

# Drive consumer behaviour by addressing the entire supply chain

By [Jaco Saunders](#)

3 Jul 2019

Changing consumer behaviour and creating loyalty throughout the supply chain are areas every FMCG manufacturer is trying to achieve. However, these are the last links and typically the most difficult elements to manipulate. This is due to challenges around validating sales - you can only reward loyalty if you can verify the purchase.



Jaco Saunders, Unit Lead at MACMobile

In order to drive consumer behaviour and reward loyalty both on route to market and at the end consumer, you need to address the entire supply chain. Visibility and line of sight from start to finish are critical to gathering the required data necessary to achieve these goals.

When it comes to loyalty, sales is always the primary Key Performance Indicator (KPI) and the measure of success is return on investment in sales figures.

## Rewarding behavioural change

In the consumer space, brand loyalty and recall are both valuable, but a loyalty program that does not result in additional sales it is not effective. The reality is that you cannot create customer loyalty and drive increased customer sales without first having an effective route to market.

In-store promotions, prizes, discounts and so on can help to develop certain brand awareness, but without ongoing effort, this will fade. Loyalty programs are not a short-term endeavour but a long-term commitment.

Manufacturers should, therefore, look at rewarding behavioural change not simply to create a pull from consumers, but also a push from route to market. It is important to have your products in the right place at the right time in the right condition so that customers are able and want to purchase them.

Unfortunately, for all the marketing campaign and initiatives, brand loyalty within the consumer goods space is highly volatile. More often than not, with such slight feature variations and 'me-too' products, the decision to purchase boils down to price. Ensuring that the product is correctly priced (at each step on the value chain) is imperative. Using a loyalty programme to ensure a "price it right" strategy could be the differentiator that maintains your market share.

The route to market parties such as distributors and retailers are often incentivised based on stock volumes. However, there are also many soft elements that are instrumental in creating loyalty, including the way products are displayed, the correct placement of point of sale material, the condition of the products in store and much more. These too should be incentivised.

### **Rewards should speak to distributors, retailers and individuals**

The rewards themselves should also speak to two levels, specifically for the distributor or retailer business, and for individual people in those organisations. For example, a bar could be rewarded with promotional materials and stock, while managers and even service staff can be given tangible, personal rewards like airtime or even financial incentive. These individuals will then be more motivated to promote a product to customers making it a win-win outcome for all parties involved.

Each person in the value chain can be seen as an integral link, and they can all be rewarded to help drive sales and loyalty – but only if sales can be verified and audited. This requires real-time visibility into the entire supply chain, which ensures that all data is always available and can be leveraged for the insight required.

Without data, manufacturers are effectively blind, with no baseline or point of comparison. With no insight, it is not possible to allocate rewards, drive behaviour or even see if there is a change. Data is at the heart of improving the supply chain and rewarding the relevant parties throughout, which in turn will help drive loyalty as well as maximising sales.

## **ABOUT THE AUTHOR**

Jaco Saunders is unit lead at MACMobile

For more, visit: <https://www.bizcommunity.com>