

Case Study

Manufacturer Ensures Retailer Compliance Through Store Audits

Background & Client Objectives

Compliance audits can be the glue that holds together successful partnerships between manufacturers and retailers, ensuring both parties meet their obligations and act in good faith. One electronics manufacturer came to TrendSource Trusted Insight seeking to understand how their products were positioned and promoted within stores outside their typical channel, and more importantly if this manner was consistent with the agreements they had in place with these retail partners. How do non-electronics retailers sell their products, do store reps recommend them, are they regularly in stock, and what kind of layout characterizes their displays? Additionally, are the partners only using manufacturer-approved merchandising and signage to communicate with customers about the brand? The client needed these questions answered at thousands of locations across the United States.

Program Development & Methodology

TrendSource Trusted Insight determined that store audits would best serve the client's needs and deployed Field Agents to over 3,000 retailers. There, Agents evaluated displays using guidelines provided by the manufacturer, ensuring they complied with contract stipulations, and also photographed the UPC tags for any out-of-stock items. They additionally interacted with a store rep, inquiring about product types made by the manufacturer to discover what brand the rep recommended. TrendSource Trusted Insight further provided the client a reporting website and topline summaries that allowed them to identify trends within specific retail partners and in specific regions.



Since the initial project development and deployment, the client has requested quarterly waves to ensure continued compliance, essentially shifting the program into maintenance mode. With each additional program wave, retailers become accustomed to the evaluations and work to self-regulate to ensure a successful audit.

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Analysis

This audit program ensures the client does not pay non-compliant retailers for product placement and promotions unless they are carried out as specified in their contracts. This keeps the client from unnecessary expenditures, directly impacting financial results. Additionally, retailer compliance programs can greatly assist the retailers themselves—who in some cases have thousands of locations to manage—by alerting them when specific locations or regions are not in compliance with their contracts.