

Commercial Excellence Academy

by  Asbiverse Group

Optimizing Route to Shopper® Capability for Winning in Retail

www.commercialexcellence.academy

Route to Shopper®

A Strategic Framework for
Integrated Shopper-based Value
Creation in the Tobacco Industry

Route to Shopper® Framework for Tobacco Industry

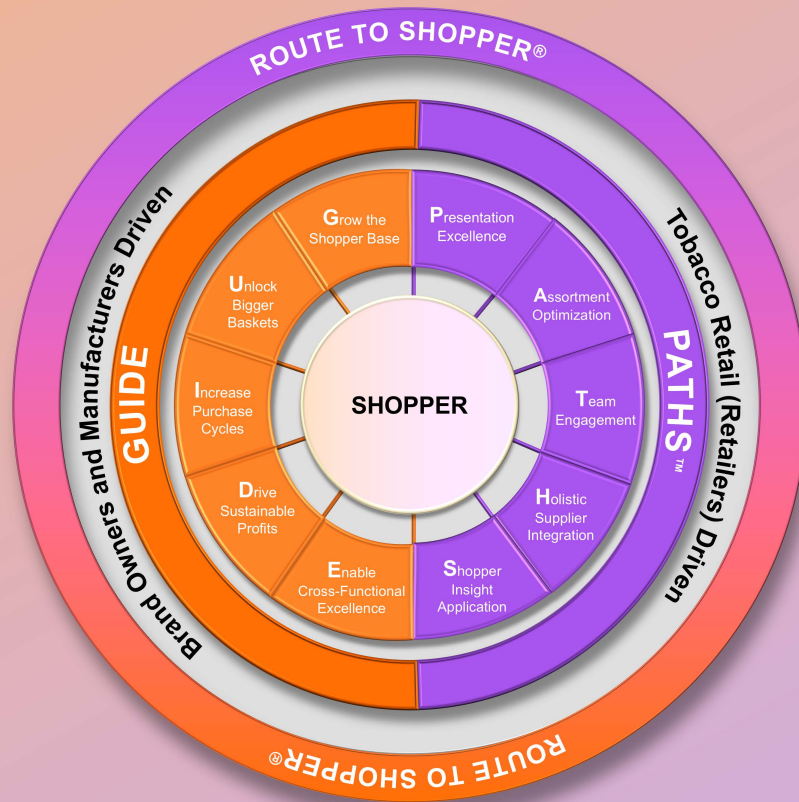
A Strategic Positioning for Tobacco Industry Commercial Leaders

A Strategic Positioning Document from the Commercial Excellence Academy

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The Route to Shopper® Framework incorporating GUIDE – PATHS™ for Tobacco Industry



Executive Summary

What does it really take to win a shopper's consideration in a world of endless options?

In an industry facing unprecedented regulatory pressure, shifting adult consumer preferences, and retail dynamics, Tobacco manufacturers and retailers require sophisticated commercial capabilities that balance compliance with growth imperatives. The **Route to Shopper®** Framework provides a comprehensive system for building shopper-led strategies that enhance execution precision, drive responsible growth, and create sustainable commercial advantage, all within the complex constraints of the Tobacco regulatory landscape.

Strategic Context

The Tobacco Industry's Commercial Challenge

Today's Tobacco industry commercial leaders navigate a unique constellation of challenges:

- **Intensifying Regulatory Pressure:** Display bans, promotion restrictions, plain packaging requirements, and mandatory health warnings create significant barriers to traditional marketing approaches
- **Retail Execution Complexity:** Behind-counter placement, age verification requirements, and inventory constraints demand exceptional operational discipline
- **Category Evolution:** The ongoing transition toward reduced-risk alternatives requires sophisticated portfolio strategies and shopper journey management
- **Margin Pressure:** Excise tax increases, price competition, and rising operational costs compress profitability across the value chain
- **Data Limitations:** Marketing restrictions create significant constraints on shopper understanding compared to other consumer goods categories

In this environment, commercial excellence cannot rely on conventional consumer goods approaches. The **Route to Shopper®** Framework offers a specialized capability system designed specifically for the Tobacco sector's unique requirements.

Route to Shopper® as a Strategic Enabler

The framework provides a structured methodology for:

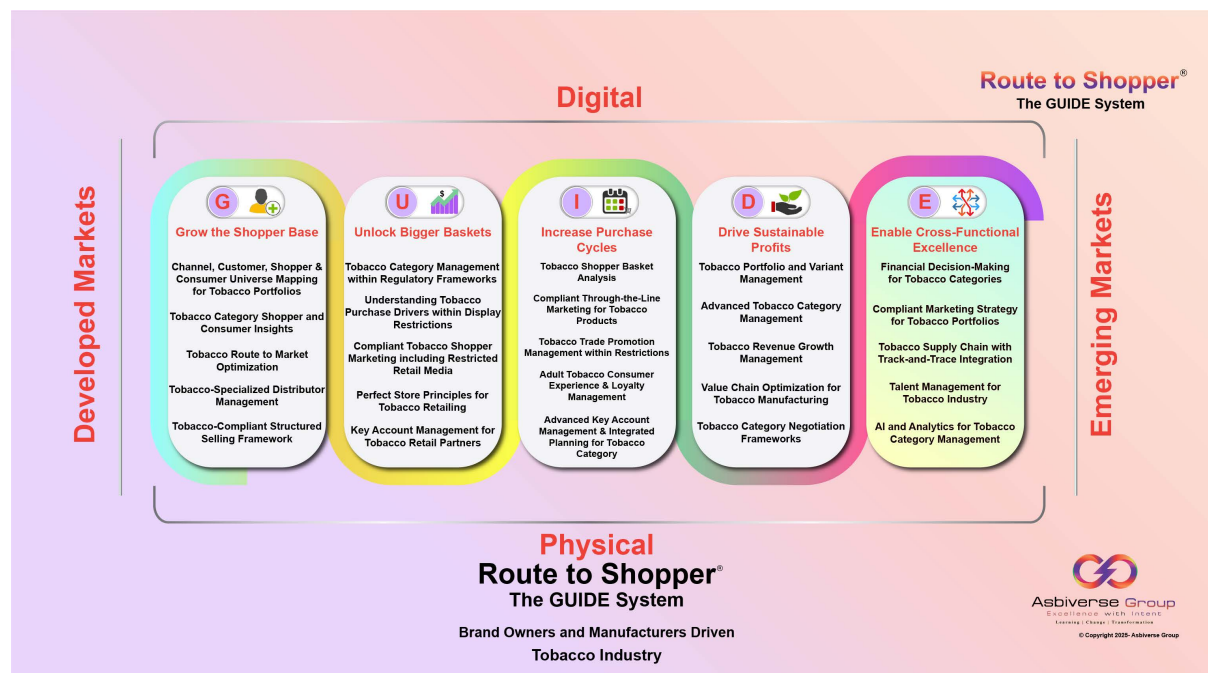
- **Precision Commercial Strategy:** Developing targeted approaches for adult shopper engagement within regulatory boundaries
- **Execution Excellence:** Creating systematic, repeatable processes for flawless retail implementation
- **Cross-functional Alignment:** Synchronizing regulatory, commercial, and operational teams around shared objectives
- **Shopper-centred Value Creation:** Building strategies based on legal-age adult shopping behaviour rather than assumptions
- **Strategic Capability Building:** Developing organizational muscles that create sustainable competitive advantage

Unlike tactical trade marketing approaches, **Route to Shopper®** establishes foundational capabilities that enable long-term commercial sustainability in a challenging environment.

GUIDE – PATHS™ Frameworks for Tobacco

The dual framework structure addresses the distinct yet interconnected needs of manufacturers and retailers:

GUIDE Framework (For Tobacco Brand Owners and Manufacturers)



G: Grow the Shopper Base

- Identifying adult shopper segments through compliant research methodologies
- Expanding distribution in appropriate channels with age verification capabilities
- Developing retailer-specific execution plans that maximize legal visibility
- Creating compliant adult consumer conversion strategies for emerging products
- Establishing measurement systems that track adult shopper acquisition within regulatory boundaries

U: Unlock Bigger Baskets

- Developing multi-product strategies that increase purchase value
- Creating cross-portfolio approaches connecting traditional and emerging products
- Establishing complementary accessory strategies to enhance basket value
- Implementing format and pack-size architecture that drives higher transaction values
- Designing retailer-specific basket building programs within promotional restrictions

I: Increase Purchase Cycles

- Building brand preference through permitted touchpoints
- Enhancing distribution and availability in priority channels
- Creating adult consumer retention strategies within regulatory frameworks
- Optimizing replenishment patterns through pack architecture
- Developing loyalty approaches compatible with marketing restrictions

D: Drive Sustainable Profits

- Establishing sophisticated pricing and tax strategies
- Optimizing product mix for profitability across the portfolio
- Creating manufacturing and supply chain efficiencies
- Developing trade investment approaches that maximize return
- Building revenue management capabilities adapted to Tobacco's unique constraints

E: Enable Cross-functional Excellence

- Aligning regulatory, commercial, and marketing functions
- Creating integrated planning processes that incorporate compliance requirements
- Developing capability-building systems for specialized Tobacco knowledge
- Establishing measurement frameworks that balance compliance and commercial objectives
- Building technology enablement appropriate for restricted categories

PATHS Framework (For Tobacco Retailers)



P: Presentation Excellence

- Optimizing behind-counter organization for staff efficiency
- Creating compliant visibility solutions within legal constraints
- Developing effective price communication systems
- Establishing reduced-risk product presentation approaches
- Implementing age verification station design standards

A: Assortment Optimization

- Tailoring Tobacco offerings to store format and location
- Developing store clustering strategies based on shopper profiles
- Creating assortment decision rules that balance breadth and efficiency
- Establishing planogram compliance verification systems
- Implementing SKU productivity measurement frameworks

T: Team Engagement

- Equipping staff with comprehensive age verification training
- Developing Tobacco category knowledge building systems
- Creating compliance-focused performance measurement
- Establishing operational standards for Tobacco retailing
- Implementing coaching frameworks for consistent execution

H: Holistic Supplier Integration

- Creating collaborative planning systems with manufacturers
- Developing joint category growth initiatives within regulatory constraints
- Establishing coordinated promotional activation approaches
- Implementing integrated inventory management systems
- Creating data-sharing protocols that respect regulatory boundaries

S: Shopper Insight Application

- Developing compliant shopper research methodologies
- Creating decision journey mapping for restricted categories
- Establishing basket analysis frameworks for Tobacco shoppers
- Implementing test-and-learn systems within regulatory boundaries
- Developing staff observational research capabilities

Illustrative Hypothetical Examples

Example 1: Legal Multipack Strategy for Convenience Retail

Challenge: A convenience store chain seeks to increase Tobacco basket size while addressing declining transaction counts in a market with display ban restrictions.

GUIDE Framework Application:

- **G:** Analysis identifies adult smoker segments likely to respond to multipack offers
- **U:** Develops multipack architecture optimized for convenience channel economics
- **I:** Creates staff communication tools to drive adult smoker awareness
- **D:** Establishes margin-enhancing pack configurations
- **E:** Aligns field sales, category management, and production planning teams

PATHS Framework Activation:

- **P:** Implements behind-counter organization system optimized for staff efficiency
- **A:** Creates store-specific assortment recommendations based on local demand
- **T:** Develops cashier knowledge-building program for multipack communication
- **H:** Establishes collaborative planning process with key manufacturers
- **S:** Implements measurement system tracking basket impact

Potential Outcome: The initiative could drive a significant increase in average Tobacco transaction value while strengthening retailer relationships through margin enhancement. Adult consumers benefit from improved value and retailers gain efficiency through higher transaction values.

Example 2: Premium Product Repositioning

Challenge: A Tobacco manufacturer seeks to enhance profitability by repositioning premium products in response to price-sensitive consumer migration to value segments.

GUIDE Framework Application:

- **G:** Identifies core adult premium product consumers through compliant research
- **U:** Develops pack architecture highlighting premium product attributes
- **I:** Creates retention strategy focusing on product quality messaging
- **D:** Implements strategic pricing approach balancing margin and volume
- **E:** Aligns product development, sales, and marketing around premium positioning

PATHS Framework Activation:

- **P:** Develops premium section organization within behind-counter space
- **A:** Creates store clustering based on premium product potential
- **T:** Implements staff knowledge-building on premium product attributes
- **H:** Establishes collaborative premium segment growth initiatives
- **S:** Develops measurement system for premium conversion effectiveness

Potential Outcome: The initiative could drive improved category profitability through premium mix enhancement while providing adult consumers with

clearer value articulation. Retailers benefit from margin improvement and manufacturers secure more sustainable profit structures.

Potential Outcomes from Route to Shopper® Deployments

Organizations implementing the **Route to Shopper®** Framework in Tobacco categories could potentially achieve:

For Manufacturers:

- Enhanced compliance excellence through systematic capability building
- Improved adult shopper targeting precision within regulatory constraints
- More effective resource allocation across channels and customers
- Stronger retailer partnerships based on mutual value creation
- Accelerated reduced-risk product adoption through improved shopper journey management
- Greater cross-functional alignment between commercial, regulatory, and operations teams

For Retailers:

- Improved operational efficiency in age-restricted category management
- Enhanced compliance procedures reducing regulatory risk
- Optimized assortment driving better space productivity
- Increased staff confidence in age-restricted category management
- More effective collaboration with Tobacco suppliers
- Improved profitability through better category management

For Both:

- Shared understanding of adult shopper behaviour within regulatory constraints
- Coordinated execution driving mutual growth objectives
- Enhanced data utilization within compliance boundaries
- Systematic capability building rather than tactical initiatives
- Long-term strategic approach to category evolution

AI Enablement for Tobacco Manufacturers & Retailers

The **Route to Shopper®** Framework supports AI integration within Tobacco industry guidelines:

Compliant Analytics Applications:

- Anonymized behavioural pattern analysis for demand forecasting
- Predictive replenishment optimizing stock levels
- Automated compliance verification systems
- Image recognition for planogram compliance (without consumer identification)
- Performance pattern recognition identifying execution opportunities

Strategic AI Integration Areas:

- Distribution optimization balancing availability and efficiency
- Price elasticity modelling within tax environments
- Promotional effectiveness measurement within regulatory constraints
- Staff knowledge application assessment
- Supply chain optimization for product freshness

Implementation Considerations:

- Ensuring all data collection and utilization meets regulatory requirements
- Building appropriate governance frameworks for AI applications
- Developing compliant test-and-learn methodologies
- Creating clear boundaries for algorithm development
- Establishing ethical standards for AI deployment

Role of Commercial Excellence Academy

The Commercial Excellence Academy serves as a strategic partner for Tobacco industry organizations by:

Strategic Capability Development:

- Designing customized **Route to Shopper®** implementation plans
- Facilitating cross-functional alignment workshops
- Providing specialized Tobacco industry expertise
- Developing measurement frameworks appropriate for restricted categories
- Creating sustainable capability-building programs

Knowledge Transfer:

- Delivering specialized training modules for Tobacco applications
- Facilitating best practice sharing within regulatory boundaries
- Providing implementation tools and templates
- Supporting organizational change management
- Establishing continuous improvement systems

Transformation Support:

- Guiding organizations through regulatory landscapes
- Supporting transition to emerging product categories
- Facilitating digital capability development
- Enabling AI integration within appropriate guidelines
- Building organizational resilience in challenging environments

Call to Action

For Tobacco industry commercial leaders, the path forward requires:

1. Strategic Capability Assessment

- Evaluate current commercial capabilities against the **Route to Shopper®** Framework
- Identify critical gaps limiting current performance
- Prioritize capability development based on strategic importance

2. Cross-functional Alignment

- Create shared understanding across regulatory, commercial, and operational teams
- Develop integrated planning processes connecting strategy to execution
- Establish common measurement frameworks balancing compliance and commercial objectives

3. Systematic Implementation

- Build progressive capability development roadmaps
- Create sustainable knowledge management systems
- Implement measurement frameworks tracking capability improvement
- Establish governance structures ensuring consistent application

Contact

To begin a strategic dialogue on implementing the **Route to Shopper®** Framework in your organization, please contact:

Strategic Partnerships Team

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*The **Route to Shopper®** Framework offers Tobacco industry leaders a comprehensive system for building sustainable commercial advantage in a challenging environment. By focusing on shopper-centred capability development rather than tactical initiatives, organizations can create the foundation for long-term success despite regulatory complexity and market evolution*