

A stylized illustration of outer space. A large black arc represents the horizon. Various celestial bodies are scattered across the scene: several purple spheres of different sizes, some with darker purple or blue patterns; two orange spheres, one with a purple ring; and several small orange dots representing stars. Two orange streaks, possibly comets or meteors, are also visible. In the bottom left, a telescope with a white body and blue accents is mounted on a purple tripod. The main title is centered in the upper half of the image.

Seeing Things Differently with Advantage: **How to Create Innovative Products and Packaging**

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Featuring



Greg
Client Service Representative,
Advantage Group International



Stefan
Account Manager,
Nova One Supplies



Valerie
Category Manager,
Shoppers World

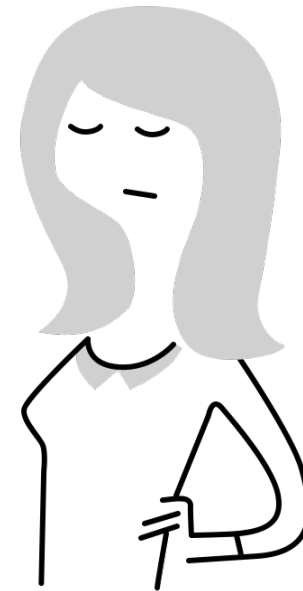
Meet **Stefan**, an Account Manager at **Nova One Supplies**.

Nova One Supplies' products are sold at Shoppers World stores across the country, but are not performing as well as they need to be.



Meet **Valerie**, a Category Manager at **Shoppers World**.

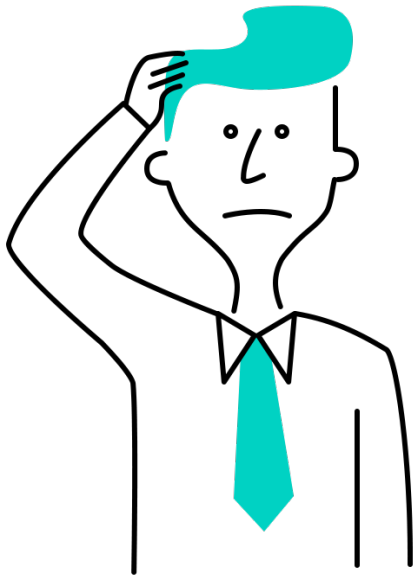
Valerie is disappointed by Nova One's performance when it comes to creating innovative products and packaging.



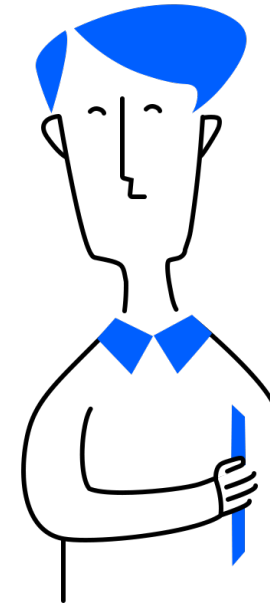
The business relationship between Nova One Supplies and Shoppers World is **suffering** and Shoppers World does not have a forum to provide this sort of feedback to Nova One Supplies.

Stefan:

Help! Our sales are declining. **We are struggling to bring innovation.** Even the new products and packaging that we do launch are not well received by our Customers.

**Greg:**

There are always opportunities to improve! Advantage will provide your teams with the guidance needed to manage success in the relationship space!

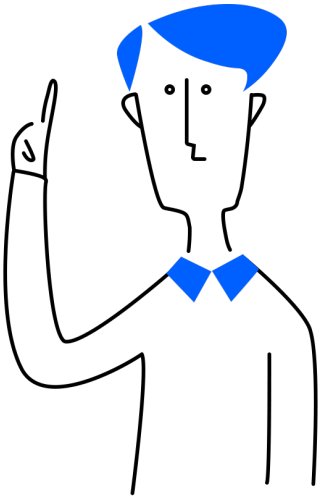


For over 30 years, clients have looked to **Advantage Group International** for insight into **strengthening their business relationships** across a broad range of business performance areas.

Advantage Report™ is a 360° benchmarking and performance evaluation program based on **two-way feedback that facilitates collaboration, creates more rewarding business relationships** and aids in driving higher sales performance.

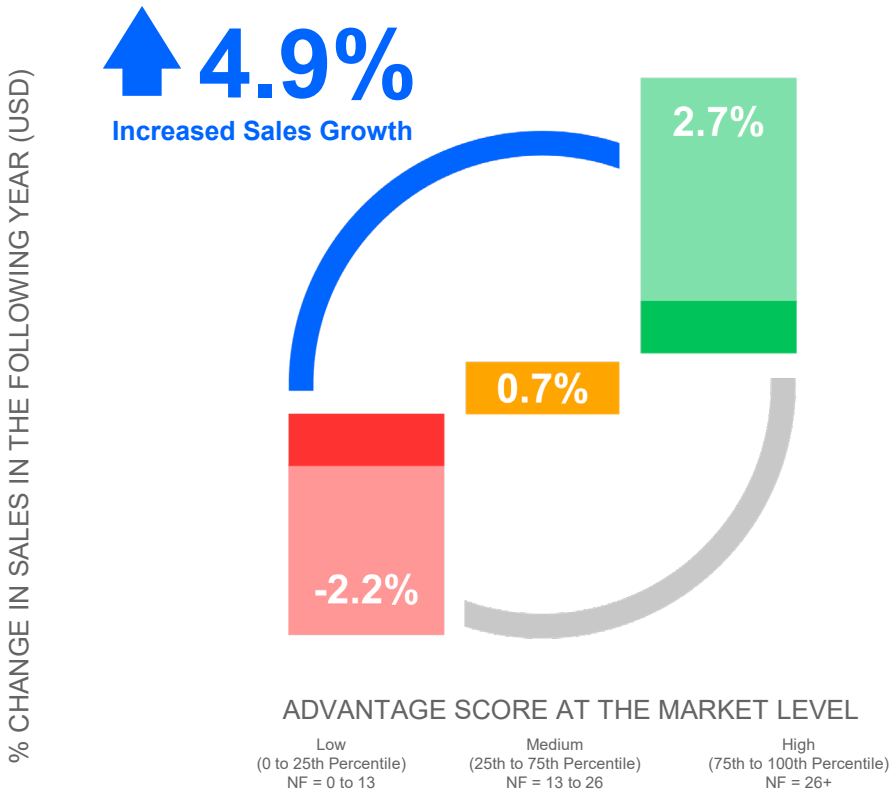


Advantage brings powerful insights to over 40 countries, representing the voices of over 70,000 industry professionals, to help suppliers and retailers create leaner, more robust and agile partnerships.

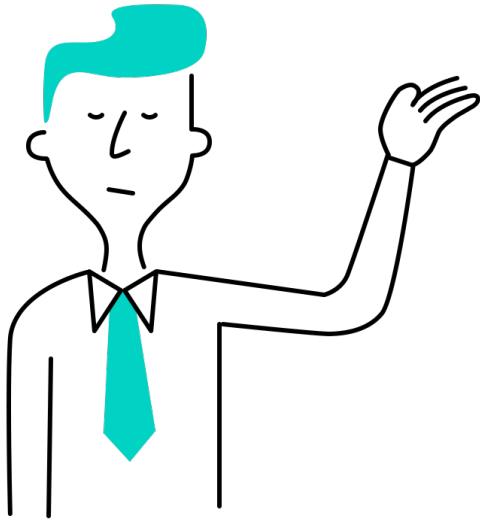


Better collaboration leads to better business results. In fact, our research has proven that high performing suppliers in Advantage Report™ achieve 5% higher sales performance¹ on average in the following year, than low performers².

Advantage Score vs. Sales Change in the Following Year

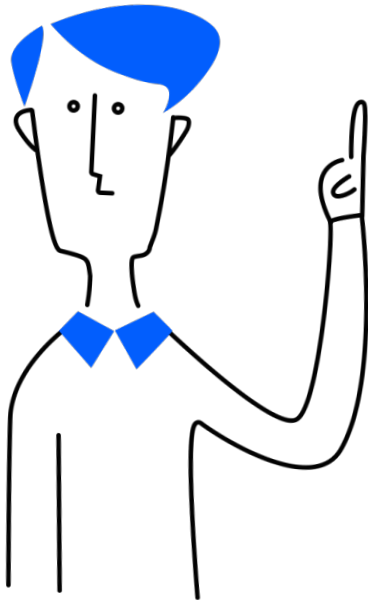


¹Based on Annual Gross Revenues in US Dollars
²Analysis conducted in 2017 of 54 Global FMCG Suppliers over five years (2012 to 2016)



Stefan:

Greg, what do you suggest we do to **improve our track record on innovation** to keep Shoppers World engaged and driving growth for our businesses?



Greg:

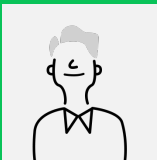
In today's competitive environment, every Retailer is looking for growth and top performing Suppliers recognize innovation as a key driver of growth.

According to Advantage*, **effectively managing new product launches is the most influential practice in having your Customers hold you in high regard for creating innovative products and packaging.**

Here are some examples of what Customers have to say about doing this well and not so well.

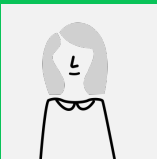
**Source: 2017 Global Scorecard Program*

Examples of:
Effectively Managing New Product Launches



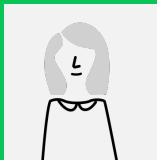
PRODUCT AVAILABILITY

"They make sure that they have enough product available when they launch a new product. As a result, we are not arm wrestling or having difficult conversations about when shipments will arrive or how much will arrive. They do a good job forecasting and allocating from the beginning."



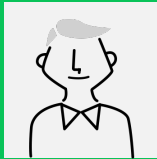
INFORMATION SHARED IN ADVANCE

"With any new product launch, we have to have all of the product information because that has to be transmitted to stores so they do up sell sheets for us in advance and have all of the information ready to go. In terms of advising us on the timing of when we can get the product, that is readily available as well. They do not come to us unprepared and without the information we require. They already know the types of questions we are going to ask with new product launches and they are very well versed in the process that we have to take, so it always seems seamless."



SOLID RETAIL EXECUTION SUPPORT

"They help us with placements and marketing and then participate in some things. If that is a new item, they will be on our new item end cap and be very proactive to walk it through to ensure we are truly first to the market and get it out there on the shelves. That is about five or six steps to get there but all those steps are very important to launch something, get the trial and be first-to-market."

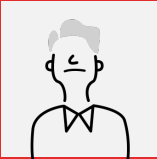


DRIVES PROMOTIONAL PLANS

"They do a fantastic job with us on their new product launches. They come to us well in advance of the product launching. We set up promotional activity surrounding it. They focus on driving promotion up front to get the distribution and the engagement on it."

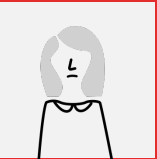


Examples of:
Having Challenges with Effectively Managing New Product Launches



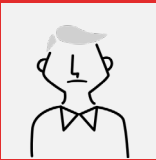
LACKS ALIGNMENT IN FORECASTING STOCK

"They do not do well when it comes to alignment for new item launch forecasts, or timeliness for product needed to support launches. They need to communicate with us if a launch is going to be delayed, and they need to have supply available to support the launch if it goes better than expected. Out-of-stocks at shelf within the first few weeks of a product's life cycle leave a negative customer impression."



LITTLE TO NO SUPPORT OR PLANNING

"They have this arrogance about them that everything they launch will sell. They just seem to think because of the brand name itself, it sells itself. Because it comes off of the back of their truck, they feel they have to do nothing to get it off the ground and market it. When they launch a product, they do nothing... The money they use to spend in stores to launch a product is not forthcoming."

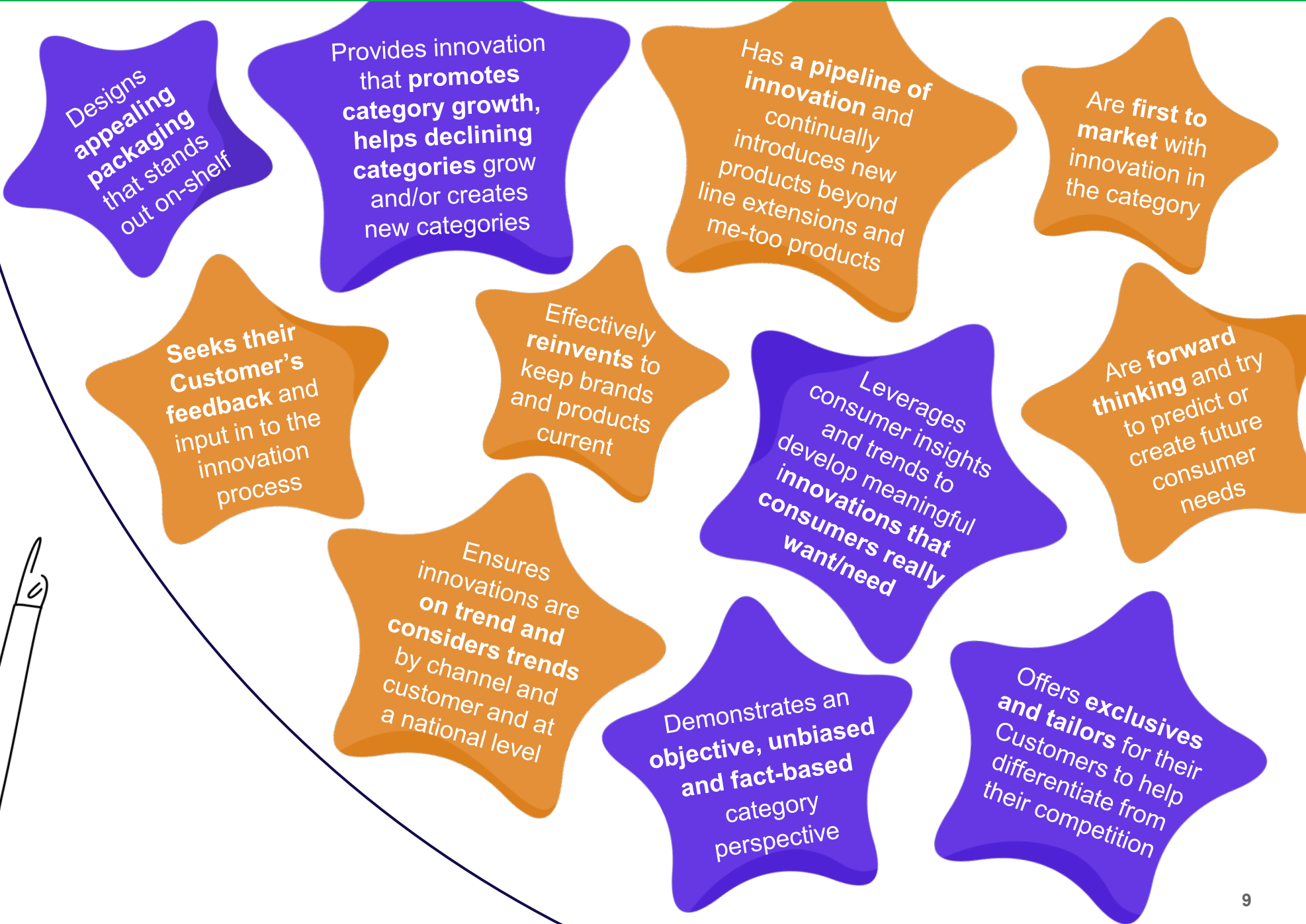


NOTHING NEW AND NO CONSUMER RESEARCH

"Their attempts at launching new items have been almost all failures in the past few years. They have had plenty of launches, but customers have voted 'no, thank you'. We think that all ties back to more effective consumer research. What we are seeing right now is if Brand X is successful with this particular variant, they are going to put their name on that. That is not great customer research. Instead, it should be there is this unmet need they can fill. They are really 'me tooing' at this point."

We have identified positive behaviours that Best in Class Suppliers demonstrate in **creating innovative products and packaging.**

These are supported by a robust approach to **effectively managing new product launches.**



Stefan:

That is a great list of positive behaviours!

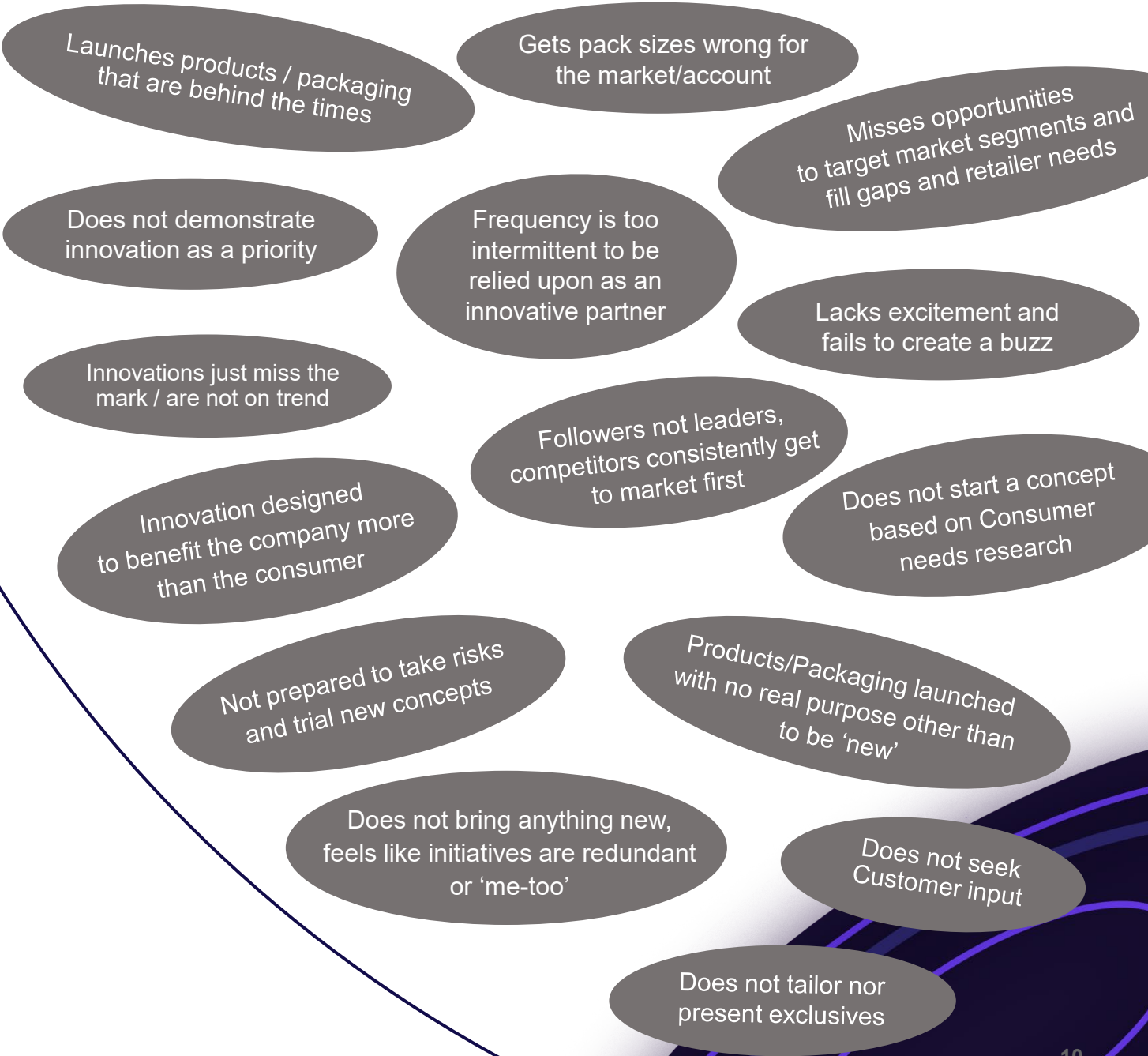
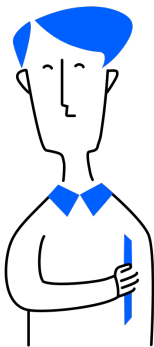
However, if our Customers see us as **falling short of creating innovative products and packaging**, I wonder if there are behaviours that they see from us that are damaging their perception of our performance in this area?



Greg:

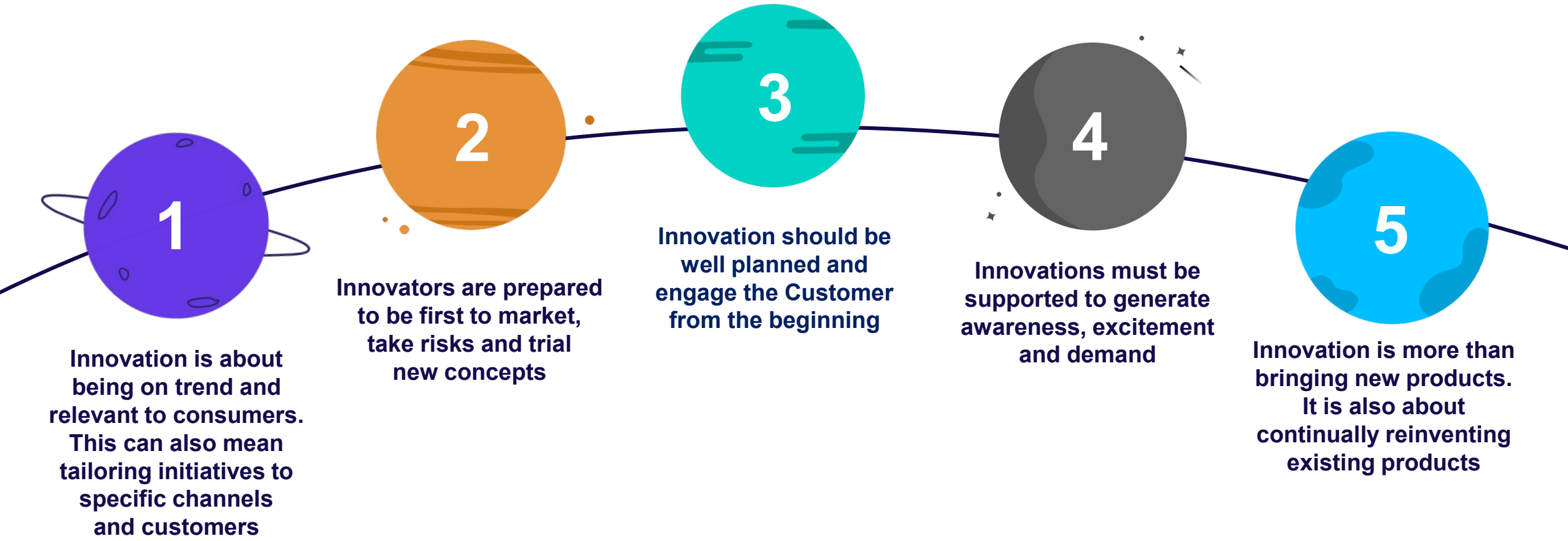
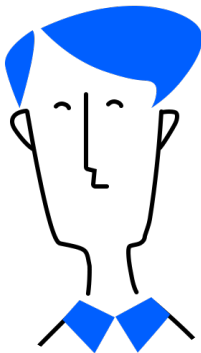
Well, that could be the case. We hope that this chart of **behaviours to avoid** will really help you identify where to improve.

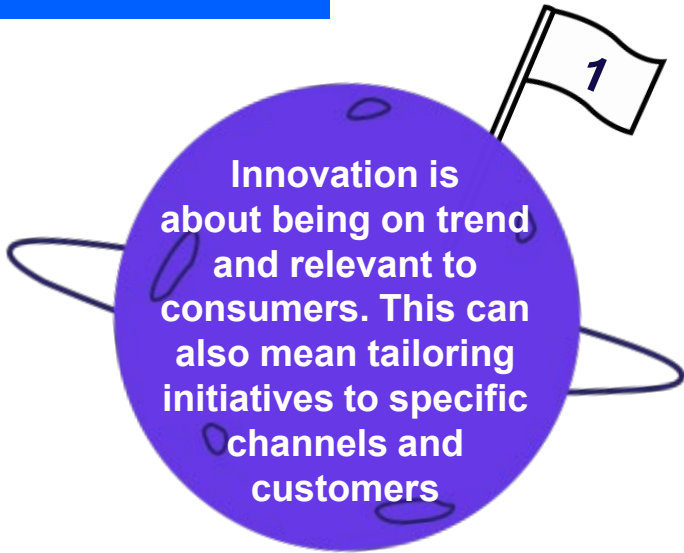
Reference these behaviours as a guide for **what 'not' to do** in your business relationship.



Greg:

Now let's dive deeper into **5 critical competencies** in support of **creating innovative products and packaging**. When effectively applied, these steps may help improve your Customer relationships and commercial outcomes.





Why is this critical?

To drive growth, innovation needs to respond to a need or create one. Innovation must be relevant, not just nationally, but by specific channel and customer, should needs be different.

Tailoring new products and or packaging to your Customers is key to delivering them unique value and having them see you as a true partner.



Their strength is in innovation. **They are attuned to what customers want today,** and they have the data to back it up. That is their biggest strength. They seem to be on trend. Some of their products were clearly ahead of the trend, and they have developed that into a mature category.

Best-in-class companies stand out to us by tailoring things to be specific to our company and our customer. The national trends do not always translate into our market areas. Whereas, **utilizing the data that we have is really going to set them apart** from others. We can get targeted and talk to the right customers who are interested in that information.

They are a huge vendor for us. Knowing that they have an item that is carried everywhere in every channel, like the retail and wholesale channels, they really understand how we work as a company and understand what our needs and goals are. They are very good at **creating innovative items that make sense for our business portfolio** and for how we want to do it. They differentiate us from the market. That allows us to excel. It is very good.

Best-in-class companies really use our data to help drive some decisions and do things very specific for our customers and customer base. Every retailer has some uniqueness, and **the best suppliers try to help us take advantage of our unique characteristics.**





Innovators are prepared to be first to market, take risks and trial new concepts

Why is this critical?

In today's test and learn environment, consumer goods companies also need to take risks to be first to market and trial new concepts. Sound research will minimise risk as will a more agile and adaptive culture.

These behaviours will enable you to demonstrate leadership in the category and earn respect in the marketplace as a true innovator.



They are a very innovative company. They are generally first-to-market with any new products in their category. **Their competition generally follows them.** If there is a trend in the category, they would be the first to jump on that trend; they would take the risk.

They were the first to create a specific type of packaging. All the other manufacturers are following their lead and coming out with the same type of packaging. They are first-to-market and **not afraid to try something new versus everyone else** that is following the trend when they see it is successful.

They are always coming out with new and creative products. Our category thrives on variety, and consumers like to try something new. They are **always ahead of their competitors in the products and sizes that they introduce.**

They have introduced new products over the last year and **are constantly looking for new ways to sell.** They are also very strong in trying to go after the categories and segments that are popular with consumers. **They obviously do a lot of research,** and they do a lot of searching across various retailers to see what the latest innovations are in the marketplace. They are towards the top of the game in that respect.





Innovation should be well planned and engage the Customer from the beginning

Why is this critical?

Companies at the forefront of innovation do their research, share their learnings and plan well in advance, involving their Customers in the process end to end.

This is how you will increase Customer engagement and support for your innovations. It will also help Customers align their retail execution plans with new product distribution.



They truly plan about a year out. A lot of suppliers say that they do but they never talk to us about it until right before it launches. They give us full access to their R&D. We talk about what we want to do, and they are bringing to us what they think the market is going to do and how they are going to continue to watch it. **It really is that long-term planning that keeps us continuing to grow our shoppers by brand.**

This impacts our business very positively; we have seen multiple years with double digit growth with them on the items that they make for our shoppers in big categories.

They make us want to be part of it. We understand what their vision is, what their strategy is, and where they want to take the category.

Best-in-class suppliers keep us involved. With one supplier, **we get to see things from them ahead of time and we can help develop products.**

Using people at this level who have a lot of years in the business to help set goals and shape how things go to market is probably valuable for both sides. We learn a lot.

A lot of times marketing teams are wary to give us a look at their three to five-year pipeline. Our best-in-class suppliers want us to see that, so **we make decisions together on whether it is the right item for the customer.** We can develop things together and ensure we are launching in the best way possible with all the insights we have.

They get us the information we need. If something is going to launch, **we have the information well ahead of time.** When it actually does launch, we have everything ready. They get all of their new items submitted to us and they have all the deals in place. All of the sale sheets are created, and everything is ready to go.

A best-in-class company comes to us before they finalize their plans to ask us what we think. We feel like we are forced into a lot of things because decisions have been made and signed off on before they are even communicated to us. We have a lot of knowledge and advice on the category of what has and has not worked for other vendors. We think they need to partner with us upfront.





Innovations must be supported to generate awareness, excitement and demand

Why is this critical?

Customers want product to move off the shelves. They are looking for quick reinforcement on their decision to support your innovations. Your investment in support of these initiatives will help them generate awareness and get their consumers excited.

Supporting your innovations with initiatives that drive traffic and purchase demonstrates to your Customers that you are serious about helping them achieve growth.



There is no one better at new product launches than them. They are a marketing machine. When they come with a new product, **it is guaranteed that they have vetted it and they have the power of the brand behind it**, as well as a really solid marketing plan.

A best-in-class company will go over and above to launch their products. They spend the money on billboards, on advertising, on pop-up shops, on couponing, on FSI's and on commercials. **They do their due diligence and spend their money.** It shows in the numbers that their brand is producing. Best-in-class companies do that well.

With best-in-class companies, **it is about merchandising the products properly, promotions, and advertising...**

Anyone that is doing a new promotion, is putting out signs letting customers know that there is a new item out there and we are pushing for it.

Best-in-class suppliers in this area get behind the products they launch and the new innovation. With some other companies, a product will come out and it just sits on the shelf, and then there are others where we see their new items on TV and online. **The fact they are spending money on this shows they are trying to make it successful.** Those are generally the ones we are more inclined to support with different activities and loyalty programs.

They constantly innovate. They do not rest on their laurels, hoping things grow through promotions.They understand their consumers and are willing to invest in their business and ours. **They are constantly exciting consumers and innovating in the categories in which they work....**They are steamrolling ahead, while others might take a step back and do nothing for a year or two, and by that point they fall behind.





Why is this critical?

Consumers want to be wow'd and have their favourite products evolve with the times. At the same time, your Customers value excitement on the shelves.

Demonstrating a holistic approach to innovation in the category ensures existing items are kept 'current' and bringing forward new items gives your Customers a reason to support your entire portfolio.



The best partners in the category strategy are not only looking at what is new and innovative, but also how they keep their existing items relevant. Maybe that means that they need to evolve into a new item. It is not just adding more; **it is making sure we take care of what is working.**

They are always reinventing what they have out there. They do not just stay still. They are always changing things up. It is important to our company to keep the category fresh, so customers are excited about the products.

They have been more innovative than most companies with new items. ... **They have done more with some of the older products to revitalize them** and make them increasingly relevant to new consumers.

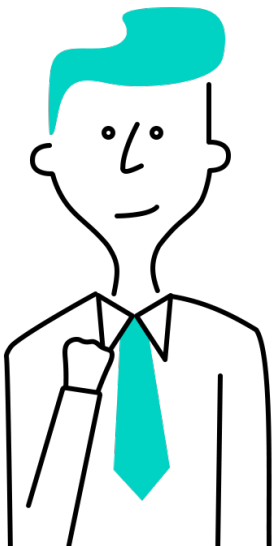
They change the packages up very frequently. They do a lot of customer research to see what resonates and what does not resonate. We think **they do a good job in trying to make sure their packaging stays current,** is on trend and resonates with the customer.

They are very much about improving the products. They are very much into research and **they do a lot to create added benefits.** That can be seen in the evolution of some of their products, including smaller package sizes, different unit sizes, and adding benefits to the unit sizes, etc. Innovation is key to most categories, and there is no question they are king.

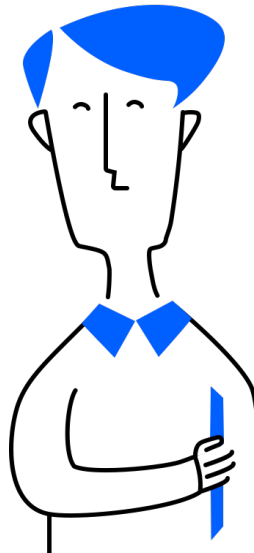


Stefan:

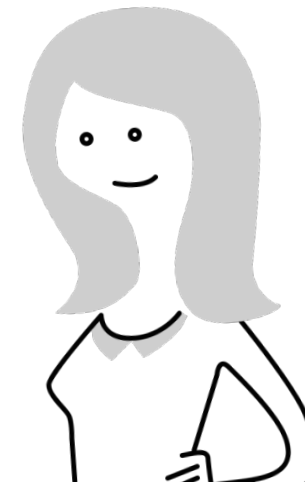
There's a lot more to creating innovative products and packaging than I expected... However, **if I use your insights as a checklist, I am likely to improve my business relationships and increase my sales!** Therefore, this is important information that I need to act on!

**Greg:**

That's right! We recommend closely evaluating how you are perceived by your Customers. In combination with your Advantage Report feedback, you'll find the following checklists insightful in improving how your Customers view your **innovation capability as it relates to new products and packaging.**

**Valerie:**

Stefan, we appreciate your efforts to work on improving our business relationship. By showing an eagerness and earnestness to developing weak spots in your business, we are **certain that you will receive more positive reviews from us when we provide you with critical feedback again in the future.** Thank you Greg, for facilitating this.



1. Your Checklist for: Creating Innovative Products and Packaging

- ☐ Do you have a pipeline of innovation and continually introduce new products beyond line extensions and me-too products?
- ☐ Are you prepared to take risks and trial new concepts?
- ☐ Are your innovations on trend, considering trends beyond national level only?
- ☐ Do you effectively reinvent to keep brands and products current?
- ☐ Do you design appealing and right size packaging that stands out on-shelf?
- ☐ Are you first to market with innovation in the category?
- ☐ Do you leverage consumer insights and trends to develop products that consumers really want or need?
- ☐ Do you offer exclusive and unique items, enabling your Customers to differentiate from their competition?
- ☐ Do you provide innovation that promotes category growth, helps declining categories grow and/or creates new categories?
- ☐ Do you seek your Customer's feedback and input in to the process?
- ☐ Are you forward thinking and do you try to predict or create future consumer needs?

2. Your Checklist for: Effectively Managing New Product Launches

- ☐ Do you collaborate with your customer on your innovation support program?
- ☐ Do you provide your Customers with adequate lead-times allowing them to plan ahead?
- ☐ Do you provide clear, accurate and timely information required to support your new launches?
- ☐ Do you get behind your new items, creating awareness, excitement and demand?
- ☐ Do you leverage experience, trial and error in other countries or markets to optimise launch?
- ☐ Do you have the right amount of the new items in the right place at the right time?
- ☐ Do you contingency plan with buffer stock in case an item does better than forecast?
- ☐ Do you closely monitor every step of the launch process to ensure things go as planned?
- ☐ Do you provide enough support in terms of funding and programs to help your Customers be successful with your new product launches?
- ☐ Do you maintain appropriate levels of the support for new items post launch?

Want to Know What your Customers think About your Business on This Practice?

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