

STORE WARS

The Art of Winning Shelvespace and Mindspace

April 2005 was a significant month for retailers and manufacturers who participated in ACNielsen's STOREWARS programme. Conducted in India for the first time, Storewars is a market simulation designed specifically for the fast moving consumer goods (FMCG) industry that challenges participants with day-to-day decisions for both, retailers and manufacturers. This programme has been run across a multitude of countries worldwide and was enthusiastically attended by the biggest names in Indian business today. Along with ACNielsen's very own participants, this four day residential seminar was also attended by executives from FMCG giants such as Henkel, ITC, Colgate Palmolive, Cadbury's, Zydus Cadila and Britannia India.

During the workshop, five teams representing manufacturers and retailers, compete to attract consumers to competing lines of food products and cleaning products. In this environment, three teams are in charge of manufacturing companies and two are in charge of chains of retail stores. The manufacturers have to their disposal all marketing tools such as pricing, new product development, segmentation, positioning, etc. for controlling mind space and shelf space. As a retailer the teams were left to decide which products to stock, what promotions to carry, label and pricing policy and so on. The manufacturer and retailer teams also negotiated with one another to influence each other's decisions.

Storewars followed the growth of an organization from when a team took on the management of an ongoing profit making company to its handover to a new management team. Through the duration of the course, both retailers and manufacturers negotiated decisions and programmes that would ultimately grow their business. With such a competitive task ahead, the teams' performances were judged against 'horizontal' competitors, the other manufacturers or retailers, using two criteria - Economic Value Added (EVA), that is, the relation between operating profit and the cost of capital employed to generate it, and Market Share gained, a reflection of both current achievement and potential for the future.

Storewars was conducted by Hope Mandel and Jim Berling - both experts in the field of training. Their combined experience in the retail sector brought an in-depth understanding to our participants and geared them for challenges faced in the evolving FMCG industry. At the conclusion of the seminar, it was collectively agreed that this served as an opportunity to learn more on the process of decision making and visualize the impact of those decisions. (See Participant feedback)



EXPERT VOICE

Hope Mandel has been conducting the STOREWARS programme for 5 years now. Hope has over 20 years of experience at ACNielsen, providing insights from retail measurement and consumer panel data to both manufacturers and retailers in the U.S. In India recently to conduct the inaugural STOREWARS programme, Hope expressed her perspective about the programmes success, its relevance and the future course of retailing in India.

Q1) What is the STOREWARS programme about ?

Essentially, the STOREWARS programme is a business simulation program that goes beyond the ordinary 'training' format to recreate live market planning and decision making situations. The context in this case, is the Modern Trade and the trade marketing dynamics between manufacturers and retailers. The programme is geared to training professionals on how they can empower themselves with information and an analytical approach to maximizing opportunities derived from the development within the trade structure and changes in shopper behaviour.

Q2) Why is a programme like this important for a country like India where the Modern Trade is in a stage of infancy?

It is true that the development of trade is very different in India. While the proportion of the Modern Trade is relatively low within the universe of stores right now, the distribution of modern format stores is not symmetrical. Different locations in India have differing degrees of modern trade development. However, where modern trade does exist, its contribution to sales within certain categories appears to be disproportionate to the absolute number of modern format stores present. Simply put, despite a low number of individual stores, the modern trade has a greater impact in some categories.

Moreover, the rate of growth of these stores in India appears to be very aggressive thanks to greater urban affluence and a trend for standalone stores to convert to the modern format. In this context, the marketers and retailers who gear for the future now, will be ahead of the curve and acquire the position of future market leaders.

The truest indicator of the programme's relevance has been the enthusiasm amongst Indian marketers and retailers to attend it and accelerate their learning curve. Their sophistication with the principles of the traditional trade notwithstanding, they realize that the modern trade is here to stay and that it requires a different approach since they will not be able to apply the same principles one uses in a Kirana store. Clearly, they have taken cognizance of the fact that the paradigm of the way they do business is going to change.

Q3) India is a very large and diverse country with stark regional variances in consumer preference. Does the programme take this into account?

Since the programme has run in over 30 countries across the world, it has evolved to outline principles and practices that apply across countries and continents. Surprisingly, even the United States, for instance, though thought of as a homogenous mass of consumers, has very sharp regional disparities in certain categories and consumer segments.

The programme instills in marketing and trade professionals the practices and perspectives they need to use when tackling marketing challenges such as 'diversity' among other things. Fundamentally, manufacturers and retailers need to leverage the knowledge of regional consumer preferences to fine-tune their assortment so that they can derive synergies that will allow them to devise a win-win situation for both parties.

For example, when dealing with an issue like diversity, it is important to realize that consumers and shoppers can be very different target groups. By sharing information about the profile of shoppers that a retailer attracts, retailers and manufacturers can work towards better efficiencies and returns on investment by using the right assortments with the right promotional strategies. Consumer and shopper segmentation is important to look at as well. ▶▶

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► Q4) What does the Indian retailer need to do to ensure leadership as the Indian retail landscape alters?

For one thing, retailers in India need to use research more actively. By adding greater consumer profiling knowledge to their existing sales databases, retailers can use research both strategically to define their offering and as a negotiation tool to maximize profitability.

Matching the demographics of shoppers with the demographics of consumers of the product can help dictate what the retailer stocks and which products the manufacturer should provide retailers with.

Retailers have to realize that like marketers, they too need to decide what their positioning is. This, above all else, will lay a strong foundation for building powerful store equity. As we have evidenced across the globe, the modern trade in India will expand aggressively and eventually consolidate. The retailers that prepare for these eventualities will be the ones that will ultimately create sustainable success for themselves and the manufacturers who align with them.

Participant feedback : What participants say about ACNielsen's STOREWARS programme

- Over 90% of the participants felt that a majority of the learning objective was achieved by the workshop

	All
80%-100%	23%
60%-80%	69%
40%-60%	8%
20%-40%	0%
0%-20%	0%

- Most of the participants felt that the workshop equipped them with skills they could use in their existing job

	All
80%-100%	15%
60%-80%	38%
40%-60%	35%
20%-40%	12%
0%-20%	0%

- A majority of the participants rated the course content to be "Very Useful"

	All
Extremely Useful	19%
Very Useful	54%
Useful	23%
Partly	4%
Not at all	0%

- Over 2/3rd of the participants felt that the course helped in being more competent in the areas covered

	All
80%-100%	4%
60%-80%	69%
40%-60%	23%
20%-40%	4%
0%-20%	0%



Scenes from the ACNielsen STOREWARS programme in India