

# Leading Thoughts

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Leading Thoughts are a series of articles designed to highlight hot FMCG industry topics, written and researched by our international team of experts at TNS Consumer. For more information about TNS Consumer visit our new website: [www.tnsglobal.com/consumer](http://www.tnsglobal.com/consumer)

## Time to sharpen shopper insights?

Getting to the future first in a world of shopper power

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The stakes are huge. Retailing is a \$14 trillion market today. Retailers have a natural thirst for growth, but where to tomorrow? And what are the implications for suppliers? Most retailers are running out of new store expansion opportunities at home. Developing economies offer growth rates which

are 2-3 times those of the developed world. One day, retail landscapes in Brazil, India, Russia, China, and Eastern Europe will become concentrated and led by global players, just as developed countries are. The alarming reality is that this will occur on a dramatically compressed timetable – over the next five to ten years. At TNS, we can already see the signs and are helping companies see what we see and act upon it.

### The surging visibility of private label

The rapidly growing phenomenon of retailer 'private label' is a case in point. 60 to 80 percent of a typical retailer's sales get paid to suppliers as costs of goods sold. Retailers have discovered this huge 'built-in' growth market and are exploiting the opportunity through broad-spectrum product development.

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As WalMart, Tesco, Carrefour, Metro and others venture out globally, they meet new suppliers with tremendous surplus manufacturing capacity for great quality, low cost products. So retailers are racing to add their own store brands, which feature world class products and packaging, and often premium pricing. With proper marketing, shoppers even see these 'private labels' as global brands. In many categories, a retailer's private label is today's market share leader.

### From the suppliers' perspective

FMCG suppliers have their hands full with traditional competitors. But the arena is changing. There is significant inter-category competition. Suddenly, your competitor is not another maker of pickle

relish or soap, but another encroaching category, like women's clothing or consumer electronics, that produces greater profit per square foot.

Within a category, the rapid growth of private label means the FMCG community must now compete with customers – who control floor space decisions.



What do you do when your biggest customers are also your biggest competitors?

If you are a supplier like Apple or Nike, you can open your own stores. You have the product range and brand market power to both manage owned stores and sell through your retail customers. Despite their size, however, suppliers like P&G or Unilever don't

have the product range to open a store, even if they wanted to. And in terms of economic power, the turnover of Walmart is now 8 times that of Procter & Gamble, and the gap is growing.

### Meeting the consumer in the aisle

If it sounds like the power in the channel of distribution has swung from supplier to retailer, that's only part of the story. The real locus of power is neither the retailer nor the supplier, but the shopper.

Retailers and suppliers are facing the growing realisation that 75 percent of consumer choices are made in-store, heavily influenced by an in-store experience that can be managed and improved. Developing insights into the shopper journey has become the new imperative for FMCG suppliers, because it is clearly the key to sales growth.

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More and more ad spend is moving from mass media to point of sale, a trend which technology is helping along. In-store media networks, electronic shopping trolleys with video screens, and in-store information kiosks are starting to change the game. Shopper marketing is a new medium that is as important as the internet or mobiles.

More and more categories are going through a complete re-think – is there a better way to organise, display and message that will improve shop-ability, find-ability, and the overall shopping experience? If done well, collaborative category development greatly benefits the shopper, the retailer, and the brand. Everybody wins.

When you've run out of places to roll out your store, how do

you sell more to the customers you already have?

“Whether you're a retailer or supplier, shoppers can tell you how to re-conceive the category offer, if you just get them involved.”

### Getting to the future first

TNS comes alive when it's time to develop actionable insights on the shopper journey and strategies to impact purchasing decisions. It's where we can make a big difference. Our retailer and supplier clients are keen to listen to their customers so that they can raise their game.

We can paint a vivid and compelling picture of the

future of retailing for you. What does your world look like and where is it going? Will your brand, channel, and category strategy position you well for future success? TNS can 'bring the outside in' when you are under pressure to achieve this quarter's numbers, but may be missing the strategic forest for the trees.

The global retail market is changing quickly. Change creates peril but also great opportunity. Those with the clearest vision of the future are the ones who get to the future first. They shape what the rest of us see when we finally arrive. TNS can help both retailers and their suppliers connect with their shoppers in these uncertain times, and help you chart a course to get to the future first.

Want to know more about private label developments or developing retail economies?  
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