KANTAR

RETAIL

REALITIES

US 2022 POWERANKING®

Established in 1997

In This Report

Introduction

PoweRanking 2022

Retail Realities

26 years of retail leadership

Retail Realities — a simple phrase, yet one that came up time and again as we approached the 26th edition of PoweRanking this year. In 2022, as both retailers and manufacturers came together again to share what best-in-class partnership looks like **where we are now, what's most important in our new reality, and where we are headed,** became the frame of the conversation and led to insights about how the best of the best are surviving, and thriving, in this new business environment.

Reality, as defined by Merriam-Webster, is:

> **reality** noun
>
> re·al·i·ty | \ rē-ˈa-lə-tē
>
> *plural* **realities**
>
> **Definition of *realities***
>
> **1.** : the quality or state of being real
>
> **2.** : the totality of real things and events
>
> **3.** : **things as they are**, not an idealistic state of what could be

And in the final analysis, that's where we are in US retail as we get set to close out 2022. Both retailers and manufacturers — seeing things as they are — faced the reality of what they've withstood from 2020 to 2022 as they plan for 2023+.

— It's less about are we or aren't we post-COVID **and more about providing service and outstanding products while living with the reality of COVID in our world**.

"The pandemic helped manufacturers with self-optimizing their portfolio. That lets them be more agile than they used to be." — Mass Retailer

"The need for clean and hygiene will remain with shoppers — the bar is set higher. It is ripe for innovation." —Grocery Retailer

— It's less about finding a magic price point, deal, or promotion and more about the reality of dealing with inflation and supply issues to provide the best available products and a realistic price that meets shoppers' needs.

"We have seen quick shifts in terms of buying habits, promotional buys, and major trade downs. People had to make trade-offs on what they're buying because they only have so much to spend." — Grocery Retailer

— It is less about the aspiration of innovation, for both products and supply chain, and more about the reality of innovation, AI, and supply chain optimization to deal with labor shortages, better ways to communicate with shoppers, and deal with fast-changing needs.

"We're still fragile in supply." — Mass Retailer

"The big players are innovating, but they're not innovating at the number of items they would have from 3 to 4 years ago. Our manufacturing partners have gotten smarter. Do we need to innovate and bring in 20 new items, or do we bring in the right 8 or 9? We appreciate that perspective..." — Grocery Retailer

— It's less about impulse as a gimmick or promotion and more about the reality of "+1 shopper behaviors that happen 65% of the time in-aisle, in a physical store." (Kantar data, 2022)

"We all recognize that impulse behavior has evolved... that they're the same shopper [in different modes at different times]. We can see the behavior, but we haven't figured out how to best leverage it." — Grocery Retailer

"We are looking to fill voids in our shopper trips. We want to encourage one more item in the basket. That one item can lead to breakthrough results." — Small Format Retailer

"The shopper's mobile phone is really the in-store orchestrator for the shopper/retailer/brand. We estimate ~80% of our shoppers are using their mobile phone (app or responsive website) during shopping trips and making at least 4 searches during the trip. This O2O development is having profound implications to shopper decisions and ultimately sales growth.' " — Mass Retailer

— And lastly, it's about the here and now of retail ecosystem thinking or the promise of omnicommerce that became an embedded reality in 2022.

"Consumers are no longer just a B&M consumer or an online consumer. It is one shopper in a larger ecosystem. They have come back to the store, but they're also settling somewhere in the middle, using all modalities to shop with us. Our challenge is to be laser focused on serving them within our ecosystem." — Grocery Retailer

Whether shoppers believe we are post-COVID or not, key shopping changes emerged & will persist

The legacy of COVID: Shoppers still using remote services and behaviors

Shopping differently

76%

of shoppers will keep all or some of their recent shopping behaviors.

Working remotely

51%

say they are fully or partly remote. Only a quarter (24%) are back 4+ days per week.

Eating at home

39%

say they eat out less vs pre-COVID.

Shopping online

70%

of shoppers said they'll be likely to continue to use store pickup & delivery, flat to the beginning of the pandemic.

Source: Kantar COVID Commerce Snapshot Q3 Report 2022 (September)

Retailers faced the reality

that shoppers want to experience their store in many different ways — In-store, Online, Click and Collect, and Delivery. The reality of providing high-quality service in multiple ways is what shoppers have come to expect.

How retailers and manufacturers can best innovate and serve these shoppers was the secret sauce for standing out above their peers.

Approach

Customized questionnaires were developed for retailer and wholesaler respondents in food, drug, mass merchandise, dollar, convenience, specialty, ecommerce and club channels, as well as for manufacturers in food, household products, general merchandise, and health and beauty care categories. These questionnaires have been distributed every spring from 1997 to 2022 to personnel at all levels of management, with the assurance of total confidentiality of respondents.

Over 400 manufacturer and retailer respondents participated in this year's study. The results of the 2022 survey were compared with the results of 2020 and 2021 to determine the causes behind shifts in the rankings.

Retailers were asked to rank manufacturers on criteria that fall into two broad areas:

STRATEGIC METRICS

- Clearest Company Strategy
- Most Important Consumer Brands to Retailers
- Best Combination of Growth & Profitability

BUSINESS FUNDAMENTALS

- Best Sales Force/Customer Teams
- Most Innovative Marketing Approach
- Best Consumer & Shopper Insights/ Category Leadership
- Best Supply Chain Management
- Best Shopper Marketing Programs
- Best Use of Digital Platforms

AD HOC METRIC

- Best in Sustainability

Manufacturers were asked to rank retailers on similar criteria:

STRATEGIC METRICS

- Clearest Company Strategy
- Best Store Branding to Shoppers
- Projected Power Retailers in 15 Years

BUSINESS FUNDAMENTALS

- Best Retailers to Do Business With
- Best Category Management/Buying Teams
- Most Innovative Merchandising Approach
- Best Supply Chain Management
- Best Practice Category Leadership
- Best Use of Digital Platforms

AD HOC METRIC

- Best in Sustainability

Results & Ranking

Results were tabulated on a two-year rolling basis, reflecting the percentage of respondents ranking each company among the top 3. Additionally, follow-up qualitative interviews were conducted among a diverse group of manufacturers and retailers to provide further insight into the data.

The PoweRanking methodology reflects mergers and acquisitions that have occurred in the past. We have consciously rolled up operations into the parent company where appropriate for this year and versus a year ago. At the same time, where retailers and manufacturers are operating largely as independent companies, they are treated as such in the data. As a dynamic monitor, PoweRanking will continue to consolidate or separate companies as retailers perceive them.

PoweRanking COMPOSITES

The 2022 PoweRanking results include the **Overall PoweRanking Composite**, created by weighting the three strategic rankings equally with the six business fundamental rankings (see previous page) — thus placing greater importance on the strategic rankings. This reflects the importance of sound strategy as an overall driving force in business performance.

STRATEGIC COMPOSITE

The **Strategic Composite** combines the three strategic measures into an overall composite to provide better insight into which manufacturers and retailers are most strategically important to their trading partners.

BUSINESS FUNDAMENTALS COMPOSITE

The **Business Fundamentals Composite** combines the six fundamental areas of business into a composite, which reflects the retailers' and manufacturers' opinions of those trading partners that have the strongest organizations and personnel and provide the best tools for solid business development.

DIGITAL PLATFORMS

Beginning in 2011, Kantar added a measure for **Digital Platforms**. Given its increasing influence on retailers, manufacturers, and consumers, as of 2016, Digital is a measure to monitor and is included in the **Business Fundamentals Composite**.

SUSTAINABILITY

Beginning in 2020, Kantar began tracking **Sustainability** as an ad hoc measurement. It is becoming prevalent in the retail industry, so we will continue to monitor its progress. Currently, it is not included in the **Business Fundamentals Composite** or overall rankings.

2022 Participating Manufacturers

Abbott

Applegate Farms

Barilla

Bayer

Beiersdorf

Bel Brands

Bimbo Bakeries

Boehringer Ingelheim Animal Health

The Bountiful Company

Campbell Soup Company

Carl Buddig and Company

Clorox

Coca-Cola

Conagra Brands

Constellation Brands

CooperVision

Del Monte

Duracell

E&J Gallo Winery

Galderma

GE Appliances

General Mills

Haleon

Henkel

Hormel Foods

Jack Link's

Johnson & Johnson

Kellogg Company

Keurig Dr Pepper

Kimberly-Clark

Kraft Heinz

Mars

Materne North America

Nestlé

Newell Brands

PepsiCo

Reckitt

Reynolds Consumer Products

Sanofi

Schwan's Consumer Brands

StarKist

Tyson Foods

Unilever

2022 Participating Retailers

7-Eleven
Ace Hardware
Ahold Delhaize
Albertsons Companies
Aldi
Amazon
Best Buy
Busch's
Casey's
Cash Saver
Circle K
Costco
C&S Wholesale Grocers
CVS
Dick's Sporting Goods
Dierberg's
Dollar General
Dollar Tree
Family Dollar
Festival Foods
Food City
Food Lion
Fresh Market
Fry's
Giant Eagle
Giant Food
Giant Martins
Gilbert's
Hannaford
H-E-B
Home Depot
Home Goods
Hy-Vee
Kohl's
Kroger/84.51°
Kwik Trip
Lowe's
Lowes Foods
Macy's
Marc's
Market Basket
Meijer
Menards
Petco
PetSmart
Price Chopper
Publix
Rite Aid
Sam's Club
Save A Lot
Shell
Snappy's
Spartannash
Staples
Stop & Shop
Target
TJX Companies
Total Wine & More
Trader Joe's
Ulta
United Supermarkets
Vons
Wakefern Food Corporation
Walgreens
Walmart
Weis
Whole Foods
Winn-Dixie

In 2022 on the Manufacturer side of the report, **PepsiCo** once again stood out as leading the retailer-manufacturer relationship. PepsiCo strengthened its PoweRanking metrics in 2022 and is #1 for the 7th consecutive year. The company has been #1 in all nine metrics for the last six years. This is a truly outstanding achievement built upon facing retail realities across their entire retail-partnership base, providing clear strategy, bringing insights that matter, thinking category-first with retail partners, and continuing to learn and evolve. **Coca-Cola**, **P&G**, **Nestle** (+3 spots), and **Unilever** (+3 spots) round out the Top 5. Special mention to **Tyson** and **AB InBev** this year as well on moving into the Top 10.

"PepsiCo is truly omnichannel. They flow to where the customer is going with us, versus thinking about it as silos. They think about it as one customer, not the brick-and-mortar customer or the ecommerce customer."

"Coca-Cola continues to do a great job of partnering with us, in solving big or small problems. They're willing to jump in and roll up their sleeves. They are interested in helping figure out how we go to market with them as consumers are changing. They are helpful in partnering with their brands but also with our own brand."

"Procter & Gamble has true innovation. They're looking for science and chemicals that differentiate the brand, which are hard to replicate."

"Nestlé is one of the most purchased brands in the store."

"Unilever does a really fine job in the digital space. They are working through recipe solutions that we can bring to life digitally and have different offers for customers online."

On the retailer side of the report, **Walmart** again is #1 for the 26th consecutive year, a testament to the retailer's strength, scale, and focus over time. **Target** continued its elevated performance over the past few years to remain a strong #2. Target did achieve two #1 rankings in Innovative Marketing and Best Store Branding that support its #2 overall position, offset by a slight dip in Supply Chain rankings. Entering the pandemic, Target had momentum with its guests, store environment, enhancement of omnicommerce options, and relationships with manufacturing partners. Stability remained, with **Kroger**, **Amazon** and **Costco** rounding out the Top 5 and little change in the Top 10 overall.

"Walmart continues to be #1 in supply chain management due to its data, real-time inventory visibility, and collaboration."

"Due to their strength in general merchandise, Target has the best maturity with respect to reaching their guests digitally."

"Kroger is still the best with leveraging shopper data, executing based upon it, and building a vision for the future."

"Amazon has a massive digital advertising business, and their Amazon advertising team has some very strong analytical capabilities that have helped us understand how brands are shopped in their ecosystem."

"Costco's strategy has not changed. They are all about driving value for their members through everyday pricing and innovation."

Our Third Year Highlighting US Leaders

SUSTAINABILITY

2022 marked the third year we tracked a new metric, sustainability as part of PoweRanking. Both retailers and manufacturers are eager to move past slogans and buzzwords and get to ESG that is pragmatic and makes a difference in shoppers' lives. A third-year lens on sustainability begins to highlight some stability and separation in the metric. On the manufacturer side, **Unilever** is the new # 1, with **PepsiCo**, **P&G**, **Nestlé**, and **Coca-Cola** also recognized as Top 5 performers for sustainability focus, and partnership. On the Retailer side, **Walmart**, **Target**, **Amazon**, **Kroger**, and **Costco** lead the way again.

"Unilever sets the standard in sustainability. They are reliable, scalable, and consistently innovative and thorough."

"Walmart has pushed on sustainability for longer than any other retailer, and they are starting to recognize companies that are leaning into this space."

Closing Statement

As we finish the year and move toward 2023, Kantar sees the reality of the US retail industry as more exciting and important than ever. Best-in-Class leadership abounds. Partnership, growth, opportunity identification, creating meaningful value for shoppers despite inflation, and innovation that **inspires and makes sense** remain key areas that showcase who is best in class in US retail. The reality of an approaching 2023 is that the challenges will remain. Best-in-class performance in US Retail will continue to face those realities head-on and create value and promise for shoppers in the reality of their everyday lives.

Thank you to all who participated. Thanks for supporting the past 26 years of PoweRanking with us, and we look forward to next year!

Patrick Fellin

Partner, Head of Go-to-Market Strategy
Kantar North America

KANTAR

Reach out to Kantar to obtain a full report of the 2022 manufacturer and retailer Rankings.

Learn how you can drive agility in an ambiguous retail environment and return to growth in 2023 and beyond...

For a copy of the full PoweRanking report, contact:

Patrick.Fellin@kantar.com

Study Price: $5,000 USD