2	Supports our strategy	2
Category growth	3	Delivers commitments	3
Differentiation	3	Communication	4
Communication	5	Category growth	5
e-Commerce integration	6	Innovation	6
Marketing programs	7	Objective insights	7
Supports our strategy	8	e-Commerce integration	8
Appropriate investment	9	Marketing programs	9
ESG	10	Range / Assortment	10
Range / Assortment	11	Appropriate investment	11
Innovation	12	Differentiation	12
Objective insights	13	ESG	13
Margin	14	Margin	14

*Excludes new competencies introduced in 2022

Top Drivers of Engagement Over Time

(Supply Chain & Discontinued/New Competencies Removed)

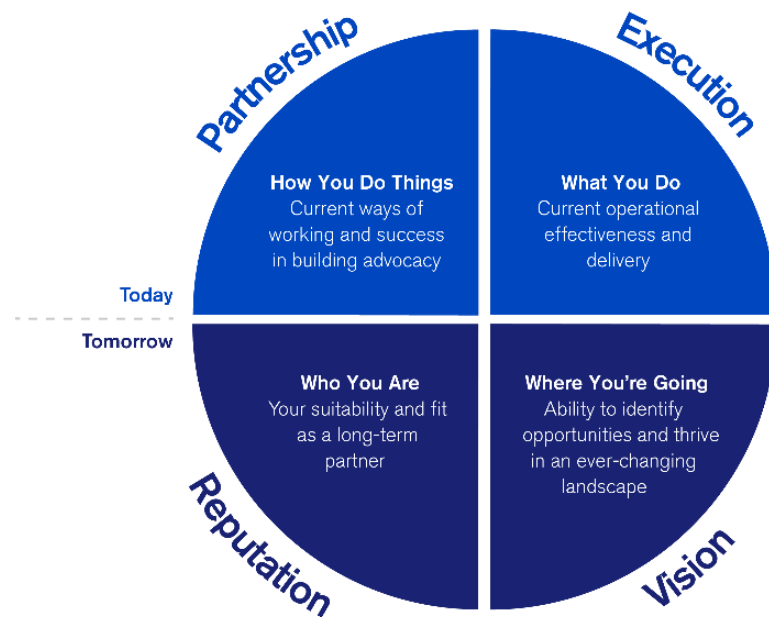
Americas

Voice of Retailers

2019†		2022*	
Trust	1	Trust	1
Delivers commitments	2	Supports our strategy	2
Communication	3	Communication	3
Supports our strategy	4	Delivers commitments	4
Category growth	5	Category growth	5
Appropriate investment	6	Differentiation	6
Objective insights	7	Innovation	7
Marketing programs	8	Objective insights	8
e-Commerce integration	9	Marketing programs	9
Differentiation	10	Appropriate investment	10
Range / Assortment	11	Range / Assortment	11
ESG	12	e-Commerce integration	12
Margin	13	Margin	13
Innovation	14	ESG	14

† Does not include Canada

*Excludes new competencies introduced in 2022



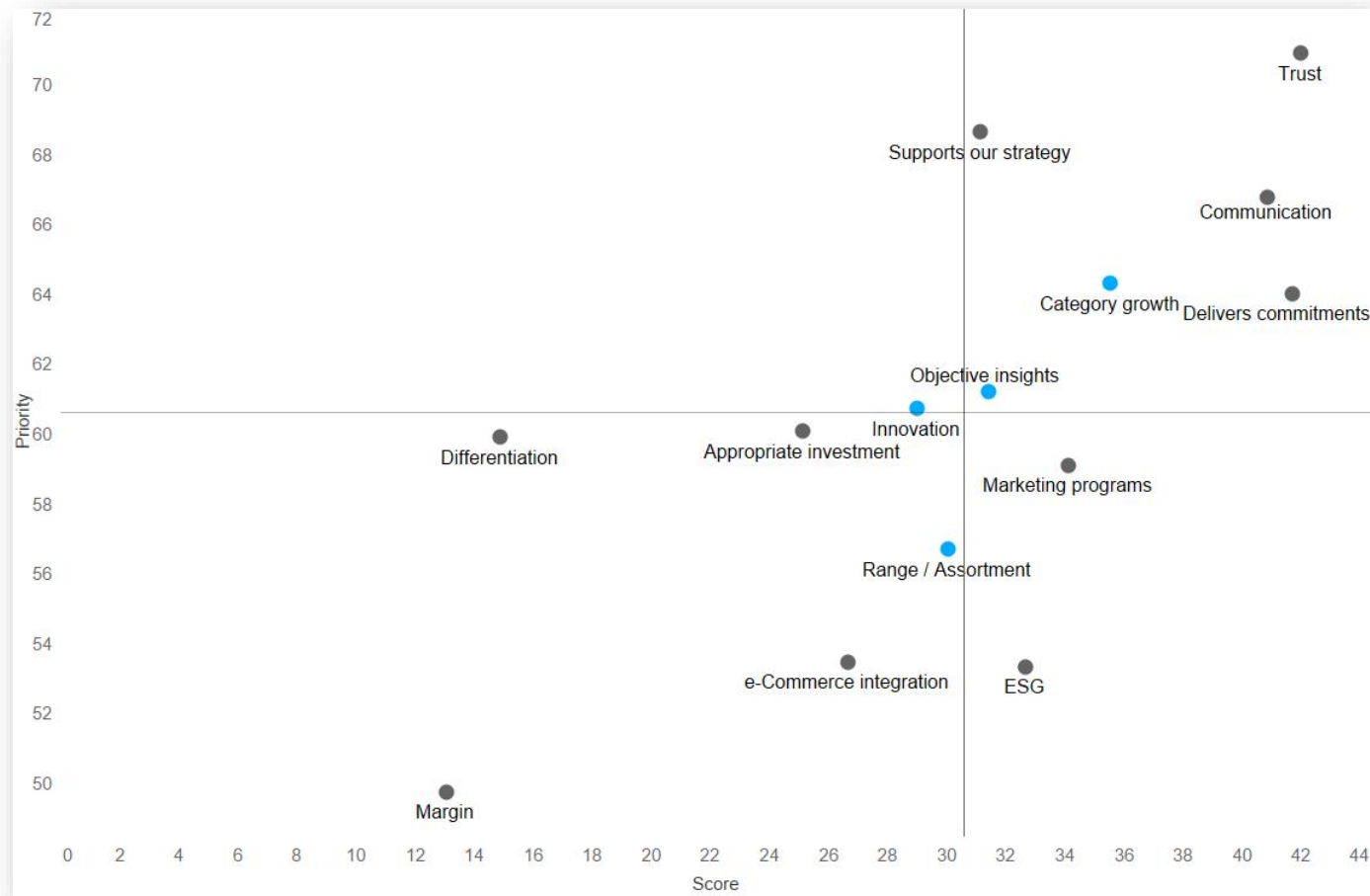
Priority V Performance:

Important Competencies To Drive 'Category Growth':

- Marketing Programmes
- Range / Assortment
- Supports our Strategy
- Collaborative Planning

Few Regional Differences:

- Asia – 'Innovation' High Importance Low Score
- 'Objective Insights' - Highest in Oceania
- 'Category Growth' 25-35 All Regions



Note 1: Category Management-related competencies highlighted in scatter chart above

Note 2: Only competencies common between 2019 to 2022 in the Advantage Report included

Note 3: Scores are based on an average across all markets

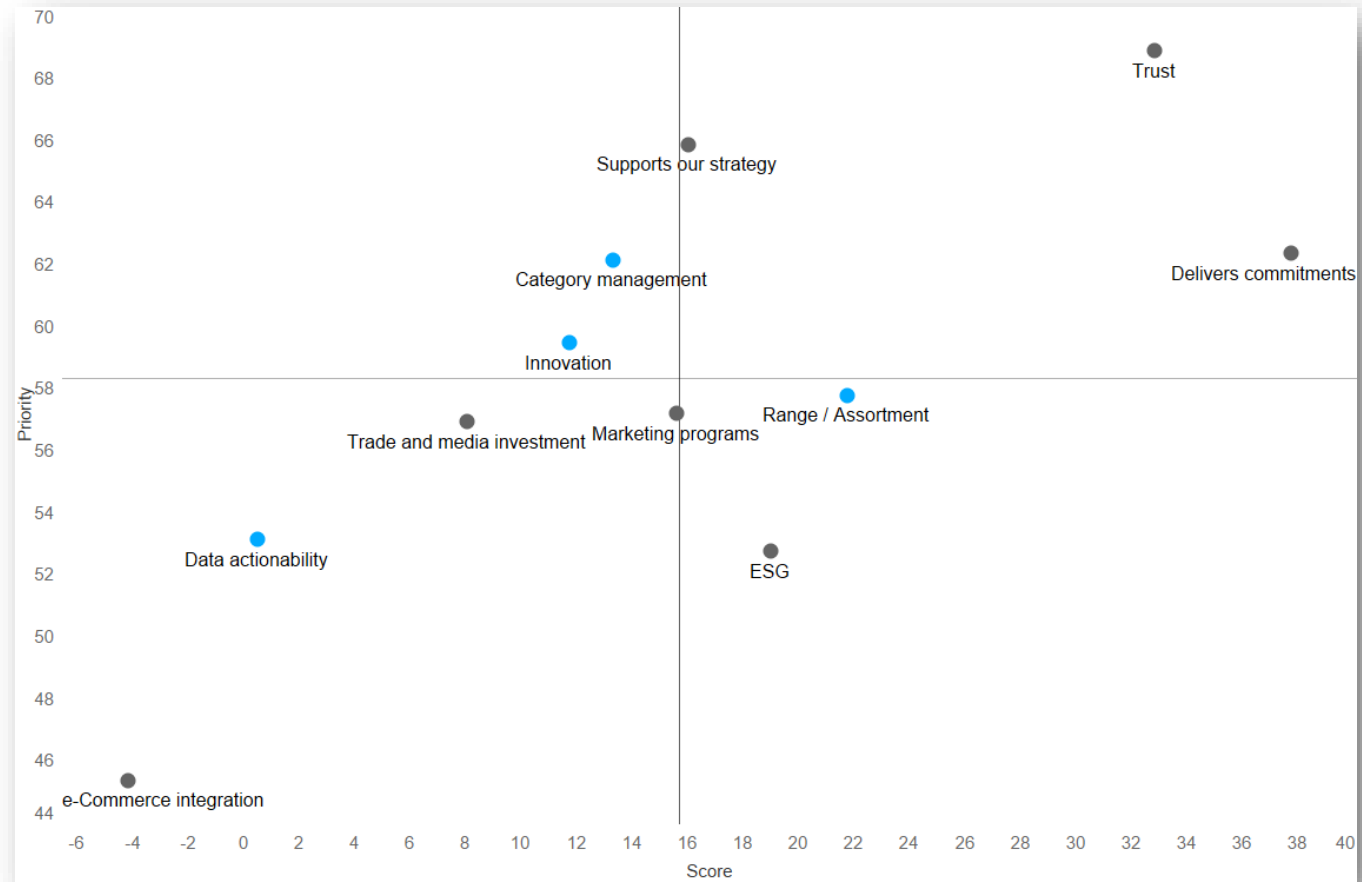
Priority V Performance:

Important Competencies to Drive Category Growth:

- Trade and media Investment
- Marketing Programmes
- Ecommerce Integration

Few Regional Differences:

- Cat Man Scores Lowest in MEA
- Range and Assortment Highest in Europe and Americas
- Data actionability – Below Zero in all Markets exc Americas



Note 1: Category Management-related competencies highlighted in scatter chart above

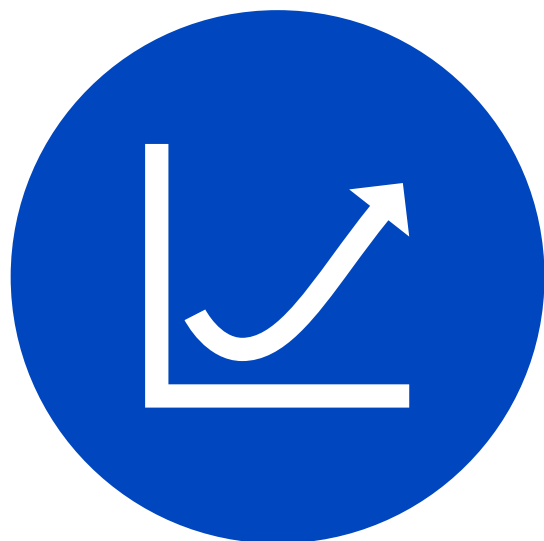
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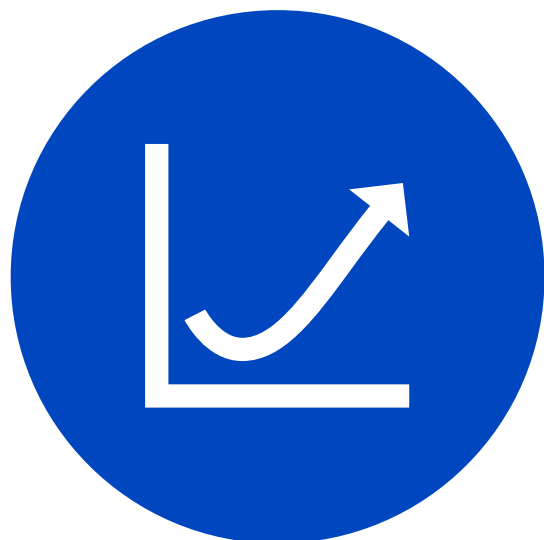
Best in Class Delivery Category Development

Retailers say that Suppliers who are Best in Class at Driving Category.....



✓ Build category vision collaboratively with retailers and prioritize working towards alignment of objectives	✓ Have a transparent relationship across teams and an open attitude to doing things differently
✓ Are flexible; evolve/change as plans and/or category trends change. Proactively deliver opportunities and provide solutions that boost declining sales and close gaps	✓ Invest strategically to drive category growth; leverage multiple marketing vehicles to optimize growth
✓ Deliver solid understanding of insights and key drivers of category opportunities	✓ Bring forward innovation and new ideas to fuel growth
✓ Understand the potential of e-commerce and have a clear goal for online growth	✓ Grow the entire category, not just their brands and ensure a strong team who work well with customers

Suppliers say that Retailers Who are Best in Class at driving Category.....



✓ Have a clear category management plan / review process and engagement points for supplier interaction & collaboration	✓ Ensure data-led insights sit at the foundation of commercial discussions and decisions with clear category strategies
✓ Are forthcoming with information and effectively communicate with suppliers what's working within the category and what's working / not working	✓ Share timelines well in advance to ensure initiatives can be delivered
✓ Pinpoint the biggest category opportunities and prioritize them for success	✓ Are flexible ; evolve/change as plans and/or category trends change
✓ Collaborate and develop strategic plans that are mutually beneficial	✓ Incorporate digital leadership thinking into solutions and delivery

*“We can ask them a question and they will give the
most objective answer in terms of **trying to
pursue category growth** rather than just growth
of their brands.”*

Major European Retailer

*The newly structured buying team is **professional,
helpful, and diligent**. They **support our objectives**
and encourage a **collaborative** working relationship,
striving for the **mutual success of the category***

Major UK Supplier

Key Take Aways:

- **Trust, Communication and Supporting Each Other's Strategy** is the bedrock of strong Engagement
- **Joint Vision and Business Planning** is essential
- The importance of **Category Management** continues to **Rise Within Retailers & Suppliers**
- Role of **Innovation** is growing

Opportunity for Improvement in Collaboration on Category Growth is Huge



Thank you.

**Driving 'Go-to Supplier' positioning for Category Development
(Category Growth, Objective Insights & Assortment)**

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