# Driving category growth in a CPG manufacturer's retail partnership

When a global consumer packaged goods manufacturer needed to secure competitive advantage with a major retailer in the US, it turned to Thorogood. The solution – a powerful and flexible analytics platform, has become a central part of the manufacturer's strategy for data-driven category growth with its retail partners.

## Market context

In the hyper competitive retail market, category leadership is everything. Consumer Packaged Goods (CPG) manufacturers need to negotiate with retailers for distribution, shelf placement, promotional support and displays; retailers need manufacturers to provide products that are high-quality, correctly branded, and appeal to evolving customer preferences.

Sharing useful data and driving exceptional sales in a particular category allows manufacturers to become 'category captains'. Retailers will collaborate more closely with these category leaders, even sharing data from competitors to further grow the category.

These partnerships offer significant commercial advantages. Competition for them is fierce, as other manufacturers will move quickly to provide better information and guidance to the retailer. The key to unlocking this relationship is sharing data that provides insight into opportunities for shared value and to grow the profit pool. But collating and structuring proprietary data from manufacturers, retailers and third-party providers isn't easy.

## The challenge for the manufacturer

In the face of robust competition, the manufacturer needed to foster a 'win-win' relationship with its retail partner – a major customer and the 7th largest retailer in the US. To achieve this, it needed an automated analytics platform to support data-led collaboration, optimize decision-making, and ultimately increase sales for both partners.

The business needed a solution that could help it answer complex questions. Was it selling the right product to the right consumers, at the right price, at the right time and through the right channel? How could planograms, trade promotions, and product mixes be optimized to maximize sales? And where were the opportunities to innovate and provide new products to consumers?

This formed part of a broader strategy for the manufacturer, which wanted to foster deeper collaborative relationships with all its customers – enabled by data. But first, it needed a repeatable model for success. Long-term partner Thorogood was chosen to create the platform and demonstrate its potential with this prime retail customer.

## The solution

Thorogood built a powerful analytics platform that uses proprietary and third-party data to deliver valuable and comprehensive insights into shopper behaviour for both the manufacturer and its retail partner.

A large variety of market, retailer and third-party data was ingested, including POS, inventory, pricing and basket data to provide a detailed picture of the drivers behind consumers' preferences.

A data 'lakehouse' was used to structure the information. This meant the data was structured efficiently, but with the flexibility needed to answer new questions

as business needs changed. For Thorogood and its vendor partner Databricks, this was one of the earliest deployments of a lakehouse architecture on a major project. Unusually for the use of what was then an innovative technology, this solution is still delivering value today because of the carefully considered way in which it was developed.

The shared benefits of the platform have been critical to its success. The solution is used by the manufacturer and the retailer's commercial business managers, category managers, shopper marketers and other stakeholders to make better decisions. For example, the manufacturer has been able to quickly identify inventory gaps and supply its retail partner with the right products to grow the category and ensure consumers are never left disappointed.

## A use case: Protecting market share

The platform has helped the manufacturer identify opportunities for growth and respond to threats.

For example, when the retailer began to incorporate concession stands from a competitor luxury beauty brand inside its stores, the manufacturer needed to use the platform to assess the impact. Thorogood worked quickly to incorporate the necessary data to analyse the effects of this change on shopper behavior.

This analysis was used to inform pricing and promotional strategy and invest more into the manufacturer's own luxury beauty brand. An agile response allowed it to quickly address a commercial threat and protect its leadership position.

## The right way

Thorogood's specialized knowledge and decades of experience in the CPG sector meant it knew the kinds of business questions the manufacturer would want to ask. This informed Thorogood's approach from the earliest stages of the project.

Combined with this sector knowledge is Thorogood's experience integrating the best solutions on the market to

create an efficient and effective technology architecture. Vendor independence meant that Thorogood could use the right blend of technologies, including a Delta Lake architecture, Azure, Databricks and Power BI.

Agility is a driving principle of both the way Thorogood works and the solutions it delivers. The team was able to deliver an initial solution in just a few months by taking an iterative approach to development. The makeup of this team flexed over time to ensure that colleagues with the right expertise and experience were available as the platform evolved.

Recognizing the fast-changing nature of the retail world, this principle of agility was baked into the solution itself from the start, allowing the manufacturer to answer new questions, identify opportunities for product innovation and model new scenarios. Thorogood continues to help the manufacturer add additional data streams and reports into the platform.

## Better decisions

The platform's speed, flexibility and accessibility has helped forge a deeper collaboration with the retail partner that has ensured the manufacturer's category leadership. Both businesses can now make better, more informed decisions to grow the category. The exceptional performance of the platform has allowed the manufacturer to secure this coveted position, giving it greater bargaining power and control over how its products are sold, and access to data from competitors for enriched insights.

*"Our customer was blown away by the platform, saying that it is miles beyond their internal platform and specifically calling out the speed of the data."* - A Senior Manager, Customer Analytics – Retail

The retailer has benefitted from additional insights into shopper behaviour and an increase in category sales; the manufacturer now has a repeatable model it can use to secure critical competitive advantage in its relationships with all its retail customers.

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