

Cool Vendors in Consumer Goods, 2010

Peter Bambridge, Dale Hagemeyer

As the global economy improves, manufacturers competing for consumer purchases must deliver higher value with more-targeted promotions, execute better at the store level, and provide more value to consumers through new, economical offerings that cater to their busy lifestyles. Here, we present some options for in-store execution, space management, multimedia selling, digital incentives and Web-based e-commerce from vendors focused on these areas, to help consumer goods (CG) manufacturers increase revenue while decreasing costs.

Key Findings

- As the global economy recuperates, manufacturers need to differentiate themselves in order to capitalize on revenue opportunities. While technology alone isn't the answer, some new and enhanced technologies that enable business process planning can make a big difference.
- Improving in-store execution is a perennial area of focus and investment. New capabilities in this area, along with a new fiscal budget in 2010 to pursue it, can enable improved results at the store level.
- Convenient and cost-effective e-commerce strategies are attractive for many families where the dynamic has been changed by a shift in who works within the household. Convenience without high cost is a model that busy people can embrace.

Recommendations

- Invest now in anticipation of better economic times. History has shown that, for every economic downturn, there is a corresponding recovery. Investing in solutions that will improve results and capture the upswing in the market should be a priority.
- Prioritize investments with regard to promotion, in-store execution, or marketing based on potential benefits versus other opportunities, considering risks for different time periods and economic models.
- Recognize that Cool Vendors are often in emerging application solution areas that complement, rather than replace, existing solutions. Consider which of these areas have the greatest relevance and provide the greatest incremental benefits.

ANALYSIS

This research does not constitute an exhaustive list of vendors in any given technology area, but rather is designed to highlight interesting, new and innovative vendors, products and services. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

What You Need to Know

Getting more value for less money is a consistent theme for consumer goods manufacturers — especially in this economic environment. As a result, sales and marketing departments in CG manufacturers are improving planning processes to better engage the consumer, execute at the store level, and enable the sales force to offer benefits in an improving economy through:

- Providing a broad selection of targeted consumer products from a single source that constantly learns and improves targeting — Alice.com
- Enabling store shelf visualization for more-effective merchandising, analytics and sales execution — Coheris
- Increasing sales productivity through messaging and content management — Selling Architect
- Capturing digital shelf images for better promotional compliance monitoring — ShelfSnap
- Facilitating digital couponing that links the target audience back to the actual redemption for a better and more complete picture of promotional effectiveness — Zave Networks

Alice.com

Middleton, Wisconsin (www.alice.com)

Analysis by Peter Bambridge

Why Cool: Alice.com provides e-commerce and interactive marketing services exclusively to the U.S. consumer packaged goods (CPG) industry. The company's Alice e-commerce platform allows CPG manufacturers to create branded storefronts that make it easy for mainstream consumers to buy all their household goods online. Three things that make Alice.com "cool" are as follows:

- The Web-based business model disintermediates the role of the retailer, providing a platform for CPG manufacturers to sell directly to consumers (more than 100 CPG manufacturers are now on the platform).
- The offering removes the cost of delivery from the end customer, while retaining attractive product prices.
- The approach enables open access to a broad range of consumer data, which provides a "learning lab" of consumer and marketing insights and supports a number of targeted digital advertising opportunities, including sampling, couponing and loyalty programs.

In addition to driving incremental sales, consumer insights derived from the sampling, automated coupon processes and individual consumer preferences can be used by CPG manufacturers to help their large retail trading partners drive more-impactful promotions, messaging, and market

segmentation, which all contribute to revenue generation potential. Alice.com is currently focused only on the U.S. market.

Challenges: In addition to continuing to build consumer awareness, Alice.com must expand its warehousing and distribution capabilities and establish new locations as its service expands to address more consumer markets. Securing additional CPG manufacturers to expand the assortment of available products will also be a critical success factor.

Who Should Care: CPG manufacturers of household goods in the U.S. that are interested in establishing a new sales channel, establishing a more direct relationship with their end consumers, and delivering more insights into and accountability for their marketing spending should investigate the opportunity to join Alice.com.

Coheris

Suresnes, France (www.coheris.com)

Analysis by Dale Hagemeyer

Why Cool: Coheris combines three-dimensional shelf simulation and analytics with sales force automation to provide a powerful in-store execution tool. The Coheris approach enhances productivity by tightly integrating these capabilities into a unified in-store execution solution, which differs from the various best-of-breed stand-alone tools that are commonly used for sales force automation, space management and related analytics.

Challenges: Coheris has a footprint in Europe and is used in several European markets by multinational consumer goods companies, but it often struggles to be selected as the global standard. In part, this may be due to its regional focus, and it may also be because many countries have retailers with sufficient headquarters control such that the field sales force doesn't need such powerful tools for influencing individual store managers. Nevertheless, the tool is still powerful for selling at the headquarters level.

Who Should Care: IT professionals who work closely with the sales organization in managing field sales automation tools should consider Coheris — in particular, those combining in-store execution with shelf management.

Selling Architect

San Francisco, California (www.sellingarchitect.com)

Analysis by Peter Bambridge

Why Cool: Selling Architect is a software development firm that blends its full-service advertising heritage to address sales and brand effectiveness. With offices in San Francisco, London and Brussels, it has been active in this field across several industries since it was established in 2005, and its customers range from startups to Global 100 companies. Selling Architect uses technology expertise to address challenges in empowering sales organizations to accelerate sales outcomes while ensuring consistent brand development.

What makes it one of Gartner's Cool Vendors is the development of its latest software solution, Selling Architect, which brings a new approach to driving sales productivity. It is a laptop-based Web-enabled software tool that is purpose-built to help sales representatives succeed when meeting with customers. Selling Architect has recently added an iPhone/iPad application to broaden mobile options as a front end to its software-as-a-service (SaaS)/cloud-based platform, as well as a feature that allows sales reps to dynamically publish presentation microsites for their customers. It also provides marketing departments with intuitive content and user management,

as well as numerous metrics and closed-loop marketing options. Rather than being just another sales automation or customer presentation tool, Selling Architect is an innovative approach to software that addresses the combined needs of marketing, sales and training.

By providing the user with up-to-date, accurate and topical information, Selling Architect helps maximize sales impact in every sales presentation. By using a flexible GUI that provides easy access to all the assets and categories of information available, a sales rep can quickly and easily create a "pick and mix" of slides, videos and information. The rep can present in-person or leverage the power of remote selling with the offering's online presentation feature.

This solution can be used to address the needs of a wide variety of product areas, from medical devices to consumer electronics and consumer packaged goods and services. The key issues it addresses include:

- Enabling sales reps to spend less time looking for information and more time interacting with customers.
- Reducing the cost and time involved in training new staff or educating customers.
- Reinforcing corporate control of outbound messaging and branding.
- Ensuring the use of the right marketing assets and enabling management of real-time metrics of rep activity, integrated with CRM.

Challenges: To meet the requirements of a growing customer base in multiple industries, Selling Architect must carefully scale its resources in order to address the service elements of the solution.

Who Should Care: Manufacturers and service providers looking to better exploit investments they have already made in sales, marketing and training assets (such as multimedia libraries of sales presentations, interactive demos, product information, "brochureware" and corporate videos) should consider how Selling Architect could establish new information models tailored to specific customer requirements and drive increased productivity by dramatically increasing content reuse.

ShelfSnap

Libertyville, Illinois (www.shelfsnap.com)

Analysis by Peter Bambridge

Why Cool: ShelfSnap provides an in-store intelligence and compliance service worldwide, which transforms digital images of merchandised product displays, planograms and new item cut-ins, captured by a standard digital camera, into usable information and analytics. This service is remarkable because, to derive the benefits, the user only needs to:

- Capture pictures of the shelf (showing the products that have been merchandised)
- Upload them via the Internet to the ShelfSnap website

The system then processes the images to produce data to identify the products, count facings, and record product positions and shelf conditions. Next, the system produces a pictorial view of the actual shelf display and a series of analytics and statistical information (such as out of stocks, new products and display compliance).

What makes this solution cool is the ease with which space-planning planograms can be quickly audited for compliance, simply by capturing a digital picture and processing it. The intelligent

image recognition system exploits the image by identifying color, package size and label design and then mapping these attributes against its reference data warehouse. Because the entire process cannot be fully automated, there is also a manual service element to the solution that attempts to realize the objective of 100% correct interpretation of the captured images.

Challenges: To meet the requirements of large consumer goods manufacturers, the service must be able to scale to address large volumes of images and rapidly handle processing (within 48 hours).

The data warehouse and processing center supporting the data analytics engine would also need to scale if the solution were to be adopted across major CPG manufacturers. Gartner understands that the processing is run "in the cloud," which means it should be able to deal with peaks and troughs in customer usage by using this highly flexible infrastructure.

Who Should Care: Consumer goods manufacturers looking for a quick and easy way to check in-store conditions should consider how simple digital images could lead to significantly greater compliance monitoring and richer insight.

Zave Networks

Kansas City, Kansas (www.zavenetworks.com)

Analysis by Dale Hagemeyer

Why Cool: Zave Networks' Zavers platform uses digital couponing to re-energize and deliver against the largely unfulfilled promise of loyalty programs. Zavers allows consumers to receive coupons digitally via online and mobile channels and then redeem them at the point of purchase. Zavers closes the digital loop by linking digital advertising to actual purchases, which provides both manufacturers and retailers with a better sense for promotional effectiveness. As a result, the consumer gets a good deal, the retailer and manufacturer better understand the consumer, and the manufacturer finally begins to see the reality of what happens in a promotion as opposed to what the retailer chooses to share. In addition, Zavers offers real-time budget control and electronically enforces the number of times a consumer can use a coupon, thereby preventing digital stacking.

Challenges: Paper couponing is well-ingrained in the psyche of many consumers. Therefore, it will take time for consumers to grasp the concept of putting a digital coupon in a virtual wallet in order to redeem it at the point of purchase. Moreover, some consumers who use coupons may not even be capable of receiving offers via the Internet or through SMS. Also, the concept assumes that retailers actually want more insightful and effective promotions, as opposed to using obfuscation and information asymmetries as a means of wringing margin out of manufacturers.

Who Should Care: Any manufacturer that sells through the retail channel and wants to improve promotional outcomes should consider Zavers. Specifically, it may appeal to professionals who are tasked with advising on and, in some cases, actually finding technologies that can be used to improve consumer marketing processes. The technology and related platform can be easily tested with minimal investment to determine the kinds of financial returns that it could generate.

RECOMMENDED READING

"Key Issues for Running a Manufacturing Business, 2010"

"Key Issues for Growing a Manufacturing Business, 2010"

"Key Issues for Transforming a Manufacturing Business, 2010"

"Hype Cycle for Consumer Goods, 2009"

"Cool Vendors in Consumer Goods, 2009"

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