

**Η Θεωρία της Σχετικότητας στο  
Λιανικό Εμπόριο**

**The Theory of Relativity in Retail**

Retail Forum 2014

Olympios Toumazou  
Executive Chairman  
RAI Consultants Ltd





# **AGENDA**

**The Mystery in 2013**

**Understanding Big Brands & Big Retailers**

**Maintaining Growth in 2014 Through**

- Modelling**
- Monitoring**
- Moving Forward**



**BEST** YEAR

**BIG** BRANDS

**BIG** RETAILERS

Increase /improvement in



€ Turnover

€ Share

€ Cash Flow

€ Profit

We need to understand

**when**

**where**

**why**

# Understanding Retailers



**Aggressive Pricing**

**Promotions**

- 1 Orphanides €200 Million
- 2 Cannibalisation of Convenience
- 3 Category Management
- 4 Aggressive Marketing
- 5 Better KPIs
- 6 Old Competitors Suffer
- 7 New Competitors



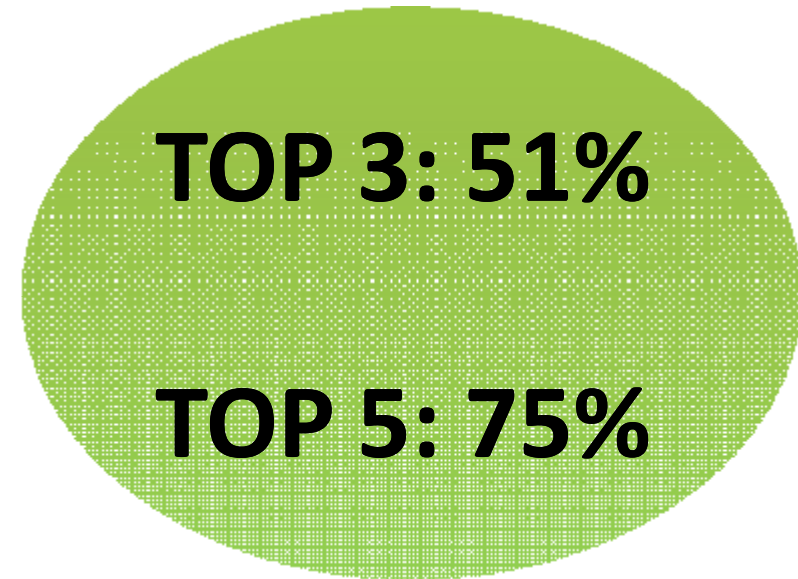
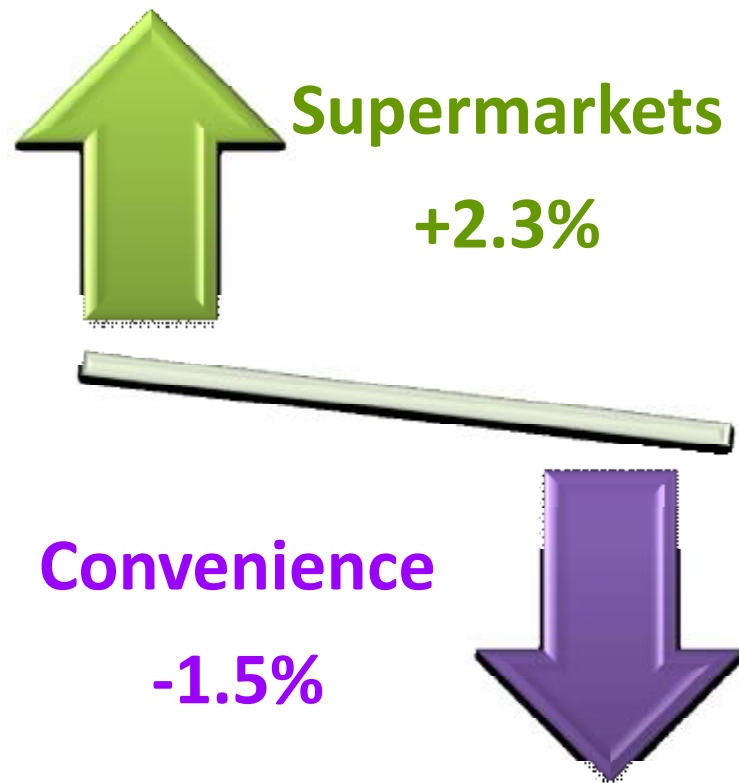


## Orphanides €200 Million



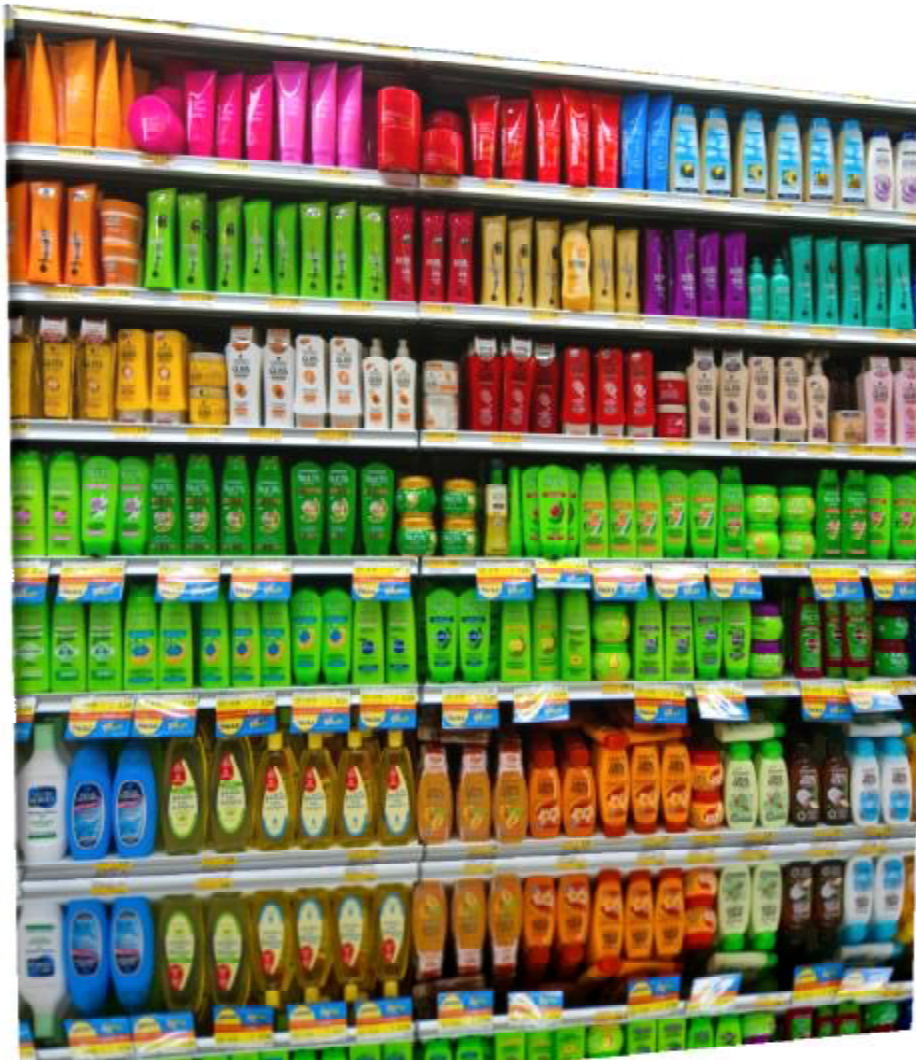


## Cannibalisation of Convenience





## Category Management



**Fewer SKU's**  
**Fewer suppliers**  
**Better terms**  
**Lower costs**

**profits**



## Aggressive Marketing

Repositioning



Branding



Entrenchment



Expansion



Pricing

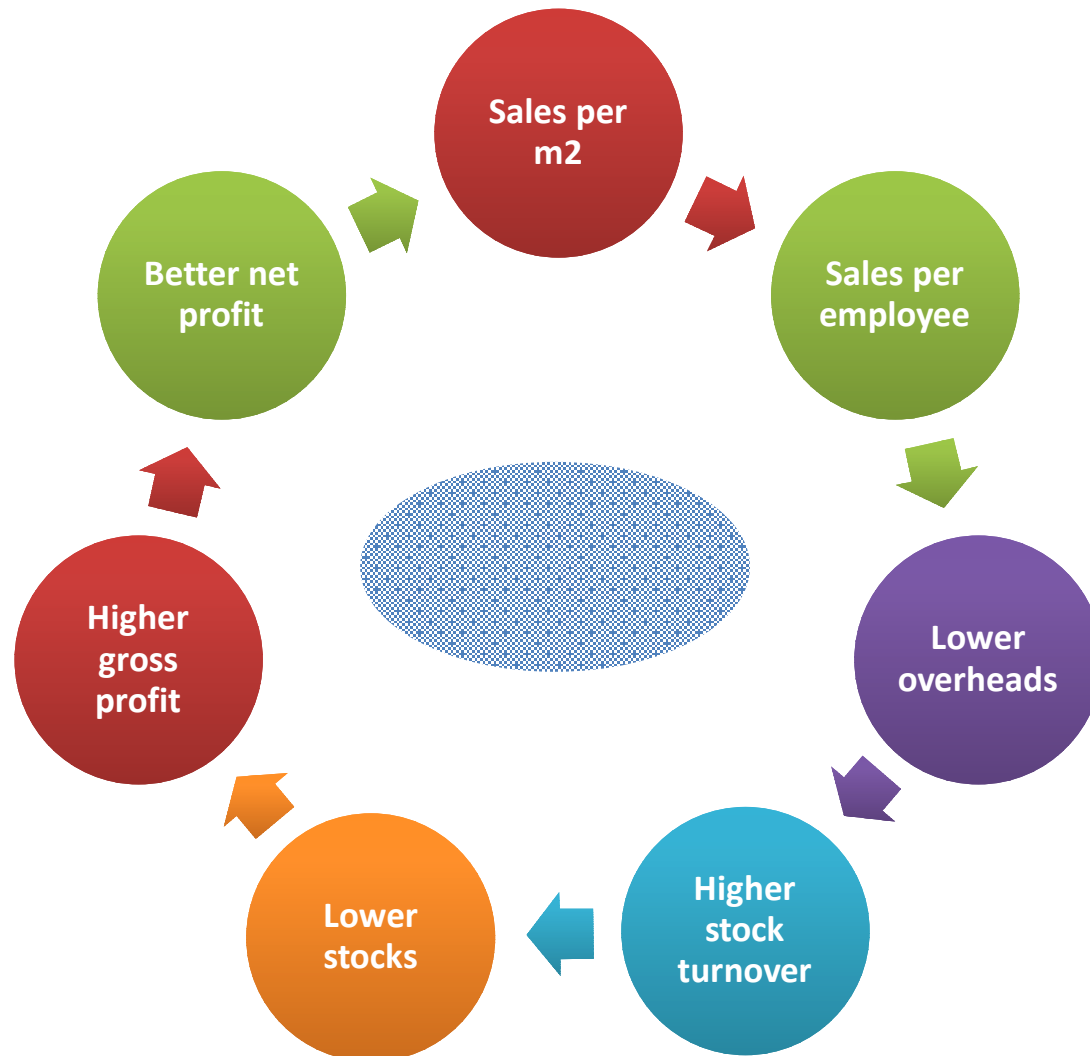


Relationship





## Better KPIs







## Old Competitors Suffer

**Bakery**



**Fruit Market**



**Kiosk**



**Butcher**



## New Competitors



# Lessons from Lidl



- 1 Optimization through Standardisation
- 2 Unique Private Label Proposition
- 3 Long Term Loyalty through Price / Quality Ratio
- 4 Product Centric vs Customer Centric



## Optimization through Standardisation

Lean ranges

Lean supply chain

Smaller floor space

Fewer staff



**Lower overheads**  
**Lower operating costs**  
**Lower prices**  
**Higher profits**



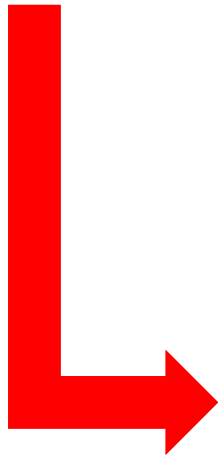


## Unique Private Label Proposition

Brand building activities

Focus on quality/price ratio

Disables easy price comparison

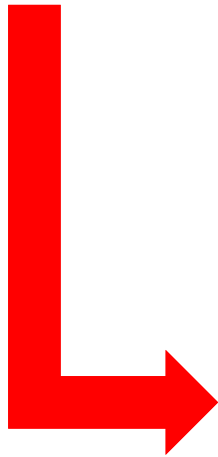


**Higher sales**  
**Higher loyalty**



## Long Term Loyalty through Price/Quality Ratio

- NO special offers
- NO coupons
- NO loyalty cards

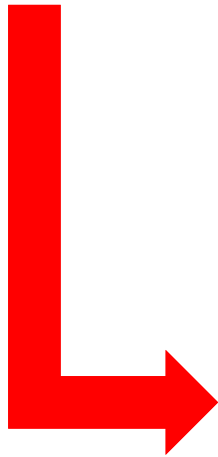


**Higher sales**  
**Higher loyalty**  
**Lower cost**  
**Higher profit**



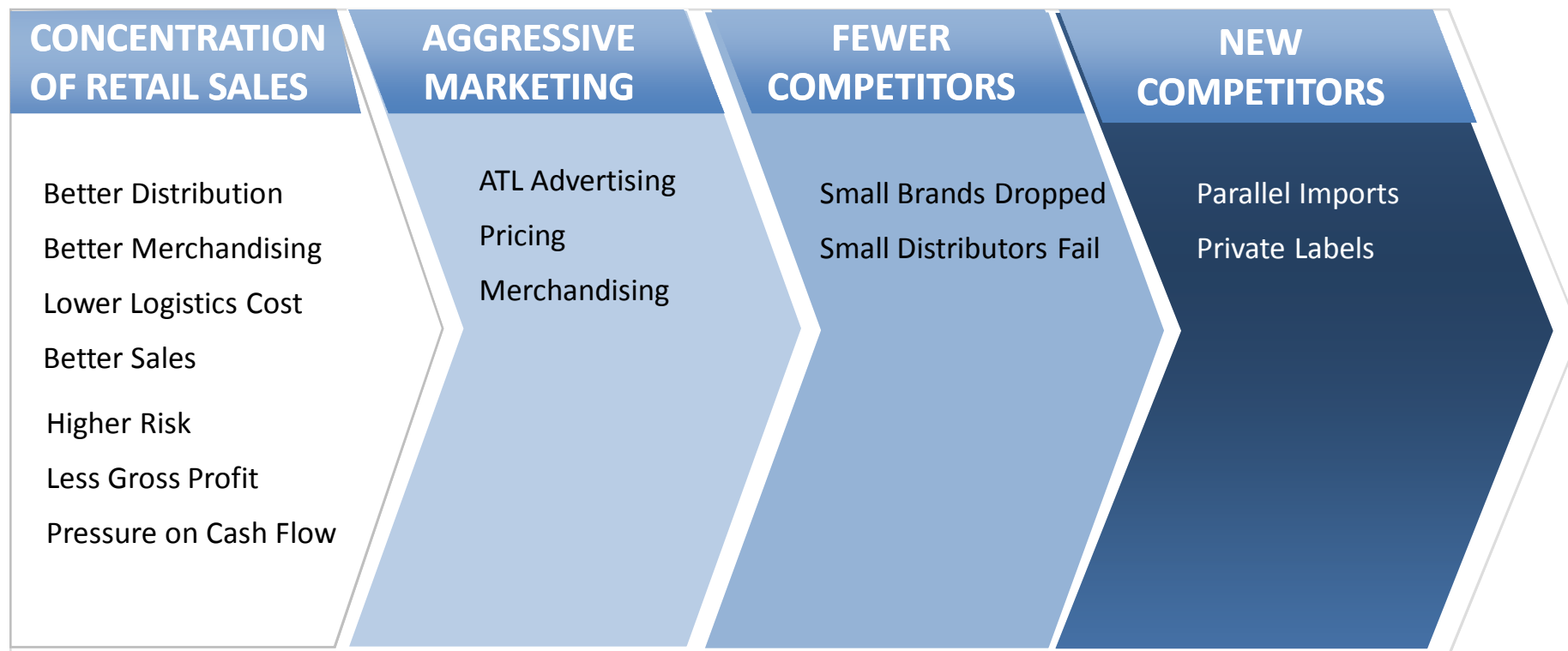
## Product Centric vs Customer Centric

No technology  
Less is more  
Reduced complexity  
Flawless execution  
Exploitation of Trends



**Lower cost**  
**Higher sales**  
**Higher profit**

## Understanding BIG Brands



# Lessons from Unilever

## Case Study Axe Deodorant

**P Above the line (Image Building)**

**P Consumer competition  
(involvement)**

**P Merchandising**

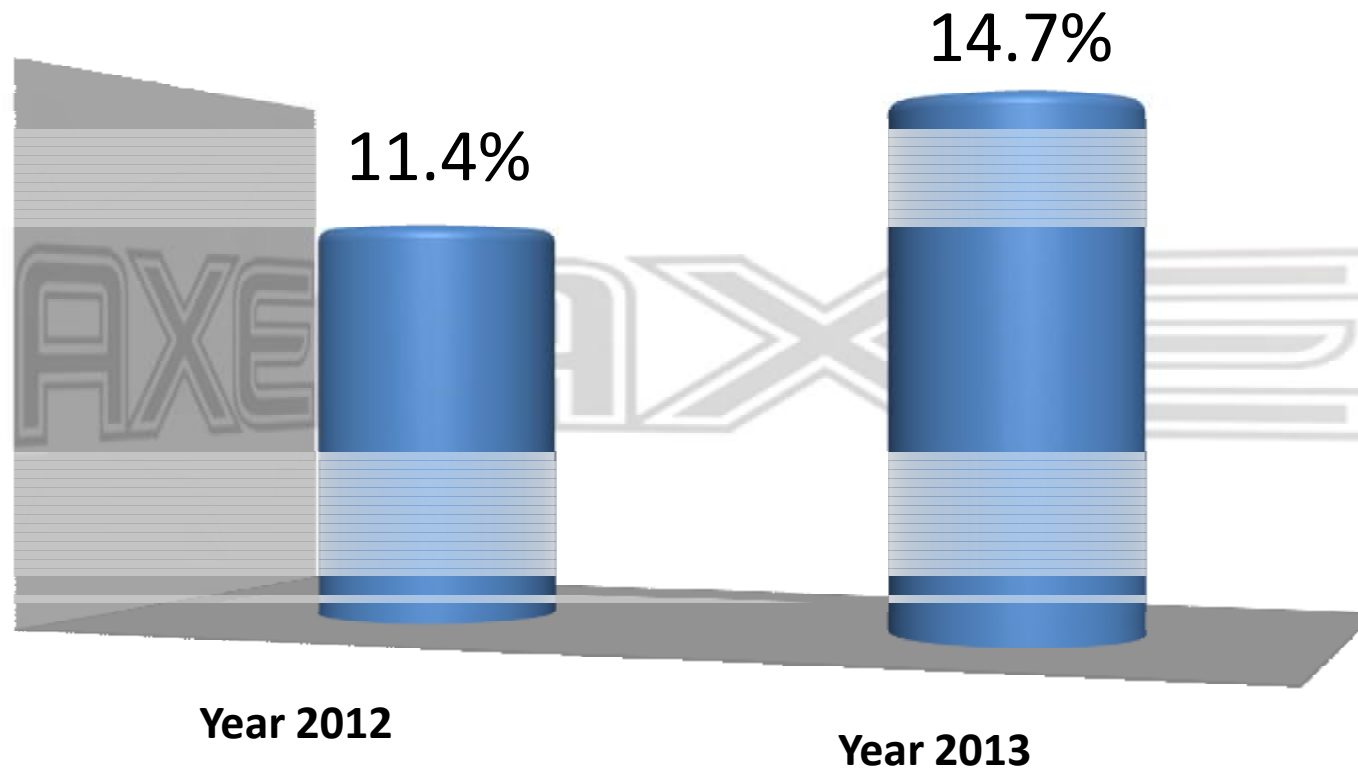
**P Promotion**

**P Retailer Incentives**





## Axe Deodorant Share





**BEST YEAR**



**BIG BRANDS**

**BIG RETAILERS**

# Maintain growth by

**M**odelling



**M**onitoring



**M**oving forward





**Starting point  
is  
the  
consumer**

# Ο Καταναλωτής Του

**ΧΤές**

**Χαμηλή Τιμή**

**Περίμενε Λύσεις**

**Ήθελε Υποσχέσεις**

**Διαφήμιση**

**Εικόνα**

**Υπομονή**

**Δέκτες**

**Εμπιστοσύνη**

**Πιστότητα**



**Σήμερα και Αύριο**

**Value for Money**

**Βρίσκει Λύσεις**

**Θέλει Πράξεις**

**Διαφ./Social Media/WOM**

**Πραγματικότητα**

**Ταχύτητα**

**Διαμορφωτές**

**Αμφιβολία**

**Συνεχής Αναζήτηση**

New Consumer



**Price Sensitivity**



**Frugal Fatigue**



**Escapism**

2014

**New** Consumer,

**Same** Conditions

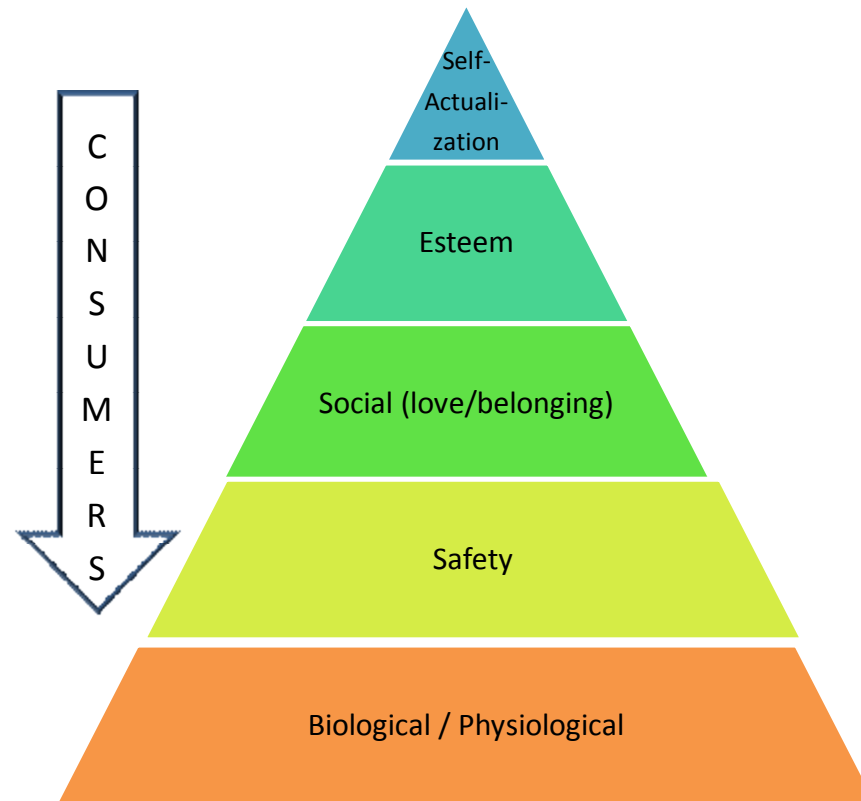






---

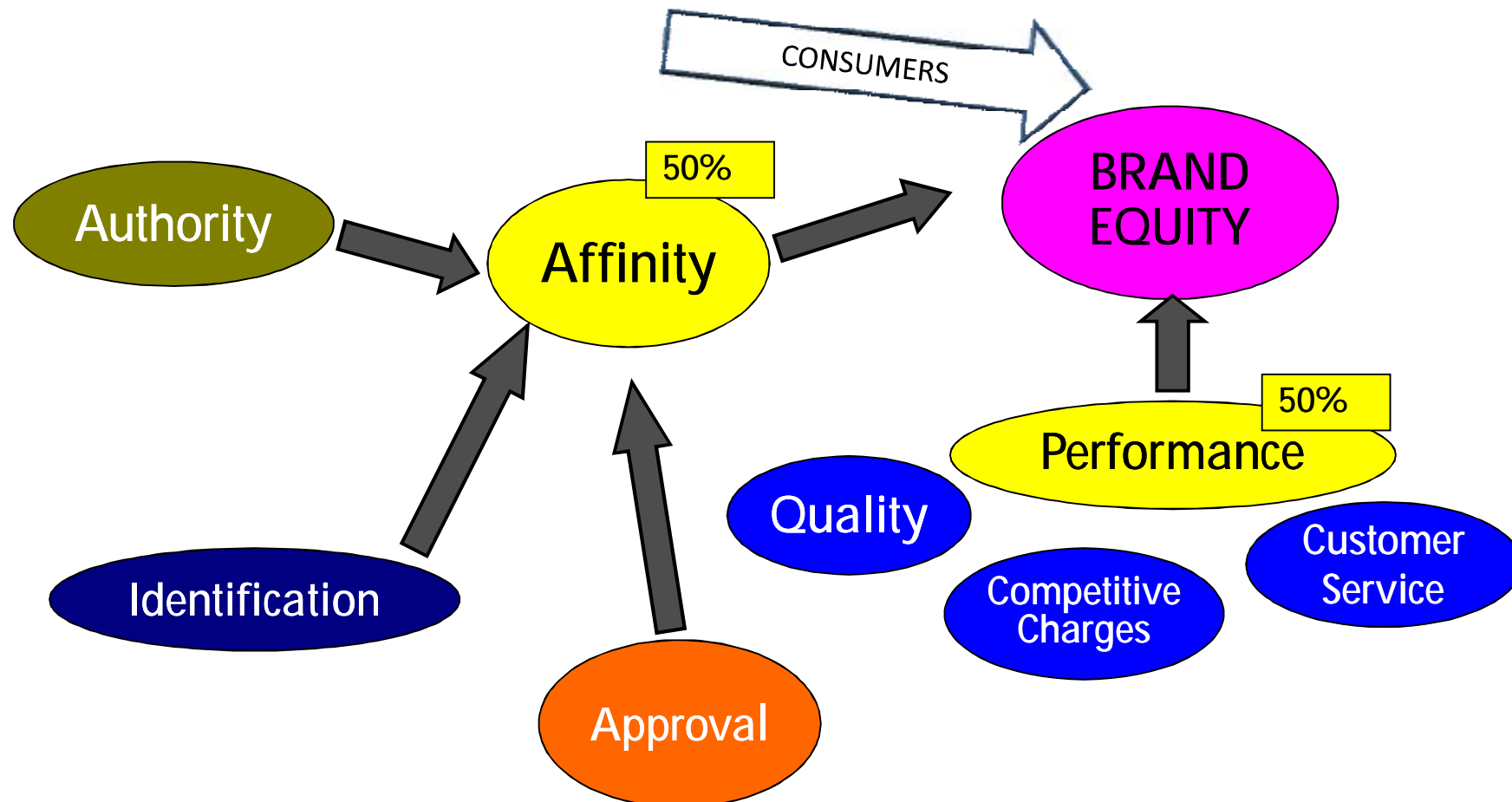
## Models : Maslow's Hierarchy of Needs







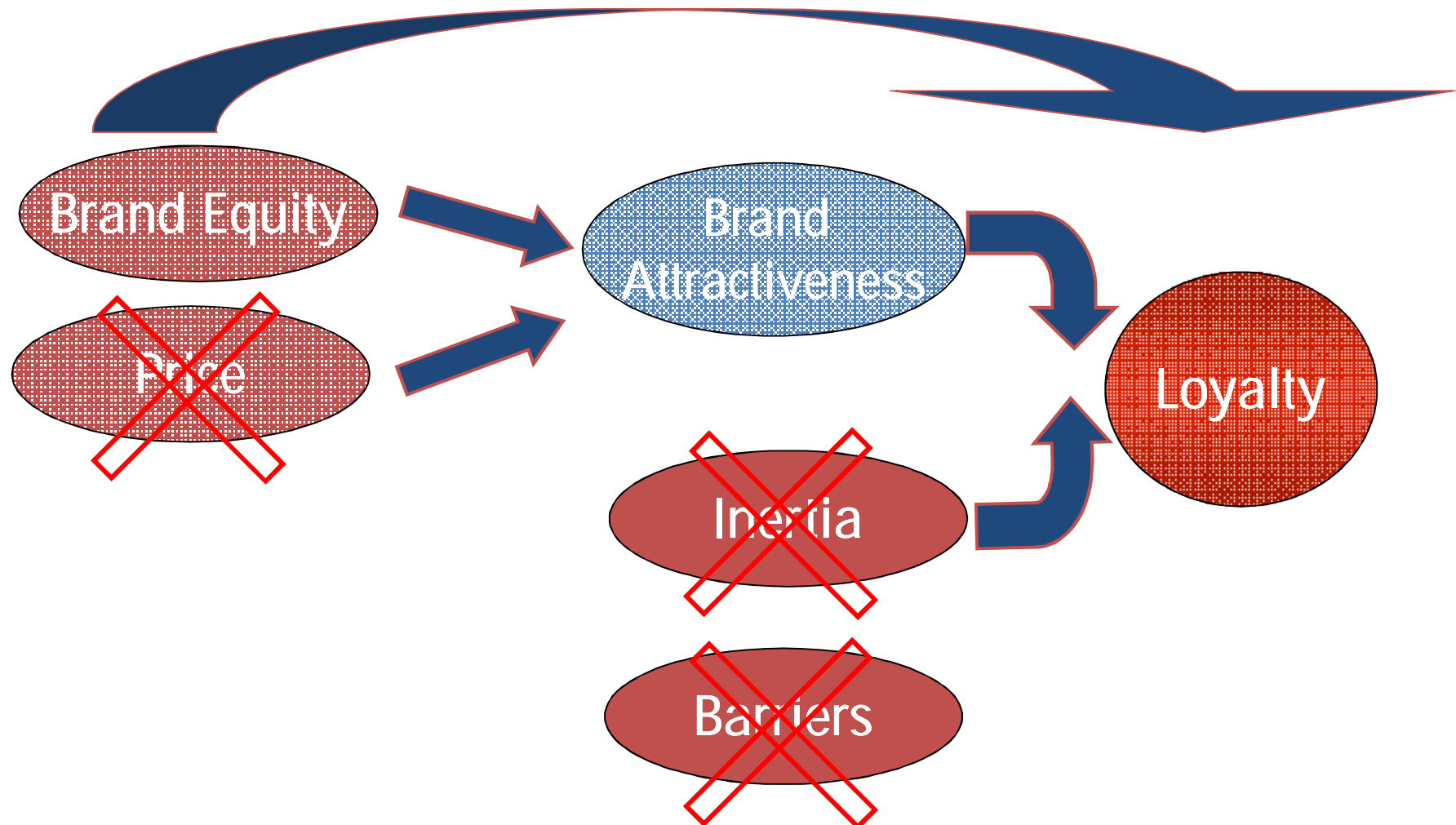
## Models : Brand Equity Balance Scorecard







## Models : Brand Equity Balance Scorecard







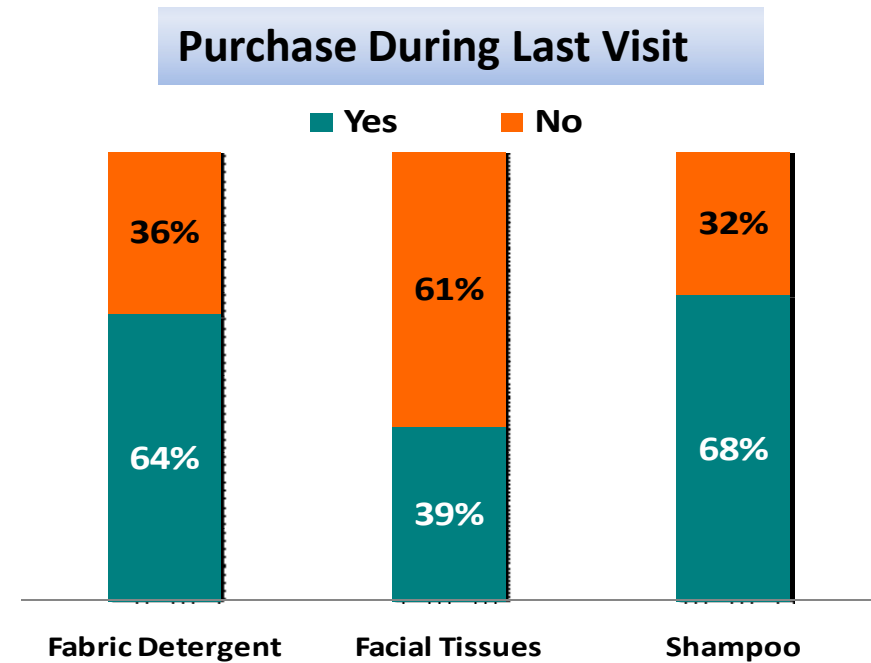
# Pricing is dominant 71%

named price as most important factor when choosing a supermarket  
(compared to 45% in 2005)



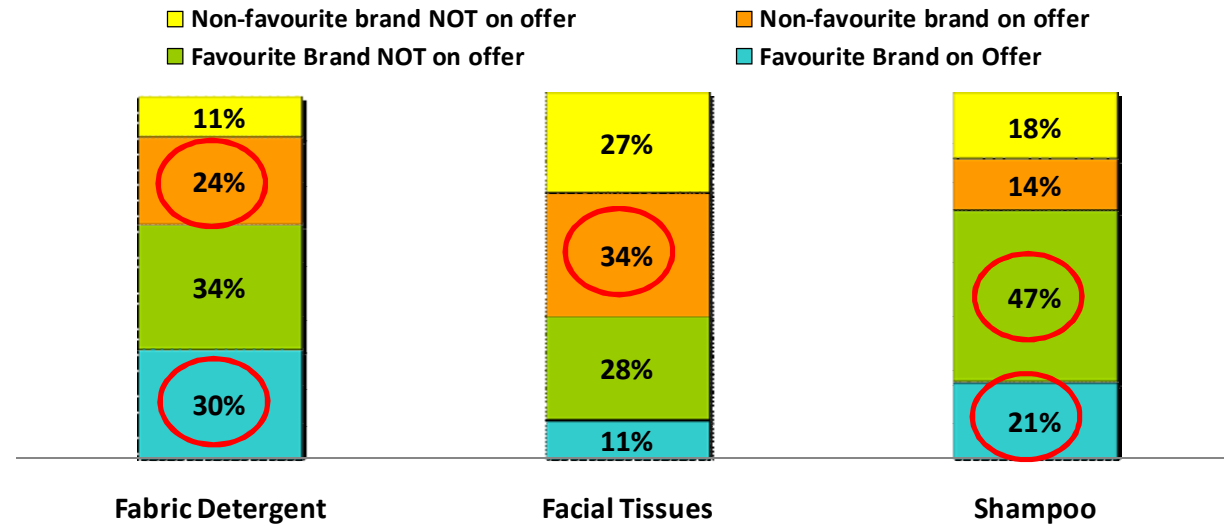
**Brand remains important**

**50%** stay with same shop  
stay with same brand





**Purchase During Last Visit**



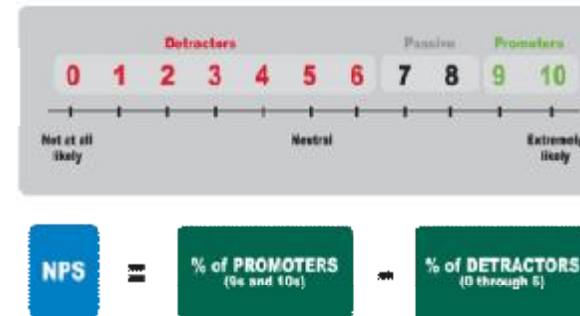
## Maintain growth by

---

**M**odelling



**M**onitoring



**M**oving forward



# Monitor Brands Retailers

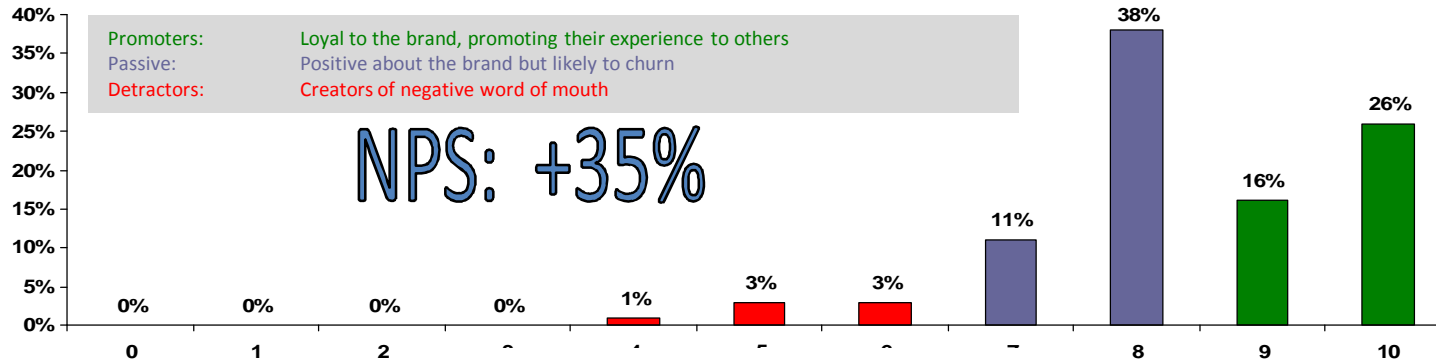


- 1 Net Promoter Score
- 2 Trust R
- 3 Brand Equity Balance Scorecard





# NPS (Net Promoter Score)



**Promoters:** Loyal to the brand, promoting their experience to others  
**Passive:** Positive about the brand but likely to churn  
**Detractors:** Creators of negative word of mouth



$$NPS = \% \text{ of PROMOTERS (9s and 10s)} - \% \text{ of DETRACTORS (0 through 4)}$$

	Retailer A	Retailer B	Retailer C
Detractors	55%	26%	40%
Passives	29%	36%	39%
Promoters	13%	37%	21%

<b>NPS</b>	<b>-42%</b>	<b>11%</b>	<b>-19%</b>
------------	-------------	------------	-------------



## Trust R

### TRUSTR THE DEFINITION

TrustR is a tool to help brands meet the expectations of consumers in an era of consequences.

#### Trust

Trust remains essential. It is the consumer's belief, cultivated over time, in the efficacy and reliability of the brand.

#### Recommendation

Recommendation is separate and vital. It is the consumer's belief, grounded in recent experience, that the brand continues to consistently fulfill its promise.

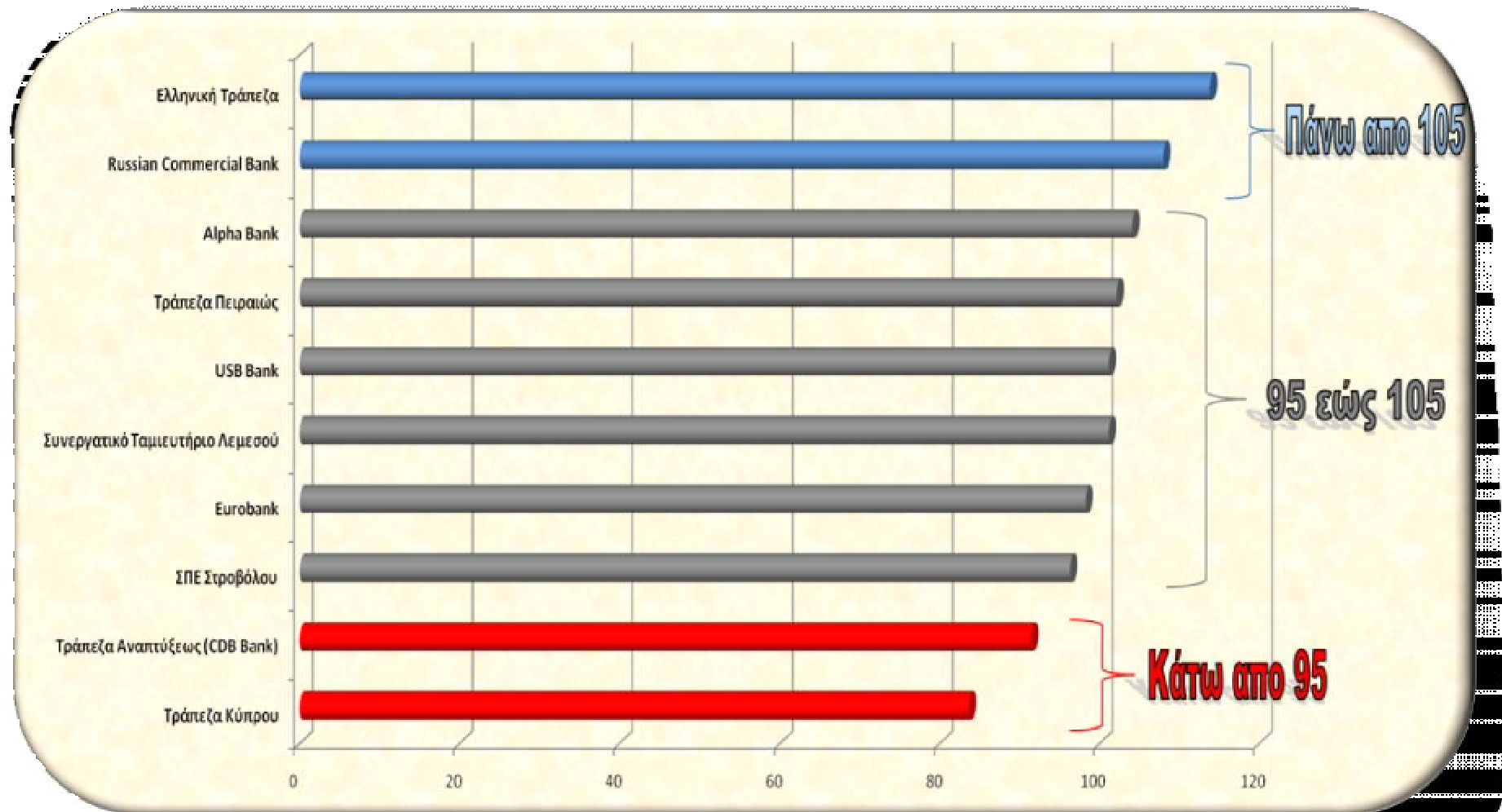
=

TrustR quantifies Trust and Recommendation and combines them into a TrustR score. A high TrustR score correlates positively with bonding, sales and brand value.



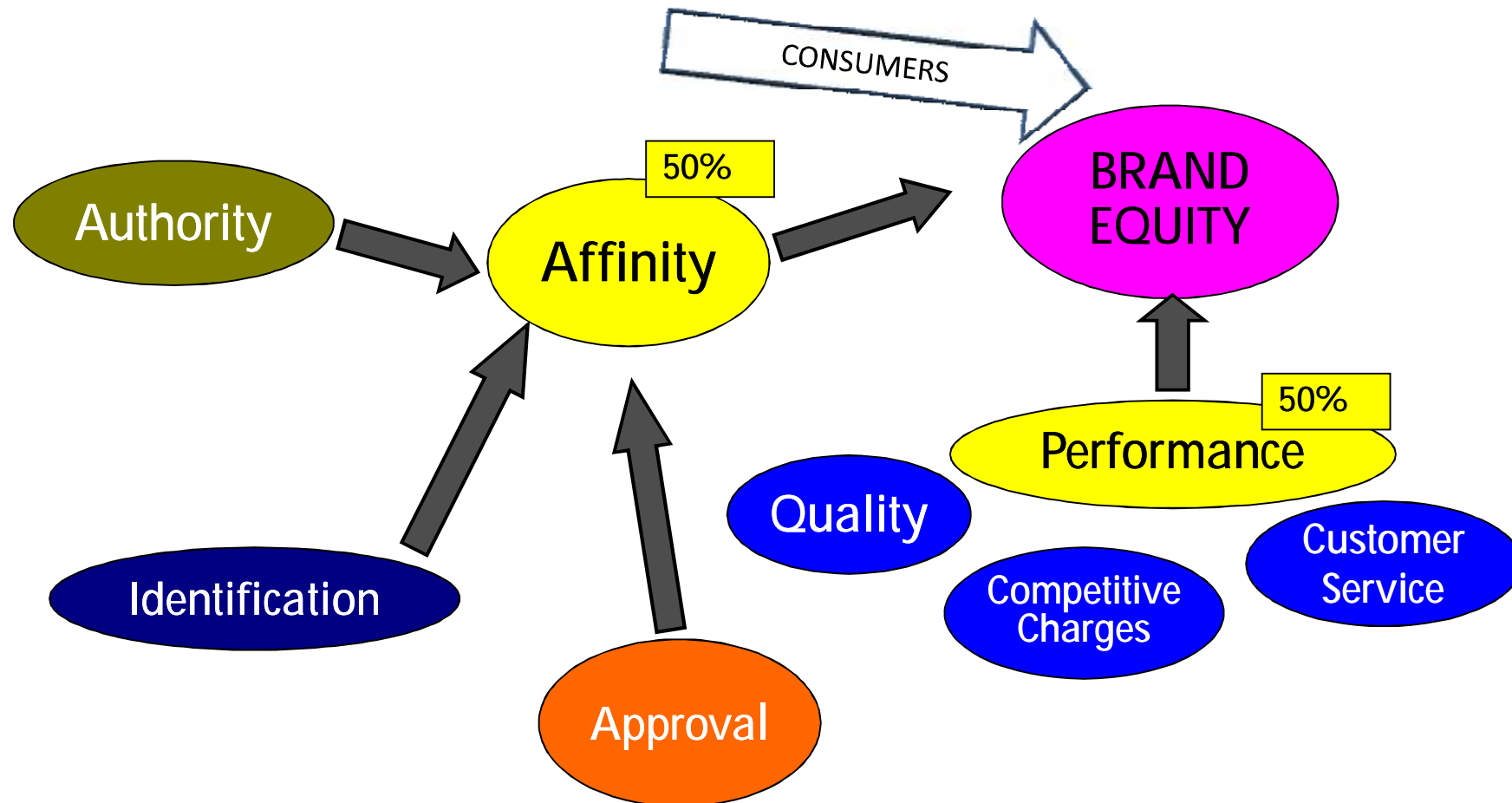


## Trust R



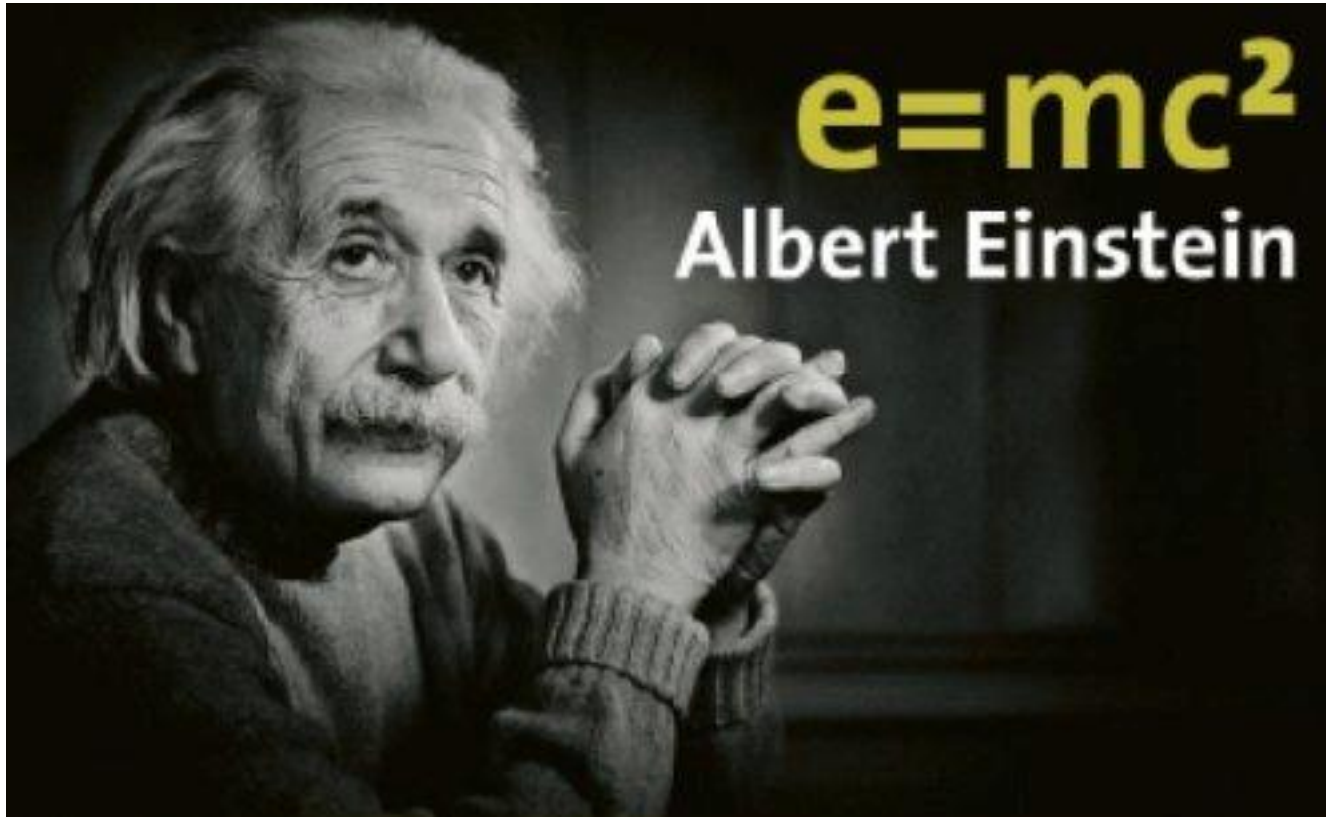


## Brand Equity Balance Scorecard



... move forward





$$e=mc^2$$

Albert Einstein

$$\text{Success} = \text{Price} + (\text{Brand Equity})^2$$

# Think Like

**Relativity**

**Flexibility**

**Imagination** (out of the box)



# Einstein





**Act**

**Like**

**C**ommitment to Brand Values

**H**olistic Approach

**E**xcellence in execution

**Think like  
Einstein,**

**2014**

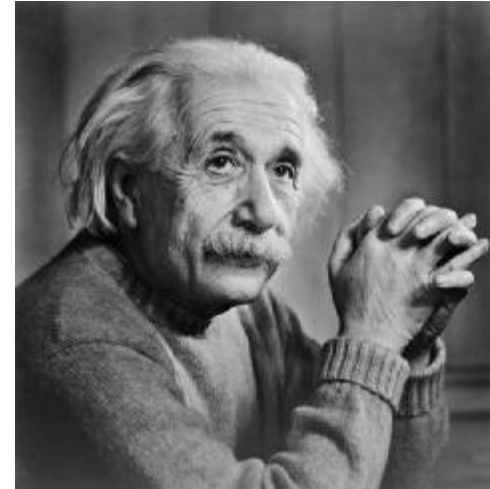
**Act like  
Che**



**Retail is not a sprint,  
it is a marathon**

Olympios Toumazou

**Think like  
Einstein,  
Act like  
Che**



Thank you