



digital

Picking Digital Priorities

The Commerce Score Informs Omnichannel Strategies

One of the most pressing business challenges facing consumer packaged goods manufacturers is not the identification of business opportunities in the digital space, but the prioritization of the many opportunities across the commerce ecosystem.

"When it comes to selecting priorities, many suppliers are often quick in their choosing, leaving out critical drivers like the interaction between online and offline, supply chain complexity, product readiness, shopper preferences and platform functionality," says Sherif Fahmy, senior vice president, business arts, at IN Connected Marketing. "Or, they may be paralyzed by the endless array of measures that can be included in the process, leading to an over-engineered, statistical nightmare that's perceived as impressive, yet is highly ineffective."

Understanding the urgent need to streamline decision-making and become more effective at targeting opportunities, a cross-functional team from Advantage Solutions' digital and marketing businesses came together to create a proprietary and quantifiable prioritization solution, the Advantage Solutions Commerce Score.

Quick Take

- > A pressing challenge for consumer goods companies is choosing among many e-commerce opportunities.
- > Commerce Score prioritizes a manufacturer's digital business across brands, retailers and platforms.
- > Suppliers often overlook a product's e-commerce readiness.

Commerce Score offers a holistic, top-down and bottom-up approach to prioritizing a supplier's digital business across brands, retailers and platforms using a 100-point scale. The score is built on five components, separated into two categories: Growth Potential and Growth Levers. Growth Levers comprise 55% of the Commerce Score, placing more weight and focus on areas where manufacturers may make the greatest impact.

Two Growth Levers — Product Readiness and Activation Assessment — require a qualitative assessment to fully vet the opportunity. Most tools in the marketplace miss vetting these two areas in the name of pure automation, leaving long-term gaps in strategy that lead to missed sales and negatively impact profitability.



The Commerce Score

	Component	Description	Source	Component Weight
Growth Potential	Customer 5-Year Compounded Annual Dollar Growth Rate	Total forecasted retail growth potential inclusive of sales across all applicable platforms	Quantitative Kantar, industry reports	20%
	Brand Dollar Potential	Estimated using growth potential based on category and channel trends, layered with current U.S. brand share	Quantitative Syndicated data, retailer POS	25%
Growth Levers	Shopper Alignment	Assessment of how well the shopper of the retailer platforms align to the brand's shopper	Quantitative and Qualitative Shopper panel data	15%
	Product Readiness	Assessment of how well product/sub-category aligns to retail channel demands for success	Qualitative Products individually assessed against scorecard of requirements	20%
	Activation Assessment	Assessment of how well retailer online platforms support best-in-class execution and supplier access to control their site	Qualitative Assessment of retailer platforms based on availability of executional tools (enhanced content, paid search, etc.)	20%

Product readiness

For suppliers to win online, businesses that have been traditionally managed at the brand level must adjust their strategy to manage SKU by SKU, according to Erin Heikkinen, director of e-commerce sales strategy and planning at Sage Tree.

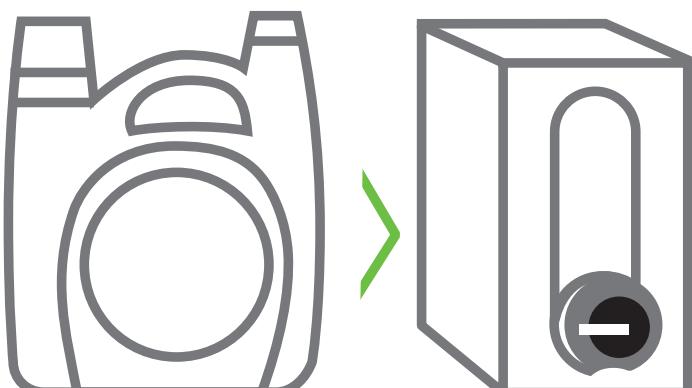
"The importance of assessing an item's readiness at the product level is often overlooked," Heikkinen says. "Evaluating product readiness can be challenging, as the scale and complexity of the methodology amplifies when reviewing at the item level; this can expand opportunity analysis from one category to hundreds or even thousands of SKUs."

The Product Readiness score is designed to determine if each SKU is meeting the full requirements of "product readiness" based on a set standard for each platform: As it exists today, does the SKU meet all the demands and expectations needed to thrive on the store shelf and the multiple online paths to the consumer's pantry? More importantly, if it doesn't meet those standards, does the manufacturer have the potential or opportunity to implement adjustments to the SKU and recognize maximum sales potential?

Using their deep knowledge of supply chain logistics, the Advantage Solutions Digital Technology team scorecards "product readiness" based on KPIs such as

packaging materials, packaging prep, cold chain requirements, ships in own container, item profitability to retailer demands and maximum case count requirements.

Let's use a leading liquid detergent as an example. The traditional pour spout bottle has existed for years and is a staple in many households, successfully achieving category leadership in brick-and-mortar stores. However, when it comes to dot-com, the category is challenged by product weight, package leakage, lack of eco-friendly packaging and more. One CPG leader recognized the dot-com challenges of their traditional assortment, realized it did not fully meet product-readiness guardrails and developed a new package to maximize growth opportunity across channels.



Activation Assessment

Content Tactic	Walmart.com	Grocery.Walmart.com
Optimize titles	Yes	Yes
Control product description and bullets	Yes	Yes
Enhanced content presence	Yes	No
Video content placement	Yes	No
Support all image types (product, lifestyle, etc.)	Yes	Yes
Drive and respond to reviews	Yes	No
Respond to questions	Yes	No
Create category guidance and/or brand pages	Yes	No
Impact search rank (sponsor)	Yes	No
Buy display	Yes	Yes

The new product:

- Features 60% less plastic than standard 150-ounce SKUs
- Requires no re-boxing or bubble wrap to ship
- Has an ultra-compacted formula, with 30% less water, that reduces total product weight
- Is more space efficient as a result of the design

Assessed using the Commerce Score, the e-commerce-driven packaging was proven to directly influence online product readiness, demonstrating how a redesign can smooth the path to channel sales maximization, Heikkinen says.

“While we’re all accustomed to traditional liquid detergent packaging,” she notes, “forward-thinking, channel-specific innovation that reengineers the status quo is needed to succeed in the evolving retail landscape.”

Activation assessment

To drive digital growth, a qualitative activation assessment of the retailer and the supplier at that retailer is critical. “This assessment model looks at the highest level of what drives executional excellence at retailers: supply chain logistics, paid search, ability to impact content and more,” Heikkinen says. “But it also considers the unique aspects of the individual platform that can be leveraged.”

Take Walmart as an example. Most CPG companies are likely spending more dollars to drive brands on Walmart.com than on Grocery.Walmart.com. Why? There are more activation levers — such as enhanced

“For suppliers to win online, businesses must be managed SKU by SKU.”

content capabilities and paid advertising through the platform — to pull. However, the data reveals that for most brands, Grocery.Walmart.com offers more than 10 times the sales of Walmart.com, making this investment skewed disproportionately. By having this knowledge of sales potential versus how to activate, a supplier may decide to make investments in lifestyle imagery on Grocery.Walmart.com that communicate a strong brand message to drive consumer conversion. (See chart.)

“The Commerce Score methodology rapidly creates a tangible tool for managing resources, investment and time,” Fahmy says, “while allowing businesses to respond to the market and leverage newly emerged data.”



**ADVANTAGE
SOLUTIONS**

Advantage is a leading provider of technology-enabled sales and marketing business solutions designed to help manufacturers and retailers across a broad range of channels drive consumer demand, increase sales and achieve operating efficiencies.