



Bridge Over Troubled Waters:

Closing The Gap Between Manufacturers and Retailers

Overview

Today, during this volatile economic downturn, retailers and manufacturers are closely examining key drivers that impact their success. Though “partnership” has long been considered a value-add, manufacturers and retailers are now seeing it as a strategic imperative for sustainable growth. Even so, both have difficulty pinpointing strategies that will lead the way to building stronger and mutually beneficial business relationships.

In order to understand the barriers impeding these more productive relationships, Miller Zell executed a survey of retail and manufacturer executives over a broad spectrum of industries. The objective was to identify specific opportunities and areas for improvement for successful relationships, as articulated by both parties. The survey examines both parties’ expectations, needs and overall perceptions of current relationships while also uncovering viewpoints on the composition of the ideal relationship.

The results of this survey provide key insight for both retailers and manufactures seeking actionable information to improve their collaboration strategies.

Methodology

Objective: To identify and understand relationship barriers inhibiting successful retail strategies

Methodology: Survey (scale of 1-10 questions and qualitative commentary)

Sample: 50+ Retail & Manufacturer Executives

Timing: March 2009

Key Insights

- Although retailers and manufacturers both agree that they understand their respective business challenges and target shoppers, both received low marks in this area from the other party. This may be linked to both the lack of access to data and the inability to rapidly process and analyze the data when it is available.
- High expectations exist around the need for shopper marketing and retail strategy expertise. Both parties see this discipline as a critical component for sustainability yet relay that the required higher knowledge level does not exist with current partners.
- Participants showed a high level of frustration around the concept of collaboration. While they believe it is a critical relationship element, they also communicate that business partners are not inclusive and only perfunctorily seek expertise, ideas and insights from business partners.
- 100% of the participants want a high level of involvement in the development of in-store marketing strategies, however the perception is that there is not enough meaningful dialogue and co-creation of solutions.

Implications

- Faced with a new shopper mindset as a result of current economic conditions, retailers and manufacturers will both be challenged to maintain relevance. This new shopper is demanding more, buying less and has become more deliberate in selecting products and brands.
- As the economic downturn continues, retailers and manufactures will need to find ways to overcome the roadblocks that create barriers to collaborative partnerships. This will be essential in the pursuit of identifying meaningful and effective strategies that will help retailers and manufacturers maintain engagement with today’s shopper.

See results on next aisle →

Results Highlights

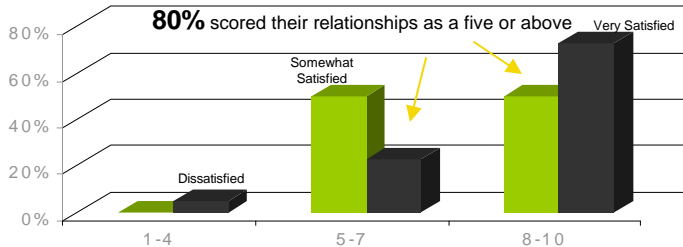
■ Retailer ■ Manufacturer

Key questions asked on a scale of 1-10

The Feelings Are Mutual

How satisfied are you with your relationships with your key manufacturer suppliers/retailers?

Manufacturers and Retailers share an equal level of satisfaction regarding relationships



You Just Don't Get Me

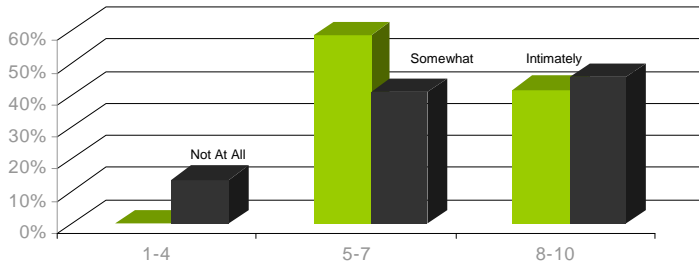
How familiar are your retailers/manufacturers with your business challenges and your shoppers?



You Call But Not Enough

How well do your retailers/manufacturers collaborate with you?

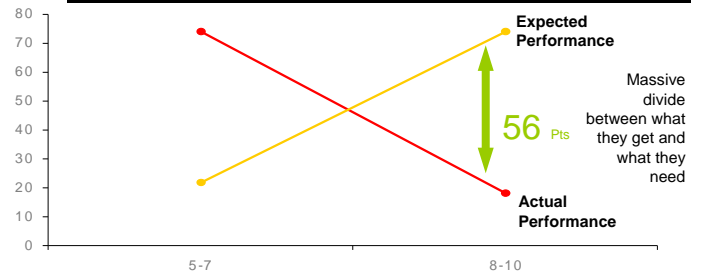
While there is collaboration, opportunities exist to up the ante on co-creating solutions



Expectations High/ Performance Low

How knowledgeable are your retailers/manufacturers in regards to retail marketing strategies?

How knowledgeable do you expect your retailers/manufacturers to be versed in retail strategy/shopper marketing?

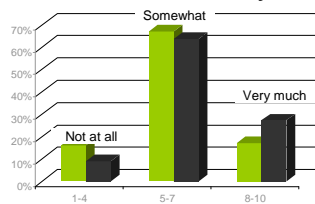


Say What You Do, Do What You Say

Do you want the retailer/manufacturer involved in your in-store marketing initiatives?

100% Say "Yes"

Yet on average, only 22% of both retailers and manufacturers scored the other party an 8 or above for intimate involvement in developing in-store marketing solutions

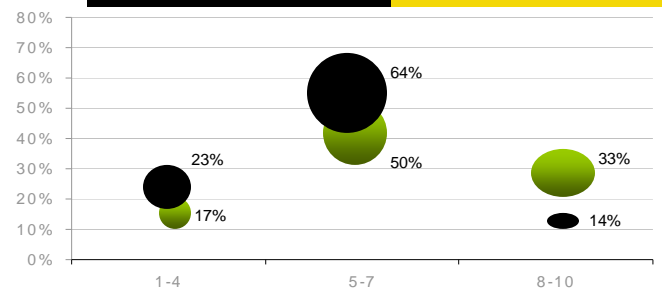


Q. How involved are your retailers/manufacturers in Developing your in-store marketing programs?

Speed, In This Case, Might Be a Good Thing

Rate your retailers'/manufacturers' speed to market in bringing in-store solutions

Expedient implementation is seen as a struggle for both parties



Miller Zell

Miller Zell is a leader in strategic retail consulting specializing in retail design, shopper marketing, shopper insights research & analysis, and store implementation, serving some of the world's best known brands. Headquartered in Atlanta, Georgia. for over 30 years, Miller Zell designs and builds award-winning selling environments across retail sectors including grocery, financial institutions, dealer-based businesses, restaurant chains, consumer products and mass merchandise.

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