



# The 2020 POS Analytics Benchmark Study

Sponsored by Krunchbox

# Foreword

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Here at Krunchbox we have long known that product suppliers have a careful balancing act to master in order to be successful in the ever-changing retail market. Whether it's managing a complex supply chain, allocating marketing spend or investing in R&D, today's brands are spread thin as they battle on all fronts in an effort to grow sales and edge out the competition.

One critical element at play is the continuous process of analyzing and reacting to data points that serve as leading indicators for future growth. Among the many metrics that a product supplier must track, there is none more important than Point of Sale (POS).

To gain a better understanding of how product suppliers are leveraging this vital data source, we have embarked on a global study to learn how leading companies are approaching POS analytics. We aim to shine a light on the current state of the industry, highlighting the challenges and opportunities that lie ahead as technology continues to disrupt the status quo.

This study is sponsored by Krunchbox, a leading global supplier of retail POS analytics. The questions were designed to help clarify how product suppliers are leveraging POS data, how receptive retail buyers are to POS analysis, and what opportunities there are to improve the collaboration between both parties. Due to our position in the POS analytics industry, there is an inherent degree of partiality in the design of the survey questions, however, the data has been analyzed objectively and without bias. It is within this context that we invite you to read on.

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# 87%

of respondents are using Excel in some capacity  
as part of their POS analysis process



those using Excel  
exclusively had the lowest  
satisfaction rating with an  
average score of 5.5/10

Excel users are

# 63%

more likely to report that  
it is very difficult to find POS  
insights to support their buyer  
recommendations

Those who are  
dissatisfied with their  
POS analytics solution



are 3.5x more likely  
to report that they  
are below average  
in leveraging POS  
data for their buyer  
negotiations

# 73%

of companies view POS analytics as an  
investment in their organization

 **87%**

of respondents believe that accessing POS data on a mobile device is going to be increasingly important in the next three years, yet just 35% of respondents have a mobile app included with their POS analytics solution



Three in four respondents cited pricing and budget as barriers to entry before investing in a POS analytics solution

 **70%**

of respondents reported that buyer expectations are on the rise

with just 6% reporting that buyer expectations are on the decline

 **6%**

Two-thirds of respondents indicated that their buyers are becoming increasingly receptive when they are presented with data-backed recommendations



# Introduction

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There's a bright spot worth recognizing: an impressive 93% of respondents told us that they are actively analyzing the POS data that they receive from their retailers. Better yet, 9 in 10 of these respondents believe that there is room for improvement in terms of extracting value from their POS data.

As companies continue to strive for improvement in their analysis of POS data, suppliers are actively investing in POS analytics technology to get ahead. Yet still, nearly half of all respondents indicated that they are using Excel as their primary solution for POS analytics. In this report we explore why Excel users face more challenges, and what is causing them to fall behind their counterparts.

Many product suppliers have already invested in software to help manage their POS data, and for these suppliers the upside is clear. Whether it's that these respondents report that they are more satisfied with their solution, or that they find it to be easier to discover the insights that matter, POS analytics solutions have now become a necessity in the race to grow sales and better collaborate with retail buyers. In simplest terms, respondents who have made the investment in a POS analytics solution appear to be reaping the benefits.

When we consider the many reasons behind the shift towards POS analytics technology, we learn that buyer relationships are a central theme driving this new wave of adoption. The majority of suppliers, 70% in all, reported that their retail buyer's expectations are on the rise. At the same time,

75% of this group also believe that their buyers are becoming increasingly receptive when they are presented with data-backed recommendations. This tells us that the status quo is not good enough. What you are doing today in terms of data collaboration is not going to be good enough next year, or the year after. Your retail buyers want more, and they are not known for their patience!

So what does this all have to do with technology?

Upon asking respondents where they ranked in their ability to leverage POS data for buyer negotiations, those respondents who labeled their solution as Basic (vs. Intermediate or Advanced) were 73% more likely to report that they are below average in their ability to leverage data for buyer meetings. Conversely, those using the leading POS analytics solution were 27% more likely to believe that they are above average in buyer negotiations versus their industry peers using Excel. In this report we will uncover how factors such as solution satisfaction and overall capabilities are linked to stronger buyer relationships.

The 2020 POS Analytics Benchmark Study is filled with many valuable insights for product suppliers, highlighting how the intersection of data, technology and culture is shaping the industry. We invite you to dive into the results and see how you compare with other product suppliers around the world. Our goal is to shine a light on the current state of the industry, exposing the true cost of inertia and the role of POS analytics technology.



# 70%

of respondents reported  
that their retail buyer's  
expectations are on the rise

# Survey Methodology & Demographics



As part of our global survey, Krunchbox surveyed 202 respondents working in the consumer goods industry, which included representation from a variety of retail categories (Home Improvement, Housewares, Beauty, etc.). Respondents were asked a total of 31 questions centering on POS data, POS analytics solutions and buyer relationships.

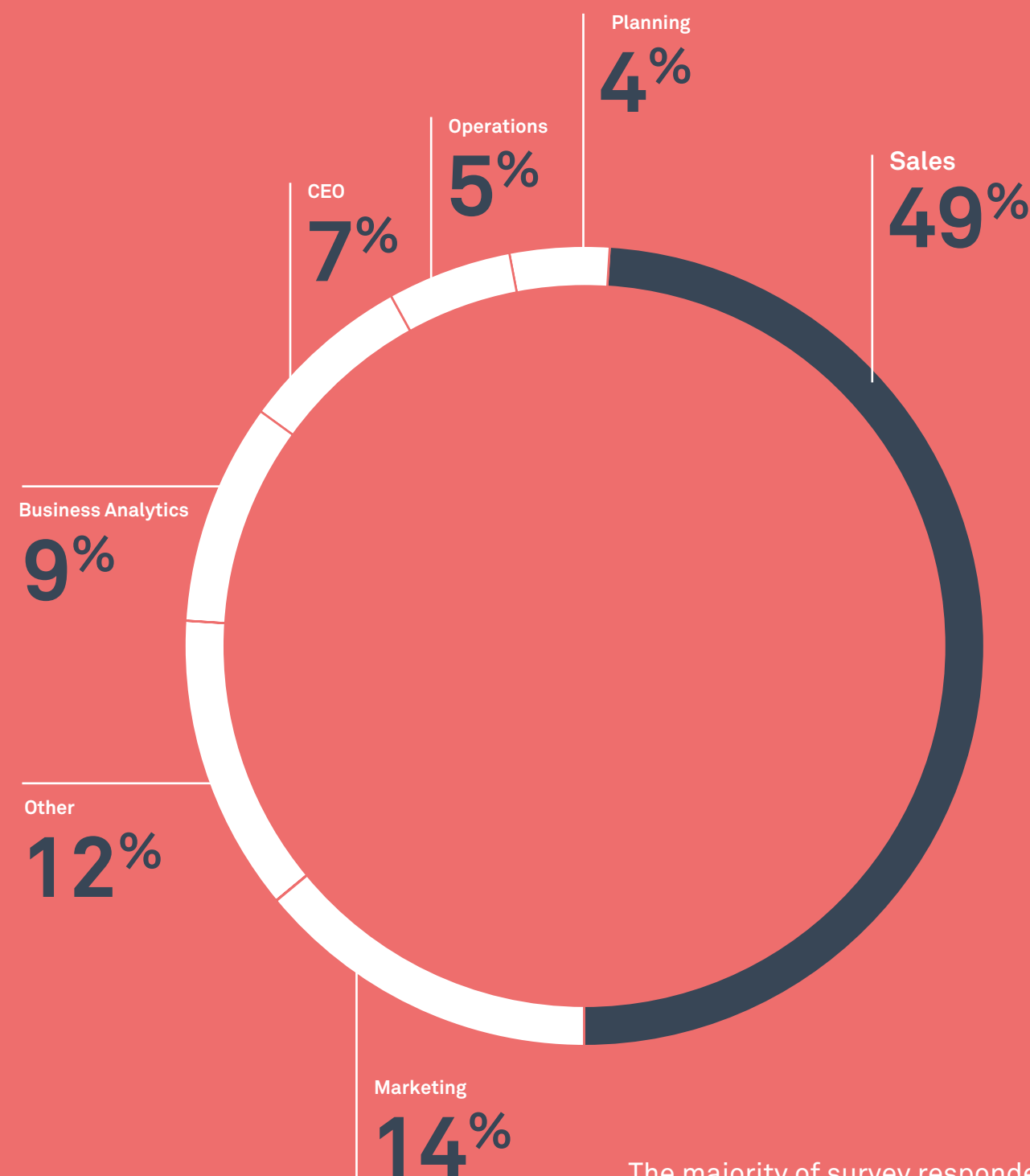
The survey period lasted six weeks in total, spanning from August 12th to September 22nd, 2019. As an incentive, respondents were offered a USD \$10 coffee gift card for their participation in the survey. All respondents were verified using their business email address to ensure the validity of the results.



## Respondents by Company Size

The 2020 POS Analytics Benchmark Study has balanced representation from companies of all sizes, with input from large multinationals as well as smaller boutique brands.

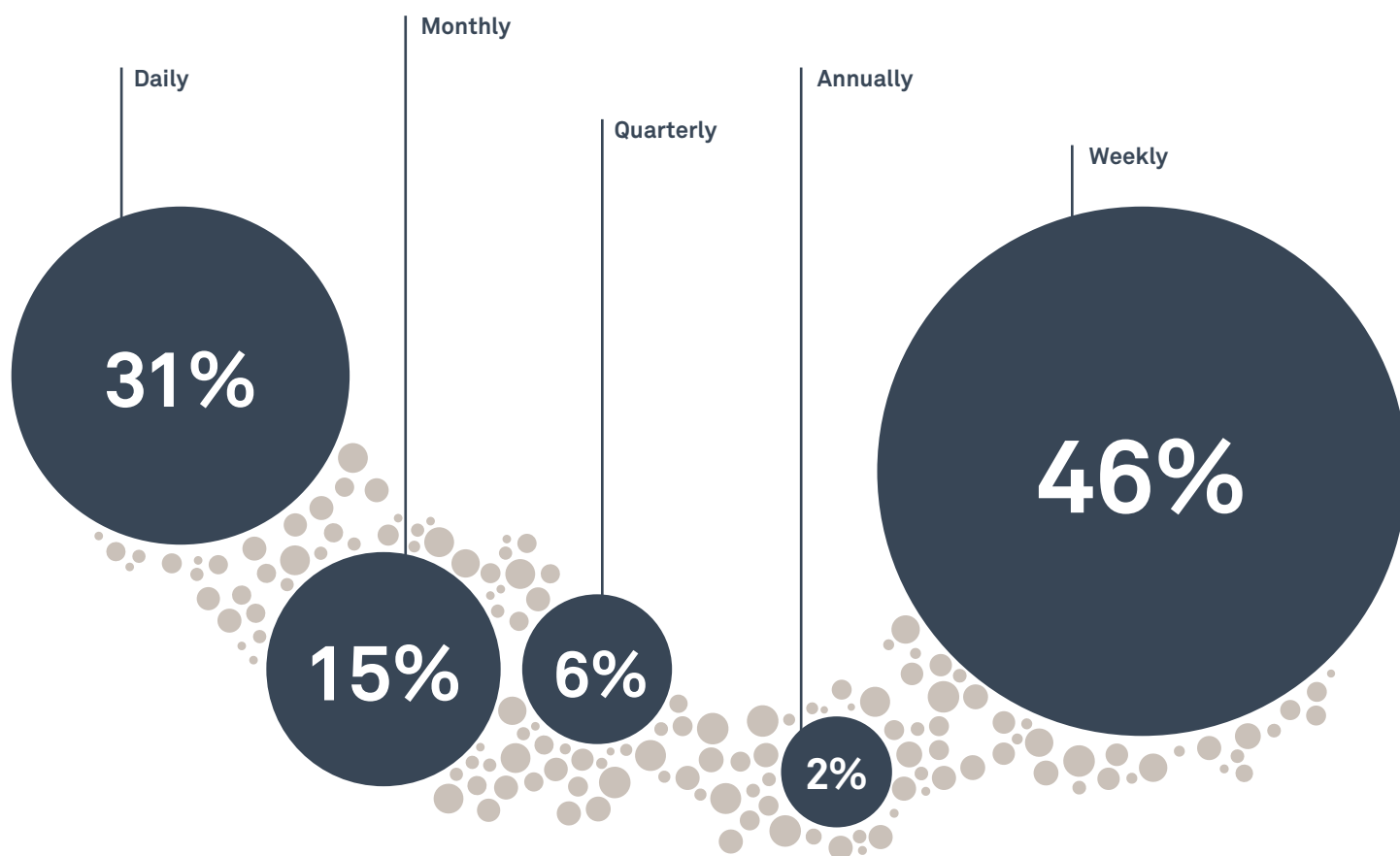
# Respondents by Job Function



The majority of survey respondents work in a Sales role (49%), including mixed representation from other functions such as Marketing at 14%, Business Analytics at 9% and CEOs at 7%.

## Respondents by Frequency of Data Analysis

How often does your team analyze POS data?



One of the most encouraging signals from the study is how often respondents are reviewing and analyzing POS data in their organizations. 77% of respondents are looking at data on a daily or weekly basis, with just 2% of respondents reporting that this is a once-a-year activity. We suspect that respondents are looking at data so regularly because buyer expectations are on the rise and they are responding to this increasing pressure.

Naturally we assumed that those looking at data on a more regular basis (daily or weekly) would report fewer issues such as out of stocks, declining on-shelf listings,

requests for markdowns, etc. Surprisingly the data actually suggests that there is no correlation with those who look at data more frequently and the number of issues they report. We believe that this is the case for two reasons: 1) Those product suppliers that look at their data on a regular basis are more acutely aware of their business issues as compared to suppliers who look at their data less frequently and, 2) Reviewing POS data more frequently does not necessarily mean that you are better at finding the exceptions and opportunities in your data. It's just as important that you know *what* to look for in the data, versus simply looking at the data more often.



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Retail is dynamic, so the more often you interrogate the data, and the deeper you go, the more you will find new opportunities and new problems to resolve. It is a journey with no destination.

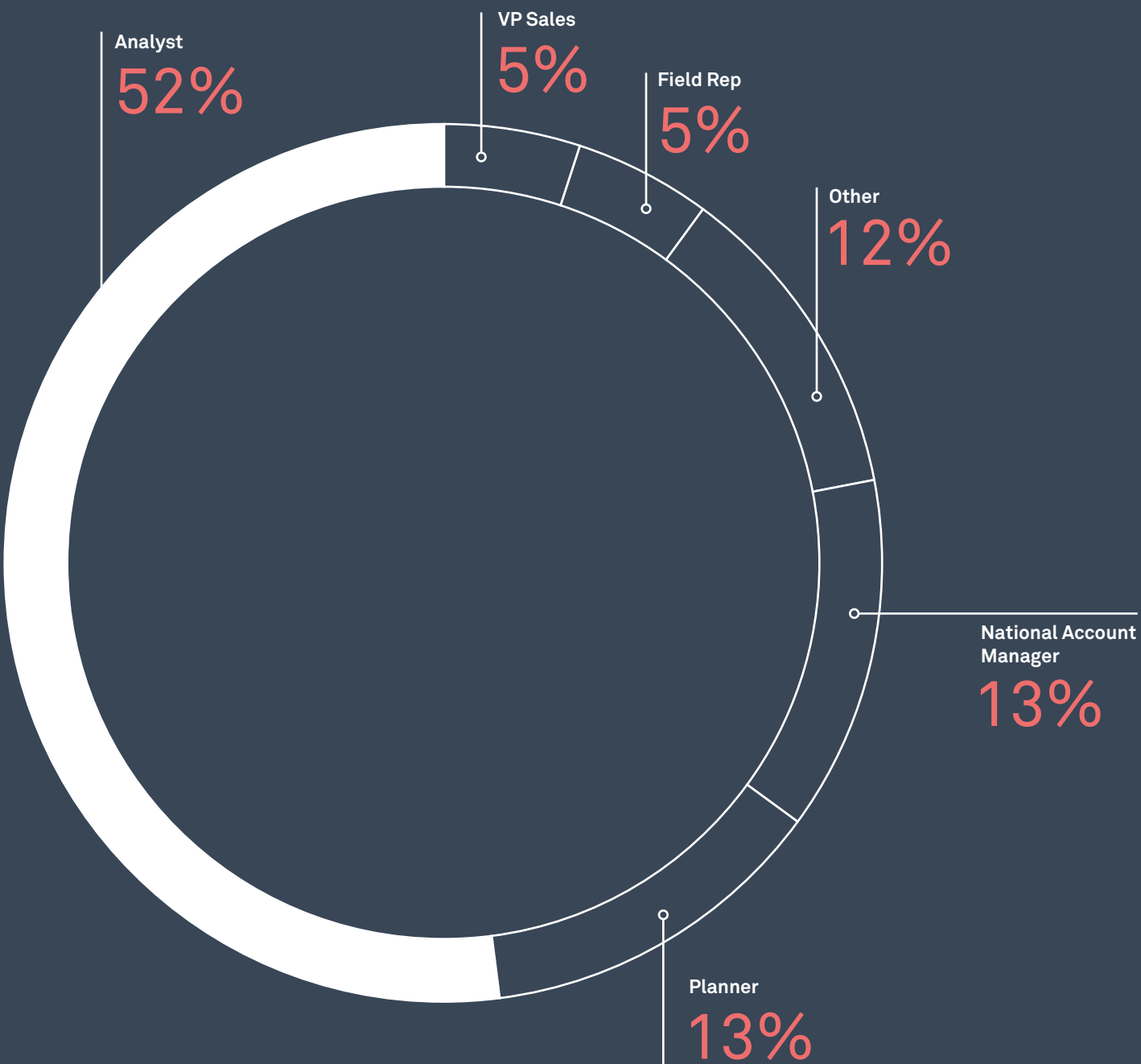
— John Pitman, Co-Founder and CEO, Krunchbox

# Who Owns the Data Analysis Function?

When we polled respondents about whether they have a dedicated team member managing POS data at their company, 51% of respondents reported that this is the case. An additional 47% reported that they do not have a team member dedicated to the analytics function, with the remaining 2% indicating

that they are using a third-party service for their analytics needs. The data analysis function is most commonly assigned to an Analyst (52%), with some companies opting to assign this responsibility to a Planner (13%) or National Account Manager (13%) instead.

↓ Which of these roles is the primary owner of POS data analysis at your company?

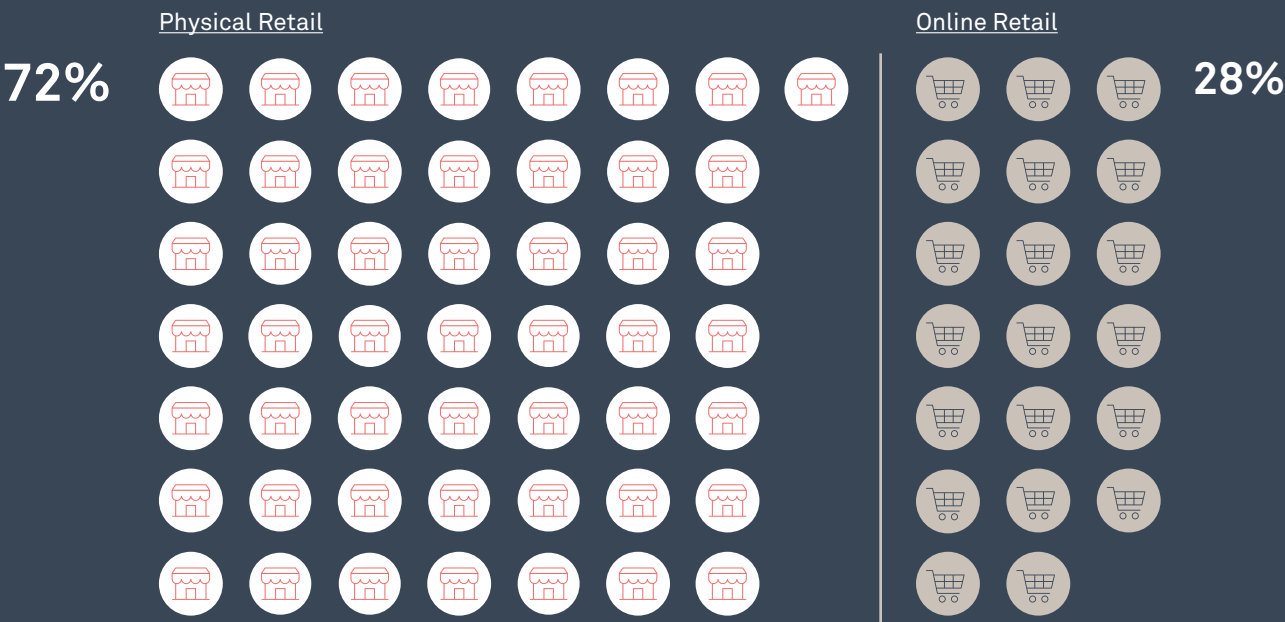


# The Balance of Brick & Mortar vs. Online

On average, 72% of all retail sales are sourced through physical stores. This figure indicates that our respondents are further down the curve in the shift to online as compared to the overall industry. eMarketer

reports that approximately 85% of all retail sales in the U.S. are currently through physical retail. eMarketer also forecasts that nearly half of all online sales will be commanded by Amazon by the end of 2019.<sup>1</sup>

↓ Percentage of sales sourced through brick and mortar retail vs. online retail



## Field Team Presence

A strong majority of respondents (81%) indicated that they employ a field team to actively visit retail locations and act as an in-store presence. This indicates to us that field teams continue to be a vital tool for companies, as retailers are hiring fewer store associates and store-level compliance continues to be a persistent issue.

↓ Does your company have a field sales team?



<sup>1</sup> <https://www.emarketer.com/content/did-clicks-really-surpass-bricks-for-share-of-us-retail-sales-not-exactly>



”

**Providing in-field representatives with visibility of data, even if it is a limited view, makes inherent good sense. It empowers them to make better decisions based on fact rather than simply what they can observe to be the case. That also means they can prioritize their time based on the most high-impact opportunities. That delivers a higher return on investment for their time, which can be a significant cost.**

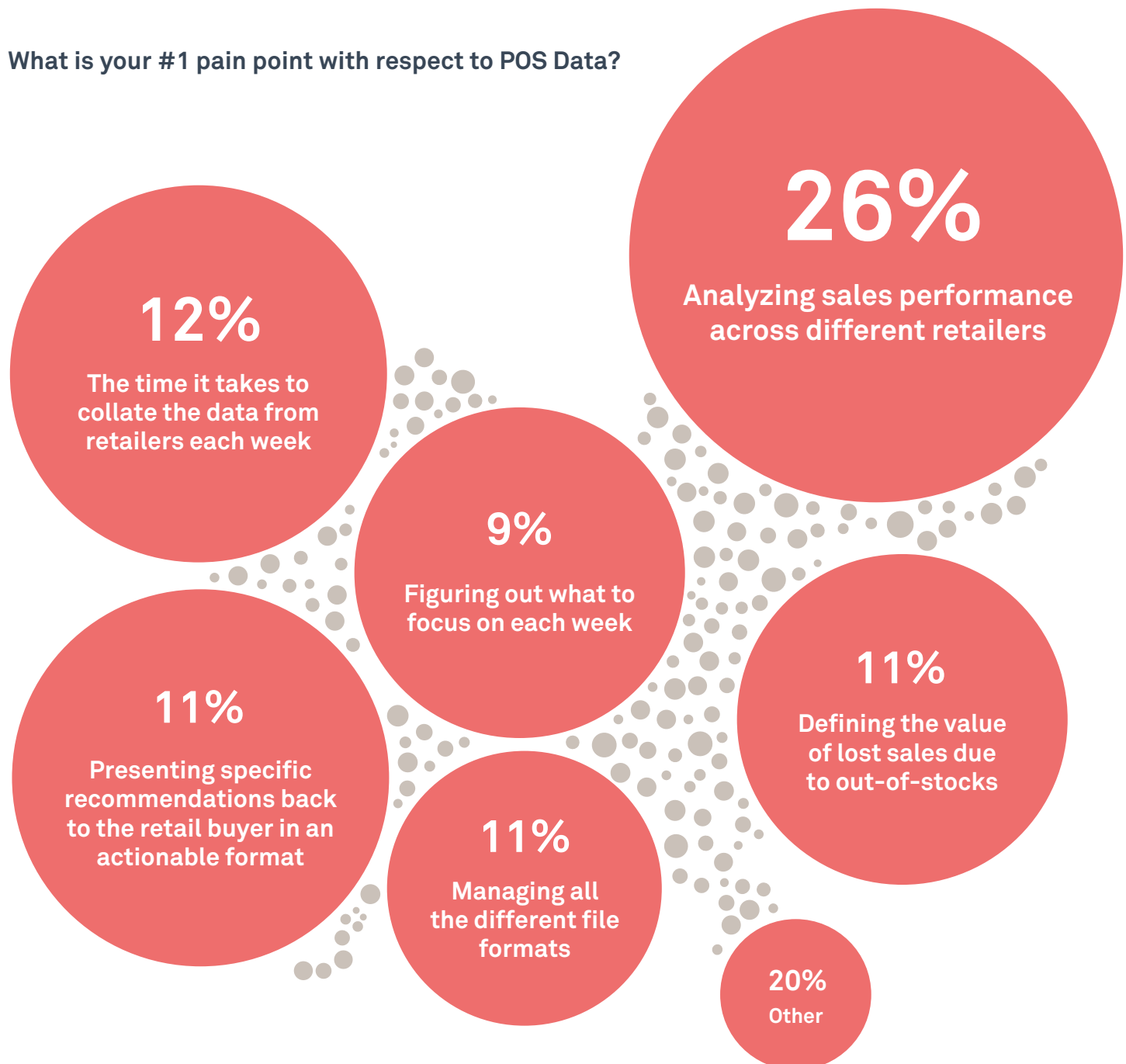
— Andrew Isles, CEO, A. Royale & Co

## Top Challenges For Product Suppliers

Among the many challenges faced by today's suppliers, the number one pain point for respondents is the challenge of analyzing sales performance across different retailers (26%). This business reality is particularly felt by respondents in the Housewares and Electronics categories, where there are generally more channels to manage as compared

with a category like Home Improvement. Respondents also indicated that they are frustrated with the time it takes to collate the data from retailers each week (12%), the challenge of managing different file formats (11%), defining the value of lost sales due to out-of-stocks (11%) and presenting recommendations back to retail buyers in an actionable format (11%).

### What is your #1 pain point with respect to POS Data?



# The Growth Mindset: Why Culture is Everything

When you think about what separates a successful product supplier from its counterpart, it's natural to assume that this primarily comes down to factors like product quality and access to capital. However, according to our findings, even the most well-capitalized company with the best of intentions can be stunted by a backwards culture that is reluctant to change.



## Is POS Analytics an Investment or an Expense?

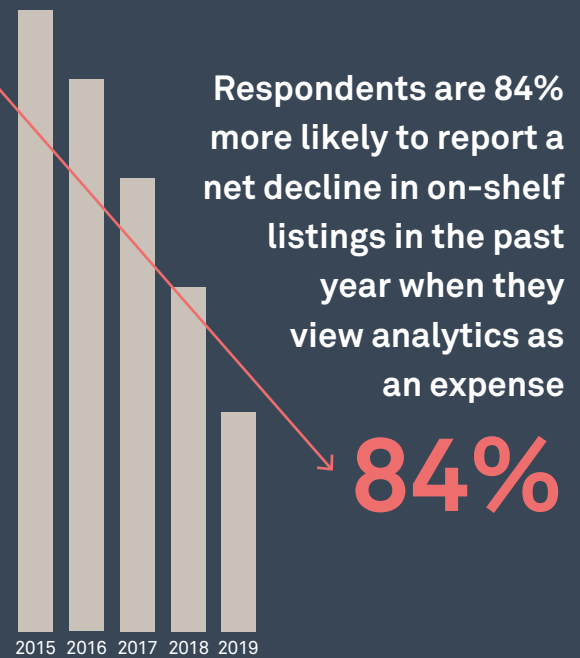
# 73%

↑ 73% of respondents reported that their organization views POS analytics as an investment

We were curious to find out how our respondents' companies view POS data analysis: is it an investment, is it an expense, or is it not worth considering at all. Reassuringly, 73% of respondents reported that their organizations have a growth mindset, viewing analytics as an investment in their organization. But we were curious to learn more about the minority of respondents whose companies view analytics as an expense rather than as an investment. Does this cultural divide have an impact on the business results of these two groups?

## Why Culture Is Everything

When POS data analysis is viewed as an expense versus an investment, respondents are 84% more likely to report a net decline in on-shelf listings in the past year. **What is it that causes these suppliers to fall so far behind?** We found that you are more than twice as likely to report that your POS analysis process has not changed in the last 12 months when your company views POS analysis as an expense. This paints a very clear picture: those companies that don't embrace the growth mindset are more likely to avoid change, and this aversion to change is having a meaningful impact on their ability to compete on-shelf.



## The Investment Mindset Leads to Better Results

When companies view POS analytics as an investment in their organization we find that they are far more likely to have modified their POS analytics process in the last year, indicating that those with the growth mindset are willing to challenge the status quo head-on and reap the benefits as a result. For example, we found that suppliers are 4x more likely to report that they have an “advanced” POS analytics process when they view POS analytics as an investment. As a result, these respondents are also 70% more likely to rank themselves as above average when it comes to leveraging data for buyer negotiations.

Through every step of our analysis, we saw a consistent theme: those respondents whose companies harbor the expense mindset were consistently worse off than those in the investment mindset group. For example, when we asked respondents to tell us about the challenges they experience with their

current POS analytics solution, those in the expense group were overrepresented in seven out of eight categories, reporting problems with their POS solution 36% more often than those in the investment group.

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In recent years we have invested in analytics capabilities, both in terms of people and systems, and the payback has been significant. We have built credibility with our retail customers, and proven that we can back up great product with insightful recommendations on stock levels in store.

— VP Sales, Global Hardware supplier

The message here is simple. Without the right mindset, companies will forgo investments in their POS analytics process, preventing them from adapting to change and improving alongside their industry peers. Moving forward, we predict that this group will find it difficult to keep pace with their retail buyers' ever increasing expectations.

# The Status Quo Blues

In the previous chapter we explored how a data-centric culture is paramount in achieving the best possible results. In this chapter we will consider how this culture can have a ripple effect within organizations, causing teams to become complacent and reluctant to change. The ultimate manifestation of this is when companies are averse to investing in the right people and the proper technology for the job at hand.



## Excel is Essential In The POS Analysis Process

In our research we found that the vast majority of product suppliers use spreadsheet applications, such as Microsoft Excel, as part of their POS analytics process. In fact, 87% of respondents are using Excel in some capacity as part of their POS analysis process, and just less than half of all respondents (47%) told us that Microsoft Excel is their primary tool for POS analysis. Considering the mass adoption of Excel in the analytics process, we were interested in measuring overall sentiment for Excel and its effectiveness as a POS analytics solution.

## Not Necessarily The Solution of Choice

We asked respondents to rate their current POS analytics solution from 1 to 10 (10 being the highest possible score), and we found that those using Excel had the lowest solution rating at 5.5. By comparison, those using Excel in conjunction with a purpose-built POS analytics application rated their solution set more favorably at 6.8 (+23% vs. Excel alone), and those using the leading POS analytics solution rated their solution at 7.5 (+37% vs. Excel alone).

If we compare these satisfaction ratings with the Net Promoter Score (NPS) rating scale, we can assume that Excel users are generally dissatisfied and looking to switch solutions. By NPS standards, Excel users rank as detractors and would be considered unhappy customers that are susceptible to high rates of churn and defection.

Considering the overwhelming dissatisfaction for those respondents using Excel as their primary POS analytics solution, we sought to find out what it is that makes Excel less than ideal to product suppliers. The first problem that we identified was that Excel users were 63% more likely to report that they find it very difficult to find POS insights to support their buyer recommendations.<sup>2</sup>

<sup>2</sup> Very difficult is considered a rating of 8 or more when we asked respondents to rank themselves on a scale from 1 to 10

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Excel users are susceptible to high rates of churn and defection



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“

**Don't get me wrong – I love Excel. But to stay on top of what's happening out there in store land, I need a POS analytics tool to help me cut through the noise and figure out what to fix first.**

**—Planning Manager, Branded Apparel supplier**

## **Excel Users Getting Stuck in the Weeds**

We asked Excel users to identify their number one pain point with respect to POS data, and compared these results with all other users. Not surprisingly, Excel users were 145% more likely to complain about “managing all the different file formats” and 67% more likely to complain about “the time it takes to collate the data from retailers each week”. By comparison, those using a specialized POS analytics tool were more likely to complain about “defining the value of lost sales due to out of stocks”, “figuring out what to focus on each week”, and “presenting specific recommendations back to the retail buyer in an actionable format”. The comparison between these two groups is quite telling...

Because Excel is not a specialized tool that's built for POS analytics, Excel users are most concerned with things like managing file formats and manually collating data. Conversely, those using purpose-built POS analytics solutions are no longer fretting over data management, and instead they are focusing on higher-level functions like quantifying out of stocks, figuring out where to focus their analysis, or how to get better at presenting recommendations back to buyers. Simply put, Excel users seem to be “stuck in the weeds” with their data while analytics users are focusing their efforts on high-impact problems.

## Ignorance is Bliss

We also wanted to assess whether Excel users are suffering as a result of their inability to focus on higher-level business needs like identifying and quantifying out of stocks. What we learned was rather eye opening. When we asked respondents whether they've suffered from stocking issues in the past year, just 36% of Excel users identified that they have been impacted by out of stocks. However, when we asked those respondents using a leading POS analytics solution the same question, we received a very different answer; a strong majority of 72% told us that they've suffered from out of stocks in the last year. Rather than surmise that Excel users are experiencing fewer out of stocks vs. those using a leading POS analytics solution, we believe this is a sign that Excel users don't have visibility to all of their front-line problems and that they are unrealistically optimistic about their current situation.

## Ignorance is Costly

Lapses in visibility (and in turn judgement) do not come without paying the price. Stockout rates have been hovering around 8% globally for the last number of years and these out of stock events are costly to both the retailer and product supplier. With retailers being responsible for stockouts 72% of the time — whether because of faulty in-store ordering and replenishing practices, retailers ordering too little or too late, generating inaccurate demand forecasts, or otherwise mismanaging inventory — it's critically important that product suppliers are plugged into their POS to track exceptions and report these back to their retailers. For example, U.S. supermarket chain H-E-B was able to reduce out of stocks by 22.5% in just 8 weeks by simply monitoring POS for their fastest-moving products and tracking exceptions in their POS sell-through.<sup>3</sup>



Based on the feedback from this year's respondents, it's overwhelmingly clear that Microsoft Excel, on its own, does not stand up as a viable solution for product suppliers looking to step up their POS analytics game. Our data suggests that Excel users are generally dissatisfied with their solution and we anticipate that product suppliers will continue migrating to specialized solutions to tackle their POS analytics objectives.

<sup>3</sup> <https://hbr.org/2004/05/stock-outs-cause-walkouts>

# Getting Ahead with POS Analytics Technology

With nearly half of all respondents citing Excel as their standalone POS solution, we were determined to learn more about the other half of respondents who have already made the investment in POS analytics technology. In particular, we wanted to see if this investment has paid off for respondents and better understand what it is that product suppliers are looking for in an ideal solution.

## POS Analytics Wish List

When we asked respondents what they are looking for in a solution, the top three requests were as follows: easy-to-read and insightful dashboards (68%), customizable reports (64%) and export to Excel functionality (56%). Based on this feedback it seems that the best solutions should have a blend of **robust reporting tools** for power users, while syndicating all of this data into **easy-to-read dashboards**. In addition to this, POS analytics solutions must still be flexible enough to **export to Excel** for ad hoc analysis by Analysts, Planners and National Account Managers.



## More Functionality Leading to Higher Satisfaction

In addition to the features listed above, we also found that mobile functionality and automated notifications were associated with higher satisfaction scores. **Respondents are 25% more satisfied with their solution when it includes a mobile application and 21% more satisfied when it automatically alerts users about pending stockouts.** These findings directly support a central theme: the more advanced a solution is, the more satisfaction users report. For example, those who self-reported their solution as Intermediate or Advanced were satisfied with their solution 82% of the time, whereas those with a Basic solution were satisfied just 48% of the time.

“Giving our field sales teams data on their smartphones has literally revolutionized our world.

—Field Sales Manager,  
Garden Products supplier



## The Importance of Mobile

On the topic of mobile functionality, we also asked respondents to tell us if they agreed with the following statement: “Data being available on mobile devices is going to be increasingly important in the next three years”. As we anticipated, a strong majority of respondents (87%) agreed with this statement. Furthermore, when we asked those who already have a mobile application included with their analytics solution this same question, we received unanimous agreement that data on mobile will be increasingly important in the next three years.

Even though most respondents believe that mobile will become increasingly important in the coming years, we were surprised to learn that just 35% of respondents have a mobile app included with their current POS analytics solution. This data seems to suggest that mobile will be an important consideration for product suppliers in the market for POS analytics solutions. This is especially true for the 81% of suppliers that currently employ a field sales team.

## Accessibility is King

In our survey we also asked respondents how accessible POS data is to the average employee. In asking this question we sought to find out if data is easily available to everyone in the organization (field associates, VP Sales, CEO, etc.) or if it is potentially bottled up in an Excel spreadsheet that is not readily accessible for decision makers. We found that respondents using a POS analytics solution rated POS data as being 34% more accessible in their organizations versus those using Excel alone. In addition to this we plotted the accessibility of data scores with solution scores to see if there was a connection between these two metrics. Interestingly, we found a very strong correlation (0.81) between solution scores and POS data accessibility. In our view, this data suggests that users are more satisfied with their solution if it makes POS data more easily accessible to the team and promotes sharing within the organization.

# 34%

↑ we found that respondents using a POS analytics solution rated POS data as being 34% more accessible in their organizations versus those using Excel

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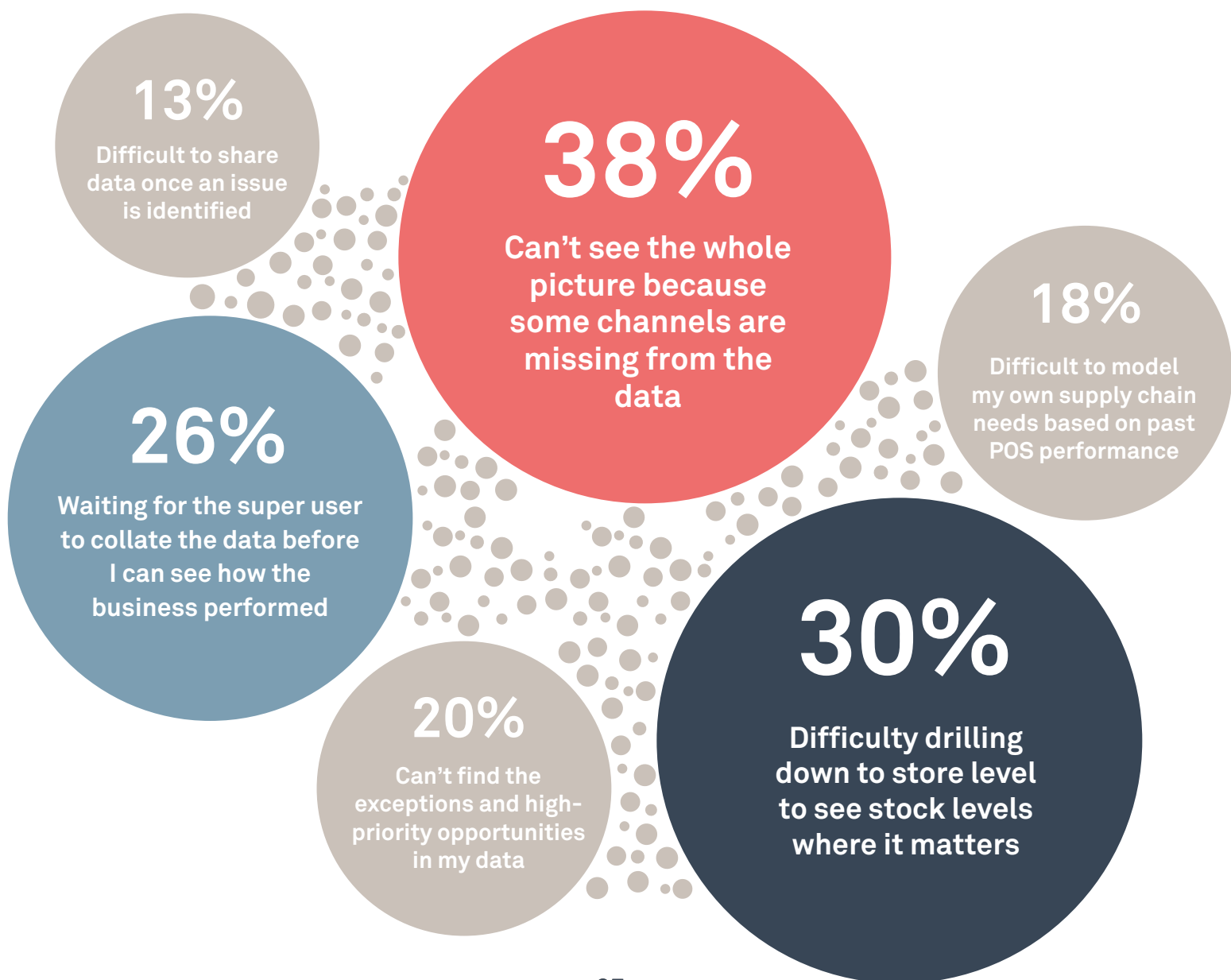
When we were relying solely on our analysts and their reports, it took time to get the data into the hands of the staff who could act on it. Now that we have an analytics tool, the ability to share data down the line has improved dramatically, as has our ability to act quickly to realize opportunities.

—Supply Chain Manager,  
Consumer Electronics supplier

## No Solution is Perfect

With a strong grasp of what respondents are looking for in their ideal POS analytics solution, we went one step further to also learn about what can be improved with their current POS analytics solution. In asking respondents the issues they face with their current solution, the top complaints were: “I can’t see the whole picture because some channels are missing from the data” (38%), “I can’t easily drill down to store-level to see stock levels where it

matters” (30%) and “I have to wait for the super user to collate the data and send it to me before I can see how the business performed” (26%). These findings support much of what we’ve already learned; data visibility and data accessibility are among the top demands for product suppliers in the market for a POS analytics solution.



## The Mixed Adoption of POS Analytics Technology

Even though the majority of respondents (53%) are using a purpose-built POS analytics solution, we were curious to know what has historically prevented respondents from investing in POS analytics technology. When we asked respondents this question, most told us that “it’s too expensive” (46%) and “we don’t have a budget for analytics” (29%). This data suggests that cost and perceived value may be holding back mass adoption of POS analytics technology. With 73% of respondents indicating that their organization views analytics as an investment, this seems to suggest that POS analytics providers should demonstrate return on investment to their buyers—from National Account Managers to VPs of Sales—so that they can build a strong business case that aligns with their organization’s goals.

# 75%

↑ of respondents cited pricing or budget as their primary reason for not investing in POS analytics technology in the

## Justifying The Investment

We also found an interesting anomaly in the data that is worth noting. We found that the percentage of companies who view analytics as an expense (21%) closely mirrored the percentage of respondents who told us that their team does not have a budget for analytics (29%). Naturally, we assumed that there would be much overlap between these two groups. Surprisingly, those who view analytics as an expense were no more likely to report that they don’t have a budget for analytics. So even if your company has an investment mindset when it comes to POS analytics, there is still the challenge of presenting a business case that justifies this budget line item.

In the final chapter we will explore how POS analytics solutions are adding value for respondents, and learn more about the interrelated nature of POS analytics and retail buyer relationships.



28 Turquoise Blue

40 Turquoise Green

52 Bronze

# Collaborating With Retail Buyers

## Buyer Expectations Are On The Rise

All signals point to the growing importance of the retail buyer relationship, mastering the art and science of collaborating with your buying teams to create mutual value. When we assessed respondent sentiment regarding buyer expectations, a strong majority of respondents, 70% in all, reported that buyer expectations are on the rise, with just 6% of respondents reporting that they feel buyer expectations are on the decline. Interestingly, those in the minority who believe that buyer expectations are dropping are also much more likely to believe that there is no room for improvement in their use of POS data. Safe to say that these are the eternal optimists...

70%

↑ When we assessed respondent sentiment regarding buyer expectations, 70% of respondents reported that buyer expectations are on the rise

## Buyers Becoming Increasingly Receptive to Data-Backed Recommendations

In order for collaboration to be possible in the first place, it is important that buyers are open to new ideas and willing to consider data-backed recommendations from suppliers. Encouragingly, 66% of respondents indicated that their buyers are becoming increasingly receptive when they are presented with data-backed recommendations, and fewer than 10% believe that they are becoming less receptive.

66%

↑ 66% of respondents indicated that their buyers are becoming increasingly receptive when they are presented with data-backed recommendations

Knowing that buyers' expectations are on the rise and that they seem to be increasingly willing to listen to data-backed recommendations, we wanted to find out who was making the most of this opportunity to get ahead with data. We asked respondents to self-report where they rank in leveraging data for buyer negotiations and learned that there are many common threads among the below average group.



## Winners & Losers in Buyer Negotiations

For starters, we found that you are 67% more likely to report that you are below average in leveraging data for buyer negotiations if you find it difficult to uncover POS insights for buyer negotiations. This seems to indicate that product suppliers are more likely to fall behind the curve if they don't have a solution that helps them to find POS insights for their buyer meetings.

Similarly we found that those who rate their solution as Basic are 177% over-indexed in the below average group, once again signaling that there is a correlation with one's POS analytics solution and their perceived ability to leverage data for buyer negotiations. We also found that those who are dissatisfied with their solution are far more likely (+248%) to report that

they are below average in leveraging data for buyer negotiations; conversely, those who are satisfied with their POS analytics solution are more likely to rank themselves as above average in leveraging data for buyer negotiations (+53%).

We also learned that those respondents who review their POS data regularly — reviewing data either on a daily or weekly basis — are more likely to rank themselves as above average when it comes to buyer negotiations (+64%) versus those reviewing their data on a monthly, quarterly or annual basis. To add insult to injury, those reviewing data less frequently are 3x more likely to be placed in the below average group for buyer negotiations versus those reviewing data on a regular basis.

## The Evolving Nature of the Supplier/Buyer Relationship

One important aspect to consider about the vendor/buyer relationship is that the retail buyer role is a revolving door profession. Buyers are typically responsible for a category for 2-4 years before being promoted or moved into a different category, which contributes to the fact that the majority of respondents (70%) reported that their buyer has changed in the last 12 months. The challenge here is that with buyers changing roles so frequently, it's difficult to build a strong relationship with your buyer based on old-school tactics like playing a round of golf or sponsoring an event. While your sales team might go to events, tradeshow and special buyer galas to brush shoulders with their new buyer, it's absolutely imperative that product suppliers are shifting their buyer strategies from a purely relationship-based approach to a data-based approach.

With so little time with which to earn your buyers' trust, product suppliers are best to come equipped with data-backed recommendations that show their commitment to collaboration and win over their buyers. This is especially true now as the data suggests that buyers are becoming increasingly receptive to data-backed recommendations. For example, a category analysis based on POS data is a great way to educate your new buyer, establish yourself as an authority in the category, and ultimately build a stronger relationship.

# 70%

**the majority of respondents (70%) reported that their buyer has changed in the last 12 months**

- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec

## Respondents Say That Buyers Are Top of Mind (But Talk is Cheap...)

It's evident that buyer relationships are a top priority for respondents in this year's survey. When we asked respondents to report on negative business events that have occurred in the last year, three of the top five responses were buyer related: change of retail buyer (70%), requests from retail partners for more terms such as rebates, discounts, surcharges, penalties etc. (50%) and requests for markdowns to shift slow moving stock (48%). It's interesting to note that even though about half of all respondents report that they've had requests for markdowns in the last year, a staggering 30% of respondents told us that they never inform their buyers of overstocks. With so many suppliers feeling the pain of markdowns, why do so few actively manage and get ahead of overstocks?

In order to address this clear discrepancy, we believe that it's important for product suppliers to actively track store-level sales and inventory to avoid a costly buy-back or markdown request from the retailer. Using rate of sale and weeks of stock metrics, it is advantageous to foresee which products are going to cause a problem down the track. Proactive proposals to tackle the problem before it becomes a crisis builds trust, but it also reduces the impact of the shock. Most markdowns can be caught early and minimized, however, it's up to the product supplier to actively track rate of sale and weeks of supply. Unfortunately it's not feasible for a buyer or planner to accurately track these metrics for every supplier, which ultimately shifts this responsibility to suppliers.





## Buyers Opting To Work With Strategic Suppliers

**Retailers have made it clear that they want to partner with those vendors that help them most.**

The goal for every product supplier is to become a strategic partner with their retailers, garnering the respect and attention of their buyers. As cited by Boston Consulting Group, one North American retailer is doing just this. The retailer asks its most strategic suppliers (roughly 10 percent of its base) to participate in a supplier forum where they come up with ideas and practices to eventually extend to the whole supplier network.<sup>4</sup> Every product supplier, especially those doing significant volume, should be striving to be a part of this privileged 10 percent.

<sup>4</sup> <https://www.bcg.com/en-ca/publications/2013/procurement-supply-chain-management-buyer-supplier-collaboration.aspx>

In this chapter we have reviewed many important tips that every product supplier should be noting. Firstly, retail buyers are becoming increasingly demanding in terms of their expectations, yet they are also increasingly willing to listen to suppliers who come with data-backed recommendations. Secondly, it's imperative that suppliers have the right POS analytics solution in place to facilitate data-centric negotiations with buyers and better negotiation outcomes. Finally, we looked at how the supplier/buyer partnership is shifting from relationship-based to data-based, underpinning just how important it is for product suppliers to be actively guiding their buyers with data and actionable insights.

# Conclusion

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The 2020 POS Analytics Benchmark Study has proven to be a vital reality check for product suppliers in the retail space. As Peter Drucker, one of the forefathers of modern business theory aptly put it, “What gets measured, gets managed.” In the context of our study, this statement couldn’t be more true.

Our goal in this report has been to connect the dots in the data, offering a fresh perspective on the current state of affairs. Our hope is that product suppliers across the globe can use this report as a measuring stick to benchmark their current POS analytics capabilities and identify their specific areas of improvement. With 89% of respondents indicating that their team can make better use of POS data, there is still much room for improvement.

In Chapter 1 we explored the impact of culture when it comes to looking at analytics as an investment versus as an expense. We learned that when companies neglect to view analytics as an investment, they are more likely to remain stagnant and consequently more likely to have a basic POS analytics process. Finally, we found out that this group is more likely to self-identify as laggards in buyer negotiations, putting them at risk of experiencing a decline in on-shelf listings.

Next we looked at the suitability of Microsoft Excel as a standalone POS analytics solution. Even though Excel continues to be a vital part of the analytics process, we found that Excel users reported lower satisfaction ratings and struggled more in their ability to find valuable insights for buyer negotiations. When we look at the challenges plaguing this group, it’s clear that Excel users are busy “putting out fires” with data management challenges whereas analytics users are focused on higher-level goals like quantifying out of stocks and improving their ability to present to buyers. With Excel users indicating that they are generally dissatisfied and lacking the insights they need to grow their retail business, we believe that the industry will continue to migrate away from Excel as a standalone solution, opting to use it in tandem with a more robust POS analytics solution.

As companies migrate to POS analytics technology, we now know exactly what the market is asking for: insightful dashboards, customizable reports, automated notifications, export to Excel functionality, and the versatility of a mobile app. For mobile in particular, the vast majority of respondents believe that accessing POS data on a mobile device will be increasingly important in the next 3 years, which tells us that this will be an vital consideration for suppliers as

they assess POS analytics solutions. We also explored the various challenges that users are experiencing with their existing solutions, including issues with channel visibility, waiting for super users and lacking drill down capabilities. With price and budget being chief concerns for suppliers, it will be up to POS analytics solution providers to build a business case based on a compelling return on investment.

If there was ever a justification for better leveraging POS, it's evident that respondents are optimistic about harnessing this data to build a more collaborative relationship with their buyers. The industry has spoken loud and clear; retail buyer expectations are on the rise, but so too is their willingness to listen to suppliers who bring data-backed recommendations to the table. The biggest hurdle for product suppliers will be turning their vast amounts of POS data into action. When push comes to shove, retailers will partner with and listen to those vendors that are adding value. Because of this, no product supplier can afford to fall behind.

The foundations are in place for product suppliers to get ahead with data. Whether it's because so many suppliers are already working with POS data, or the fact that they are so optimistic about the opportunity to improve their POS analytics process, the industry is moving in a very promising direction. Our hope is that this report acts as a catalyst to improve our understanding of POS analytics as a function, while equipping suppliers with the information they need to take a step in the right direction.



