

The future of Perfect Store:

# Strategies to elevate Perfect Store programs in 2022 and beyond

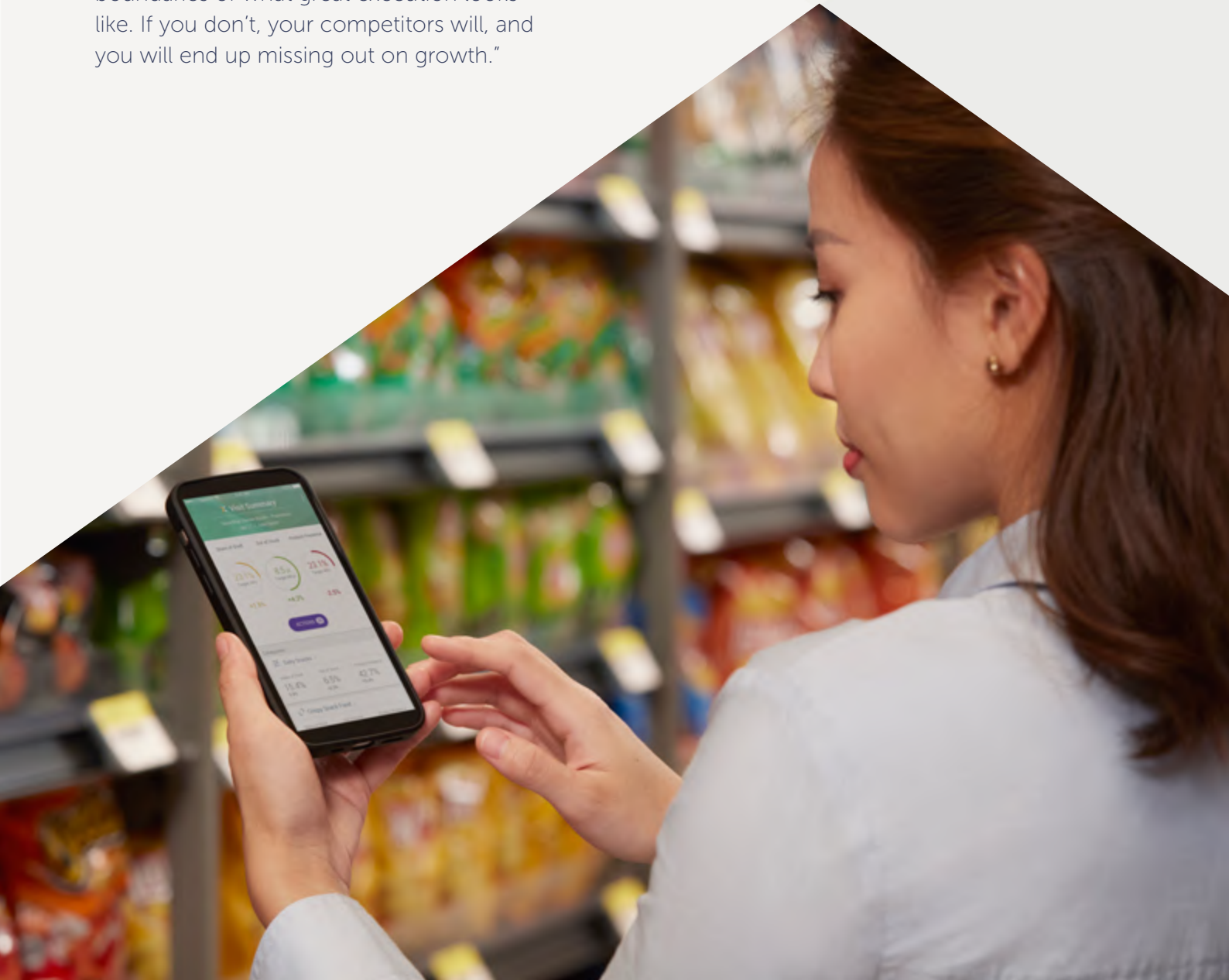


# Introduction

What is the future of the Perfect Store? Unlike the name suggests, it's actually not about achieving perfection: it's about continuously evolving and progressing to the next level.

"That's the beauty of Perfect Store," says Scott Bellm, Vice President of Customer Excellence at Reckitt, "and that's how you drive growth behind the program. Because if it's just 'we're there' and then you move on, then you're limiting yourself as you should be continuously stretching the boundaries of what great execution looks like. If you don't, your competitors will, and you will end up missing out on growth."

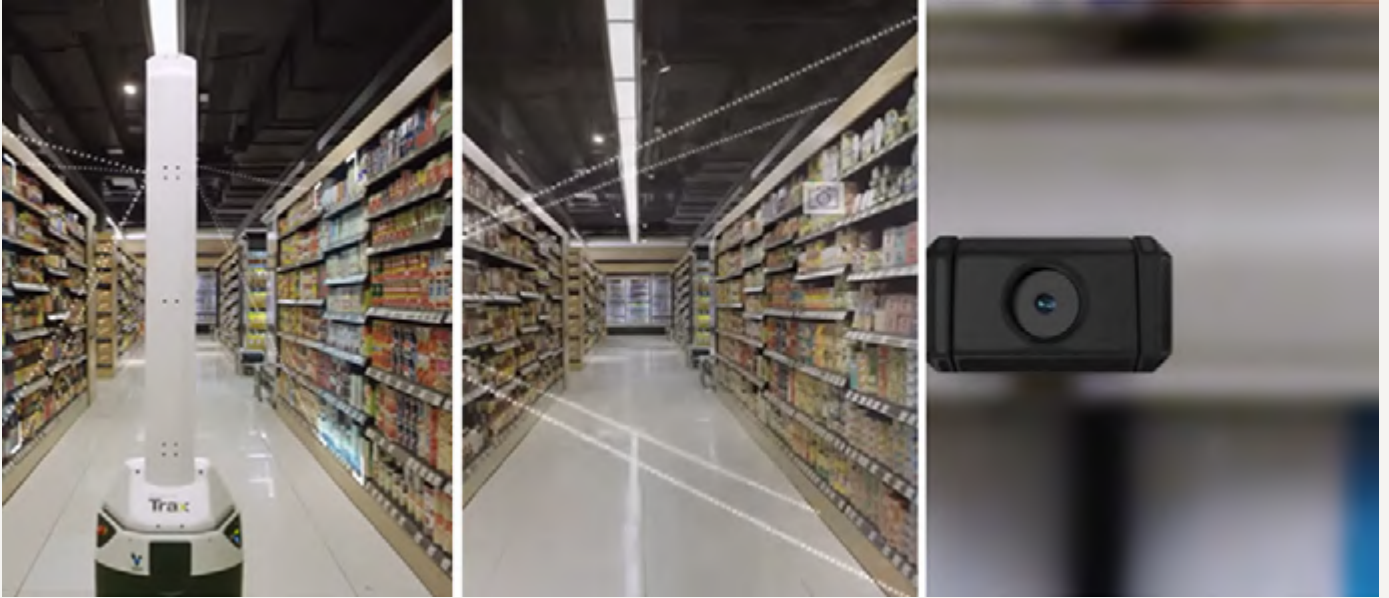
This whitepaper from Trax gives readers insight from industry leaders into the next evolution of Perfect Store, highlighting cutting-edge technologies and strategies to help consumer packaged goods (CPG) brands continuously drive growth and become more agile and resilient in the midst of an ever-changing retail landscape.



# Contents

The state of Perfect Store	3
The evolving retail landscape	4
The rise of omnichannel	5
The ongoing impact of labor shortages	6
The limitations of conventional data collection methods	7
Strategies to elevate perfect store programs	8
Get eyes in the store with the Internet of Things (IoT)	9
Leverage state-of-the-art technology to prioritize action	10
Execute when and where it's needed most with an on-demand workforce	11
Refocus on the shopper experience	12
Looking to the future of Perfect Store	13
Trax Perfect Store	13

# The state of Perfect Store



During the COVID-19 pandemic, consumers stockpiled necessities, from food to toilet paper, and supply-chain disruptions abounded. The pandemic forced shoppers to adapt and change their grocery habits; brands to double down on availability and sustainable resources; and retailers to cope with the peaks and troughs of supply and demand. Meanwhile, Perfect Store programs took a backseat as retailers prioritized on-shelf and in-stock availability, as well as protecting the safety of their in-person shoppers.

“In the year and a half after the pandemic began, it was difficult to access stores, and CPGs were limited in terms of what they could do,” explains Bellm, “Retailers had to limit how many people were in the store, and they preferred to prioritize shoppers versus sales reps.”

Now, Perfect Store programs are coming back into focus, says Bellm. But they’ve returned to a retail landscape that has dramatically changed. From the rise of

ecommerce and last-mile delivery to the ongoing labor shortages and supply chain disruptions, it’s a new ball game with new challenges — and new opportunities.

Just as the retail landscape has evolved, Perfect Store programs must also adapt to overcome these challenges, capitalize on the opportunities, and ultimately, position CPGs strategically for the future.

According to Connie Cheng, Executive Vice President of Global Advanced Analytics at Trax;

**“Today, the future of Perfect Store depends on having ‘eyes’ in the store, mining shelf data for real-time insights, leveraging the power of the gig economy to execute fast, and partnering strategically with retailers to achieve their shared goals and align their visions to reimagine the shopper experience.”**

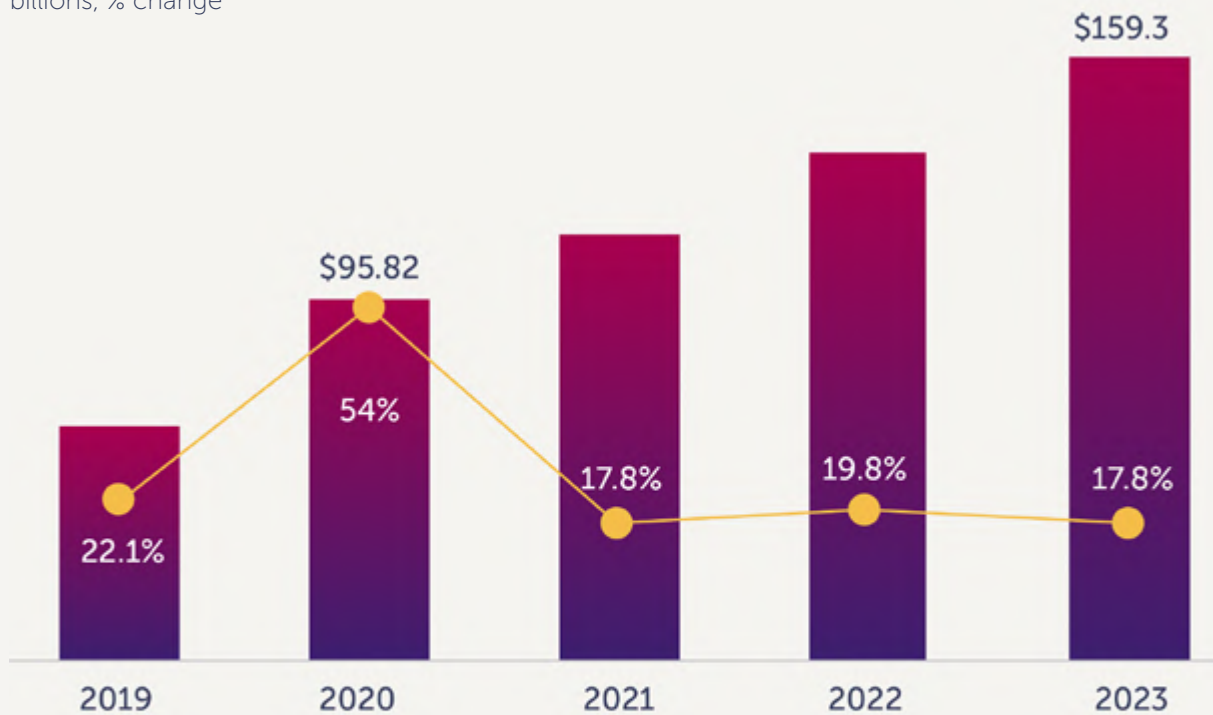
# The evolving retail landscape

The retail industry is still finding its feet in a world that has been thoroughly upended by the COVID-19 pandemic. Consumer buying behaviors have permanently changed. For example, today, consumers shop more frequently online than they did before the pandemic. [One report from eMarketer](#) shows that online grocery sales


grew 54% reaching \$95.82 billion in 2020, representing 7.4% of all grocery sales. By 2023 this number is projected to reach \$159.3 billion, or 11.2% of total U.S. grocery sales.

## US grocery e-commerce sales 2019-2023

billions, % change



 Grocery e-commerce sales

 % change

Source: eMarketer, March 2021

# The rise of omnichannel

One example of the lasting effects of the pandemic is online grocery. The appeal of online grocery shopping is steadily rising among consumers, driven in part by the convenience of apps like Instacart and Deliveroo—with some services now promising “ultra-rapid” delivery in under an hour. [Statista](#) estimates that by 2022 there will be 30.4 million adult grocery app users in the U.S. with other numbers projecting that more than half (51.3%) of the US population will be digital grocery buyers ([eMarketer](#)).

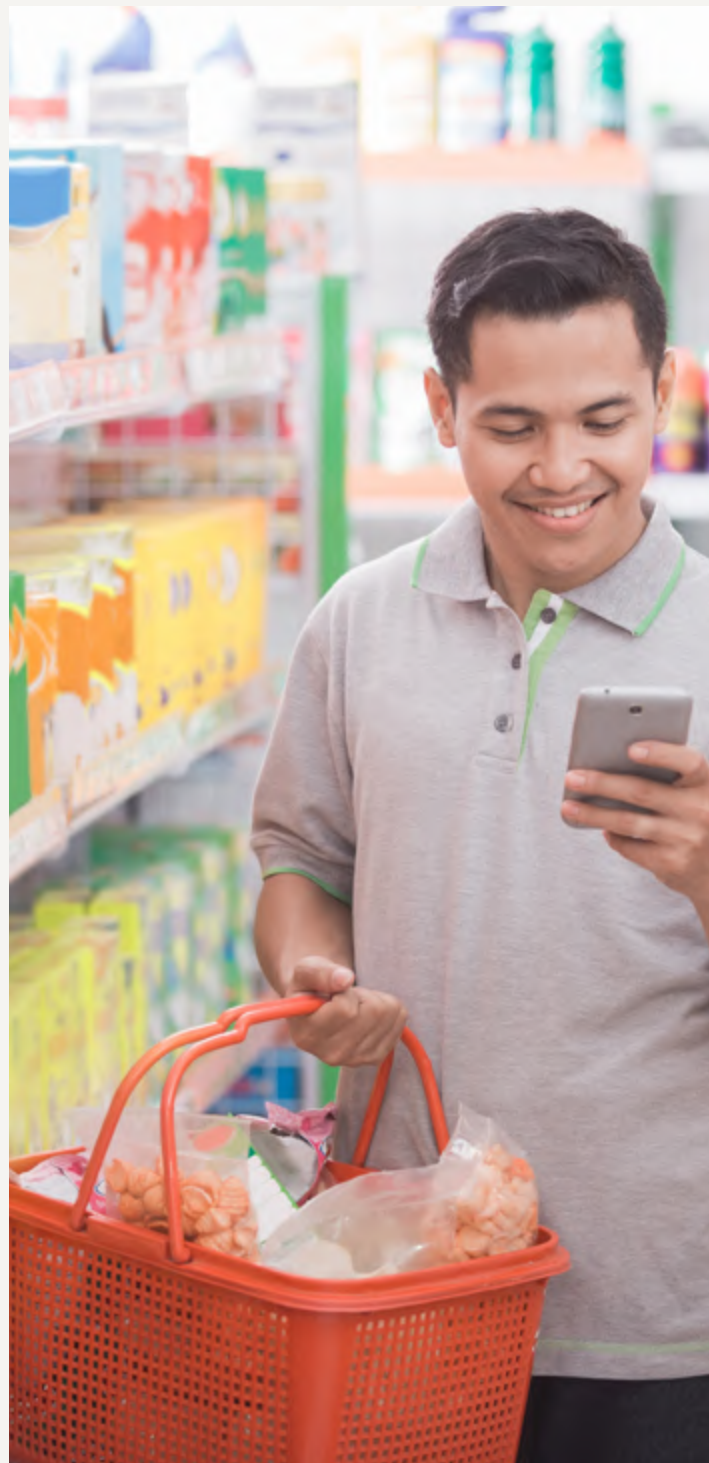
For CPG leaders like Scott Bellm, the rise of online order fulfillment means that it’s more important than ever before for CPGs to take a precise and nuanced approach to their Perfect Store execution. For example, Bellm explains;



**CPGs need to understand which stores are being picked for online orders and focus on execution of the right KPIs in those stores—like on-shelf availability, substitution adjacency, and placement—to make it easier for a shopper to locate the right product and assemble the basket in the most efficient manner possible**

This isn’t something most CPGs are doing today, says Bellm, especially in markets where ecommerce sales still represent a relatively small percentage of sales.

But as omnichannel continues to grow rapidly, adapting to these new sources of fulfillment will be key to positioning CPGs for success into the future.



# The ongoing impact of labor shortages



The labor crisis is another lingering effect of the pandemic that continues to pose challenges for retailers and CPGs alike. While consumers are returning to pre-pandemic levels of in-person shopping, retailers' ability to meet the renewed demand is limited. In fact, according to results from the [US Bureau of Labor Statistics](#), in the United States, the retail industry had 176,000 fewer retail workers employed in November of 2021 compared to February of 2020.

Meanwhile, according to [McKinsey & Company](#), the primary way CPGs who achieve profitable growth differentiate themselves is through "superior execution," which accounts for a 5.0 percentage point advantage in organic growth. However, without enough workers, Perfect Store execution becomes much more challenging. With fewer workers, it is even more important to focus on the KPIs that are most important for each store and target execution to drive the most value.



## 176,000

fewer retail workers employed in **November 2021**  
compared to **February 2020**

# The limitations of conventional data collection methods

Meanwhile, conventional data collection methods for Perfect Store programs—like manual checks and spreadsheets—are slow, laborious, and costly. For example, traditionally, brands would send reps on the road to visit stores and manually fill in weekly spreadsheets. However, data from manual checks is subjective and prone to inaccuracies—with somewhere between [15% and 40% error rate](#). Not to mention, this data is immediately out of date.

In today's fluid environment, where supply disruptions can happen unexpectedly given the varying rate of infection across supplying countries and raw materials, up-to-date, accurate data is even more critical to the success of Perfect Store programs.





# Strategies to elevate Perfect Store programs

To navigate today's challenges and continuously level up their Perfect Store programs, CPGs need to pull every lever they have available to them – from getting eyes in the store by deploying the latest technology to leveraging the gig economy for rapid in-store execution.

However, these strategies alone are not enough to stay ahead of the competition. The most important piece of the puzzle? "First and foremost," says Cheng,

**"the success of Perfect Store programs today hinges on the strategic alignment between CPGs and retailers, and the 'holy grail' is getting to the heart of shoppers."**

Historically, Perfect Store programs have been driven by CPGs, and the conversation with retailers revolved primarily around

promotional mechanisms and transactional tactics. Today, Perfect Store is no longer just a CPG play – it's an untapped opportunity for CPGs to strategically partner with retailers and build data-driven Perfect Store programs targeting the KPIs that matter most to their bottom lines. The key lies in finding the commonalities between their goals. To do this, says Cheng, brands need to work in tandem with retailers to align their visions and focus their Perfect Store efforts where it matters –the shoppers.

The following are four ways CPGs can collaborate with retailers to elevate their Perfect Store and Store of the Future programs.



## Get eyes in the store with the Internet of Things (IoT)

With manual data collection methods, data is already obsolete by the time it is reported, making in-cycle changes all but impossible. Instead, by leveraging automated data collection technologies, brands and retailers can eliminate waiting for monthly data and instead capture the current state at the shelf, enabling them to adapt and iterate quickly based on real-time, in-store conditions.

One of the most powerful technologies for automating data collection in stores is image recognition, or IR. CPGs can partner with retailers to install IoT devices to gain eyes in the stores at enhanced frequency. These “eyes” constantly capture images of the shelf, automating the collection of up-to-the-minute data about share of shelf, out-of-stocks, product positioning and many more KPIs to measure compliance with Perfect Store standards.

Field sales teams can download an IR app to their mobile phone, photograph shelves, and upload images securely to the cloud for real-time analysis. KPIs and store check results can be received in a matter of minutes, enabling reps to quickly fix compliance gaps. An enormous wealth of data can be gathered from images captured by a combination of manufacturers’ field forces, 3rd party auditors, IoT devices, on-demand gig workers, and even shoppers themselves.

This data can then be used to generate accurate and granular KPIs with SKU-level data points that can be acted on immediately.

The ability to analyze in-store data in real-time and use the outcomes for retail excellence planning is a major strategic advantage that allows CPGs to focus

valuable field resources on the gaps that will have the greatest impact on sales. Leveraging this enhanced visibility further enables CPGs to help their retailers keep up with the growing demands of shoppers for the right assortment, at the right price, and in the right place.



Image recognition using IoT cameras constantly capture images of the shelf



Field sales teams can upload images using an IR app for real-time analysis



Automated up-to-minute data to measure compliance with Perfect Store standards



In-store data is analyzed in real-time allowing issues to be acted on immediately



CPGs can focus efforts on quick fixes to gaps that will have the greatest impact on sales



### Leverage state-of-the-art technology to prioritize action

With the volume of data that can be collected using IR, the possibilities for optimization are almost endless. The challenge, however, is to be able to quickly sift through all of this data and then identify and act on the insights that will make the greatest impact.

With the latest advances in artificial intelligence (AI) and Machine Learning (ML), users no longer need to comb through rows and rows of spreadsheets to gain these insights. Instead, they can rely on the machine to effectively sieve and simplify the data sets and prioritize actions that matter most.

CPGs can further leverage these technologies to strategically segment stores into cohorts and pinpoint the specific KPIs that will drive the best

results for each cohort. For example, for one cohort, vertical blocking and shelf organization may be the most impactful KPIs, whereas for another cohort, the most important consideration might be on-shelf availability. AI and ML technology makes it possible to extract these insights from a mountain of data—at speed and at scale.

**“State-of-the-art technology is empowering CPGs and retailers to capture narrow windows of opportunity to activate and prioritize in-cycle changes”**

**Connie Cheng**

### Execute when and where it's needed most with an on-demand workforce

While advances in technology have unlocked new possibilities, the ability to execute on these opportunities has been limited by ongoing labor shortages and tight margins. These challenges are driving a new approach to in-store activation: a flexible workforce or "Flexforce."

Today, the merchandising workforce can – and should – go beyond full-time employees or traditional third-party agencies. A flexible on-demand workforce provides speed, agility, and reach that a fixed workforce simply cannot provide. These gig workers can go further than just auditing and can take quicker action to improve execution in the store.

Bellm notes the growing demand for a flexible workforce, stating that "leveraging a crowd to conduct routine tasks like store audits is becoming more and more popular." Bellm recommends deploying this more advanced on-demand field force to focus on in-store activation, for example, in stores where you know compliance has not been strong in the past.

A flexible workforce works in conjunction with technology to act on real-time information and respond promptly to ensure KPIs are met.



A flexible on-demand workforce provides speed, agility, and reach



Flexforce provides quick action to improve execution in-store



Works with technology acting on real-time information and responding promptly

### Refocus on the shopper experience

Finally, when CPG and retailer visions align, no one is more important than the shopper. On approaching retailers with your Perfect Store program, Bellm stresses, "Make your pitch about delighting the shopper and not about you and your brands." Bellm continues, "It needs to be a category approach, insight-driven, addressing shopper barriers and amplifying the levers to pull to attract more shoppers, encourage current shoppers to buy more and trade up to premium products."

Instead of pitching your Perfect Store program for your product alone, Bellm suggests, sell your retailer on a vision for an entirely new shopper experience for the category. For example, instead of focusing on the transactional details of displaying your brand of alcohol in store, help your retailer envision a category-level display that sells the experience of making

cocktails for a party. Similarly, consider taking a page from PepsiCo, whose product advertising reimagines packaged snacks and soft drinks as celebrating "moments" in everyday life. Help your retailer envision bringing these moments to life in the store for shoppers—and ultimately, improve sell-through.

This concept can be applied across categories by putting the shopper as the focal point of your conversations with retailers. "CPGs and retailers both win when they align their strategies," says Cheng, "When they go beyond basket size and immediate sales to enhance the shopper experience, build loyalty, and drive long term gains."



# Looking to the future of Perfect Store

The future of Perfect Store isn't perfection. It's continuously leveling up your capabilities to drive growth. It's staying ahead of the technology curve. And, ultimately, it's the strategic alignment of CPGs and retailers to build customer experiences that delight shoppers at the shelf like never before.

To learn more about how to bring your Perfect Store programs to the next level, book a meeting with our sales team at [www.traxretail.com/contact](http://www.traxretail.com/contact).

## Trax Perfect Store

At Trax, our vision is to be the driving force of the store of tomorrow, where the physical and digital combine in new ways to delight at shelf. Trax Perfect Store provides a complete solution to manage your Perfect Store program. Leverage unparalleled visibility into store conditions and shelf intelligence to drive profitable execution and deliver sustainable sales growth.



### Monitor compliance

Identify gaps, surface root causes, and drive action plans at the category, customer, and field levels.



### Drive execution

Drive your Picture of Success with real-time insights at the point-of-sale and improve in-store decision making.



### Refine your strategy

Identify Perfect Store pillars that are the biggest growth drivers and refine your strategy accordingly.

Find out more 



January 2022. © 2022 Trax Image Recognition. All Rights Reserved.

This document and the information contained herein is confidential; This document is provided for information purposes only for the exclusive use of the recipients to whom it is addressed and the contents hereof are subject to change without notice. Whilst the information contained herein has been prepared in good faith, it is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. Trax specifically disclaim any liability with respect to this document and no contractual obligations are formed either directly or indirectly by this document. Any reproduction, retransmission, republication, translation, or other use of, all or part of this document is expressly prohibited, unless prior written permission has been granted by Trax. Trax, the Trax logo and other all other Trax trademarks, logos and service marks used in this document are the trademarks or service marks of Trax and its affiliates. All other marks contained herein are the property of their respective owners. Trax has intellectual property rights relating to technology that is described in this document.