

Visionaries

2007

JOE PATTI, VP, Retail Planning & Category Management, National Retail Sales, talks about the evolution of the shelf at Anheuser-Busch

Perhaps if you are led by “visionaries” you are destined to become one yourself. Joe Patti, vice president, Retail Planning & Category Management, National Retail Sales for **Anheuser-Busch**, says, “I have been fortunate to have had some excellent mentors that have coached and developed me throughout my career. Here at Anheuser-Busch, we have a very talented senior management team that has great depth, skill, industry knowledge and intuition.”

He points out that the company’s category and business evokes a great deal of loyalty and passion and as part of their leadership style they “encourage that passion, without emotion, to help determine the best approach for Anheuser-Busch’s category management efforts at retail.”

Indeed, Patti considers the ability to influence how the company sells at retail to be one of his biggest career wins. He gives a lot of the credit to the incorporation of Anheuser-Busch’s category management efforts over the years. To truly understand what an important accomplishment this is, the evolution of category management at the company needs to be understood.

When he first started in 1986, only three people were responsible for category management along with space merchandisers who were located out in the field and reported to the sales people. In 2000, Patti says they created a regional category management team to supplement the existing team at headquarters who focused mainly on the large national accounts. The addition of the regional team enabled greater coverage of their account base, including key regional chains.

They also moved all space merchandising people to one central organization to handle the peaks and valleys of the workload and better address the retailers’ needs. “Then, two years ago we combined business analytics and shopper insights along with space management into one totally integrated group and that is the group I head now,” he explains.

SOLUTION SYSTEMS

Patti recognizes that technology is a key component to empowering the visions and needs of an organization, and a variety of technology solutions have been deployed to enable Anheuser-Busch to accomplish its mission of being “the indispensable trusted choice to its retail customers.” Patti says, “If we can help the retailer in its business decisions and grow the category through our objective recommendations, we believe Anheuser-



Busch products will share in that growth in a manner that better reflects the marketplace.”

He says Anheuser-Busch has invested a great deal of time and energy in building systems to support its business processes and deliver insights in a timely manner. Technology allows them to standardize processes and perform functions in a short period of time.

Given the unique aspect of the business and the many channels the company services, most of the sales reporting tools they use were developed internally. The prime example of this is BudNet, a proprietary tool that enables the company to know — outlet by outlet — what is being sold. “We know 100 percent of what is going in the back door every day at an invoice level,” Patti says.

So what about the front door? “For our many other business solutions, we have chosen to leverage the expertise of outside vendors. This would include, IRI, JDA, Interactive Edge, Siebel and others,” explains Patti. For example, JDA Software Group’s Efficient Item Assortment tool automates the assortment process for Anheuser-Busch’s customers, optimizing their assortment on shelf. He

are gathered from telephone and in-person interviewing of “tens of thousands” consumers/shoppers a year. Patti says, “As part of the category management process, we interact with retailers at headquarters and at buyer level daily, dealing with strategic and tactical category issues. Our 750 wholesalers have 8,400 sales personnel making 120,000 calls per week at the store level.”

Actually, Anheuser-Busch was an early adopter in the use of data and seeing the value of distinguishing between a consumer and a shopper. Patti affirms, “This is of critical importance to us in the beer category because of the many choices a shopper has within the 500,000 outlets across the country we sell in that come in many different formats — supermarket, convenience store, drug store, package liquor, bodega, on-premise and so forth. Understanding the nuances and differences in shopping behavior as a consumer becomes a shopper across the many formats is a key component of our approach to gaining insights.”

So what makes Anheuser-Busch really unique is the way it integrates and leverages the data. “Putting all these pieces together gives us a total picture and it makes a difference,” says Patti. “It gives us the ability to make

In essence, Anheuser-Busch views the key to successful implementation of best/effective practices as a consistent yet flexible approach. Patti says, “Our implementation of category management may vary channel by channel, retailer by retailer, because we adapt to the strategy the retailer has.”

When looking ahead, Patti sees three drivers to the business:

- **Increase in the depth and breadth of insights** (from both a shopper and marketplace perspective) - More and more retailers and suppliers have been focused on gaining an increased level of shopper and consumer insights. “Several years ago, it was only the thought leaders or innovators that invested in expanding within this area,” he notes.
- **Speed to insight** - Competitive advantage in the marketplace is driven by many factors; one of them is speed to insight. He explains, “Many companies have the data and insights, but cannot get to it or it takes too long to turn it around. Organizations that can get out of the ‘hunting and gathering’ mode and into the insights delivery mode will be the winners. Speed to insight is a ‘game changer.’”
- **Striving to attain execution excellence** - At the end of the day, the best plans are inconsequential without execution. “Execution excellence is best thought of as multidimensional; from the tactical aspects of program implementation, to the more strategic aspects of customizing implementation across each store in a time-sensitive manner,” Patti concludes.

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says, “Another example is the work we have done with Interactive Edge in automating many of our best practice analytical processes.”

He goes on to say they also use Spectra, a tool they have customized and enhanced with Anheuser-Busch’s proprietary shopper research data and local independent store information, to make it more actionable for the category. They call the solution Spectra Eagle Eye™.

The aforementioned data comes from many sources, including the wholesalers that provide daily sales to retail outlets for the more than 500,000 stores selling Anheuser-Busch’s products. IRI provides category level sales for the various markets, channels and retailers (including store level detail). Shopper insights

better internal decisions, as well as more informed decisions on the category for the retailers — in particular, what the targeted distribution should be.” He emphasizes the importance of this today as new products are increasingly targeted to niches of shoppers and consumers. “All of these tools help us make recommendations to our retailers about in which stores a certain brand package has the highest likelihood of selling.”

Patti adds that Anheuser-Busch’s category management vision starts with August Busch IV, who understands the value of data and embraces technology as central to the kind of fact-based decision making that drives not only category management, but the business as a whole.

FUTURE SUCCESS

To support a future vision, Patti says one thing cannot be overlooked — the need to change and adapt the supporting business processes. “For any element of change to be sustainable, it must be repeatable and practical from a business process perspective. This is especially true in the area of category management. Accomplishments, plans and/or tactics can be developed at a point in time by an individual. But without the supporting infrastructure and business process to make it practical and repeatable, the results are often short lived,” he affirms.

Fundamentally, in the realm of category management, technology can only bring the science of the process so far. According to Patti, “Solid business practices combined with training and deployment plans must be accompanied with technology to create a sustainable competitive advantage.”

CONSUMER GOODS VISIONARIES

As for the people behind the processes, Patti acknowledges there are a great number of intelligent people in the industry, both on the retail and manufacturer side of the business. He says, “There is not a shortage of good ideas and vision.”

Speaking of which, the next few pages reveal the remaining CGT Visionaries for 2007 — those industry thought-leaders who will likely mentor the next generation of CG executives, as well as help innovate business process and enabling technologies of the future. Industry Vision Statements from technology providers follow these profiles. See how the future of technology may impact the future of your CG company. **CG**

SUCCESS STORY



When Anheuser-Busch first decided to roll out its IRI data to wholesalers more than 10 years ago, Patti says it became clear they could only do so much from where they sat. The people in the field were those who were really interacting with the retailer. So, they formed a key strategy to deploy the data to as many field people as possible and “shine the light” on

what was really happening in the store. “We got a lot of success stories back about how a driver/salesman was able to talk to a store manager in a supermarket about what was really going on in the category. They could apprise the retailer of its business situation and suggest to them what they should do differently to increase sales and profit.” By putting the

technology into the hands of thousands of customer-facing people and training them on what the data is all about and how to use it, Anheuser-Busch was able to leverage the data in a whole new way. Patti says this strategy is in part what has led to the company’s category advisor status, along with its frequent customer awards such as “vendor of the year.”