

FMCG Marketing and Sales: Organizing Trade Marketing, Category Management, and Shopper Marketing

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List of abbreviations

ATL	Above the line
BM	Brand management
BTL	Below the line
CBD	Customer Business Development
CC	Category captain
ECR	Efficient Consumer Response
EUR	Euro
EU	European Union
FF	Field force
FTE	Full-time equivalents
KAM	Key account management
KPI	Key performance indicator
NAMA	National Account Management Association
N/A	not applicable
POS	Point of sale
UK	United Kingdom of Great Britain and Northern Ireland
USA	United States of America
USD	US-Dollar

1 Introduction

1.1 Relevance

The interactions between retailers and manufacturers in the consumer goods industry have changed significantly over the last years (Davis and Brady 1993; Thain and Bradley 2012). Consolidation of retailers from independent stores to large retail chains in mature markets has been the major driver of the change in interactions (Ailawadi 2001). Today, a handful of retail chains control the majority of the market in countries like the USA, UK, Germany, or France. Since the retail chains centralize their purchasing decisions in the headquarters, manufacturers have gradually lost access to the individual stores through their sales forces. To make sure that their products continue to be available and promoted in the store, manufacturers have paid slotting allowances and offered trade promotions to retailers (Thain and Bradley 2012). Reports estimate that costs for slotting allowances and trade promotions (so-called trade spend) have increased to more than 30% of the total cost of a typical consumer goods manufacturer (Gerszke, Kopka, and Tochtermann 2000; Kantar Retail 20 March 2013). The introduction of private labels and loyalty cards have further strengthened the retailer's position in negotiations with manufacturers (Ailawadi et al. 2010; Randall 1994; Thomassen, Lincoln, and Aconis 2009). Private labels block space in the shelf that has previously been allocated to manufacturer brands. Loyalty card data provides retailers with proprietary information how their shoppers purchase the manufacturer's brands.

To halt the increase of trade spends and keep the interaction with their key retail customers at eye level, manufacturers have started to offer a “product-service-information mix” to them (Cespedes 1993, p. 39). The services include promotions tailored to the retailer or advice on the shelf layout (Randall 1994; Thain and Bradley 2012). Examples for the information are market research on shoppers of the retailer or analysis of retail market trends (Karolefski and Heller 2006; Shankar 2011).

To deliver the “product-service-information mix”, consumer goods manufacturers have implemented new approaches to marketing and sales: trade marketing, category management, and shopper marketing (Davis and Brady 1993; Desforges and Anthony 2013; Karolefski and Heller 2006). Table 1 summarizes key definitions of trade marketing, category management, and shopper marketing.

The literature first mentions trade marketing in the 1990s (Davies 1993; Randall 1994). Category management and shopper marketing follow in the 2000s and 2010s (Dhar, Hoch, and Kumar 2001; Dupre and Gruen 2004; Shankar et al. 2011). As Table 1 shows, the definitions in the literature are inconsistent and overlapping (Desforges and Anthony 2013). Dewsnap and Jobber (2009) note that the overlaps in the definitions of trade marketing and

category management cause conceptual confusion. The latest trend to implement shopper marketing adds to the confusion (Desforges and Anthony 2013; Flint, Hoyt, and Swift 2014). Some authors see shopper marketing as the further development of trade marketing and category management (Frey, Hunstiger, and Dräger 2011; GS1 Germany 2013; Harris 2010). Others argue that shopper marketing is different to trade marketing and category management (Flint, Hoyt, and Swift 2014; Hoyt 2010). Desforges and Anthony (2013, pp. 23–24), for example, argue as follows: “The introduction of Category Management and trade marketing were evolutionary; they attempted to augment the existing way of doing business rather than addressing the fundamental issues within the environment. Neither of these approaches has been truly successful.”

Table 1: Definitions of trade marketing, category management, and shopper marketing

Trade marketing	Category management	Shopper marketing
<ul style="list-style-type: none"> • “Trade marketing is industrial marketing – business-to-business marketing. (...) In essence, trade marketing is a balancing act involving three issues. First, maximising the value offered to retailers. (...) Second, ensuring the profitability of individual accounts. (...) Third, since the client base is much more concentrated in industrial markets, the danger of dependence is much more dramatic.” (Corstjens and Corstjens 1999, p. 222) – updated by Thain and Bradley (2012) • “As a process to integrate sales and marketing objectives and strategies, trade marketing is designed to ensure that the retailer’s needs (e.g. in promotional terms) communicated internally by sales personnel are met by the brand marketing mix co-ordinated by marketing (Cespedes, 1993).” (Dewsnap and Jobber 2009, p. 989) 	<ul style="list-style-type: none"> • “Thus, category management is seen as a joint process of retailers and suppliers to manage categories as strategic business units, in order to produce enhanced business results by focusing on delivering increased consumer value.” (Dupre and Gruen 2004, p. 445) • “The strategic management of product groups through trade partnerships, which aims to maximize sales and profits by satisfying consumer and shopper needs.” (Institute of Grocery Distribution 10 May 2014) • “Category management, in its definition and its deployment, is described as strategic trade marketing (...); it represents an attempt by supplying companies to co-develop category strategies with their retailer customers (...).” (Dewsnap and Jobber 2004b, p. 7) 	<ul style="list-style-type: none"> • “Shopper marketing is the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase—from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation (Shankar 2011). Shopper marketing is primarily aimed at creating a win-win-win solution for the shopper-retailer-manufacturer triad.” (Shankar and Yadav 2011, pp. 1–2) • “In our view, shopper marketing for manufacturers is all about targeting. It is understanding how one’s core target consumers behave as shoppers in different channels, formats and retailers and using this intelligence to develop shopper-based strategies and initiatives that will grow the business (brands, categories and departments) in ways that benefit all stakeholders – brands, consumers, key retailers and the mutual shopper.” (Hoyt 2010, pp. 136–137)

Besides the inconsistencies and overlaps, the definitions have three major commonalities. First, they imply that trade marketing, category management, and shopper marketing are idiosyncratic to the consumer goods industry (Geylani, Dukes, and Srinivasan 2007). The necessity for trade marketing, category management, and shopper marketing results from the “two-tier distribution structure” of the consumer goods industry (Swoboda et al. 2012, p. 729). Second, all definitions consider the retailer as a key stakeholder. Third, in all definitions trade marketing, category management, and shopper marketing develop marketing activities that either benefit retailers directly or indirectly by targeting its customers, the shoppers.

All key authors acknowledge that trade marketing, category management, and shopper marketing is an interrelated organizational topic (Flint, Hoyt, and Swift 2014; GS1 Germany

2013). For example, Desforges and Anthony (2013) report that some trade marketing and category management functional units evolved into shopper marketing functional units. While trade marketing, category management, and shopper marketing have become an accepted box, or sometimes boxes, on the organizational charts, consumer goods manufacturers are still searching for the optimal organizational design (Dewsnap and Jobber 1999, 2004b; GS1 Germany 2009; Randall 1994). As a result, the functional units have typically been subject to frequent organizational change (ECR Europe, The Partnering Group, and emnos 2011). The different names of trade marketing, category management, and shopper marketing functional units are an indication for the variety of organizational solutions in business practice:

- Johnson & Johnson highlights the marketing to the retail customer and their shoppers in the functional unit's name "Customer & Shopper Marketing" (Johnson & Johnson 22 May 2013; see Appendix 1). The job advertisement mentions category management as part of the functional unit.
- Judging from other job advertisements, Nestlé combines all aspects of the definitions of trade marketing, category management, and shopper marketing in their "Category Channel Sales Development" functional unit (Kelbakh 2010; Nestlé Deutschland AG 07 February 2013a, 07 February 2013b; see Appendix 2 and 3).
- Danone Waters simply calls their functional unit "Trade Marketing". Yet, the description of the job advertisements also mentions shopper marketing as part of the responsibilities (Danone Waters 17 April 2013; see Appendix 4).

Regarding the organizational design, managers of consumer goods manufactures find little help in the literature. The organization of trade marketing, category management, and shopper marketing is only covered as a side topic. Very few of the publications that consider the organization are based on empirical research. Most only outline general design options. To my best knowledge none of the key publications takes a holistic perspective on the trade marketing, category management, and shopper marketing organization.

In summary, consumer goods manufacturers struggle with the organizational implementation of trade marketing, category management, and shopper marketing. In their recently published book, Flint, Hoyt, and Swift (2014, p. 13) describe the situation with regard to shopper marketing as follows: "Specifically, some firms place shopper marketing responsibility within sales and others within marketing. Sometimes the shopper insights component is placed within market research, sometimes sales and sometimes brand management. There is great debate over where shopper marketing 'best' fits."

1.2 Research goals

The overarching research goal of the thesis is to understand the organization of trade marketing, category management, and shopper marketing in consumer goods manufacturers. To achieve this overarching research goal, the thesis pursues the following six research goals:

- Identify key design variables of the organization of trade marketing, category management, and shopper marketing.
- Identify key determinants of the organization of trade marketing, category management, and shopper marketing.
- Identify empirical patterns in the organizational design of trade marketing, category management, and shopper marketing.
- Identify predictors for the empirical patterns in the organizational design of trade marketing, category management, and shopper marketing.
- Identify propositions on the relationships between key determinants and key design variables of the organization of trade marketing, category management, and shopper marketing.
- Identify key insights on changing the organization of trade marketing, category management, and shopper marketing.

Key design variables of the organization of trade marketing, category management, and shopper marketing

Consumer goods manufacturers are experimenting with different designs of trade marketing, category management, and shopper marketing organizations. Thus, the first research goal aims to define the organizational design variables that manufacturers should consider in the analysis and planning of their trade marketing, category management, and shopper marketing organizations. The conceptualization of the design variables is based on the literature and the empirical research. I identify several domains of design variables and develop dimensions for each domain.

Key determinants of the organization of trade marketing, category management, and shopper marketing

Consumer goods manufacturers implement trade marketing, category management, and shopper marketing in response to major changes in the business environment. The second research goal seeks to identify which determinants influence the chosen or planned organizational design. The general industry trends that the introduction has touched on are likely to be too broad to explain the individual organizational designs. Thus, the conceptualization of the determinants is based on the literature and on empirical research of

organizations in several consumer goods manufacturers. I identify several domains of determinants and develop dimensions for each domain.

Empirical patterns in the organizational design of trade marketing, category management, and shopper marketing

Consumer goods manufacturers are reported to implement trade marketing, category management, and shopper marketing in many different ways in their marketing and sales organization. The third research goal aims to develop a taxonomy that provides an overview of the status quo and the trends in the organizational designs. I structure the organizations of consumer goods manufacturers from the empirical research in clusters of the taxonomy. The clusters are developed along the previously conceptualized design variables.

Predictors for the empirical patterns in the organizational design of trade marketing, category management, and shopper marketing

The consumer goods manufacturers in the clusters of the taxonomy have implemented their organizational design for certain reasons. The fourth research goal seeks to understand the predictors of the organizations in the taxonomy. The organizations in the clusters are explained along the previously conceptualized determinants.

Propositions on the relationship between the key determinants and the key design variables of the organization of trade marketing, category management, and shopper marketing

There is very limited empirical research on the organization of trade marketing, category management, and shopper marketing. Thus, the fourth research goal seeks to develop propositions on the relationships between the key determinants and the key design variables to lay the basis for further, potentially quantitative, research.

Key insights on changing the organization of trade marketing, category management, and shopper marketing

As mentioned in the introduction, the trade marketing, category management, and shopper marketing organization have been subject to frequent change. The fifth research goal seeks to generate key insights on the organizational change in the adaptation and implementation of a trade marketing, category management, and shopper marketing organization.

1.3 Research approach and thesis structure

The thesis generally follows the discovery-oriented approach of previous publications on the marketing and sales organization (Biemans, Brenčič, and Malshe 2010; Deshpande 1983; Dewsnap and Jobber 2009; Homburg, Workman, and Jensen 2000; Workman, Homburg, and Gruner 1998). These articles combine a thorough literature analysis with qualitative empirical research to derive propositions on a phenomenon of the marketing and sales organization. A

discovery-oriented research approach is particularly suitable for unexplored and complex phenomena (Bonoma 1985; Homburg, Workman, and Jensen 2000; Workman, Homburg, and Gruner 1998; Zaltman, LeMasters, and Heffring 1982). The first chapter demonstrates that this applies to the organization of trade marketing, category management, and shopper marketing, since the literature covers this topic only sparsely and the concepts often overlap. The reasons for the choice of the research approach and the qualitative empirical methodologies are outlined in greater depth in chapter 3. This chapter serves as an introduction to the research approach and an outline of the thesis structure that follows from the approach. The research approach builds on four key activities:

1) Evaluation of the literature

The literature review is split into two parts. The first part evaluates the literature on organizational theory and in particular contingency theory. The second part evaluates the empirical literature on the marketing and sales organization and considers selected key functional units in-depth. I am pre-identifying the domains of design variables and domains of determinants from the insights of the literature review.

2) Qualitative empirical research

In the second activity, I conduct action research with one consumer goods manufacturer for two years. In addition, I conduct 17 in-depth interviews with managers of several consumer goods manufacturers and a shopper marketing agency. The findings from the literature review inform the solutions that I develop in the action research and the interview guide of the in-depth interviews.

3) Induction of the determinants and design variables, development of the taxonomy, and derivation of the propositions on the relationships

I code and analyze the data of the action research and in-depth interviews in the third activity. Based on the findings of the empirical research, I refine the pre-identified domains of design variables and domains of determinants from the literature and develop dimensions for both. In addition, I develop a taxonomy of organizations along the dimensions of the refined domains of design variables. I further explain the cluster of organizations in the taxonomy along the dimensions of the refined domains of determinants. Based on the insights of the taxonomy development, I condense the dimensions to a few constructs. Finally, I derive propositions on the relationships between the selected constructs.

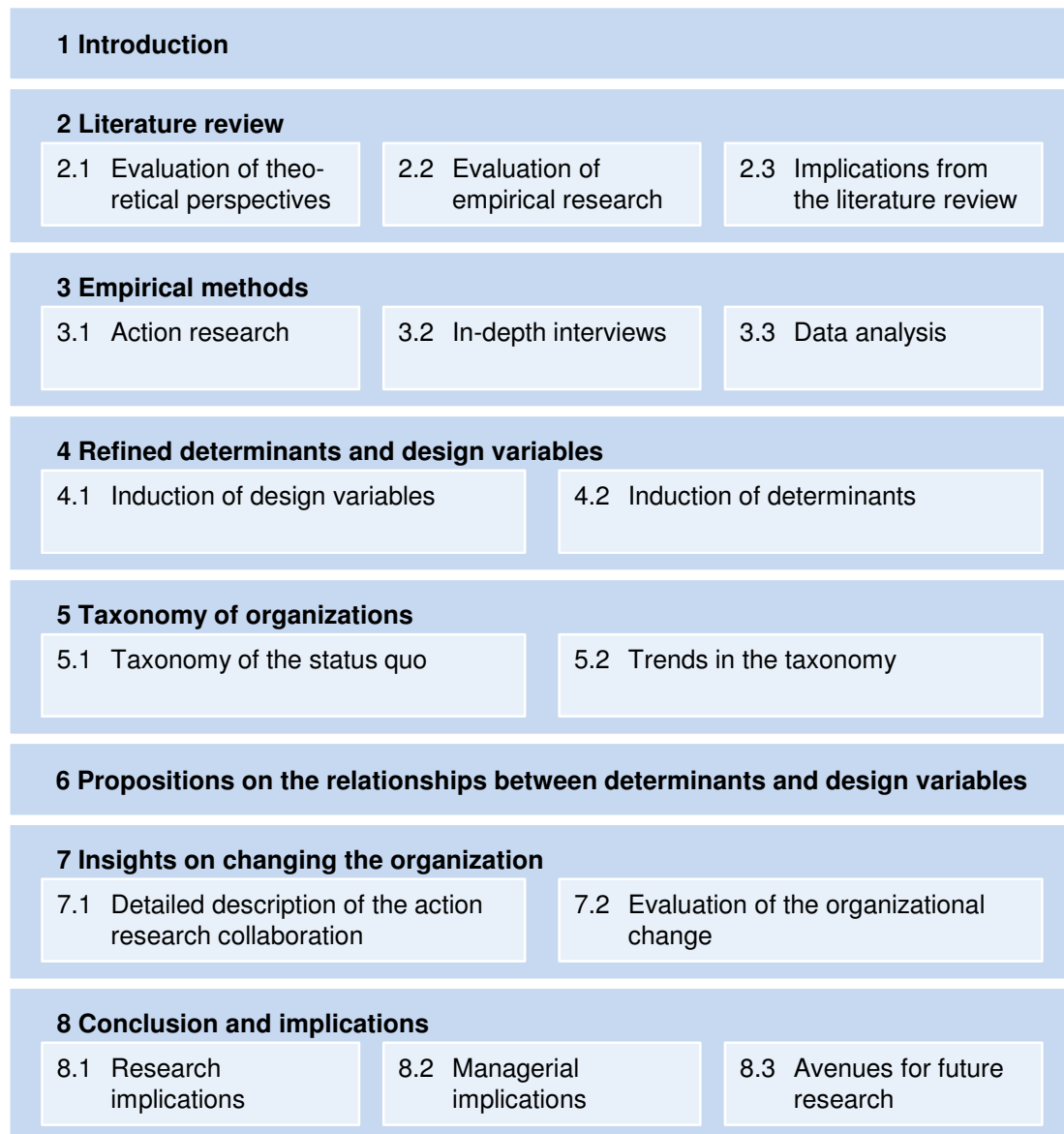
4) Development of the insights on changing the organization

In the fourth activity, I analyze only the information that I collected during the action research. The analysis focuses on the organizational change rather than on the organizational design of trade marketing, category management, and shopper marketing organizations. First, I describe the two-year action research collaboration in detail. Second, I evaluate the insights

from the collaboration and develop key factors that influenced the organizational change of the marketing and sales organization of the manufacturer in the action research.

The activities are not sequential. The literature review and the action research ran in parallel. The in-depth interviews started half-way through the action research.

Figure 1: Overview of the research approach and thesis structure



The chapter structure of the thesis mirrors the research approach (see Figure 1). The chapters of the thesis are structured in four major parts. The first part reviews the literature (chapter 2). The second part outlines the research methods (chapter 3). The third part describes the results of the empirical research (chapters 4 – 7). The fourth part concludes with implications for research and management and avenues for future research (chapter 8).

In the literature review, chapter 2.1 lays the theoretical foundations of the thesis. In three subchapters, the classic and configurational schools of contingency theory are evaluated and implications for the thesis are drawn. Chapter 2.2 reviews the empirical literature relevant to trade marketing, category management, and shopper marketing. Subchapter 2.2.1 outlines the research on the development and the characteristics of the manufacturer-retailer relationships as the external context of trade marketing, category management, and shopper marketing. Subchapter 2.2.2 turns to the internal context by reviewing the research on marketing and sales organizations. The last subchapter 2.2.3 reviews the literature on the key functional units of a consumer goods manufacturer: brand management, key account management, trade marketing, category management, and shopper marketing. Chapter 2.3 derives the implications from the literature review. It pre-identifies and specifies the domains of determinants and domains of design variables in two subchapters.

Chapter 3 describes the discovery-oriented research approach and the empirical methods used. Subchapter 3.1 describes key characteristics of the action research methodology. Subchapter 3.2 outlines the in-depth interview methodology. Both subchapters also provide more information on the action research collaboration and in-depth interviews like processes, informants, and topics.

Chapter 4 opens the third part on the empirical results. It refines the domains of determinants and domains of design variables from the literature with the findings of the empirical research and develops dimensions for each domain. Chapter 5 describes the clusters of trade marketing, category management, and shopper marketing organizations in the taxonomy. Subchapter 5.1 outlines the status quo and subchapter 5.2 describes the key trends of the organizations. Chapter 6 condenses the dimensions to a selection of constructs and develops propositions on the relationships between the constructs based on the insights from the taxonomy development. Chapter 7 closes the third part of the thesis. It summarizes and evaluates the observations of organizational change in the action research collaboration.

Chapter 8 draws the academic and managerial implications and shows areas for future research based on the results of the thesis.

2 Literature review

The literature review is structured in the evaluation of organizational theories (chapter 2.1) and the evaluation of empirical research on marketing and sales organizations – in particular of consumer goods manufacturers (chapter 2.2).

2.1 Evaluation of theoretical perspectives

The research goals of this thesis consider a problem of organizational design. Organizations have been studied by researchers for decades and a wide field of organizational theory has developed. I evaluate organizational theories as a theoretic foundation of this thesis. There is no consistent organizational theory but rather different theories that all consider aspects of organizations (Kieser 2006; Schreyögg 2008; Shafritz, Ott, and Jang 2011).

Among these theories, contingency theory is one of the key theories in the context of organizational design (Colquitt and Zapata-Phelan 2007; Miner 2003; Oswick, Fleming, and Hanlon 2011; Scherer and Beyer 1998). Many of the publications on organizational design follow contingency theory (Drazin and van de Ven 1985). It is also the foundation for many well-known frameworks of organizational design like the information processing model by Galbraith (1973), the congruence model by Nadler and Tushman (1999) and the 7-S framework by Waterman, Peters, and Phillips (1980; Sinha and van de Ven 2005; Snow, Miles, and Miles 2006). In the marketing and sales field, organizational research based on contingency theory has a long history (Dastmalchian and Boag 1990; Dewsnap and Jobber 1999, 2002; Homburg, Jensen, and Krohmer 2008; Homburg, Workman, and Jensen 2002; Homburg, Workman, and Krohmer 1999; Piercy 1985; Vorhies and Morgan 2003; Weitz and Anderson 1981; Zeithaml, Varadarajan, and Zeithaml 1988). The next chapter defines contingency theory and outlines the classic school of contingency theory. Chapter 2.1.2 compares the classic schools to the configurational school and describes the key research approaches of the configurational school.

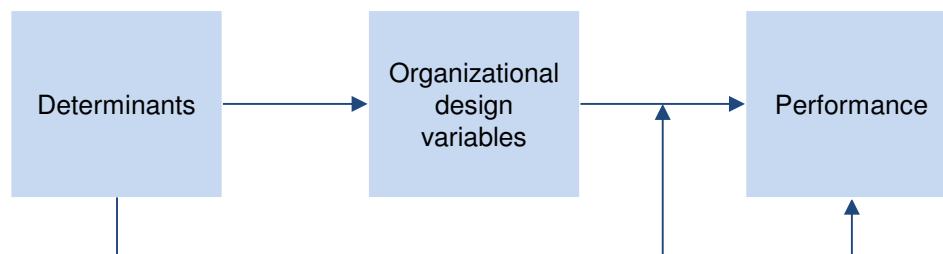
2.1.1 Classic school of contingency theory

Research by Lawrence and Lorsch (1967a), Burns and Stalker (1961), Chandler (1969), Woodward (1958) and others laid the foundations of contingency theory in the 1960s. About a decade later, Galbraith (1973, p. 2) summarizes the two key principles of contingency theory as follows:

- “1. There is no one best way to organize.
2. Any way of organizing is not equally effective.”

The principles break with the classics of organization theory by Weber (1922), Taylor (1911), and Fayol (1929) that all propose one best way of organizational design independent of its environment (Child 1970; Pfeffer and Salancik 1977). Contingency theory stipulates that organizations achieve the highest performance if their design fits its situational determinants (Donaldson 2001; Qiu, Donaldson, and Luo 2012; Sinha and van de Ven 2005). The concept of fit between determinants and organizational design variables is key to contingency theory. An organization can deviate from the optimal fit for a short period of time, but needs to achieve fit between its organization and the environment to survive in the long term (Donaldson 2001). Scholars of contingency theory perceive an organization as an open system adapting to such environmental determinants (Bertalanffy 1949). To achieve maximum performance, there is one optimal organizational design given certain determinants (Lawrence and Lorsch 1967c; Schreyögg 1980).

Figure 2: Contingency theory approach to organizational design



Source: Kieser and Walgenbach 2010

Contingency theory scholars have researched several key determinants of an organization. Kieser (2006) differentiates these in internal and external determinants. Exemplary external determinants are environmental uncertainty (Burns and Stalker 1961; Pennings 1975) and technology (Perrow 1970; Woodward 1958, 1965). Exemplary internal determinants are organizational size (Child 1975) and company strategy (Chandler 1969). Contingency theory scholars consider external determinants as given determinants that the organization cannot influence (Schreyögg 1980).

In characterizing and designing organizations, scholars of the classic school of contingency theory return to concepts developed in Weber's (1922) bureaucracy concept (Dow 1988; Hall 1963; Udy 1959). Specialization and integration are two key variables to design the organization (Lawrence and Lorsch 1967a, 1967c). The terms specialization and differentiation are interchangeably used (Galbraith 1973; Lawrence and Lorsch 1967a; Pennings 1975; Pugh et al. 1968). Contingency theory considers specialization not only in the classic sense of division of labor to achieve better performance (Galbraith 1973). Lawrence and Lorsch (1967c, p. 9) extended the concept: "Both because of their prior education and experience and because of the nature of their task, they would develop specialized working

styles and mental processes.” They explore the differences caused by specialization with four dimensions (Lawrence and Lorsch 1967c):

- orientation toward particular goals,
- time orientation,
- interpersonal orientation, and
- formality of structure.

With increasing specialization, more integration of the different substructures is required to achieve the overall activity or goal (Lawrence and Lorsch 1967a). Lawrence and Lorsch (1967c, p. 11) define integration as “(...) *the quality of the state of collaboration that exists among departments that are required to achieve unity of effort by the demands of the environment.*” They consider integrator roles as one of the key integrative devices among other devices like rules and hierarchy (Lawrence and Lorsch 1967c). As my review of the empirical literature outlines, integrator roles are one of the key concepts to understand the role of trade marketing, category management, and shopper marketing. According to (Lawrence and Lorsch 1967b, p. 142), the “(...) integrator's role involves handling the nonroutine, unprogrammed problems that arise among the traditional functions as each strives to do its own job. It involves resolving interdepartmental conflicts and facilitating decisions, including not only such major decisions as large capital investment but also the thousands of smaller ones regarding product features, quality standards, output, cost targets, schedules, and so on.” Comparable to integrator roles, Galbraith (1973, p. 50) defines liaison roles that are “(...) designed to facilitate communication between two interdependent departments and to bypass the long lines of communication involved in upward referral.” To be effective, these roles need to have approval rights, they need to be a key part of the planning process, and they need to be equipped with budget control (Galbraith 1973). In summary, the contingency theory approach to organizational design aims to balance the benefits of specialization with the costs of integration in their search of fit between the organizational structure and the external determinants (Sinha and van de Ven 2005).

Several scholars of the classic school of contingency started to research which organizational design is effective in a certain situation (Drazin and van de Ven 1985; Schoonhoven 1981). The study by Lawrence and Lorsch (1967c) is one of the first investigations. Most of the early studies empirically test the influence of one determinant on the organization (Child 1970). The Aston-Group (Pugh et al. 1969) are the first researchers who test a combination of different determinants. The results of these studies are mixed (Tosi and Slocum 1984). Some of the findings are confirmed by several authors and have emerged into “rules” of organizational design (Kieser 2006). Commonly accepted is that larger organizations are more specialized, formalized, and decentralized and use integrative devices (Blau and Schoenherr 1971; Child 1972; Pugh et al. 1969).

The key concepts and the just outlined early studies of the classic school of contingency theory have not been without criticism (Schoonhoven 1981; Schreyögg 1980; Tosi and Slocum 1984; van de Ven et al. 2012). Particularly, the configurational school proposed a new approach to contingency theory. There still is a lively academic debate on the core conclusions and assumptions of contingency theory. The criticism and defense of the classic school of contingency theory is covered in-depth by Donaldson (2001; 2006) and Qiu, Donaldson, and Luo (2012). The next chapter covers the key criticism of the configurational school and outlines assumptions and research approaches of this school of contingency theory.

2.1.2 Configurational school of contingency theory

2.1.2.1 Comparison of assumptions between classic and configurational school

Miller (1981) was one of the first to call “Toward a New Contingency Approach” as the title of one of his papers. He is a founding scholar of the configurational school of contingency theory. The configurational school builds on the classic school of contingency theory but develops new concepts and assumptions to address its perceived shortcomings (Meyer, Tsui, and Hinings 1993; Miller 1981). Table 2 juxtaposes the differences of the classic and configurational school. The next paragraphs of this chapter revisit the assumptions of the classic school as summarized by the scholars of the configurational school, provide an overview of their criticism, and introduce the assumptions of the configurational school.

Table 2: Classic school and configurational school of contingency theory

Underlying assumptions	Classic school	Configurational school
Mode of inquiry	Reductionist analysis	Holistic synthesis
Systems of design variables	Aggregates of weakly constrained components	Configurations of strongly constrained components
Concept of fit	Fit between determinants and design variables	Fit between determinants and design variables; consistency between the design variables
Relationships between determinants and design variables	Unidirectional and linear	Reciprocal and nonlinear
Characteristics of organizational change	Continuous incremental change	Episodic revolutionary change (“leapfrogging”)
Effectiveness assumptions	Unifinality: One best way to organize in a given situation	Equifinality: There are several best ways to organize in a given situation
Sources: Meyer, Tsui, and Hinings (1993, p. 1177); Meyer, Goes, and Brooks (1993, p. 94)		

As shown in Table 2, the underlying assumptions are compared in terms of mode of inquiry, systems of design variables, concept of fit, relationships between determinants and design variables, characteristics of change, and the effectiveness assumptions.

The classic school of contingency theory has mostly viewed organizations as loosely connected variables that can be best analyzed separately (Meyer, Tsui, and Hinings 1993). Thus, its system of design variables can be best described as aggregates (Meyer, Tsui, and Hinings 1993). The focus is to achieve fit of the individual design variables to the internal and external determinants and, hence, maximize performance as outlined in the previous subchapter (Donaldson 2006). Many of the publications of the classic school use unidirectional and linear relationships between determinants and design variables, for example, between technology and organizational structure (Perrow 1967; Woodward 1965). Meyer, Tsui, and Hinings (1993) describe the equilibrium of the organization as “quasi-stationary”. Organizational change is therefore assumed to be continuous and incremental in the classic school (Mintzberg 1983). The classic school posits unifinality and, hence, only one best way to organize each design variable given certain situational determinants (Fiss 2007; Gresov and Drazin 1997; Lawrence and Lorsch 1967c; Schreyögg 1980).

The scholars of the configurational school criticize many of the assumptions of the classic school of contingency theory:

- They argue that the separate analysis of a limited number of variables with bivariate and multivariate regression analysis has not proved suitable for complex organizations (Miller and Mintzberg 1983).
- The concept of fit in the classic school is also criticized. Miller (1992) finds situations where it is impossible to achieve situational fit and maintain a coherent structure of complementary design variables. In such a situation, firms appear to trade off between alignment to the situational determinants and consistency of the design variables (Miller 1992; Qiu, Donaldson, and Luo 2012).
- Researchers further criticize the assumption that firms cannot influence their determinants (Child 1972, 1975). Marketing activities, for example, have the strategic aim to alter the environment in favor of an organization (Katz and Kahn 1978). Thus, some organizations might choose a strategy to influence the environment rather than adapting its organization (Miller 1981).
- Scholars of the configurational school find that most organizational changes do not happen continuously (Romanelli and Tushman 1994; Tushman, Newman, and Romanelli 1986). Organizations rather try to keep times of organizational change and transition to a minimum, since they are typically associated with additional cost (Miller and Mintzberg 1983).
- Further, the assumption of only one organizational design that yields maximum performance given a certain situation does not resonate with many scholars. They find situations that allow firms to choose different organizations and achieve equal performance (Doty, Glick, and Huber 1993; Miller 1981).

To address these criticisms, scholars of the configurational school strive for a holistic synthesis of environment, strategy, and structure in their research (Fiss 2007; Miller 1981; Sinha and van de Ven 2005). They understand organizations as interconnected variables that should be analyzed in their entirety. The term configuration describes these interconnected variables. According to Miller and Mintzberg (1983, p. 57) configurations are “(...) commonly occurring clusters of attributes (...) that are internally consistent, such that the presence of some attributes can lead to the reliable prediction of others.”

The concept of configurations is closely linked with the concept of fit in the configurational school. The scholars of the configurational school assume that configurations need to have consistent design variables (Doty, Glick, and Huber 1993; Drazin and van de Ven 1985; Qiu, Donaldson, and Luo 2012; Sinha and van de Ven 2005). Thus, the concept of fit is extended to encompass fit between the design variables to achieve a consistent configuration and fit with the situational determinants (Miller 1992). The relationships between determinants and design variables are considered to be reciprocal and non-linear (Miller 1981; Sinha and van de Ven 2005). Hence, the organization is assumed to be able to influence its environment (Child 1972; Katz and Kahn 1978). Moreover, the relationships are not only additive but could be synergistic in some cases. Scholars of the configurational school assume that organizations change in episodic revolutionary change (Romanelli and Tushman 1994; Tushman, Newman, and Romanelli 1986). They achieve punctuated equilibriums by leapfrogging from one configuration to the next (Miller and Mintzberg 1983; Romanelli and Tushman 1994). The time of the change is considered to be driven by factors like a decline in performance that outweighs the benefits of constant transition (Greve 1998; Short, Payne, and Ketchen 2008). The configurational school breaks with the idea of one best way to organize and posits equifinality. In this context, equifinality means that several different configurations can lead to equal performance (Gresov and Drazin 1997). The concept of equifinality originates in system theory (Bertalanffy 1949; Short, Payne, and Ketchen 2008) which states that “(...) a system can reach the same final state from differing initial conditions and by a variety of paths.” (Katz and Kahn 1978, p. 30). The concept of equifinality provides flexibility to organizational designers in the configurational school, since they are not supposed to search for the one best organizational solution (Gresov and Drazin 1997).

In a recent review of the status of contingency theory, Qiu, Donaldson, and Luo (2012) find that the published research of the configurational school does not completely break with the classic school. Thus, Qiu, Donaldson, and Luo (2012) propose to revise contingency theory and adapt some of the earlier assumptions of the classic school. This is a mind-set shift, since Donaldson (2001; 2006) is one of the strongest proponents of the classic school of contingency theory. They suggest to include the notion of consistency between the design variables in the concept of fit and to embrace the assumption of episodic change.

Based on the conceptual understanding from this subchapter, the next subchapter outlines the key research approaches of the configurational school of contingency theory.

2.1.2.2 Key research approaches in the configurational school

Scholars of the configurational school have followed two different research approaches to classify and structure organizational configurations in “(...) sets of different configurations that collectively exhaust a large fraction of the target population of organizations under consideration.” (Miller, Friesen, and Mintzberg 1984, p. 12). The first approach are typologies and the second are taxonomies.

Typologies consist of conceptually developed ideal types of configurations (Doty and Glick 1994). They have been very popular among researchers, since they provide easy-to-understand descriptions of complex organizational configurations and their outcomes (Doty and Glick 1994). Examples of highly cited typologies are Burns and Stalker (1961), Blau and Scott (1962), Miles and Snow (1978; 2003) and Mintzberg (1983). Yet, typologies have been criticized to overly focus on good descriptions rather than further developing theory. Some researchers did not regard typologies as theories but only as a structure to classify organizations (Doty and Glick 1994). Other researchers find that their power to explain and predict organizational configurations was limited (Hambrick 1984). Doty and Glick (1994) disagree and argue that typologies are theories, since the ideal types of a typology represent extremes or optimal organizational configurations. To test the typologies as theories, the distance of an organizational configuration to the ideal type needs to be analyzed.

The alternative research approach to configurations is taxonomies. Taxonomies structure empirical research data in clusters of organizations (Hambrick 1984; McKelvey 1982). Researchers find that a relatively small number of clusters usually account for a large share of the studied organizations (Fiss 2009). According to Fiss (2009), there are three major reasons for this finding:

- 1) Competitive pressure from the environment leads to failure of unsustainable organizations.
- 2) Organizations are drawn to harmonious configurations.
- 3) Due to periodic organizational change, no hybrid forms are considered in taxonomies.

These findings clearly exhibit the assumptions of the configurational school that underlie the concept of taxonomies. Most taxonomies have been derived using quantitative methodologies like multivariate regressions or cluster analysis (Fiss 2007). Researchers criticize quantitative methodologies to develop taxonomies, since they struggle to capture interdependencies and multidimensionality (Fiss 2009; Short, Payne, and Ketchen 2008). Qualitative methodologies seem to be more suitable to achieve a holistic perspective on the studied organizations (Fiss 2007, 2011). Independent of the methodology, the development of the clusters leaves

considerable freedom to the researcher. The researcher significantly influences the results by deciding on the number of clusters in the taxonomy (Hambrick 1984). Thus, Miller (1992, p. 171) perceives the development of a taxonomy “(...) as much an art as a science (...).”

Overall, the differentiation of approaches in typologies and taxonomies is not as clear-cut as it might seem. Meyer, Tsui, and Hinings (1993, p. 1183) “(...) see the dichotomy between typologies and taxonomies as largely artificial (...).” Typologies are often developed from other publications based on empirical research or from empirical experience of the authors (Meyer, Tsui, and Hinings 1993; Short, Payne, and Ketchen 2008). Most taxonomies are theoretically founded to ensure generalizable results beyond the respective study. As a consequence, Short, Payne, and Ketchen (2008) suggest that researchers should clearly state how they have derived their typologies and taxonomies to avoid any confusion.

2.1.3 Implications for the thesis

The concepts and approach of contingency theory that I have discussed in the previous chapters have three major implications for the thesis.

First, the configurational school of contingency theory is the foundation of my research approach. I aim to take a holistic perspective on trade marketing, category management, and shopper marketing organizations as outlined in the configurational school. I choose a qualitative empirical research methodology to develop rich descriptions of trade marketing, category management, and shopper marketing organizations in business practice (Fiss 2009; Mintzberg 1983). The analysis of the qualitative research considers configurations along several dimensions to achieve a holistic perspective. The domains of determinants and domains of design variables and their dimensions are derived from the literature and empirical research findings (Gresov and Drazin 1997). The taxonomy of organizations is formed on the bases of the dimensions of the domains of design variables (see chapter 5).

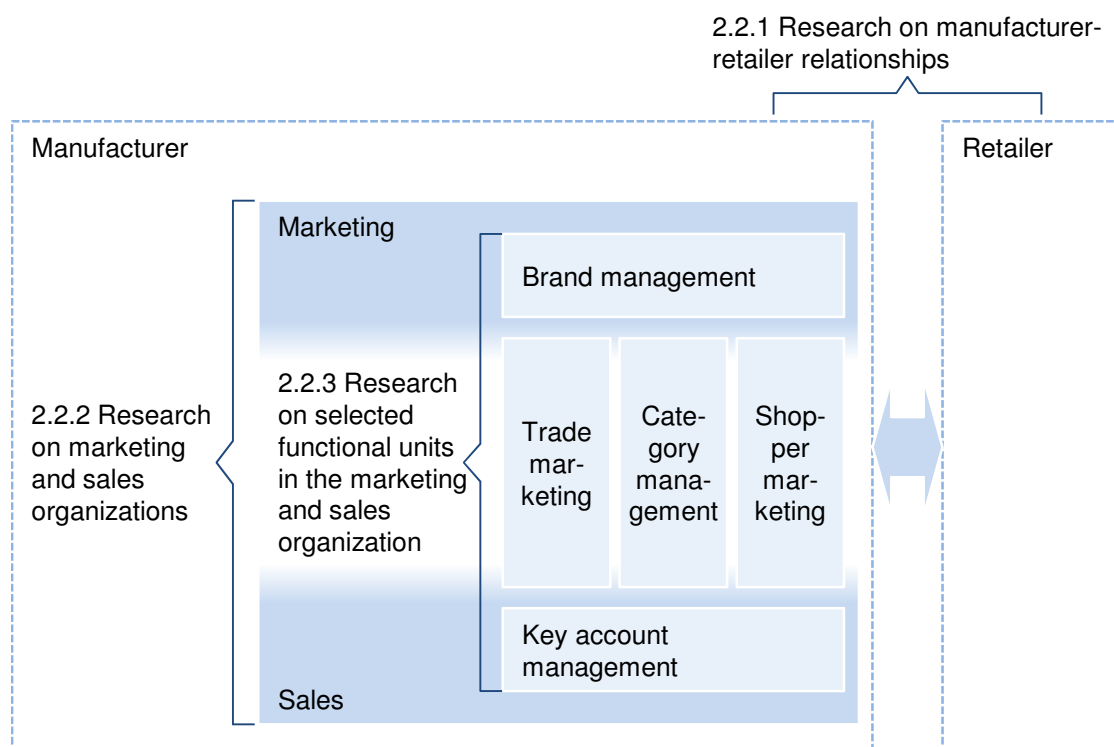
Second, the concepts of contingency theory inform the key domains and dimensions. The development of the domains of determinants, domains of design variables, and their dimensions is further explored in the chapters 2.3, 3.3, 4 and 6. Yet, I already provide a brief overview here. Along the contingency theory approach to organizational design as shown in Figure 2, I consider determinants and design variables in the research on trade marketing, category management, and shopper marketing organizations. The analysis of effects on performance is not in the scope of this thesis. Moreover, contingency theory is the foundation of several dimensions. The distinction of specialization and integration is, for example, key to understand the dimensions of the later outlined activities domain of design variables of trade marketing, category management, and shopper marketing organizations (see chapter 4.1).

Third, the concepts of the configurational school are the foundation of the taxonomy. I follow the approach proposed by scholars of the configurational school and develop clusters of organizations from qualitative empirical research. Yet, current organizational research only provides very limited insights how to derive the clusters from qualitative research. The majority of the research focuses on deriving taxonomies quantitatively (Homburg, Jensen, and Krohmer 2008; Homburg, Workman, and Jensen 2002). Thus, I turned to other research fields and general handbooks on qualitative data analysis (see chapter 3.3).

2.2 Evaluation of empirical research

Changes in the interaction between manufacturers and retailers are key drivers of the implementation of trade marketing, category management, and shopper marketing. The first subchapter, 2.2.1, considers the research on the manufacturer-retailer relationship. Trade marketing, category management, and shopper marketing functional units are typically implemented in the marketing and sales organization. Subchapter 2.2.2 summarizes the literature on the recent changes of the marketing and sales organization. Particularly, the literature on the marketing and sales interface is key to understanding the origins of trade marketing, category management, and shopper marketing. The last subchapter, 2.2.3, evaluates the literature on trade marketing, category management, shopper marketing, and the key adjacent functional units brand management and key account management.

Figure 3: Overview of the evaluation of empirical research



2.2.1 Research on manufacturer-retailer relationships

The research on manufacturer-retailer relationships is part of the wider research field on buyer-seller relationships (Cannon and Homburg 2001; Cannon and Perreault 1999; Håkansson 1982). Since I only consider consumer goods manufacturer organizations, the following literature review focuses on manufacturer-retailer relationships. Some research on buyer-seller relationships also analyzes the individual salesman-buyer dyad. The general analysis level of the thesis is organizations. Hence, I only consider publications on business-to-business relationships.

The business-to-business relationships of manufacturers and retailers have fundamentally changed over the last decades. The following subchapter outlines the major development stages. The next subchapter reviews the research on the balance of power and sources of power of manufacturers and retailers.

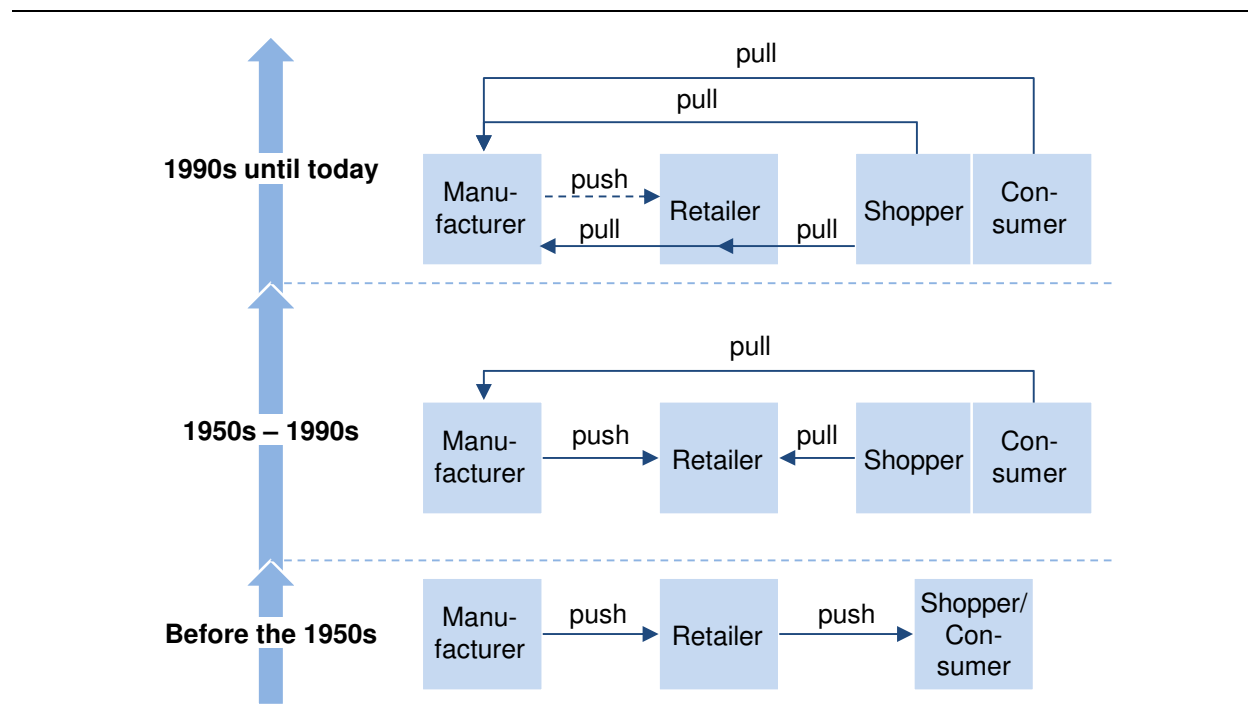
2.2.1.1 Development of the manufacturer-retailer relationships

A number of books and journal articles describe the changes of the manufacturer-retailer relationships. Titles like “Store Wars – The Worldwide Battle for Mindspace and Shelfspace, Online and In-Store” (Thain and Bradley 2012) and “Retailization – Brand Survival in the Age of the Retailer” (Thomassen, Lincoln, and Aconis 2009) indicate the fundamental changes that have happened since the 1950s. The overview of the changes from the 1950s until today is also based on the following key sources: Appel (1972), Dickson (1979), Messinger and Narasimhan (1995), Randall (1994), Tomczak, Schögel, and Sauer (2003), and Walters (1979). Additional sources are referenced in the text. The next paragraphs follow roughly the same structure. First, I outline the changes in the characteristics of manufacturers, retailers, shoppers, and consumers. Second, I describe the repercussions of the changes on the relationships and interactions of manufacturers, retailers, shoppers, and consumers as shown in Figure 4.

Before the 1950s

Before the 1950s, the majority of the retail outlets in today's mature markets like the USA, UK, Germany, and France were serviced independent stores. Typically, the owner was in the store behind the counter. Shoppers were directly served by the owner or one of the store's employees. Salesmen or distributors of consumer goods manufacturers visited the retailer and sold their products. The relationships between the manufacturer, retailer, and consumer/shopper was as a “push-push” relationship as exhibited in Figure 4.

Figure 4: Changes in manufacturer, retailer, shopper, and consumer interactions



1950s–1970s

This period was the beginning of significant growth of the branded goods manufacturers that are today the leading global corporations. Many of them had already existed for some time and successfully established household brands like Ivory Soap, Persil, and others (Webster 2000). With the help of growing television penetration, Procter & Gamble, Kellogg's and other large manufacturers could communicate their brand message to millions of consumers and influence their purchase preference to their brands. The upcoming self-service supermarket chains further supported the growth of the branded goods manufacturers, since they focused on national brands to offer a similar assortment of well-known brands in all of their stores. Self-service has changed the way people shop. Shoppers now decide on their own in front of the shelf which to product to buy. The direct influence of the store manager behind the counter is lost. In addition, the shopper can choose between more products in the typical supermarket. With increasing market share of supermarkets, shoppers could choose between more outlets offering a somewhat similar assortment. The supermarket chains started to "pull" shoppers with special offers and broader assortments to their stores. For manufacturers, new supermarket store openings lead to further distribution of their brands. They usually maintained fixed prices with the retailers. Thus, the manufacturers defined the price that the shopper pays at the till and could control price discounts granted to the shopper.

As exhibited in Figure 4, the manufacturer-consumer interactions and the retailer-shopper interactions changed. Advertising by the manufacturers established a "pull" relationship with the consumer. Self-service, store growth, and special offers turned the interaction between the

retailer and the shopper into a “pull” relationship. The manufacturers continue to “push” their products to the retailers. Yet, they increasingly add monetary incentives like price reductions or free goods to convince larger retailers to stock their products (see chapter 2.2.1.2).

1970s–1990s

In this period, the general interactions between manufacturers and retailers remained a “push” relationship as exhibited in Figure 4. Yet, the way the relationships happened in business practice changed fundamentally. Many countries passed legislation that prohibited or restricted resale price maintenance. Davies (1993, p. 25) defines resale price maintenance as “(...) a system whereby suppliers of a product could fix a minimum or actual selling price.” The prohibition of retail price maintenance marked the start for increasingly fierce price and trade terms negotiations and caused many conflicts between retailers and manufacturers. It further led to increased price competition between the retailers. The rebates that retailers offered to their shoppers fuelled the requests for trade spends to recoup the costs from the manufacturers.

The advent of private labels and information from scanner tills provided new leverage to retailers in the negotiations with manufacturers (Gomez-Arias and Bello-Acebron 2008; Kumar and Steenkamp 2007; Lincoln and Thomassen 2009; Meza and Sudhir 2010). Average outlet assortments further widened in food and non-food to provide one-stop shopping solutions to shoppers. The life of shoppers became increasingly difficult with wider assortments, more promotions, and a growing choice of private labels.

A wave of retailer consolidations led to a few retailers controlling over 80% of the market in many developed markets. Centralized buying fundamentally changed the way the “push” interaction was executed. The store manager now has only very limited influence on what is stocked in the outlet. The central retail buyer has become the major gatekeeper to reach the shoppers of the retailer (Davies 1994). The consolidation and centralization enabled retailers to force more trade spends from manufacturers (Farris and Ailawadi 1992; Kumar 1996).

1990s until today

This most recent period saw a diversification of retail formats that cater to more specific shoppers (Sorescu et al. 2011). Hypermarkets focus on one-stop shopping with large assortments that also include many non-food products like clothing or electronics in stores outside of the city center. Convenience stores are the opposite concept and offer small assortments at city center locations. Discounters offer a limited assortment with a significant share of private labels at low prices. The new retail formats gained significant market share. Shoppers might have purchased from an independent toy store in the past. Now, they can buy the same toy during their weekly shopping in a hypermarket. Most recently, e-commerce gains importance (Sorescu et al. 2011). The online retailer Amazon has taken significant share from traditional books and music stores. They are now venturing into food retailing. In

summary, the revenue of the top 5 retailers is twice the revenue of the top 5 manufacturers, USD 818 bn and USD 400 bn respectively in 2011 (Thain and Bradley 2012, p. 80). To complete the picture, the revenue of the top retailers grew by 225% whereas the manufacturer's revenue only grew by 87% between 1998 and 2010.

Yet, the 1990s were at the same time the turning point to more collaborative relationships between manufacturers and retailers. The major platform for the return to fact-based discussions and collaboration instead of struggles for prices and trade promotions was the Efficient Consumer Response (ECR) initiative (Bloom, Gundlach, and Cannon 2000; Kurt Salmon Associates and Food Marketing Institute 1993; Sheth and Sisodia 1995). Corsten and Kumar (2005, p. 81) define ECR as "(...) a cooperative value-creation strategy whereby retailers and suppliers jointly implement collaborative business practices with the ultimate objective of fulfilling consumer wishes together, better, faster, and at less cost."

In 1993, the ECR initiative started in the USA and rapidly spread to Europe (Heydt 1999; Kotzab 1999). The ECR concept is split into three major elements: demand side initiatives, supply side initiatives, and enabling technologies (Aastrup et al. 2008; Corsten and Kumar 2005). The demand side focuses on joint marketing and sales activities of retailers and manufacturers like category management. The supply side aims to establish joint logistics and supply chain activities like efficient unit loads. The enabling technologies are tools like the Global Trade Item Number, commonly known as barcodes on the packages, that help to maintain consistent records of a specific product (Aastrup et al. 2008; GS1 Germany 11 March 2014).

Manufacturers and retailers hoped that ECR would decrease the cost of business for both by achieving "Better forecasts of product demand, more efficient use of store and warehouse space, increased sales and category share, decreased inventories and stockouts, reduced expenses for product promotions, fewer new-product failures, and lower administrative costs." (Corsten and Kumar 2003, p. 22; Sheth and Sisodia 1995). There have been great success stories of prominent ECR collaborations like Procter & Gamble and Wal-Mart ("Two Tough Companies Learn to Dance Together" 1996) and Kraft with several retail chains in the USA like Publix Super Markets and Wegmans Food Markets (Kumar 1996).

Today, ECR initiatives are widely adopted by retailers and manufacturers (Hofstetter 2006). Yet, many manufacturers are less excited about ECR and feel that the retailers receive more of the ECR benefits. Interestingly, researchers find that both gain equally in performance by implementing ECR initiatives (Corsten and Kumar 2003, 2005). This should encourage manufacturers and retailers to continue their ECR collaborations. In some countries, the association GS1 is at the forefront to drive the agenda of new ECR initiatives and provide trainings to manufacturers and retailers (GS1 Germany 11 March 2014). I refer to

several of their publications in the literature review on category management and shopper marketing (GS1 Germany 2009, 2013).

Overall, the relationships between retailers, manufacturers, shoppers and consumer have changed significantly in the last period (see Figure 4). Manufacturers continue to “pull” consumers to their brands and products with advertising (increasingly also online). They now try to reach the shoppers directly with activities like coupons. But, the majority of the shopper touch points are still in-store and, hence, the retailer is the gatekeeper of these touch points (see chapter 2.2.3.5 and Figure 6). According to ECR, retailers and manufacturers should work in a “pull-pull” system to serve the shopper. On the supply side of ECR, many supply chains have been optimized and they achieve a “pull-pull” system. Yet, as the literature of the next chapters describes, manufacturers still pay trade promotions, slotting allowances and other trade spends to “push” new products or promotions to retailers.

Given the changes of the manufacturer-retailer relationships, many authors conclude that the balance of power has shifted from the manufacturers to the retailers (Ailawadi 2001; Farris and Ailawadi 1992; Thain and Bradley 2012; Thomassen, Lincoln, and Aconis 2009). The next subchapter evaluates the literature that assesses the shift of power and the sources of power in manufacturer-retailer relationships.

2.2.1.2 Balance and sources of power in manufacturer-retailer relationships

The changes of the manufacturer-retailer relationships have led to a number of publications. In a recent meta-analysis, Ailawadi et al. (2010) structure the existing literature on different phenomena of the manufacturer-retailer relationship and assess the available research on the phenomena. Ailawadi et al. (2010, p. 274) come to the conclusion that “One major line of empirical research focuses on the balance of power between them. (...) Another major line of research addresses the sources of leverage for each party, (...)” The next two paragraphs outline these lines of empirical research in greater depth. The first paragraph outlines the sources of leverage. The second paragraph discusses the balance of power.

The key sources of leverage for manufacturers are trade promotions and slotting allowances. The key sources of leverage for retailers are private labels, trade promotion pass-through, and scanner and loyalty card data.

Manufacturer sources of leverage: trade promotions

Blattberg and Levin (1987, p. 124) define trade promotions as follows: “Trade promotions are special incentive programs offered by the manufacturer to their distribution channel members.” Trade promotions can take several different forms (Blattberg and Neslin 1990; Dreze and Bell 2003). The most common forms are off-invoice, discretionary funds, and scan- or bill-backs. In off-invoice promotions, the manufacturer grants a discount for every

order of the retailer in a certain time period. Discretionary funds are larger single payments to put the manufacturer's brand on promotion in the store for a certain time period. In scan- or bill-back promotion, the manufacturer gives a rebate for each product that a retailer sells in a certain time period. In addition, many manufacturers provide point of sale material like displays, wobblers, and shelf signage to the retailers. They hope to increase trade promotion pass-through with these measures. Trade promotion pass-through is considered in the retailer sources of leverage. Over the last decades, spend on trade promotions has heavily increased (Ailawadi 2001; Ailawadi and Farris 1999; Corstjens and Steele 2008). As mentioned in the introduction, trade promotions cost on average make up more than 30% of the total cost of a manufacturer (Gerszke, Kopka, and Tochtermann 2000; Kantar Retail 20 March 2013; Thain and Bradley 2012). IRI in Europe finds that, despite increasing promotion shares, the sales in some categories are decreasing (IRI 20 December 2013). This has lead manufacturers to reassess their trade promotion approach and aim for more pay-for-performance trade promotions (Ailawadi and Farris 1999). Scan- or bill-back promotions are most suitable to achieve pay-for-performance (Dreze and Bell 2003).

Manufacturer sources of leverage: slotting allowances

Bloom, Gundlach, and Cannon (2000, p. 92) define slotting allowance as "(...) a family of marketing practices that involve payments by manufacturers to persuade downstream channel members to stock, display, and support new products." The costs for slotting allowances have increased as significantly as the costs for trade promotions (Corstjens and Steele 2008). Several retailers turned the allowance into a fee. Manufacturers are required to pay slotting fees for their new product introductions and sometimes for their listed products to remain on the shelf (Bloom, Gundlach, and Cannon 2000).

Manufacturer trade promotion and slotting allowance costs are often summarized as trade spends (Corstjens and Steele 2008; Nijs et al. 2010). Negotiations over trade spends reportedly cause conflicts between manufacturers and retailers and hamper collaborations in areas like ECR (Bloom, Gundlach, and Cannon 2000).

Retailer sources of leverage: private labels

According to Kumar and Steenkamp (2007, p. 20) "(...) a private label (is) any brand that is owned by the retailer or the distributor and is sold only in its own outlets." In Germany, for example, private labels reached 41% market share in 2013 (Heim 2014). Researchers generally agree that the introduction of private labels helps retailers to negotiate more trade spends from manufacturers (Ailawadi and Harlam 2004; Meza and Sudhir 2010). Private labels producers can offer imitations of the branded products at much lower prices, since they have lower product development and no advertising costs. To defend their market share against the private label competition, branded goods manufacturers often start to pay trade spends. Most retailers still consider branded products as key parts of their assortment.

Research finds that retailers typically earn higher percentage gross margins on private labels, but the absolute margin is higher for branded products (Ailawadi and Harlam 2004; Hoch and Banerji 1993). Thus, branded products in the assortment are an important driver of the retailers' profit (Ailawadi 2001).

Retailer sources of leverage: trade promotions pass-through

Neslin, Powell, and Stone (1995, p. 749) explain the simple but powerful lever of trade promotion pass-through as follows: "Retailers respond to a trade promotion in two ways: first, they may 'pass through' the discount to consumers in some form of retailer promotion; second, retailers may 'forward order,' that is, purchase from the manufacturer more product than they need to meet current demand." As I outlined before, manufacturer spend on trade promotions has significantly increased. Thus, manufacturers are very concerned that as much of their trade promotions spend as possible is passed to the shoppers and retailer forward buying remains as low as possible (Ailawadi and Harlam 2009).

Retailer sources of leverage: shopper data from scanner tills and loyalty cards

The introduction of scanner tills and loyalty cards has provided retailers with a wealth of new information on their shoppers (Ailawadi et al. 2010; Humby, Hunt, and Phillips 2008). The new depth of information supports retailers in deciding on product listings and promotions (Bloom, Gundlach, and Cannon 2000; Shocker, Srivastava, and Ruekert 1994). Moreover, retailers can charge manufacturers additional trade spends to receive the information and use target marketing activities of the retailers' loyalty cards, like coupons or mailings (Ailawadi et al. 2010). Still, many retailers don't have the resources to analyze all the data and cooperate with analytically strong manufacturers to derive insights on their shoppers (Dawar and Stornelli 2013; Farris and Ailawadi 1992).

The previously outlined development of manufacturer-retailer relationships and their sources of leverage lead many researchers to assume that retailer power has increased. The common measure to evaluate the balance of power is to compare changes in the profitability of manufacturers and retailers (Farris and Ailawadi 1992). The analysis of a number of researchers shows that the power in terms of profitability has not generally shifted to the retailers (Corstjens and Steele 2008; Farris and Ailawadi 1992). As Ailawadi (2001, p. 300) summarizes: "In any event, there is certainly no empirical evidence for an overall shift in market power towards the trade." Researchers provide several explanations for this finding:

- The power has shifted only for some retailers, for example, Wal-Mart (Ailawadi, Borin, and Farris 1995).
- Many retailers still need branded products to achieve a good profitability (Ailawadi 2001). Even the discounter Aldi, that used to sell only private labels, started to list a selection of manufacturer brands recently (Dawar and Stornelli 2013).

- Savvy manufacturers achieve a high share of pay-for-performance trade promotions. In these kinds of trade promotions, the pass-through to the shoppers is high and manufacturers gain a significant share of the returns (Ailawadi 2001; Farris and Ailawadi 1992).
- The power has shifted to retailers, but they did not translate it to increased profitability (Ailawadi, Borin, and Farris 1995). The main reason seems to be fierce competition between retailers that competes away the trade spend received from the manufacturers (Corstjens and Steele 2008; Farris and Ailawadi 1992).

Table 3: Selected literature on the balance of power between retailers and manufacturers

Authors	Journal	Year	Empirical basis	Main focus
Ailawadi	Journal of Retailing	2001	Conceptual	<ul style="list-style-type: none"> • Summarizes previous research on the balance of power between manufacturers and retailers • Reviews research on three major key arguments for higher retail power: trade promotions, consumer promotions, and store brands
Ailawadi, Borin, and Farris	Journal of Retailing	1995	COMPUSTAT and University of Chicago CRSP data, 1982–1992, USA	<ul style="list-style-type: none"> • Strengthen the previously used measures and sample • Confirm the previous finding that there is no general shift of power from manufacturers to retailers • Yet, find that a selection of retailers, like Wal-Mart, have gained more power
Bloom and Perry	Journal of Retailing	2001	COMPUSTAT data, 1988–1994, USA	<ul style="list-style-type: none"> • Review the role of the retailer Wal-Mart and its power on manufacturers • Discover that large suppliers tend to benefit from Wal-Mart as their main customer whereas small suppliers seem to suffer financially
Corsten and Kumar	Journal of Marketing	2005	Survey of 226 suppliers of one retailer and archival data	<ul style="list-style-type: none"> • Explore the adoption of ECR by manufacturers and retailers • Analyze a positive performance impact of ECR adoption • Yet, find that manufacturers perceive retailers get the larger share of the ECR benefits
Corstjens and Steele	Journal of Retailing and Consumer Services	2008	Various archival data sources, 1993–2002, USA and Europe	<ul style="list-style-type: none"> • Confirm previous research that general retailer profitability has not increased compared to manufacturer profitability • Compared to other papers, consider a wider sample that includes European retailers and manufacturers
Farris and Ailawadi	Journal of Retailing	1992	COMPUSTAT data, 1972–1990, USA	<ul style="list-style-type: none"> • Analyze different profitability measures to understand the balance of power between retailers and manufacturers • Find that retailer power has not increased and provide several hypothetical explanations for this finding
Kadiyali, Chintagunta, and Vilcassim	Marketing Science	2000	Game theoretic model and archival data of a US retail chain for two categories, 218 weeks	<ul style="list-style-type: none"> • Develop a model of retailer-manufacturer interactions on pricing and test the model with archival data • Find that the retailer power in the reviewed product categories is larger than manufacturer power but cannot generalize their findings to more categories

Authors	Journal	Year	Empirical basis	Main focus
Kumar	Industrial Marketing Management	2005	Conceptual	<ul style="list-style-type: none"> • Discusses power in manufacturer-retailer relationships • Criticizes the power-trust dichotomy of previous research • Encourages future research on coercive use of power
Messinger and Narasimhan	Marketing Science	1995	Various archival data sources, USA	<ul style="list-style-type: none"> • Provide in-depth description of changes in the US grocery channel • Do not find a general shift in power from manufacturers to retailers • Hypothesize that the consumer is the real beneficiary

2.2.1.3 Implications for the thesis

The insights from the literature on manufacturer-retailer relationship have several implications for the thesis. The development of trade marketing, category management, and shopper marketing organizations can only be understood against the background of the changes in the relationship. As I outline in the next two chapters, the changes in the relationship cause fundamental shifts in the design of marketing and sales organizations. Moreover, the sources of manufacturer leverage shed light on potential activities in the marketing and sales organization. It could be argued that adapting their organization has also helped manufacturers to keep the power balance more or less equal. The next chapter reviews the literature on these changes in the marketing and sales organization.

2.2.2 Research on marketing and sales organizations

The literature on the retailer-manufacturer relationships describes the external context of trade marketing, category management, and shopper marketing organizations. With the review of the literature on marketing and sales organizations, I turn to the internal context of these organizations (Hutt 1995). The literature considers trade marketing and category management, in particular, to have emerged from changes in the marketing and sales organization (Cespedes 1993; Dewsnap and Jobber 2000). The subchapters follow the journey of research on marketing and sales organizations. The first subchapter outlines that academic research now considers marketing and sales as two separate departments. The second subchapter describes the shift to customer-focused marketing and sales organizations. The last subchapter reviews the literature on the marketing and sales interface, the challenges that are observed, and the potential integrative mechanisms to increase collaboration. Consumer goods manufacturers have been covered significantly in this research field (see, for example, Table 4).

2.2.2.1 Marketing and sales as separate departments

Many of the early publications on marketing and sales organizations do not recognize sales as a separate department. They rather consider sales to be an activity of marketing (Dastmalchian and Boag 1990; Nonaka and Nicosia 1979, Ruekert and Walker 1987a, 1987b; Ruekert, Walker, and Roering 1985; Weitz and Anderson 1981). This perspective on marketing and sales organizations contrasts sharply with business practice (Montgomery and Webster 1997). Empirical research finds that, in many cases, sales is a separate department and often has a dedicated chief sales executive (Piercy 1986). Some of the recent studies have a sample that includes only companies where the sales department does not report to marketing (Workman, Homburg, and Gruner 1998). This is particularly the case in large organizations (Le Meunier-FitzHugh and Piercy 2008). The latest publications almost all consider marketing and sales as distinct departments (Homburg and Jensen 2007; Homburg, Jensen, and Krohmer 2008; Krohmer, Homburg, and Workman 2002).

Workman, Homburg, and Gruner (1998) analyze the marketing and sales organizations across a number of industries. One of the results of their seminal paper is a typology of reporting relationships. They find that marketing in consumer goods manufacturers typically is “(...) *a business unit that shares a sales force with other business units*” (Workman, Homburg, and Gruner 1998, p. 29). Further concerning consumer goods manufacturers, Guenzi and Troilo (2006, p. 975) describe the tasks of marketing and sales as follows: “(...) the Marketing department is usually focused on customer marketing, brand management, advertising management, marketing research; while the Sales department is focused on trade marketing, trade negotiations, channel management.” Workman, Homburg, and Gruner (1998) point to one of the major challenges of this setup. Brand management in the marketing department of a consumer goods manufacturer is typically responsible for the total performance of a certain product but it has no direct control over the sales force. I consider the challenges at the marketing and sales interface in greater depth in subchapter 2.2.2.3. But before, I evaluate the literature on a shift that has significantly changed the marketing and sales organizations in the consumer goods and other industries: the shift to customer-focused marketing and sales organizations.

2.2.2.2 Shift to customer-focused marketing and sales organizations

The previously described changes in the manufacturer-retailer relationship in the 1990s also have a fundamental impact on the marketing and sales organizations in consumer goods manufacturers. Given the changes in the market environment, researchers cast doubt on whether the marketing and sales organization as it had existed for years is still appropriate (Davis and Brady 1993; Day 1999; Doyle 1995; George, Freeling, and Court 1994; Sheth and Sisodia 1995). With higher retailer consolidation the influence of sales is increasing, because

“(…) it was the gatekeeper to these powerful middlemen.” (Workman, Homburg, and Gruner 1998, p. 34). The organizational structures of sales often do not reflect the new market reality and consumer goods manufacturers have to find new approaches to manage and collaborate with the emerging large retail chains (Davis and Brady 1993). Competing for the few major retailers has become increasingly costly and more traditional consumer marketing resources were spent on the retail customers (Webster 1992). As discussed, trade spends have increased to previously unknown levels since the 1990s. As Webster (1997, p. 51) summarizes: “Thus, the focus of marketing has shifted from *single transactions* to *long-term customer relationships*.”

To better address the retailers, the primary design principle of the marketing and sales organization shifted. According to Day (1999), the primary design principle of a typical consumer goods manufacturer’s marketing and sales organization are products. Homburg, Workman, and Jensen (2000, p. 467) define: “A *product-focused organizational structure* is an organizational structure that uses groups of related products as the primary basis for structuring the organization.” Recently, the primary organizational design principle of marketing and sales organizations shifted to the customer (Doyle 1995). Homburg, Workman, and Jensen (2000, p. 467) “(…) define a *customer-focused organizational structure* as an organizational structure that uses groups of customers related by industry, application, usage situation, or some other nongeographic similarity as the primary basis for structuring the organization.”

Authors of the relationship marketing and market orientation literature attribute even wider changes to the shift to customer-focused organizations. They proclaim the end of marketing as a formalized department and the beginning of marketing as “(…) a way of doing business” (McKenna 1991, p. 5) or, in other words, a general attitude, mind-set, or orientation. Despite these rather radical claims, marketing continues to exist as a formalized department in the vast majority of companies (Homburg, Workman, and Jensen 2000; Moorman and Rust 1999).

In their seminal paper, Homburg, Workman, and Jensen (2000) find several major trends in the shift to customer-focused organizational structures since the 1990s. Products proliferated with growing product portfolios in the consumer goods industry. To manage the increased number of available products, retailers think in categories and not in brands or products. Moreover, retailers take a critical view on the entire category against other categories (Cespedes 1995). Thus, the consumer goods manufacturer is not only competing against other manufacturers in the same category but also against those in other categories. As a result, manufacturers need to have a good understanding of the retailer’s business model and deliver strong fact-based arguments to sell their products (Cespedes 1995; Piercy and Lane 2009). As in other industries, the delivery of add-on services to the retailers becomes the norm for consumer goods manufacturers. Manufacturers increasingly offer a “product-service-

information mix” (Cespedes 1993, p. 39) to their retail customers. To deliver the services, manufacturers reorganize their sales organization by selecting key retail accounts and assigning dedicated key account managers, who are usually supported by teams from other functional units like brand management, trade marketing, category management, or supply chain management (Homburg, Workman, and Jensen 2002; Piercy 1985). The key account manager is the single or leading point of contact for the retailer across all products and brands (Cravens 1995; Homburg, Workman, and Jensen 2000).

A leading example of the creation of customer-focused organization structures in the consumer goods industry is Procter & Gamble’s “Customer Business Development” (CBD) functional unit (George, Freeling, and Court 1994; Leitz and Ney 2000; Piercy 2010). Piercy (2010, p. 357) describes the idea and broad setup of the CBD as follows: “The goal of CBD is to transform the old, narrow idea of buyer-seller relationships with customers, into a multifunctional, collaborative approach designed to achieve mutual volume, profit and market share objectives. CBD teams work with customers to develop the customer’s plans and strategies to the advantage of both customer and P&G. CBD team members work collaboratively with experts from finance, management systems, customer service and brand management to develop and implement business strategies that deliver sustainable competitive advantage for P&G brands with major retailers.” Judging from this and other examples, authors note that sales functional units become more specialized and strategic than before (Homburg, Workman, and Jensen 2000; Piercy 2006; Piercy and Lane 2009). Moreover, the balance of influence between marketing and sales typically tilts to sales (Verhoef and Leeflang 2009). That has repercussions on the characteristics and conflicts at the interface between the two departments. In the next subchapter, I review the literature relating to the interface of marketing and sales.

2.2.2.3 The marketing and sales interface

Given that academics treated marketing and sales as one department, the research field on the marketing and sales interface is still relatively young. Research first focused on marketing’s interface with other departments like finance, manufacturing, or R&D (Kahn and Mentzer 1998; Lim and Reid 1992). Publications only increased more than five years after Montgomery and Webster (1997) called for research on the marketing and sales interface (see Table 4). Researchers consider the consumer goods industry from the beginning as indicated in Table 4 (Dewsnap and Jobber 2002).

Many authors argue that an effective marketing and sales interface increases the company’s performance, since marketing and sales are interdependent in achieving the company goals (Carpenter 1992; Guenzi and Troilo 2006, 2007; Le Meunier-FitzHugh and Piercy 2011). The interdependence of marketing and sales is particularly pronounced in the

consumer goods industry, since the product needs to be sold twice (Cespedes 1995; Dewsnap and Jobber 2000, 2002; Swoboda et al. 2012): First, to the retailer to be on shelf in the outlet. That is typically the task of sales. Second, to the consumer that chooses the product from the shelf and consumes or uses it. That is typically the task of marketing. As outlined in the previous subchapter, manufacturers now offer a “product-service-information mix” (Cespedes 1993, p. 39) to halt spiraling trade spend costs and still be on the shelf, well positioned, and promoted in the store. The delivery of the extended offering has increased the pressure on marketing and sales collaboration in consumer goods manufacturers further (Cespedes 1995; Dewsnap and Jobber 2000, 2002; Hulland, Nenkov, and Barclay 2012; Montgomery and Webster 1997).

A number of authors describe the typical differences between the two departments. Marketing and sales usually have different activity responsibilities and roles. Marketing managers are assigned to products whereas sales works with customers at the headquarters or in different geographies (Cespedes 1995). Rouziès et al. (2005) outline a number of typical activities in marketing and sales. In general, marketing is responsible for more strategic activities while sales is covering more tactical activities (Biemans, Brenčič, and Malshe 2010; Kotler, Rackham, and Krishnaswamy 2006; Malshe and Sohi 2009). The two functional units also often work with different mind-sets, cultures, and thought-worlds (Beverland, Steel, and Dapiran 2006; Cespedes 1995; Dewsnap and Jobber 2002; Homburg and Jensen 2007). Marketing is reported to be more long-term, product, brand, and consumer oriented (Beverland, Steel, and Dapiran 2006; Cespedes 1995; Dewsnap and Jobber 2002; Homburg and Jensen 2007). Sales is reported to be more short-term, channel and customer oriented (Beverland, Steel, and Dapiran 2006; Cespedes 1995; Dewsnap and Jobber 2002; Homburg and Jensen 2007). A number of authors mention even further cultural differences like approaches to solve problems with personal relationships versus analysis (Beverland, Steel, and Dapiran 2006; Rouziès et al. 2005). But, with notables exceptions like orientations and competences, few of these have been empirically tested (Homburg and Jensen 2007; Homburg, Jensen, and Krohmer 2008). Marketing and sales also often work towards different goals or key performance indicators (Cespedes 1995; Strahle, Spiro, and Acito 1996). Marketing typically focuses on profit. Sales typically focuses on volume and revenue as its key goals (Montgomery and Webster 1997). Further, both departmentss have different information needs. Marketing seeks aggregated data on products and markets. Sales requires disaggregated data on individual accounts or geographies (Cespedes 1995).

Due to these differences, academic and managerial sources mention a number of challenges at the interface. Dewsnap and Jobber (2002, p. 876) summarize the challenges at the interface to “(...) include conflict, non-cooperation, distrust, poor coordination and mutual negative stereotyping.” Examples for mutual stereotypes are sales managers that consider their marketing colleagues to be detached from reality and in an “ivory tower” of strategy.

Marketing managers are reported to describe their sales colleagues as overly tactical and short-sighted by focusing only on the next monthly volume figure without considering long-term effects or profitability (Cespedes 1993; Kotler, Rackham, and Krishnaswamy 2006; Lorge 1999). Further, several authors mention poor communication as a challenge at the interface (Le Meunier-FitzHugh and Piercy 2011; Malshe and Sohi 2009; Matthyssens and Johnston 2006). Malshe (2010) adds that sales managers for several reasons often do not perceive their marketing colleagues as credible, which could be a further cause for the challenges at the interface. The shift to customer-focused marketing and sales organizations exacerbates conflicts between the two departments, since sales typically gains more influence and needs to be involved in marketing strategy making and planning (Biemans, Brenčič, and Malshe 2010; Malshe 2009). As a result, powerful brand managers in marketing departments of consumer goods manufacturers need to work with equally or sometimes more powerful key account managers in sales departments (Homburg, Jensen, and Krohmer 2008; Rouziès and Hulland 2014; Workman, Homburg, and Gruner 1998).

Among the differences, researchers are particularly interested in understanding the influence of thought-worlds, mindsets and cultures on the collaboration and integration of marketing and sales. Early on Deshpande and Webster (1989) call for research on the subcultures of marketing and sales. Homburg and Jensen (2007) take an in-depth view on the previously mentioned thought-world differences of marketing and sales. They distinguish thought-worlds in orientations and competences. They differentiate customer versus product orientation and short-term versus long-term orientation. They conceptualize competences with market and product knowledge and interpersonal skills. According to their research, different orientations decrease the collaboration quality but increase performance. Differences in competences hamper both collaboration quality and performance. Consequently, some conflict from different orientations seems to be productive. Yet, managers need to have a common base of competences to make sure that they can understand each other. The notion of “constructive friction” has also been mentioned by informants of Biemans and Brenčič (2007, p. 265). Consistently, Rouziès and Hulland (2014) come to the conclusion that a shared vision between marketing and sales can hamper performance. This is particularly the case if customer concentration is very high and the influence of these customers on the shared vision is high. As a result, integrated marketing and sales would be influenced too much by the customer’s vision and neither would be the devil’s advocate of the own company’s vision, as mentioned by Homburg and Jensen (2007). Rouziès and Hulland’s (2014) sample consists only of consumer goods companies and, thus, shows the impact of the earlier described consolidation of the retailers in most mature markets (see chapter 2.2.1.1).

Yet, the interface between marketing and sales is not the same across every company and industry. Several authors have classified different marketing and sales interfaces:

- Homburg, Jensen, and Krohmer (2008) develop a taxonomy of marketing and sales configurations across different industries. They consider the following domains: information sharing, structural linkages, power, orientations, and knowledge. They describe the typical marketing and sales interface of the consumer goods industry as “Brand-Focused Professionals” (Homburg, Jensen, and Krohmer 2008, p. 144). According to Homburg, Jensen, and Krohmer (2008, p. 144) marketing is an “expert in a leading role” and sales is its “congenial counterpart”. High information sharing and strong structural linkages characterize this interface. Both marketing and sales have high product and market knowledge. In their sample, the dominant configuration in the consumer goods industry achieves higher cooperation quality and market and financial performance than typical configurations in other industries. This finding contrasts with other articles that describe the interface in the consumer industry as challenging (Dewsnap and Jobber 2002). Hughes, Le Bon, and Malshe (2012, p. 66), for example, quote an interviewee from the consumer goods industry: “There is general mistrust between marketing and sales organizations, and a feeling on each function’s part that they know best.”
- Kotler, Rackham, and Krishnaswamy (2006) define four types of relationships between marketing and sales: undefined, defined, aligned, and integrated. They do not analyze the predominance of certain types per industry. Yet, they state that undefined is more suitable for smaller firms. With increasing size, complexity of the product offering and changes in the market environment, companies need to move to integrated relationships. In the integrated relationship marketing and sales “(...) share structures, systems, and rewards.” (Kotler, Rackham, and Krishnaswamy 2006, p. 72).
- Biemans, Brenčič, and Malshe (2010) cluster the different configurations of the marketing and sales interface in terms of functional separation, tasks of marketing, tasks of sales, interfunctional communication, information sharing, collaboration, and dominant orientation and interfunctional relationships. They derive four configurations of marketing and sales: hidden marketing, sales-driven marketing, living apart together, integrated marketing. In contrast to Homburg and Jensen (2007) but similar to Kotler, Rackham, and Krishnaswamy (2006), they describe their configurations as a continuum. Companies typically move from one configuration to the next, when they grow in size and complexity.

To improve the integration between marketing and sales, researchers mention a number of mechanisms. Often authors give different names to essentially the same mechanism. I summarize the most frequently mentioned mechanisms as a) liaison units, b) teamwork, c) joint planning, d) senior management involvement, e) career paths (incl. job rotation), f) cross-functional training, g) rewards systems, and h) communication:

- a) I have already touched on liaison or integrating roles in the chapter on contingency theory (Galbraith 1973, Lawrence and Lorsch 1967b, 1967c). Liaison units or managers are fully dedicated to the integration of marketing and sales (Cespedes 1993, 1995; Dewsnap and Jobber 2000, 2002). They make sure that the focus on integration does not get deprioritized in operational business or is perceived as an infringement on the other's territory. They bundle, translate and prioritize information. As a consequence, the sales force is not overwhelmed with information and confused by competing requests from different brand managers. In addition, the brand managers do not receive the same feedback from a number of sales reps. As Cespedes (1995, p. 108) states: "At a division of a consumer goods firm, sales planning is the information clearing house between a dozen brand managers and three sales forces through which their brands go to market." Consumer goods manufactures call the liaison units sales planning, trade marketing, category sales management, or category management (Cespedes 1993; Dewsnap and Jobber 2000). Besides their benefits, liaison units are associated with additional cost and complexity. They typically add further headcount, lead to initial role confusion, and need some sort of credibility (Cespedes 1993, 1995; Rouziès et al. 2005). To effectively integrate marketing and sales, Rouziès et al. (2005, p. 117) note that integrators need to have the required "(...) information, responsibility, and conflict management skills (...)", which is similar to Galbraith's (1973) previously mentioned general description of effective integrator roles (see chapter 2.1.1).
- b) Many authors suggest to implement cross-functional teams consisting of marketing, sales, and, potentially, more functional units (Homburg, Jensen, and Krohmer 2008; Rouziès et al. 2005). These teams can have different assignments like specific tasks, customers, or products (Cespedes 1993; Rouziès et al. 2005). Relating to consumer goods manufacturers, authors often mention cross-functional account teams that jointly work on one of the major retail customers (Dewsnap and Jobber 2000). Lorge (1999, p. 31), for example, mentions "Coca-Cola's national accounts program" as a successful example for a cross-functional team of marketing, sales, and other functional units.
- c) Joint planning is a further mentioned device to integrate marketing and sales (Homburg, Jensen, and Krohmer 2008; Malshe and Sohi 2009). It means that marketing and sales co-develop the company's marketing strategy, plan and goals (Beverland, Steel, and Dapiran 2006). It constitutes quite a change from the typical process, where marketing sets the strategy, plan and goals that are implemented by sales (Cespedes 1993). Malshe and Sohi (2009) state that an optimal strategy process should have no hand-off points. Marketing and sales should be involved along the whole way.

- d) Senior management can help to improve the integration of marketing and sales (Le Meunier-FitzHugh, Massey, and Piercy 2011; Le Meunier-FitzHugh and Piercy 2009). This can either happen with direct involvement or with indirect influence through their attitude towards collaboration and integration. In terms of direct involvement, senior management can intervene to reduce conflicts (Le Meunier-FitzHugh, Massey, and Piercy 2011). Yet, this does not necessarily increase collaboration. Another key lever of direct senior management involvement is to ensure that both work toward common goals in the rewards system as covered in “(g) rewards systems” (Dewsnap and Jobber 2000). Indirectly, senior managers can strengthen marketing and sales integration significantly by signaling a positive attitude and creating an atmosphere for collaboration between marketing and sales (Le Meunier-FitzHugh and Piercy 2009, 2010).
- e) Marketing and sales career paths in the consumer goods and other industries used to be rather siloed (Cespedes 1993, 1995). Brand managers tended to be only promoted within marketing and were almost the only way to general management. Thus, several authors suggest to rotate jobs between marketing and sales on the path to general management (Kotler, Rackham, and Krishnaswamy 2006; Rouziès et al. 2005). It increases mutual understanding, informal networks and, ultimately, integration (Guenzi and Troilo 2006). On the flipside, job rotation carries the risk to lose specialized knowledge. In addition, managers should not perceive it as a sidetrack that will not help them to achieve the next promotion or the step into general management (Rouziès et al. 2005).
- f) Similar to more intertwined career paths, cross-functional training can serve as a mechanism to increase mutual understanding, build common competences, and create informal networks (Cespedes 1993; Dewsnap and Jobber 2002; Guenzi and Troilo 2006). It has the benefit that managers can stay in their specialized role. Yet, this is at the same time the biggest risk. When everyone is back in their daily work, the training might be forgotten. Additionally, cross-functional trainings imply higher cost, since managers spend time on topics that are not core to their specialized role (Cespedes 1993). On the contrary, equal levels of knowledge in marketing and sales are shown to have a positive impact on performance, which might outweigh the costs of trainings and job rotation (Homburg and Jensen 2007; Homburg, Jensen, and Krohmer 2008).
- g) A further mechanism is the implementation of common goals and rewards of marketing and sales (Guenzi and Troilo 2006; Rouziès et al. 2005). Goals and rewards systems are considered complementary as Strahle, Spiro, and Acito (1996, p. 16) note: “Management must make sure that the sales managers are not told to do one thing, yet rewarded for doing something else.” Aligned rewards and goals encourage managers to share information and communicate in order to achieve these goals (Rouziès and Hulland 2014). The goals of marketing and sales are not necessarily identical. Rather, the ultimate goal, like revenue or profit, is the same, but each department has different

individual yet aligned goals that contribute to achieving it (Kotler, Rackham, and Krishnaswamy 2006; Rouziès et al. 2005). In the consumer goods industry, sales managers appear to appreciate distinct sub-goals and rewards to avoid that they get penalized for marketing mistakes like the development of an inadequate new product (Le Meunier-FitzHugh, Massey, and Piercy 2011).

- h) Communication to improve information sharing at the marketing and sales interface can take various forms (Homburg, Jensen, and Krohmer 2008; Le Meunier-FitzHugh and Piercy 2009, 2010; Massey and Dawes 2007; Matthyssens and Johnston 2006). Some authors propose planned communication like regular meetings or reports (Guenzi and Troilo 2006; Rouziès et al. 2005). Others suggest to encourage more informal communication by colocation of marketing and sales managers (Biemans and Brenčič 2007; Kotler, Rackham, and Krishnaswamy 2006). Moreover, communication as such does not always lead to higher integration. The quality of the communication is more important than the frequency. To improve the communication quality and establish a common language, Oliva (2006) proposes to define the key terms used in the organizations.

Table 4: Selected literature on the marketing and sales interface

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus
Beverland, Steel, and Dapiran	Journal of Business & Industrial Marketing	2006	Interviews with 44 sales and marketing managers in four firms	None	<ul style="list-style-type: none"> Review the subcultures at the marketing and sales interface Describe four different cultural frames to characterize the interface Find that marketing and sales need some overlap in subcultures to be effective
Biemans and Brenčič	European Journal of Marketing	2007	In-depth interviews in 11 Dutch firms and ten Slovenian firms	None	<ul style="list-style-type: none"> Take an explorative perspective on marketing and sales interfaces in B2B companies Find that the marketing and sales interface develops with growing company size and economic development of the countries market
Biemans, Brenčič, and Malshe	Industrial Marketing Management	2010	In-depth interviews with 101 managers in 75 firms in the USA, Netherlands, and Slovenia	Very limited (only in one country)	<ul style="list-style-type: none"> Develop a taxonomy of four marketing and sales configurations The four configurations are hidden marketing, sales-driven marketing, living apart together, integrated marketing
Carpenter	Sales and Marketing Management	1992	Conceptual	None	<ul style="list-style-type: none"> Provides a case study how to improve the marketing and sales interface Describes active involvement and co-creation as major initiatives to ensure sales commitment Encourages marketers to seek information from sales being closest to the customer

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus
Cespedes	Journal of Consumer Marketing	1993	Interviews with 75 managers in six consumer goods manufacturers	100% of sample	<ul style="list-style-type: none"> Analyzes the marketing and sales interface in consumer goods manufacturers Finds four key factors affecting the marketing and sales integration: nature of the product offering, market fragmentation, supply chain management requirements, and accelerated product lifecycles Proposes liaison units, multifunctional account teams and training and career path to strengthen marketing and sales integration
Dewsnap and Jobber	European Journal of Marketing	2002	Conceptual	Specifically considering the consumer goods industry	<ul style="list-style-type: none"> Develop a conceptual framework and research propositions for further research of social psychological marketing and sales relations Hypothesize that the changes in the retail environment put more pressure on marketing and sales integration Goal conflict and identification within a group (either marketing or sales) are conceptualized to be major drivers of marketing and sales relations
Guenzi and Troilo	Industrial Marketing Management	2006	In-depth interviews with 45 managers	Partially	<ul style="list-style-type: none"> Derive attribute-consequence-value maps Identify and use 11 attributes (e.g. planned meetings), 18 consequences (e.g. less conflict) and six values (e.g. achieving corporate goals) for these maps
Guenzi and Troilo	Journal of Business Research	2007	Survey of 396 managers in Italy	Unclear	<ul style="list-style-type: none"> Research the impact of four variables of the marketing and sales interface on superior customer value creation and market performance Among these variables, perceived effectiveness of the interface has a high effect on customer value creation
Homburg and Jensen	Journal of Marketing	2007	Mail survey of 337 managers in companies in seven industry sectors in the EU	19% of sample	<ul style="list-style-type: none"> Analyze different marketing and sales thought-worlds Find that overall differences in thought-worlds decrease performance Yet, differences in orientations actually increase performance whereas differences in competences decrease performance
Homburg, Jensen, and Krohmer	Journal of Marketing	2008	Same as Homburg and Jensen (2007)	Same as Homburg and Jensen (2007)	<ul style="list-style-type: none"> Develop a taxonomy of different marketing and sales interfaces Describe marketing and sales interfaces in the consumer goods industry as "Brand-Focused Professionals" with high levels of formalization, planning, teamwork and information sharing Consumer goods industry cluster is one of two with the highest profitability
Homburg, Workman, and Krohmer	Journal of Marketing	1999	Mail survey of 514 companies in the USA and Germany	One of three considered industries	<ul style="list-style-type: none"> Explore marketing's influence and its determinants Do not find a decrease of marketing's influence Marketing has the highest influence on the strategy of a business unit Recognize that marketing and sales have different thought-worlds

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus
Hughes, Le Bon, and Malshe	Journal of Personal Selling & Sales Management	2012	Interviews with 25 managers from 18 Fortune 500 companies	Partially	<ul style="list-style-type: none"> Analyze how other functional units affect the marketing and sales interface Develop a framework that outlines the relationship requirements to achieve market-based capabilities Define eight synergistic levers to integrate the marketing and sales interface with other functions
Hulland, Nenkov, and Barclay	Journal of the Academy of Marketing Science	2012	Survey of 203 marketing and sales managers in 38 consumer goods companies	100% of sample	<ul style="list-style-type: none"> Analyze the impact of organizational justice on the perceived effectiveness of the marketing and sales interface Find that the three analyzed forms of justice (distributive, procedural and interactional) have a positive effect Add that interfunctional communication further strengthens the effect for distributive and procedural justice
Kotler, Rackham, and Krishnaswamy	Harvard Business Review	2006	Interviews with 18 chief marketing and chief sales officers in nine companies	None	<ul style="list-style-type: none"> Take a business practice perspective on the marketing and sales interfaces Classify the interface as undefined, defined, aligned and integrated Provide several measures to move towards an integrated marketing and sales department
Krohmer, Homburg, and Workman	Journal of Business Research	2002	Same as Homburg, Workman, and Krohmer (1999)	Same as Homburg, Workman, and Krohmer (1999)	<ul style="list-style-type: none"> Analyze the performance impact of cross-functional influence on marketing activities Find that, in general, cross-functional influence on marketing activities increases the performance Yet, the findings are qualified by the market dynamism, since in highly dynamic markets the performance might be decreased by dispersion of marketing activities
Le Meunier-FitzHugh and Piercy	Journal of General Management	2008	Mail survey of 146 managers in the UK	28% of sample	<ul style="list-style-type: none"> Analyze the effect of structure and location of marketing and sales on marketing and sales collaboration and performance None of the above has an impact on collaboration and performance in their sample
Le Meunier-FitzHugh and Piercy	Journal of Marketing Management	2009	Three case studies and the same survey as Le Meunier-FitzHugh and Piercy (2008)	One of three case studies and regarding the survey same as Le Meunier-FitzHugh and Piercy (2008)	<ul style="list-style-type: none"> Analyze antecedents of marketing and sales collaboration Management attitude towards collaboration and market intelligence has the highest impact on collaboration
Le Meunier-FitzHugh and Piercy	European Business Review	2010	Three case studies of business-to-business selling companies in the UK	One of three case studies	<ul style="list-style-type: none"> Develop a conceptual framework to improve the collaboration of marketing and sales Differentiate factors that can be influenced by the marketing and sales staff and factors that can only be influenced by senior management
Le Meunier-FitzHugh and Piercy	Journal of Personal Selling & Sales Management	2011	Same as Le Meunier-FitzHugh and Piercy (2008)	Same as Le Meunier-FitzHugh and Piercy (2008)	<ul style="list-style-type: none"> Analyze the impact of marketing and sales collaboration on market orientation and business performance Find that it has a positive effect on both

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus
Le Meunier-FitzHugh, Massey, and Piercy	Industrial Marketing Management	2011	Five case studies and the same survey as Le Meunier-FitzHugh and Piercy (2008)	Two of five case studies are consumer goods companies and regarding the survey same as Le Meunier-FitzHugh and Piercy (2008)	<ul style="list-style-type: none"> Research the impact of rewards alignment and senior management support on interfunctional conflict and marketing and sales collaboration Senior management involvement reduces conflict Aligned rewards increase collaboration but not necessarily conflict
Malshe	Journal of Strategic Marketing	2009	In-depth interviews with 38 managers in the USA	None	<ul style="list-style-type: none"> Reviews the different role perceptions of marketing and sales Finds that the implementation of a strategic sales organization might exacerbate marketing and sales conflict Highlights areas that marketing and sales need to change in their role perceptions
Malshe	Journal of Business Research	2010	In-depth interviews with 33 managers in the USA	None	<ul style="list-style-type: none"> Analyzes sales interpretation of marketing credibility Identifies expertise, trust, and interpersonal proximity as antecedents of marketing's credibility
Malshe	Journal of Business & Industrial Marketing	2011	Interview with 47 marketing and sales managers in the USA	None	<ul style="list-style-type: none"> Researches the marketing and sales interface to understand boundary conditions of the typical linkages and identifies additional linkages Describes the typical linkages as structure, language and process Adds social and philosophical linkages based on his research
Malshe and Sohi	Journal of the Academy of Marketing Science	2009	In-depth interviews with 58 and a focus group with 11 sales and marketing managers	None	<ul style="list-style-type: none"> Develop a marketing strategy making process across marketing and sales The process has three stages: groundwork, transfer, and follow-up Find that there is no hand-over point but rather sales needs to be involved in the whole process
Matthyssens and Johnston	Journal of Business & Industrial Marketing	2006	In-depth interviews with 21 marketing and sales managers	None	<ul style="list-style-type: none"> Outline a research agenda to explore the marketing and sales interface in industrial companies Define core areas of challenges and first recommendations to improve the interface in industrial companies
Montgomery and Webster	Journal of Market-Focused Management	1997	Conceptual	Partially	<ul style="list-style-type: none"> Aim to encourage academic research on marketing interfaces Conflict between marketing and sales frequently discussed In consumer goods manufacturers particularly on funds for trade- versus consumer-oriented activities
Oliva	Journal of Business & Industrial Marketing	2006	Workshop with 60 firms of an association	None	<ul style="list-style-type: none"> Creates a viewpoint on linkages to improve the marketing and sales interface Describes language, organization, and process as key linkages
Piercy	Journal of Marketing Management	1986	Mail survey of 128 medium-sized manufacturing companies in the UK	28% of sample	<ul style="list-style-type: none"> Analyzes the role of marketing departments and chief marketing executives Finds that marketing and sales are separate departments in several firms Several sales departments have a chief sales executive on the same hierarchical level as the chief marketing executive

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus
Rouziès and Hulland	Journal of the Academy of Marketing Science	2014	Same as Hulland, Nenkov, and Barclay (2012)	Same as Hulland, Nenkov, and Barclay (2012)	<ul style="list-style-type: none"> • Research the social networks between marketing and sales • Find that particularly in markets with high customer concentration, a highly collaborative interface might decrease performance • In this case, the shared vision will be too highly focused on the customer instead of the firm and, thus, hamper performance
Rouziès et al.	Journal of Personal Selling & Sales Management	2005	Conceptual	n/a	<ul style="list-style-type: none"> • Develop a conceptual framework for the integration of marketing and sales • Outline structure, process/system, culture, people as key integrating mechanisms
Strahle, Spiro, and Acito	Journal of Personal Selling & Sales Management	1996	Mail survey of 367 managers in 25 FCMG firms	100% of sample	<ul style="list-style-type: none"> • Analyze the alignment of sales implementation objectives with marketing strategy goals • Marketing strategy and sales goals are not always aligned • Describe the negative effects on the retailer relationship
Workman, Homburg, and Gruner	Journal of Marketing	1998	Interviews of 72 managers of 47 German and US-based firms	Partially	<ul style="list-style-type: none"> • Analyze the organization and role of marketing in different industries • Find that marketing and sales are mostly separate departments • In consumer goods manufacturers, marketing is typically in each business unit and shares a sales force with other business unit
Note: To avoid duplication, I cover Dewsnap and Jobber (2000) in the literature table of chapter 2.2.3.3 on trade marketing. Their paper is key to outline the origins of trade marketing organizations.					

2.2.2.4 Implications for the thesis

The literature on marketing and sales organizations has a number of implications for my research on trade marketing, category management, and shopper marketing organizations.

First, consumer goods manufacturers typically operate with separate marketing and sales departments. In my sample of consumer goods manufacturers, all companies have separate marketing and sales departments. Hence, the brand managers in the marketing department typically compete for shared sales resources.

Second, the emergence of trade marketing, category management, and shopper marketing organizations are part of a general shift from product- to customer-focused marketing and sales organizations of consumer goods manufacturers. One of the key reasons for the shift is the emergence of a few major retail chains that control the majority of the market and, thus, significantly change the manufacturer-retailer relationship as discussed in chapter 2.2.1.

Third, due to the “two-tier distribution structure” (Swoboda et al. 2012, p. 729), the interdependence of marketing and sales is particularly high in consumer goods manufacturers. But, the interface between marketing and sales is often characterized by conflict and mistrust.

Researchers disagree in the characterization of the interface in consumer goods manufacturers. Some describe the interface in consumer goods manufacturers compared to companies in other industries as one of the most effective interfaces. Other studies report a challenging interface.

Fourth, trade marketing and category management are mentioned as liaison units at the marketing and sales interface. They bundle, translate, and prioritize the information that is exchanged between marketing and sales departments of consumer goods manufacturers.

The previous chapters have already touched on brand management, key account management, trade marketing, category management, and shopper marketing at several points. The next chapter considers these functional units in greater depth.

2.2.3 Research on selected functional units in the marketing and sales organization

The literature review on the functional units in the marketing and sales organization is structured along the age of the functional units. It begins with the oldest functional unit, brand management, and continues with key account management, trade marketing, category management, and shopper marketing.

All subchapters have roughly the same structure. The subchapter begins with the definition and a brief overview of the available academic and managerial literature. Next, the origins, purpose, and role of the functional unit are described. The typical setup in terms of activities, structure, and other topics covered by the existing literature is outlined in the following paragraph. The subsequent paragraph discusses the key challenges of the functional units. The last paragraph summarizes the implications for the thesis. The length of the paragraphs varies depending on the available literature. Particularly, on trade marketing and shopper marketing limited academic literature is available. Thus, I rely more on managerial publications for these functional units.

2.2.3.1 Brand management

Brand management is the oldest of the functional units considered in this part of the literature review. The consumer goods manufacturer Procter & Gamble invented brand management in the 1930s (George, Freeling, and Court 1994; Gorchels 2012). Low and Fullerton (1994, p. 173) define brand management as follows: “The ‘brand manager system’ refers to the type of organizational structure in which brands or products are assigned to managers who are responsible for their performance. Brand managers are central coordinators of all marketing activities for their brand and are responsible for developing and implementing the marketing plan (Hehman 1984).”

Despite its age, the organization of brand management has received limited research attention. Many of the papers are from the period of 1970 to the end of the 1990s (see Table 5). At the beginning, the papers mainly describe the role and characteristics of the functional unit. Following papers outline the challenges in its implementation. Finally, papers in the 1990s start to explore the impact of changes in the market environment and company strategy. Only recently research on brand management has picked up again. For example, researchers now aim to understand how brand management fared in comparison to category management (Chimhundu and Hamlin 2007). Many of the latest articles are published in journals specialized on brand and product management (Chimhundu and Hamlin 2007; Dunes and Pras 2013; Panigyrakis and Veloutsou 1999). The terms brand management and product management have been used interchangeably in the literature (Luck 1969). Similar to Low and Fullerton (1994), I use brand management throughout the thesis, since it is the more common term in the consumer goods industry.

Procter & Gamble created brand management, when they launched a new soap brand partially competing with its key brand Ivory soap in 1931. At the time, they were searching for an organizational structure that ensures that the new brand would receive sufficient management attention to grow (Low and Fullerton 1994; Webster 1997). They decided to assign a dedicated manager to each brand. It took several years until other manufacturers started to adopt similar organizational structures (Buell 1975). Today, the majority of the consumer goods manufacturers have adopted brand management (Low and Fullerton 1994; Panigyrakis and Veloutsou 1999). Brand management constitutes the first major shift in primary design principles of the marketing and sales organization. Before the implementation of brand management structures, the majority of the marketing and sales organization in consumer goods manufacturers were organized functionally in advertising, marketing, R&D, production, and other functional units. With the implementation of brand management the primary design principle changed to brands or products (Low and Fullerton 1994).

As the definition indicated, the typical role of brand management is to manage and build the performance of the company's brands across all key functional units (Cui, Hu, and Griffith 2014; Louro and Cunha 2001; Weitz and Anderson 1981). In practice, an individual brand manager is often responsible for more than one brand (Chimhundu and Hamlin 2007; Hankinson and Cowking 1997; Panigyrakis, Veloutsou, and Katsanis 1999). To fulfill this role, brand management works as an integrator of all activities regarding the brands (Brexendorf and Daecke 2012; Dawes and Patterson 1988; McDaniel and Gray 1980; Tyagi and Sawhney 2010; Veloutsou and Panigyrakis 2001). Brand managers are often leading larger brand teams that consist of managers from other functional units like supply chain.

Regarding the activities, brand management is typically responsible to

- conduct consumer research (mainly briefing of an agency / market research department),
- analyze consumer research,
- evaluate brand performance,
- develop product (re-)launches,
- implement product (re-)launches,
- develop advertising campaigns and promotions,
- implement advertising campaigns and promotions,
- define recommended retail prices,
- train the sales team on the brands and products, and
- develop a brand plan and forecast the brand performance.

(Brexendorf and Daecke 2012; Cespedes 1995; Hankinson and Cowking 1997; Luck 1969; Murphy and Gorchels 1996; Panigyrakis, Veloutsou, and Katsanis 1999). The majority of the brand management activities are conceptual. Further, researchers find that brand management in the consumer goods industry spends more time on market research, advertising, and promotions than in other industries (Gorchels 2012; Tyagi and Sawhney 2010). Many articles state that brand managers are usually not the sole decision maker (Buell 1975; Murphy and Gorchels 1996). As integrator roles, they rather ensure that more senior managers, like the group marketing managers or the general manager, have sufficient information to decide. The idea of brand managers as entrepreneurs or “little general managers” of their brands mentioned by early papers did not materialize, since consumer goods manufacturers were too bureaucratic (Buell 1975; Low and Fullerton 1994).

Structurally, brand management in consumer goods manufacturers is usually a separate functional unit that reports to the marketing director (Gorchels 2012; Homburg, Workman, and Jensen 2000). It is often substructured in three hierarchical levels of group brand managers, brand managers, and assistant brand managers (Hankinson and Cowking 1997). Typically, brand management works in a matrix structure across several functionally organized departments (Weitz and Anderson 1981). Consequently, they need to manage a number of internal interfaces without line authority to ensure that their brand plans are executed (Luck 1969; McDaniel and Gray 1980; Veloutsou and Panigyrakis 2001; Webster 2000). The key interfaces are with sales, research and development, and production. The major external interfaces are typically with the advertising, promotion, and marketing research agencies. Brand management has usually very limited or no contact with the retail customers (Gruner, Garbe, and Homburg 1997; Panigyrakis and Veloutsou 1999). In short, brand management has come to be the functional unit synonymous with marketing in consumer goods manufacturers (Low and Fullerton 1994; McDaniel and Gray 1980).

Yet, brand management has not been without challenges. I do not cover the early criticism that considers challenges in the implementation. Since brand management has been in use for a number of years and most of the publications that report these problems are older than 20 years, I consider implementation challenges as mainly solved. Recently, the brand management functional unit has to cope with challenges from the retail environment and from the manufacturers' quest for synergies:

- First, many researchers describe the changes in the retail environment and subsequent changes in the manufacturer-retailer relationships outlined in chapter 2.2.1 as a major challenge for brand management (Chimhundu and Hamlin 2007; George, Freeling, and Court 1994; Hankinson and Cowking 1997; Low and Fullerton 1994; Shocker, Srivastava, and Ruekert 1994; Webster 2000). Retailers have become a thinner bottleneck in implementing marketing strategies developed by brand management than before (Homburg, Workman, and Jensen 2000; Zenor 1994). Over the last years, retailers have collected much more information on their business and their shoppers. They require more sophisticated explanations from manufacturers why they should list or promote a product. Yet, brand management seems to be overly focused on the consumer and does not market their brands and plans sufficiently to the retailer (Hankinson and Cowking 1997; Webster 2000). Moreover, additional trade spend costs like slotting allowances for new products and discounts for trade promotions have eaten into brand management's advertising budgets. As outlined previously in chapter 2.2.2.2, many consumer goods manufacturers shifted their primary design principle of the marketing and sales organization to the retail customers in response to these changes. Linked with the shift are the implementation of key account management, trade marketing, category management, and shopper marketing. Many papers find that brand management has lost influence to these functional units (Chimhundu and Hamlin 2007; Haas, McGurk, and Mihas 2010; Hankinson and Cowking 1997; Homburg, Workman, and Jensen 2000). For example, functional units like trade marketing or key account management often take over the responsibility for operational activities linked to trade promotions (Berthon, Hulbert, and Pitt 1997). Some researchers expected category management, in particular, to replace brand management in the long run (Panigyrakis and Veloutsou 2000). Yet, Chimhundu and Hamlin (2007) find that category management that works with the retailer on their categories and brand management developed into two complementary functional units. As described later in chapter 2.2.3.4 on category management, many manufacturers have grouped their brand management by categories and have implemented "(...) category teams incorporating sales, logistics, finance, and other functions." (Berthon, Hulbert, and Pitt 1997, p. 11). This simplifies the work with retailers, category management, and sales. Yet, it is not to be confused with category management as a

separate functional unit or a team focused externally towards the retailer (Dewsnap and Jobber 2000; George, Freeling, and Court 1994).

- Second, after increasing costs from proliferating brands and brand extensions, many manufacturers have streamlined their brand and product portfolio to focus on brands that have global potential and local relevance (Berthon, Hulbert, and Pitt 1997; Low and Fullerton 1994). They try to “glocalize” their brand portfolio (Gorchels 2012; Macrae and Uncles 1997). In parallel, manufacturers aim to de-layer their organizational structures and try to centralize more functional units regionally or in the headquarters (Veloutsou and Panigyrakis 2001). This has led to an increasingly regional and international brand management (Dunes and Pras 2013; Hankinson and Cowking 1997). The international brand management now conducts many of the activities like developing new products and defining the key elements of the marketing mix across several countries (Brexendorf and Daecke 2012; Panigyrakis and Veloutsou 2000). As a consequence, the local brand management is covering more tactical and adaptation activities and provides input to the regional or international brand management.

In summary, brand management finds itself under pressure from two sides. In an effort of leaner organizations and cost saving, international brand management functional units take some of the conceptual and strategic responsibilities to the global level. Locally, category management and trade marketing functional units now manage several of the operational marketing activities with the retailer (Hankinson and Cowking 1997). Yet, brand management is still present in the typical local organizations of consumer goods manufacturers (Chimhundu and Hamlin 2007). The next chapters consider trade marketing and category management in more depth and review if authors on these topics agree with the findings.

Table 5: Selected literature on brand management

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on brand management functions
Berthon, Hulbert, and Pitt	Marketing Science Institute Report	1997	Conceptual	Partially	<ul style="list-style-type: none"> Outline the drivers impacting brands and brand management Develop three scenarios for the future of brand management (evolutionary, intermediate, revolutionary) Review four major trends in depth
Brexendorf and Daecke	Marketing Review St. Gallen	2012	Conceptual	Yes	<ul style="list-style-type: none"> Describe typical and new tasks of brand management Derive the changes in the required brand manager's skills
Buell	Journal of Marketing	1975	In-depth interviews with 63 managers in consumer goods manufacturers and 23 managers in advertising agencies	100% (but wide definition with a number of consumer durable companies)	<ul style="list-style-type: none"> Analyzes the changes of product management organizations The type and degree of authority as a major challenge to the implementation of product management Product managers typically have limited authority in many companies, but need to ensure decision making by higher-level management
Chimhundu and Hamlin	Journal of Brand Management	2007	Nine inter-views with seven consumer goods manufactures, 13 interviews with seven retailers, and one interview with a consultant in New Zealand	100% of sample	<ul style="list-style-type: none"> Analyze the relationship between brand management and category management Brand management and category management are compatible and coexist in most manufacturers Brand management is more marketing focused and category management is more sales focused
Cui, Hu, and Griffith	Journal of Business Research	2014	In-depth interviews with 16 brand managers, review of brand management course syllabi, research of job postings and a survey of 108 brand managers	Partially (exact share unclear)	<ul style="list-style-type: none"> Research the impact of a brand manager's intangible capital on capabilities and performance Human, relational, and informational capital have the highest influence
Dawes and Patterson	Industrial Marketing Management	1988	Mail survey of 141 managers in Australia	64% of sample	<ul style="list-style-type: none"> Compare the role, importance of activities, and satisfaction with product management in consumer goods and industrial companies Coordination and implementation role deemed most important in the consumer goods industry
Dunes and Pras	Journal of Product and Brand Management	2013	Semi-structured interviews and a survey of 15 marketing and communication directors in five sectors in France	Three of the five sectors are in the consumer goods industry	<ul style="list-style-type: none"> Analyze brand management systems across several sectors Develop and compare the different configurations across the sectors Brand management has a leading role in the cosmetics sector

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on brand management functions
Hankinson and Cowking	Journal of Marketing Management	1997	Mail survey of 120 marketing managers in the UK	38% of sample	<ul style="list-style-type: none"> Analyze the role of brand management and brand managers Outline several changes in the market environment that have an impact on brand management Brand management is slow to adapt and does not cover activities like trade marketing
Herstein and Zvilling	Qualitative Market Research	2011	Focus group of 16 brand managers and in-depth interviews with 58 brand managers in Israel	100% of sample	<ul style="list-style-type: none"> Analyze the tasks of a brand manager and differentiate between long-term and short-term tasks Brand manager's primary task is to bridge between manufacturer, retailer, and consumer Suggest that brand managers should spend more time on planning and consumer research
Louro and Cunha	Journal of Marketing Management	2001	Conceptual	Partially	<ul style="list-style-type: none"> Develop four brand management paradigms: product, projective, adaptive, and relational Outline the required adaptations to the brand management structure of each paradigm
Low and Fullerton	Journal of Marketing Research	1994	Conceptual	100% of sample	<ul style="list-style-type: none"> Research the evolution of brand management structures in consumer goods manufacturers Expect brand management to continue to exist but with further adaptations
Luck	Journal of Marketing	1969	Study of 26 managers	100% of sample	<ul style="list-style-type: none"> Describes the typical interfaces of product management Outlines the role of the product manager from its own, the firm, and the general marketing point of view Describes challenges at these interfaces
Macrae and Uncles	Journal of Product & Brand Management	1997	Conceptual	Yes	<ul style="list-style-type: none"> Outline the challenges of brand management Develop an approach to respond to the challenges that they call "brand chartering"
McDaniel and Gray	California Management Review	1980	Mail survey of 473 group product or marketing managers	Partially (exact share unclear)	<ul style="list-style-type: none"> Analyze the adoption of product management and the role of product management Find widespread adoption Outline key activities of product management
Murphy and Gorchels	Industrial Marketing Management	1996	Mail survey of 305 product managers	30% of sample	<ul style="list-style-type: none"> Explore the key responsibilities of product managers, the interaction with other functional units, and the job satisfaction in the consumer goods and industrial goods industry Find that product managers are mainly a coordinator and do not have sole decision-making power on the majority of the activities
Panigyrakis and Veloutsou	Journal of Product & Brand Management	1999	Survey and in-depth interviews of 161 product managers in 48 companies in Greece	34 of the companies are in the consumer goods industry	<ul style="list-style-type: none"> Research the interfaces of brand management Most of the time internally is devoted to sales, other marketing colleagues, and production Most of time externally is spent with the advertising, promotions, and market research agency

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on brand management functions
Panigyrakis and Veloutsou	Journal of Marketing Management	2000	In-depth interviews with 50 brand managers and a survey of 152 brand managers in 48 companies	100% of sample	<ul style="list-style-type: none"> Research the environmental factors that influence brand management, the perceived shortcomings, and the potential future of brand management Among others, expect that local brand management will become more tactical and international brand management will give more guidance
Panigyrakis, Veloutsou, and Katsanis	Journal of Product & Brand Management	1999	Survey and in-depth interviews of 187 product managers in 58 companies in Greece – likely to overlap with Panigyrakis and Veloutsou (1999)	Not mentioned but likely to be similar to Panigyrakis and Veloutsou (1999)	<ul style="list-style-type: none"> Compare the activities and role of brand managers in the pharmaceutical and the consumer goods industry Local brand management has more tactical responsibility and needs to get involved more with the distribution strategy
Reid	European Journal of Marketing	1988	In-depth interviews of 20 product managers in four companies	Unclear	<ul style="list-style-type: none"> Explores the key shortcomings in the implementation of product management Provides several recommendations for successful future implementations and solutions to current problems
Shocker, Srivastava, and Ruekert	Journal of Marketing Research	1994	Conceptual	Partially	<ul style="list-style-type: none"> Introduction to special edition that includes Low and Fullerton (1994) Outline the major environmental forces that have an impact on brand management Derive topics of brand management that require more research
Starr and Bloom	Marketing Letters	1994	Mail survey of 153 brand managers in the USA	44% of sample	<ul style="list-style-type: none"> Explore the power of brand management in consumer goods and industrial companies Brand management's power is curbed by sales and other functional units in the implementation of the marketing strategy
Tyagi and Sawhney	Journal of Product Innovation Management	2010	Interviews with >20 product managers and a survey of 198 product and brand managers	12% of sample	<ul style="list-style-type: none"> Develop a model of product management excellence Find that low organizational boundaries, clarity of roles and responsibilities, and high competences and knowledge have the strongest impact
Veloutsou and Panigyrakis	Journal of Strategic Marketing	2001	Survey and in-depth interviews of 187 product managers in 58 companies in Greece – likely to overlap with Panigyrakis and Veloutsou (1999)	At least, 36 of the companies are in the consumer goods industry	<ul style="list-style-type: none"> Analyze the structures of local brand teams Sales, marketing, accounting and finance, production, advertising agency and promotion agency are the core brand teams in consumer goods manufacturers
Webster	Journal of the Academy of Marketing Science	2000	Conceptual	Yes	<ul style="list-style-type: none"> Reviews the brand's and brand management's role in a market context of increasing retailer power Suggests to clearly differentiate between the consumer and the customer (retailer) Argues that brand management should focus on both stakeholders

2.2.3.2 Key account management

Key account management has been in use for a long time in industrial manufacturing companies (Barrett 1986). The implementation of key account management across most other industries, including the consumer goods industry, picked up in the 1970s and 1980s (Guesalaga and Johnston 2010; Kempeners and van der Hart 1999; Shapiro and Moriarty 1984). With the shift to customer-focused marketing and sales organization, the focus on key account management increased further (Davies and Ryals 2009; Homburg, Workman, and Jensen 2000; Storbacka et al. 2009). Homburg, Workman, and Jensen (2000, p. 463) define key account management as follows: “We define key account management (KAM) as the designation of special personnel and/or performance of special activities directed at an organization’s most important customers.”

Similar to brand management, Procter & Gamble was on the forefront of the KAM implementation in the consumer goods industry. They implemented their first KAM team for the retailer Wal-Mart in 1987 (Sengupta, Krapfel, and Pusateri 1997). KAM teams for further retailers followed (Cespedes 1995). Along with the increasing implementation of KAM, the interest of researchers has picked up and continues until today (see Table 6). Compared to functional units like brand management, the share of research covering the consumer goods industry is relatively low (compare Table 5 and Table 6). The term KAM is not used consistently throughout the literature. Authors use different names like strategic account management, major account management, large account management, and national account management (Homburg, Workman, and Jensen 2002; Millman and Wilson 1995). With the increasing internationalization of business, terms like international account management or global account management have been added to the variations of KAM (Piercy and Lane 2006). Following previous research, I use the term key account management in this thesis.

I have already touched on a number of the reasons why consumer goods manufacturers decided to implement KAM functional units in the description of the changes in manufacturer-retailer relationships (see chapter 2.2.1) and the shift to customer-focused marketing and sales organizations (see chapter 2.2.2.2). The following paragraph summarizes and complements them in the KAM context. One of the major reasons for the KAM implementation is the retailer consolidation that started in the 1970s in many mature markets (Cespedes 1995; Hofer et al. 2012; Sengupta, Krapfel, and Pusateri 1997; Shapiro and Moriarty 1982). Manufacturers find themselves confronted with a handful of retailers that control the majority of their revenues. In addition, major retailers centralized their purchasing in professional buying organizations at local or sometimes global level (Dishman and Nitse 1998; Homburg, Workman, and Jensen 2002). To manage sourcing cost, retailers started to reduce their supplier base to focus on the major manufacturers in each category (Guesalaga and Johnston 2010; Millman and Wilson 1995; Sharma 1997; Verbeke, Bagozzi, and Farris

2006). As mentioned before, manufacturers increasingly offer a “product-service-information mix” to differentiate themselves from the competition (Cespedes 1993, p. 39). The traditional sales force often lacked the skills and resources to deliver these more complex offers (Shapiro and Moriarty 1982). In addition, ECR required the sales force to change their focus from transactional relationships to the development of partnerships with the retailers (Workman, Homburg, and Jensen 2003).

In general, KAM is described as an integrator of all activities regarding the most important customers of the company (Barrett 1986; Cespedes 1995; Kempeners and van der Hart 1999; Millman and Wilson 1995; Shapiro and Moriarty 1984; Storbacka et al. 2009; Workman, Homburg, and Jensen 2003). In the consumer goods industry, these customers are mostly the major retailers, distributors, or food service companies. As mentioned in the definition and in chapter 2.2.2.2, KAM is typically the leading or single point of contact for these key customers and performs special activities for them in order to increase sales and profit (Bradford et al. 2012; McDonald, Millman, and Rogers 1997; Swoboda et al. 2012). In this role, KAM is typically responsible for the following activities:

- analyze the customer,
- negotiate contracts with the customer (incl. prices, discounts, and promotions),
- customize the offering to the customer, for example, tailor promotions,
- coordinate additional services provided to the customer,
- manage daily relationships with the key stakeholders at the customer, and
- develop a customer plan and forecast the customer performance.

(Bradford et al. 2012; Gounaris and Tzempelikos 2012; Homburg, Workman, and Jensen 2002; Wotruba and Castleberry 1993).

KAM is usually part of the sales department (Kempeners and van der Hart 1999; Sengupta, Krapfel, and Pusateri 1997; Wengler, Ehret, and Saab 2006). Similar to brand management, a group of key account managers often reports to a senior key account manager (Shapiro and Moriarty 1984). In industries other than the consumer goods industry, the group key account management level is usually structured by industries. In the consumer goods industry, key accounts are typically grouped by channels like supermarket, discount, and food service, by different formats of one retailer like Tesco with Tesco Superstores, Tesco Metro, Tesco Express, or by geographies for global retail accounts like Wal-Mart with UK/Asda, Mexiko/Walmex and others (Bradford et al. 2012; Galbraith 2008). A team usually supports the key account manager with specialists from the sales department and other functional units like supply chain management, finance, and brand management (Cespedes 1995; Homburg, Workman, and Jensen 2002; Kempeners and van der Hart 1999). Managers of trade marketing, category management, and shopper marketing functional units are often part of

this team too (Bohlen and Davis 1997; Bradford et al. 2012; George, Freeling, and Court 1994). Procter & Gamble, for example, dedicates many of the team members to major retailers like Wal-Mart (see Procter & Gamble's "Customer Business Development" teams in chapter 2.2.2.2 as an example). Similar to brand managers, key account managers typically don't have line authority for the team members (Homburg, Workman, and Jensen 2002; Workman, Homburg, and Jensen 2003). Besides Procter & Gamble, another example of a KAM team in the literature is Kraft's team for Kroger (Bradford et al. 2012; George, Freeling, and Court 1994). The key account manager, in Kraft's nomenclature "customer business manager", is the team leader (George, Freeling, and Court 1994, p. 59). The names of other team members hint that category management, trade marketing, and shopper marketing is part of the team: "Customer category managers", "Space management specialists", "Sales information specialists", "Retail sales manager", and "category planner" (George, Freeling, and Court 1994, p. 59).

Yet, setting up and maintaining these structures also implies significant costs (Bradford et al. 2012). Not all accounts justify such an investment. Thus, it is important to have a thorough approach to selecting and classifying key accounts. The most common criterion is the retailer's share in the current sales volume (Homburg, Workman, and Jensen 2002). Several authors consider this an insufficient indicator. Manufacturers should consult potentials of sales volume and profit figures (McDonald, Millman, and Rogers 1997; Piercy 2006; Shapiro and Moriarty 1982; Sharma 1997). Moreover, authors argue that not all of these team members are required to be dedicated to a single account. Some specialists could be shared across accounts and can be pulled in if an opportunity arises (Bradford et al. 2012; Sengupta, Krapfel, and Pusateri 1997). In addition, not all retailers would like to develop their relationship with the manufacturer to a partnership (Cespedes 1995; Jones et al. 2009; Piercy 2006). McDonald, Millman, and Rogers (1997, p. 745) find that KAM in the consumer goods industry often remains on the "Early-KAM stage" of their key account relationship model. Some retailers prefer to remain on a transactional relationship, continue to focus on price negotiation, and switch suppliers frequently (Henneberg et al. 2009; Piercy and Lane 2003; Verbeke, Bagozzi, and Farris 2006).

KAM further had to adapt to the international expansion of their retail customers like Wal-Mart, Carrefour, and Metro (Bonnot, Carr, and Reyner 2000; Yip and Bink, Audrey J. M. 2007; Yip and Madsen 1996). Some of them centralize their purchasing for equally international consumer goods manufacturers (Swoboda et al. 2012). Consequently, the international consumer goods manufacturers consider to implement global key account management to manage the relationship with the customer across all countries. This simplifies sourcing for the retail customer and avoids price arbitrage across countries for the manufacturer. Yet, global key account management can be complex and costly. There are often already local structures in place and many retailers continue to require local KAM and

field force support in addition to the global KAM (Bonnot, Carr, and Reyner 2000; Dishman and Nitse 1998; Swoboda et al. 2012).

In summary, KAM is different to the traditional sales role of order taking. As the relationship manager with the most important retail customers, KAM emerged into the leading role in the sales department of consumer goods manufacturers. Yet, they work heavily with other functional units like trade marketing and category management to deliver the “product-service-information mix” (Cespedes 1993, p. 39). I consider the literature on trade marketing in the next chapter.

Table 6: Selected literature on key account management

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on KAM functions
Abratt and Kelly	Industrial Marketing Management	2002	Survey of 92 managers of suppliers and 98 managers of key account customers in South Africa	39% of sample	<ul style="list-style-type: none"> Analyze the success factors of key account relationships from the supplier and customer perspective Suppliers and customers broadly agree on the success factors Knowledge and understanding of the customer is one of the most significant success factors
Barrett	Industrial Marketing Management	1986	Conceptual	None	<ul style="list-style-type: none"> Develops a concept of national account marketing and its key success factors Describes the observed benefits of KAM
Bradford et al.	Journal of Personal Selling & Sales Management	2012	Conceptual	Partially	<ul style="list-style-type: none"> Develops a framework that differentiates fluid and dedicated account teams based on patterns of economic returns and nature of the solution Consumer goods manufacturers often employ dedicated account teams for their major customers Lead by the key account manager, these teams encompass a number of different specialists
Davies and Ryals	Journal of Marketing Management	2009	Survey of 204 managers of companies in several countries	None	<ul style="list-style-type: none"> Explore the implementation of KAM Develop a general model of four major stages in the transitions to KAM: introduction, embedding, optimizing, and continuous improvement Estimate that it takes about six years to reach the optimizing stage
Dishman and Nitse	Industrial Marketing Management	1998	27 interviews with managers of NAMA member companies	Approximately 30% of sample	<ul style="list-style-type: none"> Reviewed the status of KAM implementation Found that many manufacturers now use international KAM structures Most of the other earlier findings on KAM programs are still valid
Gounaris and Tzempelikos	Journal of Business Market Management	2012	In-depth interviews and survey of 304 managers of suppliers in Greece	Partially (share of sample is unclear)	<ul style="list-style-type: none"> Develop a conceptualization of KAM orientation that considers attitudinal and behavioral elements KAM orientation is a further key explanatory concept for performance
Gounaris and Tzempelikos	Journal of Business-to-Business Marketing	2013	Same as Gounaris and Tzempelikos (2012)	Same as Gounaris and Tzempelikos (2012)	<ul style="list-style-type: none"> Same as Gounaris and Tzempelikos (2012)

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on KAM functions
Guesalaga and Johnston	Industrial Marketing Management	2010	Conceptual	Unclear	<ul style="list-style-type: none"> Compare topics of academic and practitioner literature on KAM Practitioners are particularly interested in “organizing for KAM” and “adaptation of KAM approaches” Both topics require further academic research
Henneberg et al.	Journal of Marketing Management	2009	Conceptual	Partially	<ul style="list-style-type: none"> Explore value, strategy, and competences in key account relationships Exchange value strategy is the core KAM strategy of consumer goods manufacturers Key account relationships where the strategies don't match need to be managed and require specific competences on both sides
Hofer et al.	Journal of Retailing	2012	COMPUSTAT data, 1999–2009, USA	100% of sample	<ul style="list-style-type: none"> Analyze the impact of the key retail accounts, Wal-Mart and Target, on the supplier's performance Suppliers generally profit from their key retail accounts Suppliers need to carefully select their key retail accounts
Homburg, Workman, and Jensen	Journal of Marketing	2002	Mail survey of 385 managers of companies in Germany and USA	22% of sample	<ul style="list-style-type: none"> Develop a KAM conceptualization by defining activities, actors, resources, and approach formalization Derive ten clusters of KAM approaches Several of these clusters exhibit a similar performance
Jones et al.	Journal of Strategic Marketing	2009	Conceptual	None	<ul style="list-style-type: none"> Develop a model of KAM performance in terms of relational and financial outcomes Define several marketing strategies to increase value, brand, and relationship equity
Kempeners and van der Hart	Journal of Business & Industrial Marketing	1999	In-depth interviews of key account managers of seven companies	None	<ul style="list-style-type: none"> Analyze the major decisions in the organizational setup of KAM Derive 15 decisions from Shapiro and Moriarty (1984) Derive a decision model for the implementation of KAM
McDonald, Millman, and Rogers	Journal of Marketing Management	1997	13 in-depth interviews with 11 key account managers	Partially (share of sample is unclear)	<ul style="list-style-type: none"> Describe the different roles depending on the development stage of the key account relationship Use the model developed by Millman and Wilson (1995) Consumer goods manufacturers often remain on “Early-KAM” stage, since retailers prefer transactional relationships
Millman and Wilson	Journal of Marketing Practice: Applied Marketing Science	1995	Conceptual	None	<ul style="list-style-type: none"> Assess the status of research on KAM Develop the key account relational development cycles The model has six stages: Pre, Early, Mid, Partnership, Synergistic, Uncoupling KAM
Napolitano	Journal of Personal Selling & Sales Management	1997	Survey of NAMA member companies	Unclear	<ul style="list-style-type: none"> Outlines KAM as a key way to achieve buyer-seller alliances Describes key elements of KAM

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on KAM functions
Pardo	Journal of Personal Selling & Sales Management	1997	In-depth interview with 20 managers	None	<ul style="list-style-type: none"> Analyzes KAM from the customer perspective Groups key account customers in disenchanted, interested, and enthusiasts Identifies seven factors influencing how the customer perceives the key account program
Pardo et al.	European Journal of Marketing	2006	Conceptual	None	<ul style="list-style-type: none"> Define value creation and appropriation in KAM relationships Break value in three levels: exchange, proprietary, and relational value Derive different key account value strategies that manufacturers can pursue with their KAM
Piercy and Lane	Journal of Marketing Management	2003	Conceptual	Partially	<ul style="list-style-type: none"> Outline the changes in the traditional sales force due to the implementation of KAM Describe that some retailers might not want to enter into a partnership Argue that the traditional sales force has to transition into strategic customer management
Piercy and Lane	European Management Journal	2006	Conceptual	Partially	<ul style="list-style-type: none"> Outline the risks associated with implementing KAM Among others, they claim that KAM is institutionalizing the dependence on large customers like retailers in mature markets Manufacturers should carefully consider their choice of key accounts and seek alternatives to KAM
Richards and Jones	Journal of Personal Selling & Sales Management	2009	In-depth interviews with 25 KAMs across 18 different organizations in the USA and Europe	Partially (share of sample is unclear)	<ul style="list-style-type: none"> Analyze account fit as an antecedent of key account relationship effectiveness and KAM performance Conceptualize account fit with strategic, operational, and personal fit Derive propositions how the different elements of account fit impact relationship effectiveness
Sengupta, Krapfel, and Pusateri	Marketing Management	1997	Survey of 176 managers of NAMA member companies	Partially	<ul style="list-style-type: none"> Analyze the status of KAM implementation KAM is widely used across a number of industries Describes the P&G KAM team for Wal-Mart as a success case
Shapiro and Moriarty	Marketing Science Institute Working Paper	1982	>100 interviews with managers from >19 companies	Partially (share of sample is unclear)	<ul style="list-style-type: none"> Identify four phases of the KAM implementation: problem recognition, honeymoon; growth and regression, and equilibrium KAM is usually implemented for five major reasons: complexity of personal selling, organizational change, increased competition, performance orientation, sales force efficiency
Shapiro and Moriarty	Marketing Science Institute Working Paper	1984	Conceptual	Partially	<ul style="list-style-type: none"> Outline the organizational options for KAM Compare the advantages and disadvantages of each option Derive the choices that need to be made in changing a current sales force structure

Authors	Journal	Year	Empirical basis	Coverage of consumer goods industry	Main focus and key insights on KAM functions
Sharma	Journal of Personal Selling & Sales Management	1997	Telephone survey of 109 purchasing managers	None	<ul style="list-style-type: none"> Analyzes preference for KAM among customers Derives guidelines for selecting key accounts Recommends to select key accounts based on profitability and not only sales volume
Storbacka et al.	European Journal of Marketing	2009	Action research in four companies	None	<ul style="list-style-type: none"> Analyze how companies recently changed the role of their sales function Sales is changing to a process, a cross-functional activity, a more strategic focus
Swoboda et al.	Management International Review	2012	Mail survey of 172 managers of consumer goods manufacturers in Germany	100% of sample	<ul style="list-style-type: none"> Analyze global account management of consumer goods manufacturers Manufacturers centralize strategic and tactical activities globally mainly in response to centralization of purchasing by retailers The centralization of strategic activities has the highest impact on performance
Verbeke, Bagozzi, and Farris	European Journal of Marketing	2006	Mail survey of 351 managers of retailers in The Netherlands	100% of sample	<ul style="list-style-type: none"> Analyze the impact of key account programs and brand strength on trust, commitment, and retailer resource allocation Brand strength is more important than trust Yet, the perspective of headquarter buyers and the shop-floor managers differs
Weilbaker and Weeks	Journal of Personal Selling & Sales Management	1997	Conceptual	None	<ul style="list-style-type: none"> Review the literature on KAM Develop life-cycle stages of KAM
Wengler, Ehret, and Saab	Industrial Marketing Management	2006	Survey of 91 sales engineers in Germany	None	<ul style="list-style-type: none"> Analyze the implementation of KAM Intensity of competition and coordination are key drivers to implement KAM
Workman, Homburg, and Jensen	Journal of the Academy of Marketing Science	2003	Same as Homburg, Workman, and Jensen (2002)	Same as Homburg, Workman, and Jensen (2002)	<ul style="list-style-type: none"> Analyze the determinants of KAM effectiveness Follow the same conceptualization as Homburg, Workman, and Jensen (2002) Esprit de corps, activity intensity and proactiveness, access to marketing and sales resources and top management involvement are the key determinants
Wotruba and Castleberry	Journal of Personal Selling & Sales Management	1993	Mail survey of 107 salespersons and managers of NAMA member companies	7% of salespersons and 10% of managers	<ul style="list-style-type: none"> Analyze the hiring practices and jobs of key account managers Identify 15 common tasks performed by key account managers
Zupancic	Journal of Business & Industrial Marketing	2008	Action research in 18 companies and in-depth interviews with 27 managers	None	<ul style="list-style-type: none"> Develops a framework of KAM with the dimensions strategy, solution, people, management, and screening Differentiates between operational KAM responsibilities (analyze and realize) and corporate KAM responsibilities (integrate and align)

2.2.3.3 Trade marketing

Many consumer goods manufacturers implemented a trade marketing functional unit in their marketing and sales organization in the 1980s and 1990s (Dewsnap and Jobber 2004a, 2009; Piercy 1985; Randall 1994). The literature and business practice use the terms customer marketing, customer planning, and sales development synonymously with trade marketing (Dewsnap and Jobber 2003).

Until today, the literature on trade marketing remains sparse. To my best knowledge, only Belinda Dewsnap, David Jobber, and Gary Davies published papers considering trade marketing as one of the major topics (Davies 1994; Dewsnap and Jobber 2000, 2009). But even their papers have the main focus either on marketing and sales integration or manufacturer-retailer relationships. Overall, the major interest in trade marketing has been in the 1990s. To gain further insight, I have consulted several managerial publications and four books that cover trade marketing to a significant part (see Table 8).

As mentioned in the introduction, trade marketing is not consistently defined. Dewsnap and Jobber's (2009, p. 989) trade marketing definition is one of the few definitions in academic papers: "As a process to integrate sales and marketing objectives and strategies, trade marketing is designed to ensure that the retailer's needs (e.g. in promotional terms) communicated internally by sales personnel are met by the brand marketing mix co-ordinated by marketing (Cespedes, 1993)." The managerial book by Corstjens and Corstjens (1999, pp. 222–223), that has been recently updated by Thain and Bradley (2012), defines trade marketing as follows: "Trade marketing is industrial marketing - business-to-business marketing. Marketing to business is different from marketing to consumers. In essence, trade marketing is a balancing act involving three issues. First, maximising the value offered to retailers. [...] Second, ensuring the profitability of individual accounts. [...] Third, since the client base is much more concentrated in industrial markets, the danger of dependence is much more dramatic." The definition by Dewsnap and Jobber (2009) focuses more on trade marketing as an integrator role. Corstjens and Corstjens (1999) see trade marketing as a separate functional unit focused on business-to-business marketing to the retailers. The different perspectives on trade marketing are also reflected in the reasons for the implementation of the functional unit and its role.

The reasons to implement trade marketing are the same as for KAM (Dewsnap and Jobber 2004b). But the authors highlight two of the reasons. First, they emphasize the increasing pressure to integrate marketing and sales in response to more consolidated, centralized, and sophisticated retailers (Davies 1993, Dewsnap and Jobber 2004a, 2004b; Piercy 1985; Randall 1994). Second, they underline the spiraling promotion costs and the necessity for a specialist functional unit that is responsible for trade promotion management (Davies 1994; Thain and Bradley 2012).

The typical role of trade marketing reflects these two major reasons. First, trade marketing is an integrative role at the marketing and sales interface as mentioned in the definition by Dewsnap and Jobber (2009) and in chapter 2.2.2.3 (Cespedes 1993; Dewsnap and Jobber 2000, 2002, 2003; Randall 1994). Second, trade marketing is a specialist for business-to-business marketing initiatives targeted at the retailer which are mainly trade promotions and communication material for the retailer like sales folders (Corstjens and Corstjens 1999; Dewsnap and Jobber 2000; Thain and Bradley 2012). In the second role, trade marketing helps the retailers to differentiate themselves from the competition by offering tailored promotions to them (Zentes 1989).

There are unclear statements in the literature how to translate the role of trade marketing in specific activities. In summary, trade marketing's core activities are to

- evaluate trade promotions,
- tailor trade promotions to the retailer's needs (incl. point of sale material),
- communicate feedback from retailers to brand management,
- steer the brand management and KAM planning process,
- prepare sales folders for KAM and the field force, and
- manage the trade promotion plan and budget.

(Cespedes 1993, 1995; Davies 1993, 1994; Dewsnap and Jobber 2003, 2009; Piercy 1985; Promotion Optimization Institute 20 March 2013; Randall 1994; Thain and Bradley 2012; Zentes 1989). Davies (1993; 1994), Randall (1994), and Thain and Bradley (2012) extend these activities to providing added services to the retailer like shelf management of the category in joint projects with the retailer. Thain and Bradley (2012) argue that it is not sufficient to understand the retailer's needs. Manufacturers need to understand the retailer's customers, the shoppers, to provide better solutions to the retailer. Yet, they remain unclear what activities in a trade marketing functional unit are required to achieve this.

Similar to the activities, there is confusion where trade marketing "belongs" in the organizational structure. Cespedes (1993, p. 45) reports: "In my interviews, for example, it is significant that brand managers consistently referred to trade marketing personnel as 'salespeople', while sales executives at the same firms referred to them as 'brand planners'." In one of the early publications, Piercy (1985) offers three options:

- a separate functional unit between marketing and sales,
- a functional unit in sales, or
- a functional unit in marketing.

In the implementation, most manufacturers assigned it to the sales department (Dewsnap and Jobber 2009). As said earlier, trade marketing is typically part of the customer teams lead

by KAM. Yet, even very recent publications remain unclear where trade marketing should report to (Thain and Bradley 2012). Different to brand management and KAM, none of the publications that I have found mention a substructure of the functional unit. In terms of their thought-worlds, Cespedes (1993) and Randall (1994) mention that trade marketing managers should combine a marketing and a sales background.

Consequently, trade marketing indeed takes over operational activities of brand management by managing trade promotions as suggested in chapter 2.2.3.1 and, thus, decreases brand management's influence (Berthon, Hulbert, and Pitt 1997; Dewsnap and Jobber 2009; Hankinson and Cowking 1997; Kessler 2004; Randall 1994). This can lead to new conflicts at the marketing and sales interface, since brand management perceives the customization of promotions to a retailer as a danger to consistent marketing messages rather than a benefit (Cespedes 1995). But the major challenge of trade marketing is the missing conceptual clarity. Dewsnap and Jobber (1999; 2000; 2002; 2009) find a considerable overlap between trade marketing and category management functional units in business practice. They differentiate the two mainly in terms of their orientation. According to them, category management focuses on the category and the long-term perspective whereas trade marketing focuses on the channel, retailer, and the short-term perspective. Thain and Bradley (2012) on the other hand consider category management as one of the trade marketing activities.

In summary, trade marketing functional units have been the first attempt to bring more business-to-business marketing activities to consumer goods manufacturers. Yet, the concept has not been clarified sufficiently in the literature. The next chapter considers the literature on category management in greater depth.

Table 7: Selected academic literature on trade marketing

Authors	Journal	Year	Empirical basis	Main focus	Key insights on trade marketing functions
Davies	Journal of Strategic Marketing	1994	290 interviews and survey of 125 retail buyers	Reviews the relationship of manufacturers and retailers	<ul style="list-style-type: none"> • Considers trade marketing support as one of the linkages between manufacturers and retailers • Finds that manufacturers differentiate between brand management, key account management, and trade marketing
Dewsnap and Jobber	Journal of Personal Selling & Sales Management	2000	Conceptual	Develop propositions how consumer goods companies can respond to increased pressure from retailers by better collaboration between sales and marketing	<ul style="list-style-type: none"> • Trade marketing and category management are mentioned as an organizational method
Dewsnap and Jobber	Bradford University School of Management Working Paper Series	2004a	Mail survey of 169 managers in 65 companies in the UK	Analyze the antecedents of marketing and sales collaboration and integrative devices like trade marketing and category management	<ul style="list-style-type: none"> • Did not find a positive effect on collaboration of marketing and sales by the mere existence of trade/customer marketing and category management

Authors	Journal	Year	Empirical basis	Main focus	Key insights on trade marketing functions
Dewsnap and Jobber	Bradford University School of Management Working Paper Series	2004b	Same as Dewsnap and Jobber (2004a)	Explore marketing and sales integrative devices, in particular trade/customer marketing and category management	<ul style="list-style-type: none"> The majority of the consumer goods manufacturers in the sample use such devices
Dewsnap and Jobber	European Journal of Marketing	2009	20 in-depth interviews of managers in companies in the UK	Analyze trade marketing and category management as new integrative devices at the marketing and sales interface	<ul style="list-style-type: none"> Outline the role, structure, and levels of effectiveness Based on these criteria, find that trade marketing and category management are different devices

Table 8: Selected managerial literature on trade marketing

Authors	Type of publication	Year	Empirical basis	Main focus	Key insights on trade marketing functions
Corstjens and Corstjens (updated by Thain and Bradley)	Book	1999 (up-date in 2012)	Various public sources and consulting clients of the authors	Outline changes of the manufacturer-retailer relationships and propose measures to be taken by manufacturers	<ul style="list-style-type: none"> Describe the changes in the retail environment as major driver of the implementation of trade marketing Develop a trade marketing concept Include category management as a trade marketing activity Mention challenges between trade marketing and brand management
Davies	Book	1993	Case studies	Develops a trade marketing approach	<ul style="list-style-type: none"> Describes key determinants of trade marketing Develops first trade marketing activities Foresees conflict between trade marketing and brand management
Piercy	Book	1985	Conceptual	Analysis of the organizational dimensions of marketing	<ul style="list-style-type: none"> One of the first mentions of trade marketing and its purpose Outlines several ways to structure trade marketing in the marketing organization Describes some of the trade marketing activities
Randall	Book	1994	Conceptual	Develops a trade marketing approach	<ul style="list-style-type: none"> Describes key determinants of trade marketing Develops general trade marketing activities Outlines examples of organizational structures for trade marketing Trade marketing is in all cases part of the sales department Mentions category management as a new but unclear trend from the USA

2.2.3.4 Category management

Many retailers and manufacturers have begun to implement category management as part of the broader ECR initiative in the mid-1990s (Dewsnap and Hart 2004; Dhar, Hoch, and Kumar 2001; ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005; Hofstetter 2006; Johnson 1999; Kotzab 1999). Approximately at the same time, academic research interest has started and continues until today (see Table 9). Early articles mainly review the concept of category management and its implementation. Later articles consider more specific topics like the required skills and tools or category captaincy and anti-trust issues in category management. Yet, research on the organization of category management remains very limited until today (Holweg, Schnedlitz, and Teller 2009). In parallel to the academic articles, the ECR community published a number of reports and so-called “bluebooks” on category management and other elements of ECR (see Table 10). ECR was supported by leading consultancies in developing these publications. Further, key service providers like The Nielsen Company published books and articles on how to use their tools and data in category management (Karolefski and Heller 2006). The literature uses the term category management in an organizational context to describe (Dewsnap and Jobber 2000; Low and Fullerton 1994):

- a purchasing functional unit of the retailer that is structured by categories,
- a brand management functional unit of a manufacturer that groups brand managers by categories, or
- a dedicated functional unit of a manufacturer that works with retailers on their categories

The third type of category management is most relevant to this thesis. The definitions by Dupre and Gruen (2004), Institute of Grocery Distribution (10 May 2014), and Dewsnap and Jobber (2004b) focus on this type. The definition by Dupre and Gruen (2004, p. 445) stresses the joint process between manufacturers and retailers: “Thus, category management is seen as a joint process of retailers and suppliers to manage categories as strategic business units, in order to produce enhanced business results by focusing on delivering increased consumer value.” The Institute of Grocery Distribution (10 May 2014) highlights consumer and shopper needs in its definition: “The strategic management of product groups through trade partnerships, which aims to maximize sales and profits by satisfying consumer and shopper needs.” Dewsnap and Jobber (2004b, p. 7) emphasize the link to trade marketing in their definition: “Category management, in its definition and its deployment, is described as strategic trade marketing (...); it represents an attempt by supplying companies to co-develop category strategies with their retailer customers (...).”

The following description of category management touches on all of the highlighted elements in the definitions. The next paragraph outlines the origins and reasons for manufacturers to implement category management. Category management began as an approach to restructure the purchasing organizations of retailers (Basuroy, Mantrala, and Walters 2001; Hahne 1998; Harris and McPartland 1993; Hyvönen et al. 2010; Karolefski and Heller 2006). This is the first of the previously mentioned types of category management. The newly created retailer purchasing organization is structured by categories of products. In category management, Kurtuluş and Toktay (2011, p. 47) define a category as “(...) a group of products that consumers perceive to be interrelated and/ or substitutable.” The retail category manager has more responsibility than the former retail buyer, since the manager is not only responsible for buying but also merchandising of the respective category. Because a retailer often covers more than 200 categories, they cannot give the same attention and resources to all categories (Dupre and Gruen 2004; Gruen 2002; Verbeke, Bagozzi, and Farris 2006). Thus, the fundamental idea of category management is that manufacturers and retailers collaborate to improve a category by catering better to the consumer’s and shopper’s needs (Aastrup, Grant, and Bjerre 2007; Dewsnap and Hart 2004; Johnson 1999; Johnson and Pinnington 1998). Retailers and manufacturers are expected to jointly benefit from increased sales and less cost (Buckingham 1994; Subramanian and Raju 2011). Two elements are central to this approach (ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005; ECR Europe, The Partnering Group, and emnos 2011; Gruen and Shah 2000; Harris and McPartland 1993; Kahler and Lingenfelder 2006):

- a trustful relationship between the retailer and the manufacturer and
- a deep understanding of the retailers, consumers, and shoppers.

The available retailer data from scanner tills and loyalty cards plays a major role in the improvement of a category (Hankinson and Cowking 1997; Karolefski and Heller 2006). Due to the restricted resources of the retailer, this data is left untouched for many categories. In a category management arrangement, retailers share their data with one or few selected manufacturers per category (Johnson and Pinnington 1998; Kurtuluş and Toktay 2005; Subramanian and Raju 2011). The manufacturer takes over the analysis of the retailer data and adds further information from proprietary market research, household panel data, and other sources (Corsten and Kumar 2003; Dussart 1998). Some retailer’s arrangements even outsource the entire management of the category to one selected manufacturer and only remain as the ultimate decision maker on the manufacturer’s proposals (Gooner, Morgan, and Perreault 2011; Gruen and Shah 2000; Kurtuluş and Toktay 2011; Subramanian et al. 2010). A manufacturer that takes over category management for the retailer is called the category captain (Bandyopadhyay, Rominger, and Basaviah 2009). A category captaincy can cause significant conflicts of interest at the manufacturer (Gruen and Shah 2000; Kurtuluş and

Toktay 2005, 2011). A category captain needs to remain as neutral as possible and, if competitor products or private labels are superior, needs to recommend to increase the assortment share of these products. Given limited shelf space, this might imply the recommendation to delist one of their own products, which will almost certainly lead to conflicts with the brand management of the manufacturer. Research finds that category captains gain most if they grow the entire category instead of excluding their competitors (Gooner, Morgan, and Perreault 2011; Subramanian et al. 2010; Subramanian and Raju 2011). Still, not all retailers prefer such a high dependence on a manufacturer. Some appoint a validator to challenge the category captain or regularly switch category captains. Others only assign a category advisor and cover most of the category management activities themselves (ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005). In Europe, category advisors have become the preferred category management relationship model (Dupre and Gruen 2004). The role of the manufacturer's category management functional unit depends to some extent on the depth of the relationship with the retailers. In general, the manufacturer's category management acts as an independent retailer advisor and analyst that works on the entire category of the individual retailer and not only on the manufacturer's products (Karolefski and Heller 2006; Verbeke, Bagozzi, and Farris 2006).

At the heart of the category management activities is the "eight-step category management process" (Aastrup, Grant, and Bjerre 2007; Karolefski and Heller, p. 64). The process defines the key steps in a retailer-manufacturer category management collaboration (Basuroy, Mantrala, and Walters 2001; Dewsnap and Hart 2004). The steps are according to Karolefski and Heller (2006):

- 1) Category definition
- 2) Category role
- 3) Category assessment
- 4) Category scorecard
- 5) Category strategies
- 6) Category tactics
- 7) Plan implementation
- 8) Category review

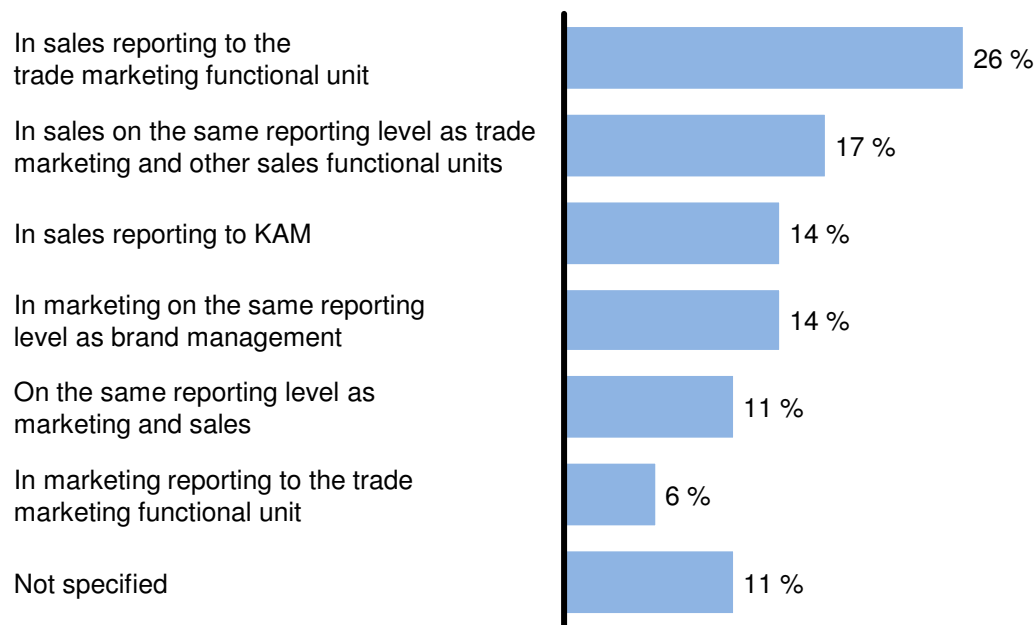
This process still serves as the foundation for retailer and manufacturer category management projects and collaborations today. Since the process is very comprehensive and complex in the implementation, many manufacturers and retailers have adapted it to their needs (ECR Europe and Andersen Consulting 2000; ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005; GS1 Germany 2009). Moreover, it is not necessary to repeat all of the steps in day-to-day category management. For example, the category definition usually remains valid for a number of category reviews. The details of

each step and the adaptations have been described in great detail elsewhere (ECR Europe and Andersen Consulting 2000; Karolefski and Heller 2006). The typical activities of category management by a manufacturer are to

- conduct shopper research (mainly briefing of an agency/market research department),
- generate insights on shoppers and the category from market research results and retailer data,
- develop solutions for shopper and category insights regarding the assortment, shelf layout, in-store communication, and promotions,
- implement solutions in projects with retailers, and
- maintain planograms of the shelf layout with specialized software.

(Bandyopadhyay, Rominger, and Basaviah 2009; Dewsnap and Jobber 2009; Gooner, Morgan, and Perreault 2011; Gruen 2002; Gruen and Shah 2000; GS1 Germany 2009; Hahne 1998; Johnson 1999; Karolefski and Heller 2006; Kurtuluş and Toktay 2005, 2011; Lindblom and Olkkonen 2006, 2008). It is important to note that manufacturers have only recently started to conduct and analyze market research on the shoppers in their category management arrangements (Karolefski and Heller 2006). Historically, the focus was on the analysis of the retailers' scanner data. Many of the activities are supported by databases, software solutions, and other tools (Buckingham 1994; Gruen 2002; Hübner and Kuhn 2012). The manufacturer's organization needs to have the skills to operate these tools. In addition, many activities require specialized knowledge (Buckingham 1994; Gruen and Shah 2000; Hahne 1998; Johnson and Pinnington 1998). A market research briefing, for example, requires knowledge about the available research methodologies. Sometimes, the manufacturer supports the retailer in the implementation of the category plans. The manufacturer employs merchandisers that rearrange the shelves in the retailer's stores or installs in-store communication. Yet, this is typically not part of the category management activities but covered by the sales force or an agency.

Similar to trade marketing, there are a number of structural solutions for category management. Many authors associate category management with the sales department (Desforges and Anthony 2013; Gruen and Shah 2000; Hahne 1998; Institute of Grocery Distribution 11 May 2014). As shown in Figure 5, a study by GS1 Germany (2009) of consumer goods manufacturers in Germany and Austria confirms that the majority of category management functional units are in sales.

Figure 5: Structural solutions for category management functional units

Source: GS1 Germany 2009; the sample consists of 35 manufacturers in Germany and Austria

The study by GS1 Germany (2009) and other publications describe that many manufacturers with category management structures have previously created a trade marketing functional unit (Desforges and Anthony 2013; Hahne 1998). Dewsnap and Jobber (2009) report cases in their article that included category management in a trade marketing functional unit. Different to brand management and KAM, the publications that I have considered do not describe a substructure of the functional unit. As mentioned in chapter 2.2.3.2, independent of the structure category management is typically part of the customer team that is managed by the key account manager.

Category management's main challenge is the significant investment that is required by manufacturers (Dewsnap and Jobber 1999; Subramanian and Raju 2011). To commission dedicated research, build up new personnel, and train new skills is very costly. Thus, only large manufacturers of a category have the necessary share and revenue to recoup these investments with additional revenues from category management initiatives (Hyvönen et al. 2010; Lindblom et al. 2009; Lindblom and Olkkonen 2006). Many of these manufacturers are global leaders that use their category management experiences in core markets (mostly the USA) to initiate category management projects with retailers in other countries (Dupre and Gruen 2004; Johnson 1999; Subramanian et al. 2010). This is also visible in the project leaders and success cases of the ECR Europe Bluebooks and Nielsen publications (ECR Europe and Andersen Consulting 2000; ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005; ECR Europe, The Partnering Group, and emnos 2011; Karolefski and Heller 2006). As a result, many of the smaller or more regional manufacturers

lose influence on the category and the retailer. There are notable exceptions, yet until today the market leaders mainly conduct the category management projects and daily work (Kantar Retail 11 May 2014).

Despite many success stories in Europe and the USA, not all retailers want to establish a category management relationship with their manufacturers (Dupre and Gruen 2004; ECR Europe, ECR Academic Partnership, and IBM Global Business Services 2005; Karolefski and Heller 2006; Lindblom et al. 2009; Lindblom and Olkkonen 2008). As already mentioned with regard to KAM, some retailers choose to remain on a more transactional basis. Thus, manufacturers still have to manage a number of customers in the traditional, less cooperative way. Moreover, these retailers might perceive the manufacturer's close ties with some of their competitors as a threat which negatively impacts the manufacturer-retailer relationships (Johnson and Pinnington 1998).

In general, category management's focus does not seem to be on integration as Dewsnap and Jobber (1999; 2000; 2002; 2003) suggest. It is rather a specialist advising the retailer. As a consequence, it turns out to be an addition to the marketing and sales organization of manufacturers rather than a replacement of brand management, KAM, or trade marketing (Chimhundu and Hamlin 2007; GS1 Germany 2009; Institute of Grocery Distribution 11 May 2014; Karolefski and Heller 2006).

Most of the category management processes and methodologies have been standardized and trainings by a number of agencies are available (GS1 Germany 15 June 2014; Institute of Grocery Distribution 15 June 2014). Moreover, retailers have invested in better software and don't need the manufacturer for some of the typical analysis of scanner, household panel, or loyalty card data anymore. Thus, manufacturers seek to differentiate themselves further by supplying new services to the retailer. In addition, category management has led to the discovery of the shopper (ECR Europe, The Partnering Group, and emnos 2011). Today, some argue that the limited perspective on the shopper in a category is contrary to shopping behavior (Gruen 2002; Karolefski and Heller 2006). Thus, shoppers need to be analyzed beyond the individual category. Shopper marketing has become a new trend in the consumer goods industry. The next chapter considers this approach and its repercussions on trade marketing, category management, and the marketing and sales organization of manufacturers.

Table 9: Selected academic literature on category management

Authors	Journal	Year	Empirical basis	Main focus	Key insights on category management functions
Aastrup, Grant, and Bjerre	International Review of Retail, Distribution & Consumer Research	2007	Conceptual	Explore value creation through category management in retailer-manufacturer relationships	<ul style="list-style-type: none"> Develop a model of trade-offs for the retailer when using category management relationships with selected manufacturers
Aastrup et al.	International Review of Retail, Distribution & Consumer Research	2008	Conceptual	Develop a model of ECR measures including category management	<ul style="list-style-type: none"> Category management is part of the demand side measures of ECR
Bandyopadhyay, Rominger, and Basaviah	Journal of Retailing and Consumer Services	2009	Conceptual	Develop a framework of category captaincy antitrust issues	<ul style="list-style-type: none"> Outline the key characteristics of category captains Provide a guideline for retailers how to avoid anti-competitive behavior in category captaincies
Basuroy, Mantrala, and Walters	Journal of Marketing	2001	Scanner data	Game-theoretic model to measure the category management impact on retailer prices, sales, revenues, and profits under different competitive conditions	<ul style="list-style-type: none"> Category management constitutes a major change in the purchasing organization of retailers Category management produces better business results for retailers
Buckingham	European Retail Digest	1994	Nielsen clients	Outlines the key developments in early category management	<ul style="list-style-type: none"> Manufacturers often start with teams and then institutionalize category management in functional units Category management requires a number of new skills Service companies like Nielsen provide a host of new tools to category management
Dewsnap and Hart	European Journal of Marketing	2004	Focus groups with 48 consumers	Review the appropriateness of category management for the fashion industry	<ul style="list-style-type: none"> Provide an overview of the category management literature Manufacturers provide the analytical resources and retailers provide the data in category management arrangements
Dewsnap and Jobber	Journal of brand management	1999	Conceptual	Outline category management as an integrative device	<ul style="list-style-type: none"> Describe category management as advanced trade marketing Consider category management as an integrator function Category management requires a collaborative manufacturer-retailer relationship
Dhar, Hoch, and Kumar	Journal of Retailing	2001	Scanner data	Analyze the key drivers of effective category management for retailers	<ul style="list-style-type: none"> The category role has a strong influence on the effectiveness of certain drivers Use price, promotion and assortment as major drivers of category management
Dupre and Gruen	Journal of Business & Industrial Marketing	2004	Participant observation and in-depth interviews with 16 managers of manufacturers and retailers in Germany and the USA	Analyze the implementation of category management	<ul style="list-style-type: none"> Develop models that compare the outcome of retailers versus manufacturer initiated category management implementation Identify barriers to category plan implementation and suggest solutions to these barriers

Authors	Journal	Year	Empirical basis	Main focus	Key insights on category management functions
Dussart	European Management Journal	1998	Conceptual	Outlines the concept and implementation of category management	<ul style="list-style-type: none"> Manufacturer's sales functional units need to acquire new skills to match the expertise of retail category managers Manufacturers need to shift from a brand to a category perspective in category management Category management puts the consumer/shopper at the center of the attention
Gooner, Morgan, and Perreault	Journal of Marketing	2011	Interviews with 49 managers and surveys in 35 categories from 95 buying offices at major retailers	Explore category management and the benefits of category captains	<ul style="list-style-type: none"> Implementing category management and assigning category captains is beneficial to retailers and suppliers Retaliation from non-captain suppliers is lower than expected Half of the categories reviewed used a category captain
Gruen	International Commerce Review: ECR Journal	2002	Conceptual	Summarizes the key insights from the ECR Europe conference in Glasgow	<ul style="list-style-type: none"> Derives five key developments that practitioners need to address for successful future category management
Gruen and Shah	Journal of Retailing	2000	Survey of 128 category managers in manufacturers in the USA	Research category plan objectivity and implementation in category management relationships	<ul style="list-style-type: none"> Category plan objectivity is a key determinant for plan implementation Conflict between brand management and category management of manufacturers has only a limited effect on category plan objectivity
Hahne	Thesis	1998	20 interviews with managers and a survey of 60 managers in Germany	Explores the impact of category management on the manufacturer	<ul style="list-style-type: none"> Finds no consistent approach of manufacturer category management Outlines the typical activities and potential ways to integrate category management in trade marketing functions
Harris and McPartland	Progressive Grocer	1993	Conceptual	Lays the foundation of the category management concept	<ul style="list-style-type: none"> Defines category management, outlines the key reasons to implement category management, and provides guidelines what to consider in the implementation
Hofstetter	International Commerce Review: ECR Journal	2006	Secondary data from Nielsen and other sources	Reviews the implementation of ECR	<ul style="list-style-type: none"> Many retailers and manufacturers adopted category management Top-tier ECR adopters seem to have achieved a competitive advantage in in-store display and promotions
Holweg, Schnedlitz, and Teller	International Review of Retail, Distribution & Consumer Research	2009	Survey of 202 household representatives in Austria and household panel data	Explore consumer value in category management	<ul style="list-style-type: none"> Structure the literature on category management and find very few publications on category management organizations More consumer data should be used in the traditional category management process
Hyvönen et al.	International Review of Retail, Distribution & Consumer Research	2010	Same as Lindblom et al. (2009) – albeit using two answers less from Swedish suppliers	Analyze influence and control of manufacturers in CM relationships	<ul style="list-style-type: none"> Category management plan implementation has a strong impact on category performance The manufacturers position in the category is one of the key determinants of influence on category performance in category management

Authors	Journal	Year	Empirical basis	Main focus	Key insights on category management functions
Johnson	Journal of the Market Research Society	1999	Conceptual	Outlines the application of consumer/shopper research in category management with examples from different countries and companies	<ul style="list-style-type: none"> Understanding the consumer/shopper is key in category management Manufacturers need to build additional market research capabilities to support the retailer in category management
Johnson and Pinnington	Journal of the Market Research Society	1998	Conceptual	Explore consumer and shopper research methods that support category management	<ul style="list-style-type: none"> To cater to category management projects, market research companies have developed new methods to understand the consumer/shopper The manufacturer is mostly commissioning the market research in category management projects
Kahler and Lingenfelder	International Commerce Review: ECR Journal	2006	Interviews with 591 shoppers in Germany	Analyze which category tactics drive category performance	<ul style="list-style-type: none"> Suggest to consider more shopper research in category management decisions
Kotzab	The Journal of Business & Industrial Marketing	1999	Interviews at ECR conferences	Explores the implementation of ECR in Europe mainly from a supply-side perspective	<ul style="list-style-type: none"> ECR and CM originated in the USA Category management is part of the demand side in the European ECR concept Expect category management to change the purchasing functional unit of retailers significantly
Kurtuluş and Toktay	International Commerce Review: ECR Journal	2005	Game-theoretic model	Research the impact of category captaincies on retailers, manufacturers, and consumers	<ul style="list-style-type: none"> Outsourcing retail category management to manufacturers carries a number of benefits but retailers need to be vigilant on competitive exclusion, information security, and dependence
Kurtuluş and Toktay	Production & Operations Management	2011	Game-theoretic model	Analyze the impact of switching from retail category management to category captaincies for the retailer	<ul style="list-style-type: none"> The retailer typically defines the space of the category as a prerequisite Describe the typical category captaincy arrangement between retailers and manufacturers
Lindblom and Olkkonen	International Journal of Retail & Distribution Management	2006	Survey of 83 managers in manufacturers in Finland	Research the power of manufacturers on category management tactics	<ul style="list-style-type: none"> Manufacturers consider retailers to have strongest power over category management tactics Yet, large manufacturers can influence category management tactics significantly
Lindblom and Olkkonen	Journal of Retailing and Consumer Services	2008	Survey of 89 managers in manufacturers in Finland	Analyze the role of manufacturers in category management	<ul style="list-style-type: none"> Large manufacturers have a stronger role in category management partnerships with retailers Smaller manufacturer with no role in category management remained neutral
Lindblom et al.	Industrial Marketing Management	2009	Survey of 208 managers in manufacturers in Finland and Sweden	Analyze the role of manufacturers in category management	<ul style="list-style-type: none"> Outline the implementation of category management in manufacturers and retailers More than 80% of the manufacturers have category management experience Mainly large suppliers have influence on decisions in category management collaborations

Authors	Journal	Year	Empirical basis	Main focus	Key insights on category management functions
Subramanian et al.	Management Science	2010	Game-theoretic model	Analyze the use of category captains by retailers for non-price-related activities	<ul style="list-style-type: none"> The retailer, manufacturer, and shopper will generally benefit from category captaincies Under some conditions manufacturers are worse off being the category captain Non-category captain manufacturers should build the skills to remain competitive
Zenor	Journal of Marketing Research	1994	Optimal pricing model with scanner data for a category	Compare the benefits of brand management and category management	<ul style="list-style-type: none"> Benefits of category management are lower for a manufacturer if a competitor already implemented it

Table 10: Selected managerial literature on category management

Authors	Type of publication	Year	Empirical basis	Main focus	Key insights on category management functions
ECR Europe and Andersen Consulting	ECR Europe Bluebook	2000	ECR Europe members	Develop a day-to-day category management process	<ul style="list-style-type: none"> The traditional eight-step process was perceived to be too complex Shorten the process to four major stages Outline the typical retailer and manufacturer category management team setup
ECR Europe, ECR Academic Partnership, and IBM Global Business Services	ECR Europe Bluebook	2005	ECR Europe members	Explore the implementation of ECR in Europe	<ul style="list-style-type: none"> Category management was often the first adopted ECR element The majority of retailers and manufacturers in Europe use category management
ECR Europe, The Partnering Group, and emnos	ECR Europe Bluebook	2011	ECR Europe members	Develop a framework of the consumer/shopper journey	<ul style="list-style-type: none"> Outline a required business process and design a toolkit Provide actionable guideline how manufacturers and retailers can include shopper/consumer insight in category management and shopper marketing
GS1 Germany	Report	2009	Survey of 35 manufacturers in Germany and Austria	Explore the organizational implementation of category management in manufacturers	<ul style="list-style-type: none"> 20% of the manufacturers have a dedicated function The functional unit is mostly in sales and often part of the trade marketing functional unit
Karolefski and Heller	Book	2006	Nielsen clients	Provide an updated version of the eight-step category management process	<ul style="list-style-type: none"> Mainly add the analysis of consumer/shopper information to the process steps Outline a number of practice examples from retailers, manufacturers and agencies

2.2.3.5 Shopper marketing

The majority of retailers and manufacturers have considered shopper marketing a strategic priority for the last few years and start to implement dedicated shopper marketing functional units in their marketing and sales organization (Czech-Winkelmann and Zillgitt 2013; Handrinios, de Roulet, and Conroy 2008; Shankar et al. 2011). Yet, many manufacturers report that they lack conceptual clarity of shopper marketing (Retail Commission on Shopper Marketing 2010; Shankar 2011). Several managerial publications started to fill this conceptual void (see Table 12). The first major academic publication was published in 2011 (Shankar 2011; Shankar et al. 2011). Yet, academic research on shopper marketing organizations remains very limited until today. The existing academic research focuses on shopper behavior and covers organizational design as a side topic (Shankar 2011; Shankar et al. 2011). Only Stolze (2012) considers organizational aspects of shopper marketing in-depth. But she researches the impact of shopper marketing on frontline employees of manufacturers (Stolze 2012). Her committee co-chair is Dr. Daniel Flint from the University of Tennessee. He is one of the leading academic experts on shopper marketing who publishes in academic journals, books, and magazines (Flint 2014; Flint, Hoyt, and Swift 2014; Flint, Lusch, and Vargo 2014). Shopper marketing recently also moved into education with the first textbook published in 2013 (Hillesland et al. 2013). Yet, consultancies, industry agencies, and service providers still publish the majority of reports and books on shopper marketing (see Table 12).

Shankar and Yadav (2011, pp. 1–2) define shopper marketing with reference to the “path-to-purchase”: “Shopper marketing is the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase—from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation (Shankar 2011). Shopper marketing is primarily aimed at creating a win–win–win solution for the shopper–retailer–manufacturer triad.” Hoyt (2010, pp. 136–137) emphasizes the manufacturer perspective and highlights targeting as a key activity: “In our view, shopper marketing for manufacturers is all about targeting. It is understanding how one's core target consumers behave as shoppers in different channels, formats and retailers and using this intelligence to develop shopper-based strategies and initiatives that will grow the business (brands, categories and departments) in ways that benefit all stakeholders - brands, consumers, key retailers and the mutual shopper.” Both definitions emphasize the benefits for the shopper, retailer, and manufacturer. There are three frequently mentioned reasons why manufacturers implement shopper marketing:

- The first reason is the discovery of the shopper. The shopper in shopper marketing is defined as “(...) a consumer with a predisposition to buy.” (Flint, Hoyt, and Swift 2014, p. 19). Retailers and manufacturers gained significant insights about the shoppers in their category management collaborations (Desforges and Anthony 2013;

Egol, Lynch, and Ross 2011; Retail Commission on Shopper Marketing 2010). They found that 46–93% of the shopper's purchase decisions are unplanned (Handrinos, de Roulet, and Conroy 2008; Shankar 2011). As a result, both realized that they should turn more attention to influence the shopper in the store.

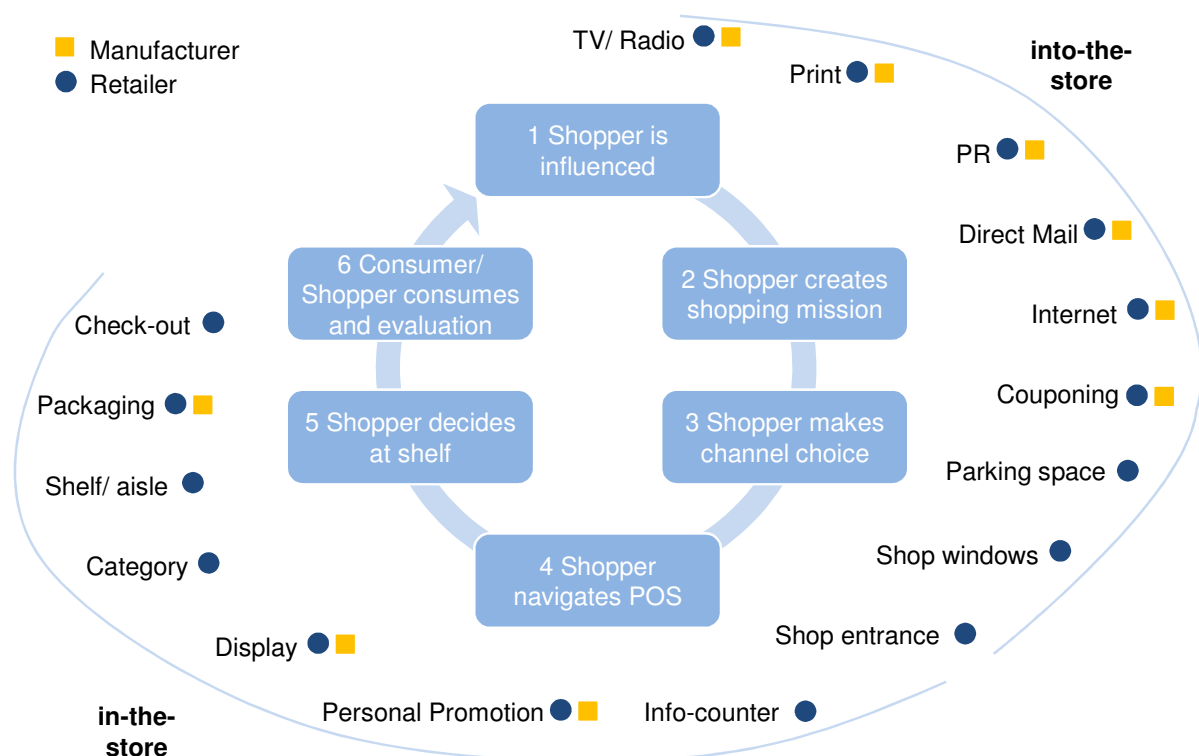
- The second reason is the increase in the sophistication of retailers (Flint, Hoyt, and Swift 2014). Many retailers have built up their marketing capabilities by learning in category management arrangements or directly hiring from manufacturers (Harris 2010). Some retailers created their own marketing departments that analyze and target their shoppers to improve the retail branding versus the competition (Handrinos, de Roulet, and Conroy 2008). This increases the pressure for manufacturers to keep up with the retailer's shopper knowledge.
- The third reason is the increased media fragmentation (ECR Europe, The Partnering Group, and emnos 2011; Flint, Hoyt, and Swift 2014; Retail Commission on Shopper Marketing 2010). Manufacturer's traditional communication channels like TV have become less effective over the years (Frey, Hunstiger, and Dräger 2011). Consumers can now choose from a myriad of cable television channels and, recently, also online video platforms like YouTube (Desforges and Anthony 2013). Manufacturers turned their attention to the store as an alternative and potentially more effective communication channel. As anecdotal evidence, more people visit a Wal-Mart store per day than watch the evening news in the USA (Handrinos, de Roulet, and Conroy 2008).

To analyze the shopper, shopper journeys have become core tools of shopper marketing (Desforges and Anthony 2013; Retail Commission on Shopper Marketing 2010; Wyner 2011). Shankar and Yadav (2011) also mention the “path-to-purchase” in their definition. A number of consultancies, industry agencies, and service providers developed shopper journeys. Shankar (2011) develops a shopper journey in his seminal academic publication as well. One of the most commonly used shopper journeys has been developed by ECR Europe, The Partnering Group, and emnos (2011; Czech-Winkelmann and Zillgitt 2013; Frey, Hunstiger, and Dräger 2011; GS1 Germany 2013). The shopper journey in Figure 6 shows that retailers control many of the touch points in the store, but have also ventured into typical manufacturer domains like TV and print.

Thus, collaboration with retailers, particularly with the retailer's marketing department, is a key enabler for manufacturers to reach the shopper (Desforges and Anthony 2013; Frey, Hunstiger, and Dräger 2011; Handrinos, de Roulet, and Conroy 2008; Hoyt 2010; Shankar et al. 2011; Wyner 2011). To win the retailer's commitment, manufacturers need to identify and target the mutual shoppers in their shopper marketing initiatives (Flint, Hoyt, and Swift 2014; Flint, Lusch, and Vargo 2014; GS1 Germany 2013; Retail Commission on Shopper Marketing

2010; Shankar 2011). Some manufacturers built strong relationships with selected retailers in category management collaborations and now leverage it in shopper marketing initiatives (Harris 2010). Consequently, some authors argue that shopper marketing is an evolution from category management: “Shopper marketing is firmly based on the foundation created by category management.” (Harris 2010, p. 32; Frey, Hunstiger, and Dräger 2011; GS1 Germany 2013; Retail Commission on Shopper Marketing 2010). Other authors argue that shopper marketing should be considered separately from category management: “No, shopper marketing is definitely not ‘The Next Wave of Best Practices for Category Management’ – for manufacturers or retailers.” (Hoyt 2010, p. 139). Some of these authors, like Desforges and Anthony (2013, p. 15), even state that “(...) the strategies manufacturers developed in the 1990s – Category Management and trade marketing – have not worked.”

Figure 6: The touch points along the consumer and shopper journey



Sources: ECR Europe, The Partnering Group, and emnos 2011, p. 16; Frey, Hunstiger, and Dräger 2011, p. 31; GS1 Germany 2013, p. 69

Their major arguments are twofold. First, the perspective on the category is too limiting and shopper marketing needs to analyze the shopper across the whole store to be effective (Flint, Hoyt, and Swift 2014). Second, category management focuses too strongly on the retailer and often lacks the integration with brand management (Shankar et al. 2011). As a result, shopper marketing tends to focus insufficiently on the manufacturer’s brands and consumers. Overall, the role of shopper marketing organizations is more akin to brand management and key account management. Many comments in the literature hint to shopper

marketing organizations as integrators of all activities regarding the manufacturer's key shoppers (Desmedt 2010; Flint, Lusch, and Vargo 2014; Hoyt 2010; Shankar et al. 2011).

Contrary to category management, no common understanding of shopper marketing's key activities has emerged. Across all relevant publications, the activities of shopper marketing are to

- conduct shopper research (mainly briefing of an agency/market research department),
- develop a shopper segmentation (depending on the relationship with a retailer, manufacturers and retailers match their shopper segmentations to ensure a common perspective on the mutual shopper),
- generate shopper insights from market research results and retailer data,
- develop solutions for shopper insights (these solutions can range from tailored promotions to recommendations for the store layout),
- implement solutions for shopper insights with retailers,
- prioritize channels based on the shopper insights and potential to collaborate with retailers, and
- discuss shopper insights that imply changes of the product, like packaging, with brand management.

(Desforges and Anthony 2013; Egol, Lynch, and Ross 2011; Flint, Hoyt, and Swift 2014; Flint, Lusch, and Vargo 2014; Frey, Hunstiger, and Dräger 2011; GS1 Germany 2013; Harris 2010; Institute of Grocery Distribution 09 May 2014; Retail Commission on Shopper Marketing 2010; Shankar 2011; Shankar et al. 2011; Wyner 2011).

Many publications report that the manufacturers created dedicated organizational structures for shopper marketing (Desforges and Anthony 2013; Egol, Lynch, and Ross 2011; Egol, Sarma, and Sayani 2013; Flint, Hoyt, and Swift 2014; Handrinos, de Roulet, and Conroy 2008; Hildebrand 2013; Institute of Grocery Distribution 09 May 2014). Most of the manufacturers associate shopper marketing with sales. But several manufacturers also implemented shopper marketing functional units in marketing. Yet, others created a functional unit that reports to the general manager. The majority of the shopper marketing functional units are part of trade marketing or category management. Sometimes, trade marketing, category management, and shopper marketing are combined in one functional unit (GS1 Germany 2013). Authors that argue shopper marketing is not the next evolution of category management recommend to make sure that a shopper marketing functional unit in trade marketing and category management is not just renaming the existing functional unit, but changing the activities and building the required capabilities (Desforges and Anthony 2013). They further warn that shopper marketing organizations often struggle to receive sufficient budget if they reports to marketing or sales (Shankar et al. 2011). The literature does not

cover a substructure as in brand management and KAM. Yet, several authors state that the implementation of shopper marketing also includes a cultural shift from the focus on brands, consumer, and retailers to shoppers (Nitzberg 2010; Shankar 2011; Wyner 2011).

Similar to category management mainly the large multinational manufacturers are at the forefront to implement shopper marketing organizations and to collaborate with retailers (Flint 2014; Flint, Hoyt, and Swift 2014; Handrinos, de Roulet, and Conroy 2008). Some have created global shopper marketing organizations that transfer their practices to other countries (Shankar et al. 2011). Flint (2013), for example, mentions the global shopper team of Coca-Cola. Thus, small manufacturers might struggle to catch up.

Shopper marketing activities also overlap partially with trade marketing (Flint, Hoyt, and Swift 2014). As Handrinos, de Roulet, and Conroy (2008, p. 16) point out: "Therefore, when marketing to shoppers, companies need to blend trade marketing with shopper marketing, or at least be very involved in what the trade marketing organization does with trade promotions." This notion is stated by Shankar et al. (2011) as well. Further, shopper marketing requires retailer collaboration. As stated before, some retailers prefer a transactional relationship and don't share information with manufacturers. A further challenge is the digitization, since it changes the shopping behavior and, thus, requires shopper marketing to adapt (Desforges and Anthony 2013; Egol, Sarma, and Sayani 2013; Flint, Hoyt, and Swift 2014; Hildebrand 2013; Precourt 2012; Shankar et al. 2011). The digitization increases the touch points on the shopper journey, since many shoppers now seek information online or use coupon apps on their smartphones. Recently, Google introduced the term "Zero Moment of Truth," alluding to the "First Moment of Truth" that Procter & Gamble coined many years ago (Frey, Hunstiger, and Dräger 2011; Lecisnski 2011). The "First Moment of Truth" is when a shopper decides to buy a product in front of the shelf. Google's "Zero Moment of Truth" is "(...) that moment when you grab your laptop, mobile phone or some other wired device and start learning about a product or service (or potential boyfriend) you're thinking about trying or buying." (Lecisnski 2011, p. 10). Hence, digital shopper marketing has become a new priority for retailers and manufacturers. In terms of the typical activity responsibilities of the manufacturer marketing and sales organization, this puts shopper marketing closer to brand management, since they leave the store as the touch point.

In summary, shopper marketing is a new integrator in the marketing and sales organization of consumer goods manufacturers. Shopper marketing uses typical brand management activities like market research and segmentation in the management of the manufacturer-retailer relationship. These kinds of activities are beyond the usual KAM and trade marketing activities. Shopper marketing further differs from category management by emphasizing the manufacturer's perspective. Ultimately, shopper marketing tries to improve the manufacturers offering by targeting the mutual shopper with the retailer. Still, not all retailers are accessible for the trustful relationships that are required to define and target the

mutual shopper. Also, not all manufacturers have the resources and scale to invest in shopper marketing.

Table 11: Selected academic literature on shopper marketing

Authors	Journal	Year	Empirical basis	Main focus	Key insights on shopper marketing functions
Flint, Lusch, and Vargo	International Journal of Physical Distribution & Logistics Management	2014	Conceptual	Review the impact of shopper marketing on the supply chain	<ul style="list-style-type: none"> • Retailers and manufacturers focus on the “mutual shopper” • Shopper research and insight development are core to shopper marketing • Shopper marketing initiatives are targeted to the shopper and tailored to the retailer • Shopper marketing integrates marketing and sales
Shankar	Marketing Science Institute Report	2011	Conceptual	Outlines the core elements of shopper marketing	<ul style="list-style-type: none"> • Understanding of the shopper along the shopping cycle is key to manufacturer and retailer activities • Shopper research is a core activity in shopper marketing • Manufacturers and retailers should collaborate and share data
Shankar et al.	Journal of Retailing	2011	Conceptual	Outlines the core elements of shopper marketing	<ul style="list-style-type: none"> • Shopper marketing is a key trend for manufacturers and retailers • Shopper research is a key activity in shopper marketing • Manufacturers and retailers do not collaborate sufficiently • Manufacturer organizations are changed in the implementation of shopper marketing
Stolze	Doctoral dissertation at the University of Tennessee	2012	In-depth interviews, network survey, and selected ride along with 83 employees as well as a survey of 900 employees of a consumer goods manufacturer	Analyzes the integration of frontline employee social networks in implementing shopper marketing initiatives	<ul style="list-style-type: none"> • Shopper insight development is key in shopper marketing • Some manufacturers support the execution of shopper marketing initiatives with their sales force or merchandising agencies • Outlet execution is a key element of shopper marketing initiatives
Wyner	Marketing Management	2011	Conceptual	Outlines the relevance of shopper marketing	<ul style="list-style-type: none"> • Growing interest in shopper marketing by retailers and manufacturers • Understanding shoppers and shopping trips is key in shopper marketing • Retailers and manufacturers need to collaborate and develop targeted activities

Table 12: Selected managerial literature on shopper marketing

Authors	Type of publication	Year	Empirical basis	Main focus	Key insights on shopper marketing functions
Czech-Winkelmann and Zillgitt	Report	2013	Interviews and a survey of 223 managers of retailers and manufacturers in Germany	Analyze best practices and benchmarks of implementing shopper marketing	<ul style="list-style-type: none"> Majority of the companies considers shopper marketing a strategic priority Lack of conceptual clarity of shopper marketing at retailers and manufacturers More than half have not implemented shopper marketing yet Majority expect a strong increase in the relevance of shopper marketing
Desforges and Anthony	Book	2013	Consulting clients	Describe the concept and implementation of shopper marketing	<ul style="list-style-type: none"> Shopper marketing is a revolution of the marketing and sales organization Trade marketing and category management approaches are not successful Shopper research and shopper segmentation are core activities
Egol, Lynch, and Ross	Report	2011	Interviews with 30 managers, survey of 144 managers of retailers and manufacturers	Analyze the use of shopper solutions in shopper marketing	<ul style="list-style-type: none"> Shopper marketing mostly reports to sales or customer marketing Shopper solutions beyond a category improve the results of shopper marketing Shopper insights are key to shopper solutions
Egol, Sarma, and Sayani	Report	2013	Survey of 26 managers, round tables of 40 managers, and interviews with 20 managers of retailers and manufacturers	Outline the impact of omnichannel marketing on shopper marketing	<ul style="list-style-type: none"> Omnichannel marketing is an extension of shopper marketing Digitization increases the touch points on the shopping cycle Omnichannel shopper marketing focuses on the digital touch points rather than trade promotions
engage and Nielsen	Report	2014	Survey of 63 managers of consumer goods manufacturers in Asia	Analyze the state of shopper marketing in Asia	<ul style="list-style-type: none"> Shopper marketing is a priority of consumer goods manufacturers in Asia More than half of the companies in the survey created dedicated shopper marketing teams Yet, manufacturers struggle to find specialist talents to staff their teams
Flint	Article in The Hub Magazine	2014	Survey of 526 managers of manufacturers and retailers as well as 939 managers of shopper marketing agencies	Latest ranking of the top 20 shopper marketing brand marketers (manufacturers and retailers) and shopper marketing agencies	<ul style="list-style-type: none"> Multinational manufacturers dominate best-practice shopper marketing Several manufacturers mention dedicated shopper marketing functions Considers digital as a key element of shopper marketing
Flint, Hoyt, and Swift	Book	2014	Conceptual	Describe the key elements of shopper marketing	<ul style="list-style-type: none"> Define shopper marketing and describe the major drivers of the increased interest by practitioners Develop a shopper marketing process Suggest an organizational structure for manufacturers

Authors	Type of publication	Year	Empirical basis	Main focus	Key insights on shopper marketing functions
Frey, Hunstiger, and Dräger	Book	2011	Agency clients	Provide a handbook of shopper marketing	<ul style="list-style-type: none"> • Develop a shopper marketing approach • Compare shopper marketing in the USA/UK with Germany • Provide hands-on advice for the implementation of shopper marketing activities
GS1 Germany	Report	2013	Project group of manufacturers and retailers	Outline how to implement shopper marketing	<ul style="list-style-type: none"> • Develop a common shopper marketing definition • Develop a list of activities for category management, trade marketing, and shopper marketing • Provide structural options for shopper marketing
Handrinos, de Roulet, and Conroy	Report	2008	Interviews and survey of manufacturers, retailers, and service providers	Provide an overview of shopper marketing	<ul style="list-style-type: none"> • Shopper marketing implementation requires organizational changes • Many manufacturers assigned dedicated resources to shopper marketing (mostly in sales) • It is key to establish a relationship with the retailer's marketing to be successful • Shopper research, segmentation, and insight development are core activities
Hildebrand	Report	2013	Survey of manufacturers and retailers	Review the state of shopper marketing implementation of manufacturers	<ul style="list-style-type: none"> • Rank the key activities of shopper marketing • Shopper marketing reports to marketing, sales, or general management • Digital shopper marketing becomes more important
Retail Commission on Shopper Marketing	Report	2010	Project group of 23 manufacturers, retailers, and shopper marketing agencies	Define shopper marketing best practices	<ul style="list-style-type: none"> • Shopper marketing is an evolution from category management • Collaboration between retailers and manufacturers is key in shopper marketing • Develop a process that retailers and manufacturers can follow in implementing shopper marketing
Stahlberg and Maila	Book	2012	Conceptual	Collection of articles on the shopper marketing concept and implementation	<ul style="list-style-type: none"> • Show the different opinions on shopper marketing • Some authors argue that shopper marketing is an evolution from category management. Others suggest it is a radical change • Outline key shopper marketing activities

2.3 Implications from the literature review

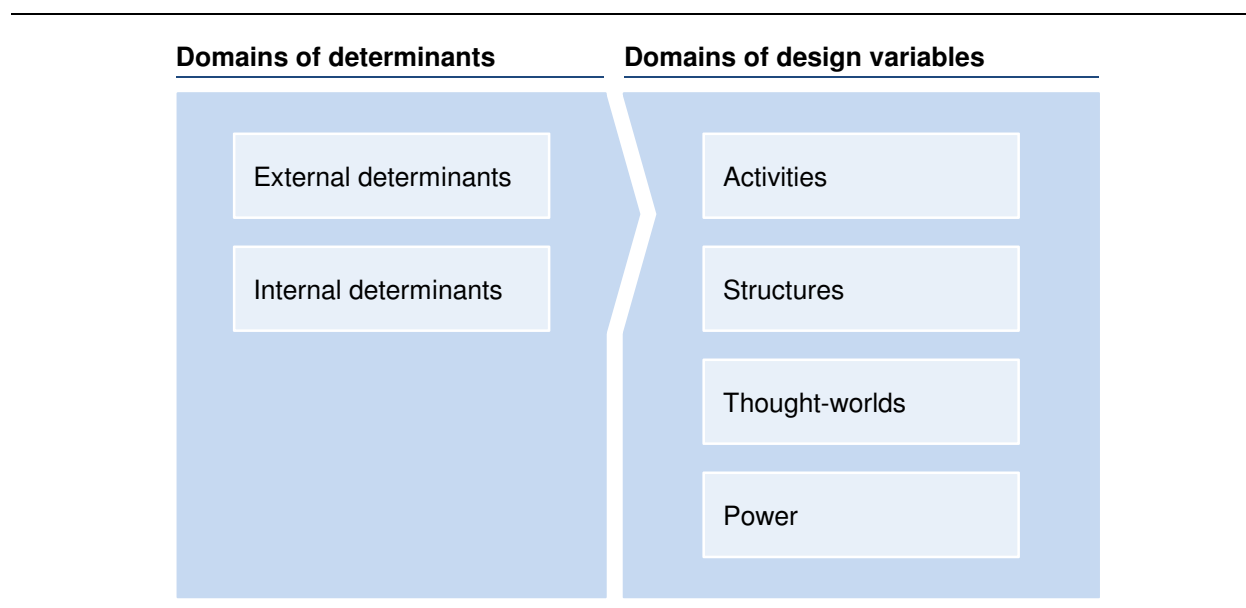
This chapter summarizes the findings from the literature review and lays the foundation for the empirical research on trade marketing, category management, and shopper marketing organizations. Chapter 2.3.1 pre-identifies the domains of design variables and domains of determinants from the literature. Chapter 2.3.2 specifies the pre-identified domains of design variables and domains of determinants in the trade marketing, category management, and shopper marketing context. These domains of design variables and domains of determinants

are the starting point of the analysis of the action research and in-depth interviews. Based on the empirical research results, the domains are refined and dimensions relevant to trade marketing, category management, and shopper marketing organizations are added (see chapter 4). From the insights of the taxonomy development, propositions on the relationships between key dimensions are developed in chapter 6.

2.3.1 Domains of determinants and domains of design variables

As already outlined in chapter 2.1.3, the general distinction in determinants and design variables follows the contingency theory approach to organizational design. To the best of my knowledge, neither determinants nor design variables have been developed in the academic literature on trade marketing, category management, and shopper marketing. Rather several publications find that companies struggle with the lack of conceptual clarity in particular for trade marketing and shopper marketing. To develop the determinants and design variables, I rely on conceptualizations in the adjacent literature fields on marketing and sales organizations and key account management. I follow the terminology of Homburg, Jensen, and Krohmer (2008, p. 137) who distinguish between domains and dimensions in their taxonomy of marketing and sales configurations: “Each domain contains one or more conceptual dimensions. The conceptual domains are not constructs of a higher order but merely conceptual categories, or conceptual containers, of similar constructs.” Figure 7 summarizes the key domains of determinants and domains of design variables that are outlined in the following.

Figure 7: Domains of determinants and domains of design variables based on the literature review



Domains of design variables

Homburg, Workman, and Jensen (2000, p. 460) outline a selection of key domains of design variables in their literature review of organizational design: “(...) we consider structure, coordination, culture, and power as the most important comparative dimensions.” The domains of design variables of trade marketing, category management, and shopper marketing organizations used in this thesis follow Homburg, Workman, and Jensen (2000). Yet, I rename the domains based on other research (see Figure 7).

Structure has been studied since the early research on marketing and sales organizations (Piercy 1985). In their seminal paper on marketing organizations, Workman, Homburg, and Gruner (1998) use “functional groups” to describe entities and reporting relationships in an organization. They combine “functional groups” with “marketing as a set of activities” (Workman, Homburg, and Gruner 1998). I further apply the approach of Workman, Homburg, and Gruner (1998) and Homburg, Workman, and Jensen (2002) who consider the assignment of activity responsibility to functional units in their research. For simplicity, I use the term domains of activities in the remainder of the thesis instead of coordination as used by Homburg, Workman, and Jensen (2000).

Homburg and Jensen (2007) focus culture on the thought-worlds of marketing and sales (Deshpande and Webster 1989). They differentiate thought-worlds in orientation and competence (see chapter 2.2.2.3). Orientations are a key element in the definition of specialization as used by Lawrence and Lorsch (1967c). Homburg and Jensen (2007, pp. 125–126) define “(...) orientations as the goals, time horizons, and objects according to which marketing and sales array their activities. Orientations regulate which information is processed and how conflicting arguments are weighted.” They consider customer (versus product) orientation and short-term (versus long-term) orientation in their article. Different competences result from the division of labor and the creation of specialized functional units (Lawrence and Lorsch 1967c). Homburg and Jensen (2007, p. 126) define “(...) competence as the level of technical and social capabilities in marketing and sales.” They analyze market knowledge, product knowledge, and interpersonal skills.

The last design variable is power. I added power, since many informants in the empirical research referred to the power of trade marketing, category management, and shopper marketing. I revisited the literature to understand how power is covered in other publications. Most papers have looked at marketing influence as the control over marketing activities compared to other functional units rather than power (Homburg, Jensen, and Krohmer 2008; Homburg, Workman, and Krohmer 1999). I consider configurations of trade marketing, category management, and shopper marketing as interrelated or sometimes even as one functional unit. Thus, a comparison of the influence between trade marketing, category management, and shopper marketing is irrelevant, since they cannot be differentiated in many

companies. The comparison to other functional units like brand management or KAM is beyond the scope of the thesis. Thus, I focus on the sources of power of trade marketing, category management, and shopper marketing in the domains of design variables (Pfeffer 1981).

Domains of determinants

As outlined in chapter 2.1.1, contingency theory generally distinguishes between external and internal determinants. Several articles on marketing and sales organizations that also use contingency theory follow this distinction (Cespedes 1995; Guenzi and Troilo 2006; Homburg, Jensen, and Hahn 2012; Piercy 1985). Workman, Homburg, and Gruner (1998) differentiate the internal determinants further in “firm-specific factors” and “SBU-specific factors”. Since the literature on trade marketing, category management, and shopper marketing does not propose more specific domains, I use the differentiation in external and internal domains of determinants as the starting point for the empirical research.

2.3.2 State of the literature on determinants and design variables in the domains

The literature on trade marketing, category management, and shopper marketing does not define dimensions of the domains of design variables and domains of determinants. Moreover, to my best knowledge, none of the publications takes a holistic perspective on trade marketing, category management, and shopper marketing. Authors mostly argue for the implementation of shopper marketing and category management that need to replace or be kept separate from either trade marketing, category management, or both. Thus, I summarize the literature findings related to the domains of design variables and domains of determinants in the following. In chapter 4, I draw on these literature findings to develop dimensions of the domains. The dimensions are identified in conjunction with the empirical research results. Table 19, Table 24, and Table 25 in chapter 4 indicate which dimensions are supported by literature findings as well.

2.3.2.1 Pre-identified design variables

This subchapter summarizes the literature findings related to the previously outlined domains of design variables of trade marketing, category management, and shopper marketing organizations: activities, structures, thought-worlds, and power.

2.3.2.1.1 Activities

Table 13 summarizes the activities of the functional units covered in chapter 2.2.3. To ease the comparison, I structure the activities in activity areas. The activity areas are market

research, data analysis, concept development, execution, planning, process management, and administration. First, I compare only the activities of trade marketing, category management, and shopper marketing. Second, I compare the activities across all functional units. The following differences and overlaps in the activities of trade marketing, category management, and shopper marketing are visible in Table 13:

- Trade marketing focuses more on execution, process management, and administration activities in comparison to category management and shopper marketing. It overlaps with category management and shopper marketing in the tailoring of the offering, in particular promotions, to the retailers' needs.
- Category management in comparison to trade marketing conducts market research and concept development activities but does not conduct process management and administration activities. If category management is implemented in an existing trade marketing functional unit, as some publications report, its activities are complementary. Category management and shopper marketing activities overlap in the market research, data analysis, concept development, and execution activity areas. The literature mentions that shopper marketing often builds on the experiences that manufacturers have made with shopper research and shopper insight development in category management.
- In comparison to trade marketing and category management, shopper marketing additionally conducts planning activities. Shopper marketing overlaps with trade marketing in the execution of promotions. Similar to trade marketing, it conducts process management activities. Yet, shopper marketing discusses shopper insights with brand management while trade marketing communicates feedback from the retailers to brand management. As mentioned, shopper marketing overlaps with category management in market research, data analysis, concept development and execution activities. According to the literature, shopper marketing develops a shopper segmentation in the market research activities. Category management does not cover this activity.

In the following, I compare the activities of trade marketing, category management, and shopper marketing with brand management and key account management. The activities that are attributed to trade marketing, category management, and shopper marketing mainly overlap with brand management in the concept development of promotions. Although it is not directly visible in Table 13, the content of shopper and consumer research can also overlap. The shopper and the consumer can be the same person in some categories. Thus, brand management, category management, and shopper marketing need to agree on a consistent definition of the shopper and the consumer to ensure that their insights are compatible. The activities of all functional units overlap regarding the execution of promotions.

Overall, it is interesting to note that category management and shopper marketing activities are akin to the activities of brand management. All three functional units conduct market research, data analysis, concept development, and execution activities. Yet, in the trade marketing, category management, and shopper marketing context these activities are directed to the shopper and the retailer (see chapter 2.3.2.1.3).

I cannot infer from the literature how manufacturers have solved the identified overlaps. Managerial surveys on category management and shopper marketing only reveal that not all manufacturers conduct the same activities (GS1 Germany 2009; Institute of Grocery Distribution 09 May 2014). Moreover, the literature does not cover how manufacturers adapt the activities when they implement category management and shopper marketing into an existing trade marketing functional unit.

Table 13: Brand management, key account management, trade marketing, category management, and shopper marketing activities in the literature

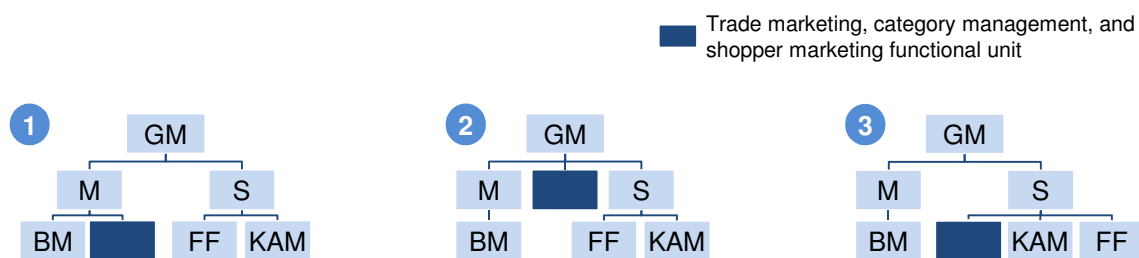
Activity area	Brand management	Key account management	Trade marketing	Category management	Shopper marketing
Market research	<ul style="list-style-type: none"> Conduct consumer research 			<ul style="list-style-type: none"> Conduct shopper research 	<ul style="list-style-type: none"> Conduct shopper research Develop a shopper segmentation
Data analysis	<ul style="list-style-type: none"> Analyze consumer research Evaluate brand performance 	<ul style="list-style-type: none"> Analyze the customer 	<ul style="list-style-type: none"> Evaluate trade promotions 	<ul style="list-style-type: none"> Generate insights on the shoppers and the category from market research results and retailer data 	<ul style="list-style-type: none"> Generate shopper insights from market research results and retailer data
Concept development	<ul style="list-style-type: none"> Develop product (re-)launches Develop advertising campaigns and promotions Define recommended retail prices 			<ul style="list-style-type: none"> Develop solutions for shopper and category insights regarding the assortment, shelf layout, in-store communication, and promotions 	<ul style="list-style-type: none"> Develop solutions for shopper insights like tailored promotions or recommendations on the store layout
Execution	<ul style="list-style-type: none"> Implement product (re-)launches Implement advertising campaigns and promotions Train the sales team on the brands and products 	<ul style="list-style-type: none"> Negotiate contracts with the customer Customize the offering to the customer, for example, tailor promotions Coordinate additional services provided to the customer Manage daily relationships with the customer 	<ul style="list-style-type: none"> Tailor trade promotions to the retailer's needs (incl. point of sale material) 	<ul style="list-style-type: none"> Implement solutions in projects with retailers Maintain planograms of the shelf layout with specialized software 	<ul style="list-style-type: none"> Implement solutions for shopper insights with retailers
Planning	<ul style="list-style-type: none"> Develop a brand plan and forecast the brand performance 	<ul style="list-style-type: none"> Develop a customer plan and forecast the customer performance 			<ul style="list-style-type: none"> Prioritize channels based on the shopper insights and potential to collaborate with retailers
Process management			<ul style="list-style-type: none"> Communicate feedback from retailers to brand management Steer the brand management and KAM planning process 		<ul style="list-style-type: none"> Discuss shopper insights that imply changes of the product, like packaging, with brand management
Administration			<ul style="list-style-type: none"> Prepare sales folders for KAM and the field force Manage the trade promotion plan and budget 		

Note: Activities marked in bold overlap between the functional units.

2.3.2.1.2 Structures

The literature describes a number of structural designs and reporting lines of the executives of trade marketing, category management, and shopper marketing functional units. Overall, no dominant way of structuring the functional units has emerged despite some recommendations from associations like GS1 Germany (2009; 2013). In many companies, the executives of the trade marketing, category management, and shopper marketing functional unit report to sales. Alternatives are a reporting line to the marketing director or the general manager of the local organization. Figure 8 summarizes all reporting alternatives.

Figure 8: Reporting options for trade marketing, category management, and shopper marketing functional units in the literature



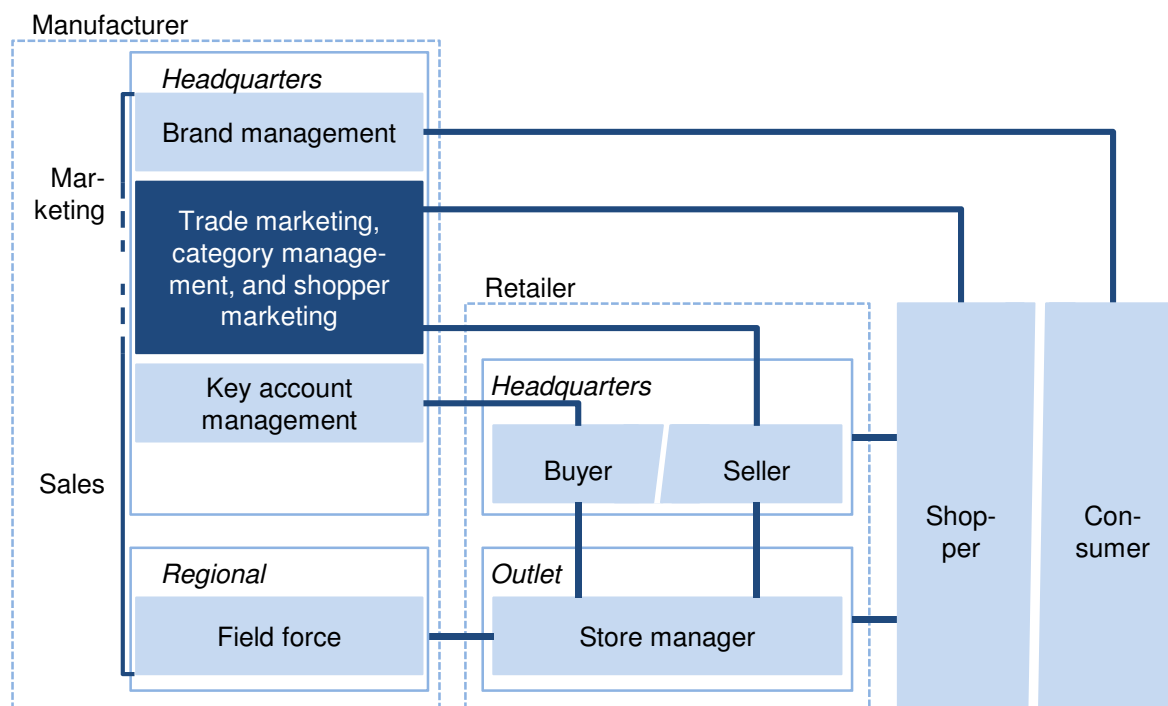
In the implementation, trade marketing, category management, and shopper marketing are often in the same functional unit. Publications on category management and on shopper marketing report that the functional units are implemented into an existing trade marketing functional unit. In addition, publications on category management mention that trade marketing and category management exist as separate functional units in the sales department of some manufacturers. Since none of the publications discusses the structural options across trade marketing, category management, and shopper marketing, the overall organization remains unclear. In comparison to brand management and KAM, the literature on trade marketing, category management, and shopper marketing does not cover the functional subunits of the organizations.

2.3.2.1.3 Thought-worlds

The literature discusses thought-worlds of trade marketing, category management, and shopper marketing only implicitly. The activities of trade marketing, category management, and shopper marketing indicate some of the orientations. As Figure 9 shows, trade marketing, category management, and shopper marketing functional units interact with internal and external stakeholders.

Activities like discussing shopper insights that imply changes of the product, like packaging, with brand management (shopper marketing) and preparing sales folders for KAM and the field force (trade marketing) are mainly directed to internal stakeholders. Activities like conducting shopper research (category management and shopper marketing) and implementing solutions in projects with retailers (category management) are directed to external stakeholders. In the external stakeholders, the counterpart at the retailer is the seller in the headquarters organization. The seller is one of the key gatekeepers to the shoppers of the retailer. The seller can be a separate person in the retailer's marketing department or the retailer's category manager with merchandising responsibility. Interestingly, trade marketing, category management, and shopper marketing is the only functional unit in the manufacturer's marketing and sales organization that covers activities that target two external stakeholders. It can be argued from the comments in the literature that the implementation of trade marketing, category management, and shopper marketing strengthens the retailer and the shopper orientation of manufacturers. In addition, the manufacturer assumes more of the retailer's orientations on the category as mentioned in the literature on category management. For manufacturers, these are shifts in orientations from brands to categories and from consumer to shoppers. In terms of competences, trade marketing, category management, and shopper marketing activities build knowledge about the retailer business model and strategy in the tailoring of promotions or advise on the category. Market research in category management and shopper marketing develops knowledge about the shoppers.

Figure 9: Simplified interactions between the manufacturer's marketing and sales organization and the retailer, shopper, and consumer



2.3.2.1.4 Power

From the literature on brand management, I infer that trade marketing, category management, and shopper marketing have gained power in the marketing and sales organization of manufacturers. Yet, the extent of the power remains unclear. Despite some contrary comments, most researchers find that trade marketing, category management, and shopper marketing have not replaced brand management. Budget reallocations to account for the cost of category management and shopper marketing are a further hint to increasing power. I assume that budgets in most manufacturers have not been significantly increased and some of the funds have been taken from the brand management and KAM budget.

2.3.2.2 Pre-identified determinants

The literature reviewed in chapters 2.2.1 and 2.2.2 outlines the external and internal context of trade marketing, category management, and shopper marketing. The subchapters on the selected functional units in chapter 2.2.3 add further reasons for the implementation of trade marketing, category management, and shopper marketing organizations.

Regarding the external domain of determinants, the literature mentions changes in the retail environment, in the relationship with retailers, in competitor organizations, and in the consumer and shopper behavior as key reasons for the implementation of trade marketing, category management, and shopper marketing organizations:

- The consolidation to a handful of key retail chains as the main customers is one of the most frequently mentioned reasons for trade marketing, category management, and shopper marketing. Since the retail chains work with a centralized purchasing, the headquarters of the retailers define what happens in the store and store managers have almost no influence anymore. Historically, manufacturers had significant influence on the store by directly negotiating with the store manager or owner. From the manufacturer's perspective, this is exacerbated by a simultaneous increase in retailer sophistication. Retailers have significantly upgraded their business model with different banners for different channels, private labels, proprietary data from scanner tills and loyalty cards, and marketing functional units targeting their shoppers.
- As a consequence, the relationship between manufacturers and retailers changed. Manufacturers have struggled to keep their influence on the store. They have first started to pay trade spends to keep their products listed, promoted, and well positioned on the shelf. Yet, this has increased costs with questionable success. As an alternative to trade spends, many manufacturers have started to add services and information to their product offerings. When met with an open and sufficiently adept retailer, this has

resulted in collaborative relationships. But not all retailers enter in such collaborations. Some remain on a transactional basis.

- Some manufacturers have been at the forefront of trade marketing, category management, and shopper marketing. Many of them are large international corporations like Coca-Cola or Kellogg's. These manufacturers are members of associations that further develop trade marketing, category management, and shopper marketing such as the Retail Commission on Shopper Marketing or GS1. They compete to further develop particularly category management and shopper marketing. To stay competitive, smaller or less international manufacturers try to catch up and start to implement trade marketing, category management, and shopper marketing.
- Besides the changes in the retail environment, manufacturers face changes in the consumer and shopper behavior. Cable television, the Internet, and smartphones have made traditional advertising like television and print advertisements less effective. The importance of the store as a communication channel to reach the consumers has increased. This puts further emphasis on the collaboration with retailers to reach the touch points in the store (see Figure 6). Most recently, the digitization lead to new retail channels in the Internet. It further significantly changes the shopper behavior. In the purchase decision, many evaluate or directly buy online.

Regarding the internal domain of determinants, the literature mentions the shift to customer-focused organizational structures and the international transfer of category management and shopper marketing experiences as key reasons for the implementation of trade marketing, category management, and shopper marketing organizations:

- The creation of trade marketing, category management, and shopper marketing organizations is part of a general shift to customer-focused organizational structures in consumer goods manufacturers. The shift has often started with the implementation of a KAM functional unit. In addition, many consumer goods manufacturers centralize key brand management activities on global level to delayer their organizations, save costs, and focus on global brands. Trade marketing, category management, and shopper marketing organizations in the local organizations take over some of the operational brand management tasks.
- Some of the leading manufacturers are reported to transfer their category management and shopper marketing experiences from advanced markets like the USA to other countries that they operate in. The literature on shopper marketing mentions that some manufacturers have implemented international shopper marketing organizations that are responsible for the knowledge transfer.

3 Empirical methods

As mentioned in the introduction, the thesis follows the discovery-oriented research approach of previous researchers in the marketing and sales field that combine a thorough analysis of the literature with qualitative empirical research to develop propositions (Biemans, Brenčič, and Malshe 2010; Deshpande 1983; Dewsnap and Jobber 2009; Homburg, Workman, and Jensen 2000; Kohli and Jaworski 1990; Malshe and Sohi 2009; Tuli, Kohli, and Bharadwaj 2007; Workman, Homburg, and Gruner 1998).

The literature review shows that there is a void of research on organizing trade marketing, category management, and shopper marketing (see chapters 2.2.3.3, 2.2.3.4, and 2.2.3.5). In similarly unexplored and complex situations, previous researchers on marketing and sales organizations chose a qualitative research approach (Bonoma 1985; Homburg, Workman, and Jensen 2000; Workman, Homburg, and Gruner 1998; Zaltman, LeMasters, and Heffring 1982). Similarly, key publications on empirical research methodology recommend to use qualitative methods like interviews, case studies, observation, and action research in nascent research fields with limited knowledge in the literature (Deshpande 1983; Edmondson and Mcmanus 2007; Eisenhardt 1989; Gummesson 2000; Hirschman 1986). Zaltman, LeMasters, and Heffring (1982) deem “interesting” topics as particularly suitable for qualitative research. Since the missing research on the organization of trade marketing, category management, and shopper marketing leads to conceptual confusion in academia and business practice, I consider the topic as “interesting”. Moreover, scholars of the configurational school of contingency theory call for more qualitative research in organizational research (Fiss 2009, 2011; Short, Payne, and Ketchen 2008). Qualitative research methods provide “thick descriptions” (Geertz 1973) and enable a holistic perspective on the organization of trade marketing, category management, and shopper marketing (see chapter 2.1.2).

I combine two qualitative methods in the empirical research, action research and in-depth interviews (Chisholm and Elden 1993; Eden and Huxham 1996; Gummesson 2000; Kvale and Brinkmann 2009; Stringer 2014). This approach is different to previous discovery-oriented research that has relied solely on in-depth interviews (Homburg, Workman, and Jensen 2000; Workman, Homburg, and Gruner 1998). I decided to combine these two methodologies for the following reasons: The action research allows me to gain an in-depth understanding based on a number of data sources (Elden and Chisholm 1993; Gummesson 2000; Stringer 2014). It lays a solid foundation to understand the design choices a manufacturer makes in configuring the trade marketing, category management, and shopper marketing organization. It further provides insights on changing the trade marketing, category management, and shopper marketing organization. Yet, as the literature review shows there is a wide variety in configuring the activities, structures, and other design variables. Thus, I deemed it important to understand the scope of different trade marketing, category management, and shopper

marketing organizations. Semi-structured interviews allowed me to keep an explorative approach while broadening the empirical base to further companies (Biemans, Brenčič, and Malshe 2010; Kvale and Brinkmann 2009). In general, I aim to strengthen the reliability of my research results with the triangulation of the different methodologies and sources of information (Eisenhardt 1989; Fiss 2009; Hirschman 1986; Martin and Eisenhardt 2010). The level of analysis is the in-market subsidiary's organization of a consumer goods manufacturer. All of the manufacturers in the sample operate across several countries. The in-market subsidiary is the organization that is closest to a country in which the manufacturer operates. This can be an individual country and combinations of countries like DACH (Germany, Austria, and Switzerland) or GBI (Great Britain and Ireland). In total, the empirical research covers four activities:

- 1) Immersed action research in one company for two years
- 2) Semi-structured interviews with 17 managers
- 3) Induction of the determinants and design variables, development of the taxonomy, and derivation of the propositions on the relationships
- 4) Development of the insights on changing the organization

The activities of the research process overlapped, since I already analyzed some of the data from the action research and first interviews while conducting further interviews (Eisenhardt 1989). The following chapters consider each of the research activities in greater depth and outline the relevant literature on the methodologies.

3.1 Action research

3.1.1 Background of the action research methodology

The first activity of the empirical research is an action research collaboration with a consumer goods manufacturer. The action research methodology dates back to an article by Lewin (1946). Reason and Bradbury (2008, p. 4) define in their handbook that action research “seeks to bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues of pressing concern to people, and more generally the flourishing of individual persons and their communities.” Scholars from the management discipline complement this definition. Gummesson (2000, p. 117) focuses on organizations as social systems in his definition: “(...) action research is a way of learning about a social system and simultaneously trying to change it (...)” Elden and Chisholm (1993, p. 124) highlight the production of “ (...) new knowledge that contributes both to practical solutions to immediate problems and to general knowledge.” For Carson et al. (2001, p. 160) “(...)

action research represents an intensive approach, involving cycles of actions and reflections, emphasizing understanding and learning.”

The definitions already imply the specific characteristics of the action research methodology. Peters and Robinson (1984) summarize these characteristics as involvement in change, iterative process, and collaboration. Ozanne and Saatcioglu (2008, p. 429) outline four characteristics: use of scientific methods, cyclical research process, collaboration between the researcher and the client, and researcher and client must “(...) forge a common understanding of the problem and its solution and implement change.” Their characteristics are mainly based on Elden and Chisholm (1993). Coghlan and Brannick (2010, p. 4) develop five characteristics: “research in action, rather than research about action, a collaborative democratic partnership, research concurrent with action, a sequence of events and an approach to problem solving.”

To follow these characteristics in the application of action research, it is important to understand the role of the researcher, the process, and the data collection of the methodology.

Role of the researcher

In quantitative and other qualitative research methodologies, the researcher maintains an objective distance to the research subject (Coghlan and Brannick 2010; Elden and Chisholm 1993). In action research, the researcher takes on the role of a “change agent” or “facilitator” and actively influences the research subject (Huxham and Vangen 2000; Lüscher and Lewis 2008; Rapoport 1970; Stringer 2014; Zuber-Skerritt and Perry 2002). In order to assume the role of a change agent, Gummesson (2000) argues that the researcher needs a pre-understanding from personal experience or the literature. Despite the pre-understanding, the researcher still needs to manage to keep an open mind.

Process

The iterative or cyclical process is a further key characteristic of action research. A number of action research scholars have developed process steps that are repeated in several cycles to develop a solution to the practical problem and generate new theoretic knowledge (Carson et al. 2001; Coghlan and Brannick 2010; Elden and Chisholm 1993). The first process of Lewin (1946) has three steps: planning, executing, and reconnaissance. The process by Stringer (2014) builds on these steps defined by Lewin (1946). This process is most applicable to my action research collaboration. The process has four steps. The last three steps are repeated in an iterative cycle:

- 1) Setting the stage: planning a research process
- 2) Look: gathering data
- 3) Think: reflection and analysis
- 4) Act: action plans – implementing sustainable solutions

In the first of Stringer's (2014) steps, the researcher prepares the action research collaboration. Key activities of this step are the identification of key stakeholders, the definition of the role of the researcher, the agreement of the first key topics with the stakeholders, the agreement of confidentiality, and an understanding of the means to achieve rigor in action research. The next step defines the problems and gathers information from a number of sources. In the third step, the collected information is reviewed and analyzed to understand the problem. In the last step, a solution to the problem is developed and implemented.

According to Zuber-Skerritt and Perry (2002), there are actually two process cycles running in parallel in an action research collaboration. The "core" process cycle solves the practical problem. The "thesis" process cycle develops the theory from the solutions to the practical problems. This applies to this thesis as well. I developed a number of solutions with the project leader of the action research collaboration (see chapter 7). In parallel, I analyzed the action research results to contribute to the conceptualizations of determinants and design variables, the development of the taxonomy of organizations, the derivation of propositions, and the insights on changing the organization as outlined in chapter 3.3.

Sources of information

Action research scholars recommend triangulating a number of information sources. They mention some key data sources like interviews, workshops, informal interactions, and documents like presentations, reports, and spreadsheets (Carson et al. 2001; Lüscher and Lewis 2008; Stringer 2014). These sources do not need to be internal to the action research company only. They may as well include external sources like interviews with experts or the research literature (Ozcan and Eisenhardt 2009). Both the selection of the action research company and the sources of information should follow theoretical sampling (Gummeson 2000). Theoretical sampling implies that interview partners and workshop participants are not chosen randomly but as appropriate for the research goal and often based on results of the analysis of previous material (Eisenhardt 1989; Glaser and Strauss 1967).

The previously outlined action research approach might cast doubt on the scientific validity and rigor. Several action research scholars have defined quality criteria in response to such doubts. Eden and Huxham (1996) outline 12 "contentions" of action research equally split in outcomes and process. Ozanne and Saatcioglu (2008, p. 426) define "five types of validity that harmonize with their underlying assumptions and goals: outcome validity, democratic validity, process validity, catalytic validity, and dialogical validity (Anderson, Herr, and Nihlen 1994; Reason and Bradbury 2001)." The following non-exhaustive list summarizes the key quality criteria of these and other publications (Eden and Huxham 1996; Gummeson 2000; Ozanne and Saatcioglu 2008):

- Action research results must support the specific collaboration.
- Action research results must be applicable to other settings.
- Action research must be related to theory.
- Action research must engage the research partner.
- Action research must triangulate different data sources.

Action research has been successfully applied in marketing and sales research. For example, the studies by Storbacka et al. (2009) and Zupancic (2008) are mentioned in the chapter on key account management (see chapter 2.2.3.2 and Table 6). The next subchapter describes the action research collaboration with a consumer goods manufacturer.

3.1.2 Overview of the action research with a consumer goods manufacturer

This subchapter begins with an introduction to the action research collaboration. In the remainder, I follow the lines of the previous chapter and cover my role as a researcher, the sources of information, and the process. I close the subchapter with a review of the adherence to the quality criteria. The action research collaboration is described in detail in chapter 7.

Introduction to the action research collaboration

I collaborated with the German in-market subsidiary of a consumer goods manufacturer that has its headquarters in Germany as well. Since I signed a non-disclosure agreement, I don't mention the company name and category. I created codes for the people involved in the action research. I refer to the manufacturer as manufacturer AR in the remainder of the thesis. This allows me to share detailed descriptions of the collaboration.

The supervisor of the thesis initiated the collaboration. In the first meeting with the management of the manufacturer, we agreed that I should be part of a larger project at the manufacturer. The aim of the project was to become the leading marketing and sales organization in their category in Germany. During the discussions of this first meeting, it became clear that the organization of trade marketing, category management, and shopper marketing is a key element of the project aim. Thus, the selection of the action research company was serendipity and qualifies for theoretical sampling, since it matches the research goals of the thesis. More specifically, the manufacturer's project had the following targets:

- Review and adapt the marketing and sales organization in terms of functional units, activities, responsibilities, and resource allocation.
- Define processes and interfaces in the adapted marketing and sales organization.
- Develop a project management approach to enable continuous improvement.

Role as a researcher

With these project targets in mind and along the first step of the process proposed by Stringer (2014), the project leader and I defined my role in the project (Gummesson 2000). In general, my role was to bring in an outside perspective and challenge the current ideas as a facilitator. In practice, the role took two different forms:

- 1) I was the sparring and discussion partner of the project manager for all elements of the project. Lüscher and Lewis (2008), for example, also used sparring as a form of facilitation in their action research.
- 2) We agreed on specific topics that I worked on collaboratively with the project team. The solution development for these topics generally followed the process outlined by Stringer (2014).

Before the collaboration, I had no specific knowledge about the manufacturer. I occasionally read about it in articles of the specialized newspaper “Lebensmittelzeitung” and industry reports. In preparation for the first meeting, I reviewed and updated a previously prepared press research about the manufacturer. In general, I was familiar with marketing and sales organizations of consumer goods manufacturers from an internship with Nestlé Deutschland AG und projects as a management consultant. During the projects as a management consultant, I had also worked on trade marketing, category management, and shopper marketing organizations. I built further knowledge from the thorough literature review that I began a few days before the kick-off of the action research collaboration.

Sources of information

The sparring with the project leader mainly took place in weekly one-hour conference calls. In several calls, we also spent time on the specific topics that were assigned to me. 64 conference calls took place in the period from 12 October 2012 to 07 October 2014. The length of the calls ranged from 30 to 90 minutes. Most of them took the scheduled 60 minutes. All of the calls apart from 28 February 2014 were only attended by the project leader and me. SenKAM3 participated in the call on 28 February 2014. Most of the conference calls started with a general update on the project status. We then focused on a main topic for the rest of the call as outlined in Table 15. In the solution development of the assigned topics, I used a number of different sources of information:

- workshops,
- expert discussions and interviews,
- informal conversations in coffee and lunch breaks,
- internal data like presentations, spreadsheets, e-mails, Nielsen and GfK data, and
- external documents like industry reports, Internet sites, research literature and managerial publications.

I followed theoretical sampling here as well. I chose the sources as appropriate to the topic discussed and while I was analyzing previously collected information (Gummesson 2000). I made field notes from the conference calls, workshops, expert discussions, and interviews. In some of the conference calls and workshops the co-created documents like flip charts, presentations, or spreadsheets served as the field notes. I tape recorded one of the expert discussions. The in-depth interview methodology is covered in more depth in subchapter 3.2. As exhibited in Table 14, I worked with 28 persons in the action research. The majority of these are employees of the manufacturer. Apart from the 28 persons, more people were involved in the project but I only received documents or transcripts of their contributions. The project team, for example, conducted several further expert discussions that I was not present at. I used the information of these discussions in the later stages of the project (see chapter 7).

Process

During the majority of the action research, I was part of the mentioned manufacturer's project. The project had four phases. I joined the project during the second phase:

- 1) Preparation of the project,
- 2) Analysis and transparency,
- 3) Development of the recommendation, and
- 4) Implementation.

I continued to work with the manufacturer beyond the implementation phase (see Figure 14). The phases of the project, the interactions after the project's implementation phase, and my contributions are described in greater depth in chapter 7. The following tables contain the key facts about the action research collaboration regarding the people directly involved (see Table 14), conference calls (see Table 15), workshops (see Table 16), and expert discussions and interviews (see Table 17). In total, I spend approximately 168.5 hours in conference calls, workshops, expert discussions, and interviews during the action research.

Overall, I followed the quality criteria defined in chapter 3.1.1 to my best knowledge and possibilities. The sparring and the specific topics I worked on supported the manufacturer in all project phases (see chapter 7). The project leader and other team members mentioned several times that I successfully challenged and changed common assumptions of the project team. Moreover, the action research contributed to research results that are applicable to consumer goods manufacturers in general as exhibited by the determinants, design variables, taxonomy, and factors that influenced the organizational change (see chapters 4, 5, and 7). I drew on the research literature and previously developed theory at a number of points in the collaboration. The project leader and other company members were heavily engaged in the project in general and in the discussions with me. As mentioned, I triangulated a number of data sources along the action research collaboration.

Table 14: People directly involved in the action research

Company	Department	Position	Code
Manufacturer	General Manager	General manager (first period)	GenManagerA
		General manager (second period)	GenManagerB (former SalesDirectorA)
		Project leader	ProLeader
	Sales	Sales director (first period)	SalesDirectorA (later GenManagerB)
		Sales director (second period)	SalesDirectorB
		Senior key account manager	SenKAM1
		Senior key account manager	SenKAM2
		Senior key account manager	SenKAM3
		Senior sales support manager	SenSalesSuppM (later BusSupportDirector)
		Sales support clerk	SalesSuppClerk
		Key account manager	KAM
		Sales representative	SalesRep
	Marketing	Marketing director	MktgDirector
		Senior brand manager	SenBM1
		Senior brand manager	SenBM2
		Senior market research and category management manager	SenMarketRes&CatManM
		Senior trade marketing manager	SenTradeMktgM
		Brand manager	BM1
		Brand manager	BM2
	Business support	Trade marketing manager	TradeMktgM
		Business support director	BusSupportDirector (former SenSalesSuppM)
		Human resources	Senior human resources manager
		Legal	Corporate counsel
	Finance	Finance director	FinDirector
Marketing agency	Executive board	Consulting director	MktgAgencyDirector
Management consultancy	Executive board	Partner	ConsultPartner1
		Partner	ConsultPartner2
Retail consultancy	Consultancy owner	Consultancy owner and former board member of leading global retailer	ConsultOwner
University	Production Management	Tenured faculty	ProfProdMngt
	Sales Management	Tenured faculty	ProfSalesMngt

Table 15: Conference calls of the action research

Date	Main topics of the conference calls
12 October 2012	<ul style="list-style-type: none"> • Scheduling of regular conference calls • First topics of the action research collaboration
09 November 2012	<ul style="list-style-type: none"> • Core KPIs of the manufacturer
15 November 2012	<ul style="list-style-type: none"> • International marketing organization • Trade marketing, category management, and shopper marketing organization
23 November 2012	<ul style="list-style-type: none"> • Discussion of customer-specific promotions • Documentation of the current processes
27 November 2012	<ul style="list-style-type: none"> • Benchmark of the manufacturer's marketing and sales organization with competitor organizations • Trade terms system
07 December 2012	<ul style="list-style-type: none"> • Preparation of expert discussions
14 December 2012	<ul style="list-style-type: none"> • Profit and loss statement structure and core KPIs
04 January 2013	<ul style="list-style-type: none"> • Feedback from the introduction of the thesis topic and the action research collaboration on 17 December 2012 • Learning organization
11 January 2013	<ul style="list-style-type: none"> • Customer interaction systems between manufacturers and retailers in the consumer goods industry
25 January 2013	<ul style="list-style-type: none"> • Global account management organization • Learning organization
06 February 2013	<ul style="list-style-type: none"> • Job advertisement research • Results of team discussion on open topics of the project
08 February 2013	<ul style="list-style-type: none"> • Job advertisement research
14 February 2013	<ul style="list-style-type: none"> • Job advertisement research
22 February 2013	<ul style="list-style-type: none"> • Analysis of expert discussions
01 March 2013	<ul style="list-style-type: none"> • Scenario analysis results
05 March 2013	<ul style="list-style-type: none"> • Key drivers of the manufacturer's marketing and sales organization
08 March 2013	<ul style="list-style-type: none"> • Key drivers of the manufacturer's marketing and sales organization
15 March 2013	<ul style="list-style-type: none"> • Key drivers of the manufacturer's marketing and sales organization
17 April 2013	<ul style="list-style-type: none"> • Feedback from the off-site workshop and reflection
26 April 2013	<ul style="list-style-type: none"> • Next topics of the action research collaboration
03 May 2013	<ul style="list-style-type: none"> • Definition what the best marketing and sales organization in the category implies
17 May 2013	<ul style="list-style-type: none"> • Definition what the best marketing and sales organization in the category implies
11 June 2013	<ul style="list-style-type: none"> • Feedback regarding channel management subproject detailing and first version of the recommendation for the marketing and sales organization from the project team members
21 June 2013	<ul style="list-style-type: none"> • Analysis of revenue data to understand potentials for channel management
26 June 2013	<ul style="list-style-type: none"> • Criteria to select channels for channel management
02 July 2013	<ul style="list-style-type: none"> • Customer segmentation
26 July 2013	<ul style="list-style-type: none"> • Customer segmentation
02 August 2013	<ul style="list-style-type: none"> • Feedback from project team meeting
13 August 2013	<ul style="list-style-type: none"> • Recommendation for the marketing and sales organization
20 August 2013	<ul style="list-style-type: none"> • Customer segmentation
30 August 2013	<ul style="list-style-type: none"> • Further development of the field sales force • Customer segmentation
05 September 2013	<ul style="list-style-type: none"> • Update on project status • Further development of the field sales force
13 September 2013	<ul style="list-style-type: none"> • Customer segmentation
19 September 2013	<ul style="list-style-type: none"> • Defense presentation of this thesis

Date	Main topics of the conference calls
27 September 2013	<ul style="list-style-type: none"> • Preparation of workshop on customer segmentation on 24 October 2013
04 October 2013	<ul style="list-style-type: none"> • Next topics of the action research collaboration
25 October 2013	<ul style="list-style-type: none"> • Organizational topics
01 November 2013	<ul style="list-style-type: none"> • Analysis of the obstacles in the implementation of the subprojects
13 November 2013	<ul style="list-style-type: none"> • Analysis of the obstacles in the implementation of the subprojects
22 November 2013	<ul style="list-style-type: none"> • Preparation of workshop on customer segmentation on 27 November 2013
17 January 2014	<ul style="list-style-type: none"> • Presentation on empirical research results of the thesis
23 January 2014	<ul style="list-style-type: none"> • Customer segmentation
07 February 2014	<ul style="list-style-type: none"> • Three-year plan of the in-market subsidiary
21 February 2014	<ul style="list-style-type: none"> • Status of the subprojects
28 February 2014	<ul style="list-style-type: none"> • Customer segmentation
03 March 2014	<ul style="list-style-type: none"> • Customer segmentation
07 March 2014	<ul style="list-style-type: none"> • Customer segmentation
14 March 2014	<ul style="list-style-type: none"> • Customer segmentation
21 March 2014	<ul style="list-style-type: none"> • Customer segmentation
26 March 2014	<ul style="list-style-type: none"> • Customer segmentation
02 April 2014	<ul style="list-style-type: none"> • Customer segmentation • Overview of interactions with the retailers
10 April 2014	<ul style="list-style-type: none"> • Preparation of the discussion on the research results and implications for the trade marketing, category management, and shopper marketing organization on 29 April 2014 • Preparation of the workshop on the finalization of the customer segmentation on 29 April 2014
23 May 2014	<ul style="list-style-type: none"> • Customer segmentation • Organizational topics
30 May 2014	<ul style="list-style-type: none"> • Cost-benefit analysis and implementation options for the trade marketing, category management, and shopper marketing organization of the project's recommendation
04 June 2014	<ul style="list-style-type: none"> • Cost-benefit analysis and implementation options for the trade marketing, category management, and shopper marketing organization of the project's recommendation
11 June 2014	<ul style="list-style-type: none"> • Cost-benefit analysis and implementation options for the trade marketing, category management, and shopper marketing organization of the project's recommendation
18 June 2014	<ul style="list-style-type: none"> • Agenda and preparation of workshop on 01 July 2014 • Decision to clarify the target trade marketing, category management, and shopper marketing organization instead of cost-benefit analysis and implementation options
25 June 2014	<ul style="list-style-type: none"> • Agenda and preparation of workshop on 01 July 2014
09 July 2014	<ul style="list-style-type: none"> • Agenda and preparation of off-site workshop on 12 August 2014 • Project on process documentation of parent group
18 July 2014	<ul style="list-style-type: none"> • Preparation of off-site workshop on 12 August 2014 • Project on process documentation of parent group
29 August 2014	<ul style="list-style-type: none"> • Preparation of off-site workshop on 22 September 2014
10 September 2014	<ul style="list-style-type: none"> • Preparation of off-site workshop on 22 September 2014
30 September 2014	<ul style="list-style-type: none"> • Results of off-site workshop on 22 September 2014
07 October 2014	<ul style="list-style-type: none"> • Preliminary approval of chapter 7

Table 16: Workshops of the action research

Date	Workshop topic	Length (hours)	Participants
10 October 2012	Kick-off of the action research collaboration	5	<ul style="list-style-type: none"> • GenManagerA • ProfSalesMng • SalesDirectorA • ProLeader
18 October 2012	Definition of role as a researcher and first action research topics	4	<ul style="list-style-type: none"> • ProLeader
13 December 2012	Marketing and sales processes	4	<ul style="list-style-type: none"> • KAM • SalesSuppClerk • ProLeader
17 December 2012	Introduction of the thesis topic and the action research collaboration	Approx. 0.25	<ul style="list-style-type: none"> • Executive team with GenManagerA • Senior management of the manufacturer
18 March 2013	Preparation of the off-site workshop to discuss the key drivers and the workstreams	3	<ul style="list-style-type: none"> • GenManagerB • MktgDirector • ProLeader • SalesDirectorB • SenSalesSuppM • ConsultPartner1 • ConsultPartner2
21 March 2013	Preparation of the off- site workshop and development of the workstreams	2	<ul style="list-style-type: none"> • ProLeader
03–04 April 2013	Off-site workshop to discuss the key drivers and the workstreams	Approx. 18.5	<ul style="list-style-type: none"> • GenManagerB • MktgDirector • SenBM1 • SenBM2 • BM1 • BM2 • SenMarketRes&CatManM • SenTradeMktgM • TradeMktgM • SalesDirectorB • SenKAM1 • SenKAM2 • KAM • SenSalesSuppM • SenHRM • CorpCounsel • ProLeader • MktgAgencyDirector • ConsultPartner1 • ConsultPartner2
31 May 2013	Detailing of the subproject on channel management	5	<ul style="list-style-type: none"> • ProLeader
04 June 2013	First version of the project's recommendation for the marketing and sales organization of the in-market subsidiary	5	<ul style="list-style-type: none"> • ProLeader
06 August 2013	Management presentation of the project's recommendation for the marketing and sales organization	1.5	<ul style="list-style-type: none"> • SenBM1 • SenMarketRes&CatManM • ProLeader
24 October 2013	Customer segmentation	1.5	<ul style="list-style-type: none"> • SalesDirectorB • ProLeader
27 November 2013	Customer segmentation (continued from 24 October 2013)	2	<ul style="list-style-type: none"> • SalesDirectorB • ProLeader

Date	Workshop topic	Length (hours)	Participants
20 January 2014	Introduction to empirical research results of the thesis	0.75	<ul style="list-style-type: none"> • GenManagerB • SalesDirectorB • BusSupportDirector • MktgDirector • ProLeader
03 March 2014	Discussion of research results and implications for the trade marketing, category management, and shopper marketing organization	1.5	<ul style="list-style-type: none"> • ProLeader • SenMarketRes&CatManM
29 April 2014	Discussion of research results and implications for the trade marketing, category management, and shopper marketing organization	3	<ul style="list-style-type: none"> • GenManagerB • BusSupportDirector • MktgDirector • FinDirector • SalesDirectorB • ProLeader
29 April 2014	Finalization of the customer segmentation	2	<ul style="list-style-type: none"> • SalesDirectorB • FinDirector • SenKAM3 • ProLeader
01 July 2014	Preparation of the off-site workshop on the trade marketing, category management, and shopper marketing organization	5	<ul style="list-style-type: none"> • BusSupportDirector • FinDirector • ProLeader
12 August 2014	Off-site workshop on the marketing and sales organization (scope extended from the trade marketing, category management, and shopper marketing organization)	7	<ul style="list-style-type: none"> • GenManagerB • BusSupportDirector • MktgDirector • FinDirector • SalesDirectorB
22 September 2014	Continuation of off-site workshop on the marketing and sales organization	8	<ul style="list-style-type: none"> • GenManagerB • BusSupportDirector • MktgDirector • FinDirector • SalesDirectorB
Total		79	

Table 17: Expert discussions and interviews of the action research

Date	Discussion or interview topic	Length (hours)	Participants
03 December 2012	Field trip with a sales representative	Approx. 9	• SalesRep
31 January 2013	Expert interview on trends in FMCG sales management	2	• KAM • BM1 • ProfSalesMngt
31 January 2013	Expert interview on trends in collaborative commerce	2	• KAM • BM1 • ProfProdMngt
31 January 2013	Expert interview on trends in retail environment	2	• KAM • BM1 • ConsultOwner
18 March 2013	Expert discussion on role of sales support	1.5	• SenSalesSuppM
18 March 2013	Expert discussion on role of key account management	1.5	• SenKAM1
19 March 2013	Expert discussion on role of trade marketing	2	• SenTradeMktgM
20 March 2013	Expert discussion on role of brand management	2	• SenBM1
21 March 2013	Expert discussion on role of key account management	2	• SenKAM2
27 November 2013	Expert discussion on adaptation of trade marketing, category management, and shopper marketing function	1.5	• SenMarketRes&CatManM
Total		25.5	

3.2 In-depth interviews

3.2.1 Background of the in-depth interview methodology

Previous discovery-oriented research publications in marketing and sales mainly use in-depth interviews (Beverland, Steel, and Dapiran 2006; Dewsnap and Jobber 2009; Homburg, Workman, and Jensen 2000; Kohli and Jaworski 1990; Workman, Homburg, and Gruner 1998). Interviews in general are one of the most commonly used methods of qualitative research (Carson et al. 2001; Cassell 2009; Yin 2013). The term in-depth interview is interchangeably used with terms like semi-structured, qualitative, or intense interview (Weiss 1994). Kvale and Brinkmann (2009, p. 27) define a semi-structured interview as follows: “It comes close to an everyday conversation, but as a professional interview it has a purpose and involves a specific approach and technique; it is semi-structured—it is neither an open everyday conversation nor a closed questionnaire. It is conducted according to an interview guide that focuses on certain themes and that may include suggested questions. The interview

is usually transcribed, and the written text and sound recording together constitute the materials for the subsequent analysis of meaning.”

To successfully conduct in-depth interviews, several authors define a process. Carson et al. (2001) structure the interview process in four steps: planning the interview, starting the interview, managing the interview, and analyzing the data. Weiss (1994, p. 14) develops five steps and highlights the creation of the sample of interviewees and writing of a report: “(...) sampling, preparing for interviewing, conducting the interviews, analyzing the data, and finally, writing the report.” Kvale and Brinkmann (2009, pp. 19–20) define the most comprehensive process with seven steps: “(1) thematizing an interview project, (2) designing, (3) interviewing, (4) transcribing, (5) analyzing, (6) verifying, and (7) reporting.”

Based on these processes, I derived three steps that I follow in the in-depth interviews of my research approach: planning the interviews, conducting the interviews, and documenting the interviews. Since the in-depth interviews and action research are analyzed jointly, steps regarding the analysis and reporting are considered in chapter 3.3.

- In the first step, the researcher prepares the interviews. Researchers should define the target interviewee group, develop an interview guide, contact potential interviewees, and plan the approach to analyze and report the results (Alvesson 2011; Carson et al. 2001; Kvale and Brinkmann 2009; Weiss 1994). Many researchers in the marketing and sales field used theoretical sampling and select their interviewees as appropriate to the research goals (Biemans, Brenčič, and Malshe 2010; Eisenhardt 1989; Glaser and Strauss 1967; Kohli and Jaworski 1990).
- In the second step, the actual interview is conducted. The interviews need to be documented with methods like audio recording, video recording, or field notes (Kvale and Brinkmann 2009). The typical length of an interview in the marketing and sales publications are 45–90 minutes (Biemans, Brenčič, and Malshe 2010; Gebhardt, Carpenter, and Sherry 2006; Kohli and Jaworski 1990; Workman, Homburg, and Gruner 1998). The number of interviews is often determined by “theoretical saturation.” No further interviews are conducted when the incremental insights of additional interviews become low (Eisenhardt 1989).
- In the third step, a transcript is created from the recording (Alvesson 2011; Weiss 1994). If the interview has not been recorded, the field notes are summarized for further analysis.

Kvale and Brinkmann (2009) formulate six quality criteria of good in-depth interviews. In short, these criteria can be summarized as

- high depth and relevance of the content from the interviews,

- low share of the interview time taken by the interviewer (limited to short questions, follow-up, and clarifications),
- high simultaneous interpretation and verification of the interpretation by the interviewer, and
- low additional explanations required to understand the transcribed interview.

They acknowledge that the last two criteria are hard to achieve and describe an ideal state. The next subchapter describes the in-depth interviews conducted as part of this thesis. At the end of the chapter, I return to the quality criteria.

3.2.2 Overview of the in-depth interviews

I closely followed the three steps to conduct in-depth interviews as outlined in the following subchapter.

Planning the interviews

To gain a good understanding of the trade marketing, category management, and shopper marketing organizations used in the consumer goods industry, I sought to interview managers of manufacturers that differ to the action research manufacturer AR in terms of category, size, legal form, or other characteristics. I have targeted interviewees that hold management roles in in-market subsidiaries of manufacturers (Alvesson 2011). In a few cases, I interviewed several managers of the same manufacturer to learn about their different in-market subsidiaries, business units that cover other categories, or other functional units that were responsible for some of the trade marketing, category management, and shopper marketing activities. I recruited the interviewees from my personal contacts, professional network, and cold calling (Biemans, Brenčič, and Malshe 2010; Homburg, Workman, and Jensen 2000). Given the previously mentioned structure of in-market subsidiaries, the consumer goods manufacturers interviewed cover Austria, Belgium, Denmark, Finland, Germany, Luxemburg, Netherlands, Norway, Sweden, and Switzerland. Based on the first interviews and the action research, I considered it relevant to add a perspective from a shopper marketing agency. Thus, I extended the sampling focus and approached one of the leading global shopper marketing agencies (interview 17). Before the interview, all of the interviewees received a preparatory e-mail that stated the interview topic, the relevance of the topic, the benefit of conducting the interview, and the way the interview works. I promised all interviewees confidentiality (Weiss 1994). For this reasons, I use codes for the interviewees (see Table 18). In the column “department” I do not mention the names for the trade marketing, category management, and shopper marketing functional units. As stated in the introduction, the functional units’ names are usually company specific.

I prepared an interview guide that is structured along the domains determinants and domains of design variables that I pre-identified from the literature (Alvesson 2011; Carson et al. 2001; Kvale and Brinkmann 2009). I developed questions on the domains of determinants and domains of design variables from the literature review, the first action research insights, and the previously mentioned experiences from working as a management consultant. The interview guide also includes questions on recent or planned changes of the marketing and sales organization in general and the trade marketing, category management, and shopper marketing organization in particular. The interview guide was updated based on the insights from the data analysis along the way.

Conducting the interviews

Except for two interviews, I conducted all interviews face-to-face at the interviewee's office. It is easier to establish rapport and jointly draw visuals like organization charts in face-to-face interviews (Biemans, Brenčič, and Malshe 2010). The interviews were scheduled for one hour and most of them remained in this time frame. All interviews were held in German. The interviews were generally opened with some small talk. For the main part of the interview, the guide ensured that all key elements of the organization were covered. Yet, it did not serve as a strict structure of the interview (Kohli and Jaworski 1990). The conversation often jumped between domains of determinants and domains of design variables to understand the relationships between them. I summarized and clarified long explanations or interpretations of the interviewee to ensure that I have captured all facts and allow the interviewee to elaborate further (Biemans, Brenčič, and Malshe 2010; Gebhardt, Carpenter, and Sherry 2006). If the interviewee mentioned that any changes are planned or have recently occurred, I probed further into the reasons for these changes. Some interviewees had worked for other manufacturers before. They often compared between their old employers and the current employer. This provided additional insights beyond the current company.

Documenting the interviews

Apart from two interviews, all interviews were audio recorded and later transcribed by a professional transcription service. In the interviews that were not audio recorded, I made extensive field notes instead and shared the summary with the interviewee for approval (Workman, Homburg, and Gruner 1998). As further documentation, I drew an organization chart for each of the interviewed companies. Additionally, I screened the research of job advertisements from the action research for the companies covered in the interviews. I considered the job advertisements in conjunction with the other interview materials in the analysis.

After the interview, I asked the interviewees to do a card sorting of the activity responsibilities in their organization. The idea of card sorting is inspired by Q Methodology (Watts and Stenner 2012). Yet, it does not follow this specific methodology. The interviewee

received a set of activities as cards. I derived these activities from the literature review and first insights of the action research. They received the following 33 activities: advertising development (e.g., develop TV copy), advertising implementation (e.g., book TV slots), annual customer negotiation, assortment management, category and brand planning, channel management, channel objective setting, channel planning, channel strategy development, communication mix planning, consumer insight development, consumer research, customer objective setting, customer planning, customer strategy development, customer/trade insight development, customer/trade research, daily customer interaction management, demand planning, field material development, field organization management, marketing objective setting, marketing ROI evaluation, marketing strategy development, portfolio management, product development, promotion development (e.g., develop in-store display concept), promotion implementation (e.g., order in-store display material), shelf management, shopper insight development, shopper research, trade shows and press management, and trade spend management. To ensure comparability, I did not adapt the activity cards with new insights from the action research or interviews. I asked the interviewees to sort the activities in groups according to the responsibilities in their marketing and sales organization. They created, for example, individual groups for trade and shopper marketing, brand management, and key account management if these were the functional units of their marketing and sales organization. The interviewees completed the card sorting online on the platform Websort (www.websort.net) that has been acquired by Optimal Workshop (www.optimalworkshop.com) in the meantime. Eight interviewees completed the card sorting.

As just outlined in the process of the interviews, I tried to achieve the quality criteria defined by Kvale and Brinkmann (2009) to the best of my knowledge and possibilities.

Table 18: Key facts about the interviews

Inter-view	Com-pany	Date	Functional unit	Position of interviewee	Category	In-market revenue size (EUR mn) ¹	Card sorting	Code
1	A	18 July 2013	TM/CM/SM ²	Head	Consumer health care	Not publicly available	Yes	ConHealth1
2	B	1 August 2013	TM/CM/SM ²	Head	Tobacco	1,000-2,000	Yes	Tobacco
3	C	1 August 2013	TM/CM/SM ²	Team leader	Beauty care	1,000-2,000	Yes	BeautyCare1
4	D ³	14 August 2013	TM/CM/SM ²	Head	Cereals	Not publicly available	No	Cereals
5	D	14 August 2013	TM/CM/SM ²	Group head	Food	>3,000	Yes	Food
6	E	16 August 2013	TM/CM/SM ²	Head	Confectionary	1,000-2,000	Yes	Confect
7	F	16 August 2013	TM/CM/SM ²	Head	Dairy products	<1,000	Yes	DairyProd
8	G	30 August 2013	TM/CM/SM ²	Head	Oral Care	<1,000	No	OralCare
9	G	30 August 2013	TM/CM/SM ²	Head	Consumer health care	<1,000	Yes	ConHealth2
10	H	24 September 2013	TM/CM/SM ²	Team leader	Home care	Not publicly available	No	HomeCare1
11	I	25 September 2013	TM/CM/SM ²	Head	Home care	<1,000	No	HomeCare2
12	J	28 October 2013	TM/CM/SM ²	Head	Frozen food	<1,000	No	FrozenFood
13	H	12 November 2013	TM/CM/SM ²	Head	Beauty care	2,000-3,000	No	BeautyCare2
14	H	12 November 2013	Sales	Global head	Home and beauty care	2,000-3,000	No	HomeBeautyCare
15	K	19 November 2013	Key account management	Senior key account manager	Beauty care	1,000-2,000	Yes	BeautyCare3
16	K	19 November 2013	TM/CM/SM ²	Head	Beauty care	1,000-2,000	No	BeautyCare4
17	L	19 November 2013	Not applicable	Director	Shopper marketing agency	Not applicable	n/a	ShopperMktgAgency

¹ Total revenue of the in-market subsidiary (Lebensmittelzeitung.net 23 February 2014).

² TM/CM/SM stands for trade marketing, category management, and shopper marketing.

³ Joint venture with another manufacturer.

3.3 Data analysis

The approach to the data analysis is based on

- previous discovery-oriented research in the marketing and sales field (Biemans, Brenčič, and Malshe 2010; Gebhardt, Carpenter, and Sherry 2006; Homburg, Workman, and Jensen 2000; Kohli and Jaworski 1990),
- a selection of handbooks of qualitative data analysis (Kelle and Kluge 2010; Kluge 2000; Miles, Huberman, and Saldaña 2014; Schreier 2012), and
- selected publications on the development of taxonomies with quantitative empirical research (Homburg and Giering 1996; Homburg, Jensen, and Krohmer 2008; Homburg, Workman, and Jensen 2002; Jensen 2008).

Regarding the analysis process, Miles, Huberman, and Saldaña (2014), for example, propose three general steps in the data analysis: In their first step, the data is condensed by coding the material. Next, the codes are arranged in different displays like matrices and networks. In the third step, conclusions are drawn and verified. The steps suggested by Kelle and Kluge (2010) and Kluge (2000) follow a similar structure but are tailored more specifically to the development of a taxonomy from qualitative data. Kluge (2000, p. 8) outlines the following five steps: “Development of relevant analysing dimensions (...) Grouping the cases and analysis of empirical regularities (...) Analysis of meaningful relationships and type construction (...) Characterisation of the constructed types.”

Based on these and the other previously mentioned sources, I developed a process of eight steps to analyze the data and develop the results of this thesis. The first seven steps concern the refinement of the domains of design variables and domains of determinants, the induction of their dimensions, the development of the taxonomy, and the derivation of the propositions on the relationships between determinants and design variables. The eighth step concerns the insights on changing the trade marketing, category management, and shopper marketing organization from the action research collaboration. Each step is covered in more depth and related to the mentioned sources in the following:

- 1) coding of all the empirical material along the pre-identified domains of determinants and domains of design variables from the literature,
- 2) refinement of the domains of determinants and domains design variables and induction of dimensions for both,
- 3) analysis of the coded materials and further background information within each in-market subsidiary,
- 4) comparison of the trade marketing, category management, and shopper marketing organizations and grouping them into clusters along the design variables,
- 5) explanation of the organizations in the clusters along the determinants,

- 6) creation of a summary presentation and discussion of the results from the previous steps with selected interviewees, action research informants, and other experts,
- 7) development of propositions on the relationships between selected constructs of the domains of determinants and domains of design variables, and
- 8) detailed descriptions of the action research collaboration and evaluation of the key factors of organizational change at the manufacturer.

In the first step, I coded all materials from the interviews and the action research (see Appendix 5 for the codes). According to Miles, Huberman, and Saldaña (2014, p. 71) codes “(...) are labels that assign symbolic meaning to the descriptive or inferential information compiled during a study.” The codes can either be pre-defined or developed during the analysis of the material (Eisenhardt 1989; Glaser and Strauss 1967; Kelle and Kluge 2010). The advantages and disadvantages are discussed at length elsewhere (Glaser and Strauss 1967; Kelle and Kluge 2010; Miles, Huberman, and Saldaña 2014). I used the domains of determinants and domains of design variables derived from the literature review as the initial set of codes (see Figure 7; see Appendix 5). Along the analysis, I refined the domains and collected potential dimensions for both. Miles, Huberman, and Saldaña (2014, p. 77) call this approach to coding “provisional coding.” I took particular care not to force the domains of determinants and domains of design variables of the initial set on the data (Gummesson 2000; Kelle 2007; Kelle and Kluge 2010). Coding and categorizing the data is also recommended in the handbooks on action research and in-depth interviews (Kvale and Brinkmann 2009; Stringer 2014). Many discovery-oriented researchers mention a phase of coding in their methodology as well (Gebhardt, Carpenter, and Sherry 2006). The coding and analysis of the coded material was done with the qualitative data analysis software NVivo (Bazeley and Jackson 2013). NVivo is a commonly used software for qualitative data analysis in the marketing and sales field (Gebhardt, Carpenter, and Sherry 2006; Hughes, Le Bon, and Malshe 2012; Malshe 2009, 2010; Malshe and Sohi 2009).

The second step happened mostly in concurrence with the first step. I refined the domains of determinants and the domains of design variables and derived dimensions for both. As mentioned in chapter 3.2.2, I also reflected the changes in the interview guides for the subsequent interviews (Alvesson 2011; Carson et al. 2001).

In the third step, I analyzed the trade marketing, category management, and shopper marketing organization of each in-market subsidiary. I follow the recommendation by Eisenhardt (1989) to first analyze within each case in this step and, then, analyze across cases in the next step (Fiss 2009; Martin and Eisenhardt 2010; Ozcan and Eisenhardt 2009). Several other researchers in the marketing and sales field follow this method (Beverland, Steel, and Dapiran 2006; Dewsnap and Jobber 2009; Homburg, Workman, and Jensen 2000). In order to do this, I combined all the coded materials relating to one trade marketing, category

management, and shopper marketing organization in NVivo. In the in-depth interviews, these materials were mainly the interviews with interviewees of the same organization and job advertisements. In one interview, I covered two different trade marketing, category management, and shopper marketing organizations. I split this interview accordingly in the analysis. The action research material of the collaboration with manufacturer AR contributed a further trade marketing, category management, and shopper marketing organization. Since I gained insights on the organization before the project, during the project, and in the project recommendation, I split the organization in the presentation of the taxonomy accordingly. In practice, I created a code for all materials of one trade marketing, category management, and shopper marketing organization in NVivo. For the further analysis, I created a matrix in NVivo with the codes of the domains of determinants and domains of design variables as rows and the codes of each trade marketing, category management, and shopper marketing organization as columns. I developed summaries of each dimension from the matrix of coded material in the Excel table. I restructured and expanded the Excel table several times along the refinement of the domains of determinants and domains of design variables and the induction of the dimensions of the domains. Since NVivo only displays text in the summary matrix, I checked the coded material on the structure with the organization charts that I drew from each interview and the action research. To strengthen the analysis, I collected further facts on the context of the in-market subsidiary like market share in the category/categories or share of retail channels in the category/categories and added them to the Excel table. The facts on the categories and companies are from the following sources:

- reports from the “Passport” database by Euromonitor International (28 November 2013),
- reports from Planet Retail (28 November 2013),
- manufacturer profiles on lebensmittelzeitung.net (23 February 2014),
- information on Germany’s retailers, consumers, and media by The Nielsen Company (22 November 2013),
- reports from the “Retail Analysis” database by the Institute of Grocery Distribution (29 November 2013),
- retail compendium by Metro AG (22 November 2013), and
- the companies’ websites.

To share the detailed results while maintaining readability and confidentiality, I translated the results of the final Excel table in high, medium, low scores in Table 26, Table 31, Table 32, Table 34, Table 35, and Table 36.

In the fourth step, the Excel table allowed me to compare the trade marketing, category management, and shopper marketing organizations across the design variables (Miles, Huberman, and Saldaña 2014; Workman, Homburg, and Gruner 1998). The design variables

serve as active variables in the formation of the clusters of trade marketing, category management, and shopper marketing organizations that constitute the taxonomy (Homburg, Jensen, and Krohmer 2008; Jensen 2008). The determinants are used as passive variables that explain the previously formed clusters in the fifth step. I looked for the same characteristics of the design variables across several trade marketing, category management, and shopper marketing organizations (Kelle and Kluge 2010; Schreier 2012). To validate my first cluster ideas, I referred back to the original interview or action research material. As a result, I returned to steps one, two, and three of the data analysis process several times to code the original material, collect further facts, adapt the domains of design variables and their dimensions, and rework the summaries of the dimensions. This iterative process of data analysis is similar to other discovery-oriented research in the marketing and sales field (Biemans, Brenčič, and Malshe 2010; Gebhardt, Carpenter, and Sherry 2006; Hirschman 1986; Homburg, Workman, and Jensen 2000).

In the fifth step, I reviewed the material on the determinants to explain the potential reasons for the chosen trade marketing, category management, and shopper marketing organizations in each cluster. Similar to the previous step, I referred back to the original interview or action research material to validate my first ideas. Since the pre-identified domains of determinants of the literature review are rather general, I adapted the domains of determinants and their dimensions several times based on new insights in the analysis.

In the sixth step, I created a summary presentation of the determinants, the design variables, and the taxonomy. I used this presentation to discuss my findings with interviewees, action research informants, and other experts. This is in the spirit of “member checking” conducted by other discovery-oriented research as well (Gebhardt, Carpenter, and Sherry 2006; Hirschman 1986). I discussed the findings several times with my supervisor. I also discussed them with the following persons:

- in a meeting with ProfProdMngt,
- in a meeting with BeautyCare3 and BeautyCare4,
- in three meetings at the action research company (20 January, 03 March, and 29 April 2014; see Table 16), and
- in a meeting with a partner at a leading management consulting firm.

Based on their feedback, I further refined the domains of determinants, domains of design variables, their dimensions, and the taxonomy to the version that is presented in the next chapters. I revisited the original material, the codes in NVivo, and the Excel table to validate the changes.

In the seventh step, I derived the propositions on the relationships between determinants and design variables. In the development of the taxonomy, I did not only look for patterns in

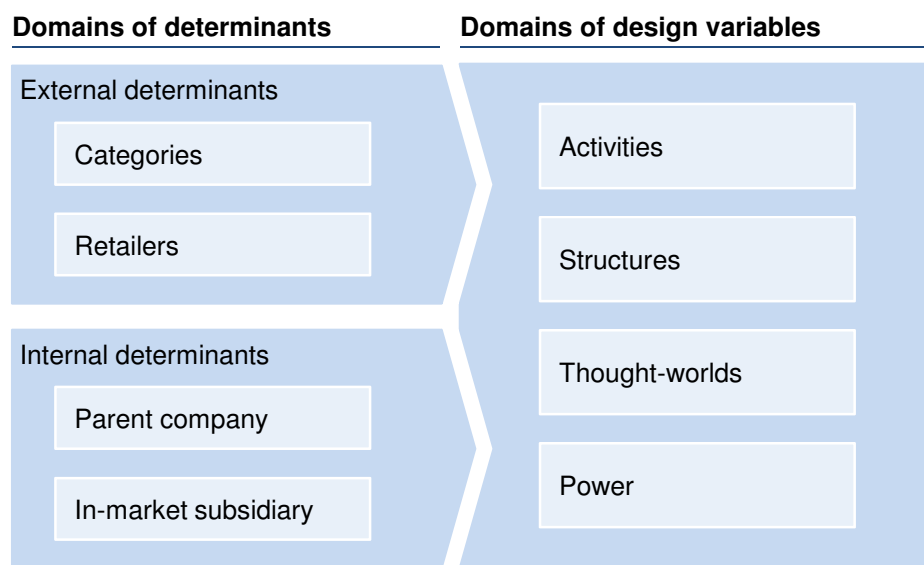
the trade marketing, category management, and shopper marketing organizations but I also identified design variables that discriminate between the organizations. I further identified determinants that have a high explanatory power of the organizations. I selected these dimensions as constructs and derived propositions between the constructs.

In the eighth step, I reviewed only the information that I collected during the action research collaboration. Based on the information, I created a detailed description of the two-year action research collaboration. I tried to provide as many details as possible while maintaining the agreed confidentiality. In the evaluation of the collaboration, I develop key factors that influenced the organizational change of the manufacturer's marketing and sales organizations during the action research collaboration.

4 Refined determinants and design variables

This chapter refines the domains of determinants and the domains of design variables. It further derives dimensions for each domain. To avoid duplications with the next chapters, the descriptions only selectively use quotes from the action research and interview materials. The materials are referenced in greater depth in the description of the taxonomy. Figure 10 provides an overview of the refined domains of determinants and domains of design variables. The remainder of the chapter follows the structure of the domains. The next chapter starts with the domains of design variables.

Figure 10: Refined domains of determinants and domains of design variables



4.1 Induction of design variables

As mentioned in the literature review, I differentiate between the following domains of design variables: activities, structures, thought-worlds, and power. The domains of design variables remain unchanged after the analysis of the action research and in-depth interviews. In the analysis process, I derived a number of dimensions for each domain. Table 19 provides an overview of the dimensions. The table distinguishes whether I have retained or rejected the dimensions at the end of the analysis process. It further shows the sources of the dimensions. The following subchapters outline the dimensions of each domain.

Table 19: Design variables in the domains

Dimension	Definition	Source		Retained
		Literature	Empirical research	
Activities				
Intensity of conceptual activities	The intensity of conceptual activities refers to the extent to which the trade marketing, category management, and shopper marketing organization conducts market research, data analysis, concept development and execution activities.	X	X	X
Intensity of coordination activities	The intensity of coordination activities refers to the extent to which the trade marketing, category management, and shopper marketing organization conducts planning, process management and administration activities.	X	X	X
Structures				
Reporting level	The reporting level refers to the hierarchical position of the executive(s) of the trade marketing, category management, and shopper marketing functional unit(s) in the in-market organization.	X	X	X
Departmentalization	The departmentalization refers to the extent to which further functional subunits exist within the trade marketing, category management, and shopper marketing functional units.		X	X
International structures	The international structures refer to the existence of an international trade marketing, category management, and shopper marketing organization.		X	
Thought-worlds				
Channel (versus retailer) orientation	The channel (versus retailer) orientation refers to the extent to which activities of the trade marketing, category management, and shopper marketing organization consider the channel rather than the individual retailer.	X	X	X
Category (versus brand) orientation	The category (versus brand) orientation refers to the extent to which activities of the trade marketing, category management, and shopper marketing organization consider the category rather than the brands of the manufacturer.	X	X	X
External (versus internal) orientation	The external (versus internal) orientation refers to the extent to which activities of the trade marketing, category management, and shopper marketing organization are directed towards external stakeholders like the retailers rather than internal stakeholders like KAM.	X	X	X
Shopper knowledge	The shopper knowledge refers to the extent to which the personnel of trade marketing, category management, and shopper marketing is knowledgeable about the shoppers in the market.	X	X	X
Retailer knowledge	The retailer knowledge refers to the extent to which the personnel of trade marketing, category management, and shopper marketing is knowledgeable about the retailers in the market.	X	X	X
Power				
Department size	The department size refers to the number of full-time equivalents that are part of the trade marketing, category management, and shopper marketing organization.		X	X
Budget size	The budget size refers to the extent of the marketing and sales budget that the trade marketing, category management, and shopper marketing organization is responsible for.	X	X	X

4.1.1 Activities

Table 20 provides an overview of the trade marketing, category management, and shopper marketing activities based on the empirical research. The literature review already mentions some of the activities (see Table 13). Other activities have been added or refined based on the action research material and statements of the interviewees. I distinguish the activities in conceptual activities and coordination activities.

Table 20: Trade marketing, category management, and shopper marketing activities in the empirical research

Subdimensions		Activity
Conceptual activities	Market research	<ul style="list-style-type: none"> • Conduct shopper research • Define shopper segmentation • Develop actionable shopper insights
	Data analysis	<ul style="list-style-type: none"> • Analyze retail partners • Analyze competitors • Evaluate promotion effectiveness
	Concept development	<ul style="list-style-type: none"> • Use shopper insights in projects with retailers to improve their shelf, category and sometimes even store layout • Develop nationwide promotions in alignment with BM • Develop customer-specific promotions for retailers in alignment with KAM
	Execution	<ul style="list-style-type: none"> • Maintain planograms for selected retailers • Execute nationwide promotions • Execute customer-specific promotions
Coordination activities	Planning	<ul style="list-style-type: none"> • Set channel targets • Develop channel plans • Support and challenge BM in the development of the brand plans • Support and challenge KAM in the development of the customer plans
	Process management	<ul style="list-style-type: none"> • Manage marketing planning process and reviews • Manage sales planning process and reviews • Organize internal sales conferences
	Administration	<ul style="list-style-type: none"> • Administer POS material • Assemble sales folders for the field force • Maintain promotion plans for all retailers

Conceptual activities concern market research, data analysis, concept development, and execution. Coordination activities concern planning, process management, and administration. I consider the conceptual activities to be attributable to a specialist role and the coordination activities to be attributable to an integrator role. The dual role of trade marketing, category management, and shopper marketing is already highlighted in the implications of the literature review and is also mentioned by the informants of the empirical research. The intensity of conceptual activities is the first dimension of the activities domain. It refers to the extent to which the trade marketing, category management, and shopper marketing organization conducts market research, data analysis, concept development, and execution activities. The second dimension is the intensity of coordination activities that refers to the extent to which the trade marketing, category management, and shopper marketing organization conducts planning, process management, and administration activities. Both are dimensions of activity

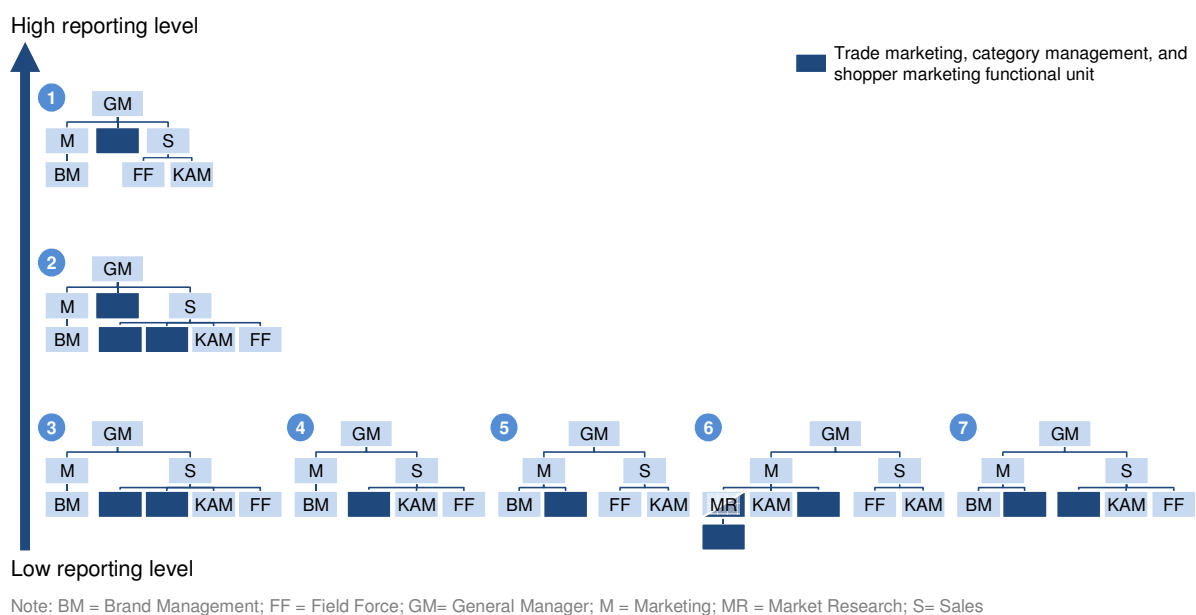
intensity. Activity intensity has been used as a dimension in previous research on the marketing and sales organization (Homburg, Workman, and Jensen 2002).

4.1.2 Structures

I identify seven reporting options for the executive(s) of the trade marketing, category management, shopper marketing functional units in the empirical research (see Figure 11). Options one, four, and five are already mentioned in the literature review (see Figure 8). The four additional options split the trade marketing, category management, and shopper marketing organization in two or three functional units. In option two, one executive reports to the general manager and the other two executives report to the sales director. In option three, two executives report to the sales director. In option six, two executives report to the marketing director. One of the executives is also responsible for the market research across all functional units of the in-market subsidiary. In option seven, one executive reports to the sales director and one executive reports to the marketing director.

Given the different organizational structures, the first dimension of the structures domain concerns the reporting level of the trade marketing, category management, and shopper marketing executives. The reporting level is defined as the hierarchical position of the executive(s) of the trade marketing, category management, and shopper marketing functional unit(s) in the in-market organization.

Figure 11: Reporting options for trade marketing, category management, and shopper marketing functional units in the empirical research



As mentioned in the literature review, the publications on trade marketing, category management, and shopper marketing do not describe the functional subunits. Interestingly, several managers in the interviews explained their functional subunits. The recommendation of the project in the action research also includes the subunits of the functional unit. Thus, I deem it relevant to understand the departmentalization of the functional units. I define departmentalization in this context as the extent to which further functional subunits exist within the trade marketing, category management, and shopper marketing functional units.

In addition, I have considered the existence of international trade marketing, category management, and shopper marketing structures as a dimension of the structures domain. Several manufacturers in the in-depth interviews work with such a functional unit. Yet, during the further analysis, it turned out that this was rather a determinant of the trade marketing, category management, and shopper marketing organization. Thus, I cover it as part of the internationalization dimension that is described in the parent company domain.

4.1.3 Thought-worlds

Similar to previous research, I differentiate the dimensions of the thought-world domain in orientations and competences (Homburg and Jensen 2007). Interestingly, the action research and in-depth interviews discuss other orientations and competences than the ones that have been used in previous research. Regarding the orientations, I derived channel versus retailer, category versus brand, and internal versus external orientation as dimensions of the thought-worlds domain:

All informants mention that they switch between the channel and the retailer perspective in their activities. Table 21 outlines whether the previously described trade marketing, category management, and shopper marketing activities consider the channel or the retailer. When they use the term “channel” the informants unanimously refer to the different formats of the stationary retail channel like supermarkets, hypermarkets, discounters, convenience stores, forecourt retailers, pharmacies, and drugstores. A manager of manufacturer B, for example, stated that they prioritize the channels in a channel plan:

<p><i>“(…) (name of the trade marketing, category management, and shopper marketing functional unit) defines, which channel has what kind of priority, is it a go-channel, is it an optimized-channel, or is it a defend-channel (…).” (Tobacco)</i></p>	<p><i>„(…) das (Name der Trade Marketing, Category Management und Shopper Marketing Funktion) gibt vor (…), welcher Kanal hat welche Priorität (…), ist es ein Go-Channel, ist es ein Optimized-Channel oder ist es ein Defend-Channel (…).” (Tobacco)</i></p>
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The customization of promotions is an example for the retailer perspective. It requires the trade marketing, category management, and shopper marketing manager to take the retailer's

perspective and develop a promotion that differentiates the retailer from their competitors. Some activities like the development of shopper insights can consider both perspectives. For example, the shopper insights could be regarding channel choices of shoppers (see the shopper journey in Figure 6) or purchase barriers of shoppers within a specific retailer in comparison to other retailers of the channel. In the following analysis, I refer to the channel versus retailer orientation as the extent to which activities of the trade marketing, category management, and shopper marketing organization consider the channel rather than the individual retailer.

Table 21: Channel and retailer orientations in the trade marketing, category management, and shopper marketing activities

Subdimensions		Activity	Orientation	
			Channel	Retailer
Conceptual activities	Market research	Conduct shopper research	X	
		Define shopper segmentation	X	
		Develop actionable shopper insights	X	X
	Data analysis	Analyze retail partners	X	X
		Analyze competitors	X	X
		Evaluate promotion effectiveness	X	X
	Concept development	Use shopper insights in projects with retailers to improve their shelf, category and sometimes even store layout		X
		Develop nationwide promotions in alignment with BM	X	
		Develop customer-specific promotions for retailers in alignment with KAM		X
	Execution	Maintain planograms for selected retailers		X
		Execute nationwide promotions	X	
		Execute customer-specific promotions		X
Coordination activities	Planning	Set channel targets	X	
		Develop channel plans	X	
		Support and challenge BM in the development of the brand plans	X	
		Support and challenge KAM in the development of the customer plans		X
	Process management	Manage marketing planning process and reviews	N/A	N/A
		Manage sales planning process and reviews	N/A	N/A
		Organize internal sales conferences	N/A	N/A
	Administration	Administer POS material	N/A	N/A
		Assemble sales folders for the field force	N/A	N/A
		Maintain promotion plans for all retailers		X

Activities like projects with retailers typically require a perspective on the entire category. This notion is raised in the literature on category management and has been referred to by the informants of the empirical research as well (BeautyCare1; BeautyCare2; BeautyCare3; BeautyCare4; Confect; DairyProd; Food; FrozenFood; HomeBeautyCare; OralCare). Yet, manufacturers struggle with this perspective, since they ultimately want to achieve higher

revenues and profits for their brands. During discussions on the design of the trade marketing, category management, and shopper marketing organizations, managers of manufacturer AR state on several occasions that the protection of their brands' value has priority (SenBM1; ProLeader). Table 22 outlines whether the trade marketing, category management, and shopper marketing activities consider the category or the brand. I define the category versus brand orientation as the extent to which activities of the trade marketing, category management, and shopper marketing organization consider the category rather than the brands of the manufacturer.

Table 22: Category and brand orientations in the trade marketing, category management, and shopper marketing activities

Subdimensions		Activity	Orientation	
			Category	Brand
Conceptual activities	Market research	Conduct shopper research	X	
		Define shopper segmentation	X	
		Develop actionable shopper insights	X	X
	Data analysis	Analyze retail partners	X	X
		Analyze competitors	X	X
		Evaluate promotion effectiveness		X
	Concept development	Use shopper insights in projects with retailers to improve their shelf, category and sometimes even store layout	X	
		Develop nationwide promotions in alignment with BM		X
		Develop customer-specific promotions for retailers in alignment with KAM	X	
	Execution	Maintain planograms for selected retailers	X	
		Execute nationwide promotions		X
		Execute customer-specific promotions	X	
Coordination activities	Planning	Set channel targets		X
		Develop channel plans		X
		Support and challenge BM in the development of the brand plans	X	X
		Support and challenge KAM in the development of the customer plans	X	X
	Process management	Manage marketing planning process and reviews	N/A	N/A
		Manage sales planning process and reviews	N/A	N/A
		Organize internal sales conferences	N/A	N/A
	Administration	Administer POS material	N/A	N/A
		Assemble sales folders for the field force	N/A	N/A
		Maintain promotion plans for all retailers	N/A	N/A

All conceptual activities of trade marketing, category management, and shopper marketing, such as the conduction of shopper research or the development and execution of customer-specific promotions, consider external stakeholders like the shoppers and retailers. All coordination activities, like managing the planning processes or the administration of POS material, are directed towards internal stakeholders like KAM and brand management. This is

also outlined in Table 23. Hence, I define the dimension external versus internal orientation as the extent to which activities of the trade marketing, category management, and shopper marketing organization are directed towards external stakeholders like the retailers rather than internal stakeholders like KAM.

Table 23: External and internal orientations in the trade marketing, category management, and shopper marketing activities

Subdimensions		Activity	Orientation	
			External	Internal
Conceptual activities	Market research	Conduct shopper research	X	
		Define shopper segmentation	X	
		Develop actionable shopper insights	X	
	Data analysis	Analyze retail partners	X	
		Analyze competitors	X	
		Evaluate promotion effectiveness	X	
	Concept development	Use shopper insights in projects with retailers to improve their shelf, category and sometimes even store layout	X	
		Develop nationwide promotions in alignment with BM	X	
		Develop customer-specific promotions for retailers in alignment with KAM	X	
	Execution	Maintain planograms for selected retailers	X	
		Execute nationwide promotions	X	
		Execute customer-specific promotions	X	
Coordination activities	Planning	Set channel targets		X
		Develop channel plans		X
		Support and challenge BM in the development of the brand plans		X
		Support and challenge KAM in the development of the customer plans		X
	Process management	Manage marketing planning process and reviews		X
		Manage sales planning process and reviews		X
		Organize internal sales conferences		X
	Administration	Administer POS material		X
		Assemble sales folders for the field force		X
		Maintain promotion plans for all retailers		X

Regarding the competences, I derived shopper knowledge and retailer knowledge as dimensions of the thought-worlds domain:

- Similar to the literature on category management and shopper marketing, the shopper has been a focal topic in several interviews and the action research discussions. Managers from manufacturers C, E, G, H, and K, for example, state that they have invested heavily in shopper research to understand the sociodemographic characteristics of their shoppers, the journeys that these shoppers take, the barriers that stop shoppers from buying their products, and the overlap between the manufacturers' core shopper types and the retailers' core shopper types (BeautyCare1; BeautyCare2;

BeautyCare4; Confect; OralCare). A manager of manufacturer C emphasizes their focus on shopper knowledge development:

“(...) the whole knowledge, that we have and that we have built and continue to build, is of course always focused on the shopper.” (BeautyCare1)

„(...) also das ganze Wissen, was wir haben und das wir generiert haben und auch weiter generieren, ist natürlich immer auf den Shopper fixiert.” (BeautyCare1)

Thus, the definition of shopper knowledge refers to the extent to which the personnel of trade marketing, category management, and shopper marketing is knowledgeable about the shoppers in the market.

- As mentioned in the literature review, trade marketing, category management, and shopper marketing was created to cater better to the core retailers of the manufacturers. Several informants mention that a trade marketing, category management, and shopper marketing manager needs to have detailed knowledge about the retailers. For example, the manager needs to know in detail how much space is available and which promotion types work in an outlet of a drugstore chain versus a hypermarket chain to customize a promotion. Hence, I define the retailer knowledge as the extent to which the personnel of trade marketing, category management, and shopper marketing is knowledgeable about the retailers in the market.

4.1.4 Power

The action research and interview informants consider two major sources of power for trade marketing, category management, and shopper marketing: department size and budget size. As I outline in the next chapter on the taxonomy, there are large differences between the numbers of full-time equivalents that work in the functional units. The manager of manufacturer A, for example, mentions that they have less power in comparison to trade marketing, category management, and shopper marketing organizations of manufacturers in the food or cosmetics industry, since manufacturer A's functional unit has less personnel (ConHealth1). I refer to the department size as the number of FTEs that are part of the trade marketing, category management, and shopper marketing organization.

The manager of manufacturer B mentions that she regularly ends up in discussion with sales colleagues, since her functional unit does not have the budget responsibilities for certain types of in-store material (Tobacco). The lack of budget responsibility challenges the execution of the trade marketing, category management, and shopper marketing concepts. Accordingly, I define budget size as the extent of the marketing and sales budget that the trade marketing, category management, and shopper marketing organization is responsible for.

4.2 Induction of determinants

Based on the literature review, I differentiate the domains of determinants in external and internal determinants. The insights from the action research and in-depth interviews allow me to refine this rather general distinction. The action research dedicated the first and part of the second project phase to understand the determinants of the manufacturer's marketing and sales organization (see chapter 7.1.2). In addition, many interviewees provide reasons why they chose the current structure or why they consider changing it. These reasons hint to further determinants of the trade marketing, category management, and shopper marketing organization.

Table 24: Determinants in the categories and retailers domains

Dimension	Definition	Source		Retained
		Literature	Empirical research	
Categories				
Category breadth	The category breadth refers to the number of categories that the manufacturer's in-market subsidiary sells products in.		X	X
Category leadership	The category leadership refers to the extent to which a manufacturer's in-market subsidiary sets standards in the categories that it sells products in.	X	X	X
Competitive intensity	The competitive intensity refers to the extent to which activities of competitors place pressure on the manufacturer's in-market subsidiary in the categories that it sells products in.	X	X	X
Private label pressure	The private label pressure refers to the market share of private labels in the categories that the manufacturer's in-market subsidiary sells products in.	X	X	
Category growth	The category growth refers to the extent to which the sales in the categories that the manufacturer's in-market subsidiary sells products in are increasing.		X	
Retailers				
Concentration	The concentration refers to the extent to which the manufacturer's in-market subsidiary sells the majority of its products through a few retailers (including retailers' cooperatives).	X	X	X
Importance of independent stores	The importance of independent stores refers to the extent to which the manufacturer's in-market subsidiary sells its products through independent stores.		X	X
Sophistication	The sophistication refers to the proficiency in marketing activities, private labels, and loyalty cards of the retailers that the manufacturer's in-market subsidiary sells the majority of its products through.	X	X	X
Willingness to cooperate	The willingness to cooperate refers to the extent to which the retailers that the manufacturer's in-market subsidiary sells the majority of its products through are aligning their activities behind a common purpose with manufacturers.	X	X	X

4.2.1 External determinants

The external determinants are refined in a categories domain and a retailers domain. At the beginning of the analysis, I have considered shoppers as a further domain of determinants, since the consumer and shopper behavior was part of the implications from the literature review. Yet, as outlined in the induction of the design variables, the informants discuss the shoppers rather in terms of knowledge than as a determinant for their organization. The following subchapters outline the dimensions of the categories domain and the retailers domain (see Table 24).

4.2.1.1 Categories

The categories domain contains the dimensions category breadth, category leadership, and competitive intensity:

- In-market subsidiaries of well-known manufacturers like Unilever and Nestlé work in categories that range from ice cream to home care. Some of the interview companies operate in several categories as well (see, for example, manufacturers D, G, and H in Table 18). Other manufacturers in the empirical research focus on one or few categories (see, for example, manufacturers AR, B, and E). The category breadth refers to the number of categories that the manufacturer's in-market subsidiary sells products in.
- The literature mentions that some of the leading manufacturers have been driving the implementation of category management and shopper marketing. Several informants in the empirical research point to competitors or themselves as the leaders of a category. Among others, manufacturers can lead a category because they have the highest market share, launch the most innovative new products, or create the best promotions. I define category leadership as the extent to which a manufacturer's in-market subsidiary sets standards in the categories that it sells products in.
- Both the literature and statements by the informants refer to the competition in the categories as a reason for the implementation and adaptation of trade marketing, category management, and shopper marketing organizations. I define the competitive intensity as the extent to which activities of competitors place pressure on the manufacturer's in-market subsidiary in the categories that it sells products in. This definition is similar to the definition used by Homburg, Jensen, and Hahn (2012). In addition to coding statements by the informants that referred to the pressure from their competitors, I calculated the Herfindahl index for the manufacturers' categories (Ailawadi and Harlam 2004; Dhar, Hoch, and Kumar 2001; Hofer et al. 2012). Dhar, Hoch, and Kumar (2001, p. 174) describe the approach as follows: "We utilized the

Herfindahl index that is calculated as the sum of the squared market shares. When the retailer faces many similarly sized competitors, the Herfindahl index is smaller and competition is more intense.” I used category data by Euromonitor International for the analysis (Euromonitor International 28 November 2013).

During the analysis process, I considered private label pressure and category growth as further dimensions but rejected them in the end. Private label pressure is mentioned in the literature review as one of the reasons for the emergence of trade marketing, category management, and shopper marketing. I define it as the market share of private labels in the categories that the manufacturer’s in-market subsidiary sells products in. Yet, since only one interviewee refers to private labels as a determinant for their trade marketing, category management, and shopper marketing organization, I decided to reject this dimension.

I further considered to include category growth as the extent to which the sales in the categories that the manufacturer’s in-market subsidiary sells products in are increasing. I decided to drop this dimension as well. Since all manufacturers operate in mature markets, their categories are mainly stagnating or slightly declining. Some subcategories are growing but the explanatory power of an analysis on the subcategory level is questionable to me.

4.2.1.2 Retailers

The retailers domain is comprised of the dimensions concentration, importance of independent stores, sophistication, and willingness to cooperate:

- As the literature review shows, the consolidation of the retailers has changed the consumer goods industry fundamentally. It also contributed significantly to the emergence of trade marketing, category management, and shopper marketing. I take the individual manufacturer’s perspective on retailer consolidation and define concentration as the extent to which the manufacturer’s in-market subsidiary sells the majority of its products through a few retailers (including retailers’ cooperatives).
- In the distribution of their products some manufacturers mainly rely on major retail chains. Others work intensively with independent stores. Independent stores are not owned by a retail chain but can be part of a retailers’ cooperative. In the German pharmacy market, for example, consumer healthcare manufacturers face a highly fragmented market of independent pharmacies due to regulations. I cover this in greater depth in chapter 5. The importance of independent stores refers to the extent to which the manufacturer’s in-market subsidiary sells its products through independent stores.
- The literature and the informants of the empirical research provide a number of examples for retailers that have strengthened their business model over the last years.

Many retailers now work with marketing departments that analyze the data from scanner tills, loyalty cards, and other sources to understand the retailers' shoppers. Based on the shopper insights, they improve their store layout, decide on new product listings, or develop private labels. A manager of manufacturer G mentions that some retailers have begun to insource some of the activities that were conducted in projects with manufacturers before:

“Seven, eight years ago the retailer said: „Vor sieben, acht Jahren war es ja so, dass Okay, dear manufacturer partners, give me der Handel gesagt hat: Okay, liebe your category know-how. Today, most of Industrie-Partner, gibt uns Category-them (...) have developed their own Know-how. Heutzutage haben die meisten category management resources.” (...) Category-Management-Resources aufgebaut.” (OralCare)

Thus, the sophistication refers to the proficiency in marketing activities, private labels, and loyalty cards of the retailers that the manufacturer's in-market subsidiary sells the majority of its products through.

- Several informants mention that they have strong relationships with some of their retail customers (for example, BeautyCare1, Confect, and DairyProd). Others, like manufacturer AR and HomeCare1, report that they work on a transactional basis or are even in a dispute with some retail chains. The literature already emphasizes the importance of trustful manufacturer-retailer relationships to implement category management and shopper marketing successfully. I refer to the willingness to cooperate as the extent to which the retailers that the manufacturer's in-market subsidiary sells the majority of its products through are aligning their activities behind a common purpose with manufacturers.

4.2.2 Internal determinants

The internal determinants are differentiated in a parent company domain and an in-market subsidiary domain. I distinguish these domains, since a large multinational consumer goods manufacturer might be a small player in some countries, as this manager reports:

“So in (name of the manufacturer's home market) it is, the good thing is, that we have a solid basis with almost all retail customers (...). And here it is a (competitor name)-market.” (HomeCare1) *„Also in (Name des Heimatmarkts des Herstellers) ist es so, das Gute ist, wir haben eine solide Basis mit fast (...) allen Handelskunden (...). Und hier ist es so, dass ist ein (Name eines Wettbewerbers)-Markt.” (HomeCare1)*

The distinction is comparable to the previously mentioned “firm-specific factors” and “SBU-specific factors” by Workman, Homburg, and Gruner (1998).

Table 25: Determinants in the parent company and in-market subsidiary domains

Dimension	Definition	Source		Retained
		Literature	Empirical research	
Parent company				
Company size	The company size refers to the revenue of the entire manufacturer.	X	X	X
Internationalization	The internationalization refers to the existence of global marketing and sales organizations in the parent company's headquarters.	X	X	X
Profit (versus growth) orientation	The profit (versus growth) orientation refers to the extent to which the parent company aims for bottom-line rather than for top-line growth.		X	X
Legal form	The legal form of the company refers to whether the parent company is listed or privately owned.		X	
In-market subsidiary				
Number of countries covered	The number of countries covered refers to the number of countries that the manufacturer's in-market subsidiary operates in.		X	X
Importance of the market	The importance of the market refers to the extent to which the manufacturer's headquarters consider the market of the in-market subsidiary as important to their business.	X	X	X
Innovation	The innovation refers to the extent to which the in-market subsidiary ventures into new (sub-)categories.		X	X

4.2.2.1 Parent company

Company size, internationalization, and profit (versus growth) orientation are the dimensions of the parent company domain:

- Some in-market subsidiaries in the empirical research belong to large global corporations, others are part of smaller manufacturers. The company size dimension in this thesis refers to the revenue of the entire manufacturer.
- Many managers state that they work with an international marketing and sales organization in the parent company of the manufacturer. Some even work with an international trade marketing, category management, and shopper marketing organization. The manager of manufacturer B, for example, reports that they regularly work in projects with colleagues from their global trade marketing, category management, and shopper marketing functional unit (Tobacco). The literature on shopper marketing also describes that some manufacturers use international organizations to transfer their shopper marketing experiences to other markets. I define the internationalization as the existence of global marketing and sales organizations in the parent company's headquarters.
- Some informants explain recent changes of their trade marketing, category management, and shopper marketing organization with profit and growth targets of

their headquarters (for example DairyProd). Thus, I consider it relevant to include the profit (versus growth) orientation as a dimension of the parent company domain. The dimension refers to the extent to which the parent company aims for bottom-line rather than top-line growth.

I further considered the legal form as a dimension of the parent company domain. Managers of manufacturer AR mention the family ownership of their company as an explanation for some of the choices in the design of their trade marketing, category management, and shopper marketing organization. Yet, I dropped this dimension in the analysis of further empirical research, since none of the interviewees of listed and privately held manufacturers consider this relevant to their trade marketing, category management, and shopper marketing organizations.

4.2.2.2 In-market subsidiary

The in-market subsidiary domain includes the dimensions number of countries covered, importance of the market, and innovation:

- As mentioned in the description of the in-depth interviews, some in-market subsidiaries serve just one country while others cover several countries (see chapter 3.2.2). Thus, the dimension number of countries covered refers to the number of countries that the manufacturer's in-market subsidiary operates in.
- The informants mention that some markets are more important to the entire manufacturer than others. They state several reasons for high importance. The typical reason is a high share in the manufacturer's total revenue (HomeCare1). Yet, a market can also be important because it is very advanced in terms of groceries purchased online (HomeBeautyCare). Alternatively, it can be important since it is the home market of the manufacturer (ProLeader). In this thesis, the importance of the market refers to the extent to which the manufacturer's headquarters consider the market of the in-market subsidiary as important to their business.
- Some informants explain their trade marketing, category management, and shopper marketing organization with the innovations that they launch. Some in-market subsidiaries focus on venturing into new (sub-)categories with their innovations. Others focus on the (sub-)categories that they are already present in. Thus, the innovation dimension refers to the extent to which the in-market subsidiary ventures into new (sub-)categories.

5 Taxonomy of organizations

The chapter on the taxonomy of configurations is structured in two major parts. The first part, subchapter 5.1, outlines the taxonomy of the status quo of trade marketing, category management, and shopper marketing organizations. The second part, subchapter 5.2, discusses the trends in the organizations and develops the taxonomy further.

5.1 Taxonomy of the status quo

The taxonomy of the status quo encompasses three clusters of trade marketing, category management, and shopper marketing organizations. The clusters were developed by iterative grouping and regrouping as outlined in chapter 3.3. Only the design variables served as active variables in the grouping (Jensen 2008). Thus, I begin with the description of the clusters along the design variables in subchapter 5.1.1. The following subchapter 5.1.2 explains the organizations in each clusters along the determinants.

5.1.1 Differences in design variables

Table 26 provides an overview of the different trade marketing, category management, and shopper marketing organizations in my empirical research. Each column of the table represents one trade marketing, category management, and shopper marketing organization. To simplify the overview, I translated the analysis results in high, medium, and low scores. At the end of each cluster description, I assign names to the clusters. These names are a simplification. Yet, they help to differentiate the clusters in the following. I deliberately avoid the terms trade marketing, category management, and shopper marketing in the cluster names. The discussion in the action research and the in-depth interviews showed largely differing connotations with these terms. There is high risk that readers with a consumer goods background jump to premature conclusions, if they read one of them. The manager of manufacturer E emphasizes that these terms can be hollow words:

“Terms are sometimes hollow words. Or „Begriffe sind manchmal Schall und Rauch. there is a lot of confusion about terms. Oder es gibt ein großes Begriffs- Particularly, how to delimit trade tohuwabohu. Insbesondere was die Ab- marketing, category management, and grenzung von Trade Marketing, Category shopper marketing.” (Confect) Management und Shopper Marketing angeht.” (Confect)




Table 26: Overview of the status quo of trade marketing, category management, and shopper marketing organizations

Clusters	First cluster										Second cluster				Third cluster	
	C	D	E	F	G	H	I	J	K	A	B	D	AR	AR	H	
Manu- facturers																
Sources	Beauty-Care1	Food	Contact	Dairy-Prod	OralCare and Con-Health2	Home-Beauty-Care and Beauty-Care2	Home-Care2	Frozen-Food	Beauty-Care3 and Beauty-Care4	Con-Health1	Tobacco	Cereals	During the project	Before the project	Home-Care1	
<i>Activities</i>																
Intensity of conceptual activities	very high	very high	very high	very high	very high	very high	very high	very high	very high	medium	medium	medium	medium	low	low	
Intensity of coordination activities	high	very high	high	very high	very high	high	very high	high	high	high	high	high	medium	medium	medium	
<i>Structures</i>																
Reporting level	high	high	low	low	high	high	high	high	medium	low	low	high	low	low	low	
Departmentalization	high	high	high	high	high	high	unclear	high	high	medium	high	low	medium	low	low	
<i>Thought-worlds</i>																
Channel (vs. retailer) orientation	high	high	high	high	high	high	high	high	high	medium	medium to high	medium	low to medium	low	low	
Category (vs. brand) orientation	medium	high	medium to high	high	high	high	high	high	medium	medium	medium	low to medium	low to medium	low	low	
External (vs. internal) orientation	high	high	high	high	high	very high	medium	high	very high	medium	medium	medium	low to medium	low	low	
Shopper knowledge	high	very high	very high	high	high	very high	high	high	high	medium	medium	medium	medium to high	low	low	
Retailer knowledge	high	very high	very high	high	high	very high	high	high	high	high	high	high	high	medium	medium	
<i>Power</i>																
Department size	high	high	high	high	high	high	medium	medium	high	medium	high	low	medium	low	low	
Budget size	high	high	high	high	high	high	high	high	high	medium	medium	medium	medium	low	low	

5.1.1.1 First cluster of organizations

The first cluster encompasses the in-market subsidiaries of manufacturers C, D (Food), E, F, G, H (HomeBeautyCare and BeautyCare2), I, J, and K. It might, at first glance, surprise that so many of the in-market subsidiaries are in the first cluster. As mentioned in chapter 3.2, I selected companies for the in-depth interview that I expected to be complementary to the action research. Thus, most manufacturers' in-market subsidiaries of the in-depth interviews fall in other clusters than manufacturer AR. Table 27 condenses the organizations of trade marketing, category management, and shopper marketing in cluster descriptions.

Table 27: Clusters of the status quo of trade marketing, category management, and shopper marketing organizations

	Cluster 1	Cluster 2	Cluster 3
<i>Activities</i>			
Intensity of conceptual activities	very high	medium	low
Intensity of coordination activities	high to very high	high	medium
<i>Structures</i>			
Reporting level	medium to high	low	low
Departmentalization	high	medium	low
<i>Thought-worlds</i>			
Channel (versus retailer) orientation	high	medium	low
Category (versus brand) orientation	high	medium	low
External (versus internal) orientation	high to very high	medium	low
Shopper knowledge	high to very high	medium	low
Retailer knowledge	high to very high	high	medium
<i>Power</i>			
Department size	medium to high	medium	low
Budget size	high	medium	low
			
	Retail advisory	KAM and brand management partner	KAM support

5.1.1.1.1 Activities

Trade marketing, category management, and shopper marketing organizations in the first cluster have the highest intensity of conceptual activities.

Table 28: Activities of the clusters of trade marketing, category management, and shopper marketing organizations

Subdimensions		Activity	Cluster 1	Cluster 2	Cluster 3
Conceptual activities	Market research	Conduct shopper research	X		
		Define shopper segmentation	X		
		Develop actionable shopper insights	X		
	Data analysis	Analyze retail partners	X	X	
		Analyze competitors	X	X	
		Evaluate promotion effectiveness	X	(X)	
	Concept development	Use shopper insights in projects with retailers to improve their shelf, category, and sometimes even store layout	X		
		Develop nationwide promotions in alignment with BM	(X)		
		Develop customer-specific promotions for retailers in alignment with KAM	X	(X)	
	Execution	Maintain planograms for selected retailers	X	X	
		Execute nationwide promotions	(X)	X	X
		Execute customer-specific promotions	X	X	X
Coordination activities	Planning	Set channel targets	(X)		
		Develop channel plans	(X)	(X)	
		Support and challenge BM in the development of the brand plans	(X)		
		Support and challenge KAM in the development of the customer plans	X	(X)	
	Process management	Manage marketing planning process and reviews	(X)		
		Manage sales planning process and reviews	X	(X)	
		Organize internal sales conferences	X	X	X
	Administration	Administer POS material	X	X	X
		Assemble sales folders for the field force	(X)	X	X
		Maintain promotion plans for all retailers	X	X	X

Note: X = activity conducted by all manufacturers in the cluster; (X) = activity conducted by some manufacturers in the cluster

Only the organizations in this cluster conduct market research activities. The market research efforts are focused on understanding the shoppers. Managers of the trade marketing, category management, and shopper marketing organizations conduct bespoke shopper research with market research agencies and define shopper segments. Based on the market research results, they develop insights on the shoppers of their categories, products, and brands:

“(…) it is also very much about the insight generation: What does the shopper do at the point of sale? How does he make his purchase decision?” (BeautyCare2)

„(…) es (geht) ganz stark auch um diese Insight-Generierung: Was macht ein Shopper am Point of Sale? Wie trifft er seine Kaufentscheidung auch?“ (BeautyCare2)

The insights from these shopper studies and the data analysis of readily available retailer and household panel data are used in projects with selected retailers to improve their shelf, category, and sometimes even store layout. A manager of manufacturer K outlines it as follows:

“And we try to share these insights in partnerships with retailers, and ideally lay the foundation for the development of measures to realize the potentials.” (BeautyCare4)

„Und da versuchen wir, in einer Partnerschaft mit dem Handel, diese Insights zu teilen und, ja, idealerweise den Weg zu bereiten – Maßnahmen einzuleiten – um diese Potenziale gemeinsam zu heben.“ (BeautyCare4)

The outcomes of these projects are then jointly executed with the retailers. For these retailers, the manufacturer is an adviser as stated by the same manager of manufacturer K:

“We are a management consultancy in the company; we work externally and internally.” (BeautyCare4)

„Wir sind eine Unternehmensberatung im Unternehmen; extern und intern tätig.“ (BeautyCare4)

In some projects with retailers, they follow the eight-step category management process outlined in the literature review (see chapter 2.2.3.4). A manager of manufacturer G explains:

“And then there are really customers that say: ‘We clearly want to have a category (management) process’ (….)” (OralCare)

„Und dann gibt es halt wirklich Kunden, die sagen: ‚Wir möchten ganz klar einen Category-(Management-)Prozess haben‘ (…).“ (OralCare)

Later in the interview, the manager continues to explain that they usually follow an approach tailored to the retailer’s needs rather than the category management process (OralCare). As mentioned in the literature, there are retailers that might not want to enter in an advisory relationship. Trade marketing, category management, and shopper marketing organizations in this cluster cater to non-adviser retailers with customer-specific promotions and planogram maintenance. In addition, they develop the concepts of national promotions in alignment with brand management and execute them. This often constitutes a change to the way national promotions have been developed before. Previously, brand management just communicated a campaign claim on all touch points but did not consider the specific requirements of the store as the director of a shopper marketing agency explains:

“‘When I have a campaign idea and a campaign claim, I only need to put it everywhere, where I have contact with my customer in order to hammer it into their brains.’ That is over. (...) That is not modern thinking.” (ShopperMktgAgency)

„Wenn ich eine Kampagnen-Idee habe, und einen Kampagnen-Claim habe, muss ich den doch nur überall draufsetzen, damit der überall, wo ich in Kontakt mit meinem Kunden bin, eingehämmert wird.‘ Aber das ist vorbei. (...) Das ist kein modernes Denken.” (ShopperMktgAgency)

The intensity of coordination activities is also the highest in this cluster (see Table 28). Many trade marketing, category management, and shopper marketing organizations of this cluster develop channel plans and set channel targets. These channel targets are binding for key account managers and they need to plan their customers accordingly. The organizations further support key account managers and brand managers with insights from the shopper research and retailer data analysis. This helps key account managers and brand manager to uncover potentials in their retail customer and brand plans. In these activities, the organizations of the first cluster are internal advisers as previously mentioned by a manager of manufacturer K (BeautyCare4) and a manager of manufacturer H:

“(Name of the functional unit) also has an advisory mandate to marketing and says: ‘Which retailers have certain promotion requirements?’” (BeautyCare2)

„(Name der Funktion) hat auch Richtung Marketing beispielsweise stark beratende Funktion, (...) und sagt: ‚Welche Handelspartner haben eine gewisse Art von Promotion-Anforderungen?‘“ (BeautyCare2)

Some organizations in the cluster manage the planning process and reviews for both marketing and sales. A manager of manufacturer D explains the reasons why the trade marketing, category management, and shopper marketing functional unit leads the planning process:

“Originally, we had the problem that there was one business plan by marketing. And in parallel the key account teams started to plan the revenue development of their customers. Then, at the end, we compared both to each other and usually realized that it did not match.” (Food)

„Es gab ja ursprünglich immer das Problem, dass es einerseits einen Businessplan vom Marketing gab (...). Und dann haben parallel dazu die Key-Account-Teams angefangen, auf ihre Kunden Umsatzentwicklungen zu planen. Dann hat man am Ende – wenn man dann beides nebeneinandergelegt hat – in der Regel festgestellt, dass es nicht zusammenpasst.” (Food)

The organizations in the cluster further conduct a number of administrative activities. They keep a catalogue of POS material types (for example, displays, wobblers, and signs), costs, and suppliers. Based on the channel plan, details about new product launches, and input on

the customer priorities from KAM, they compile the sales folders for the field force. The sales folders are usually a presentation that supports the sales representatives in the discussions with outlet managers of the retailers. The organizations also maintain a promotion plan for all retailers that is a key input into the demand planning of the manufacturer.

5.1.1.1.2 Structures

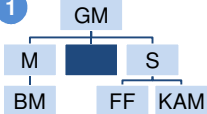

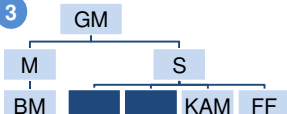
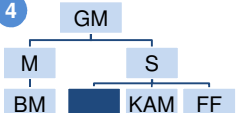
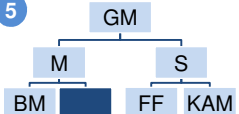
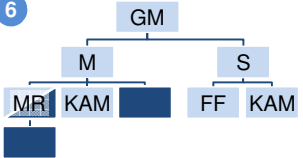
There are four structures of the trade marketing, category management, and shopper marketing functional units in the first cluster (see Table 29). In the majority of the trade marketing, category management, and shopper marketing organizations in this cluster, the executive of the functional unit reports to the general manager. Thus, the executive has the same hierarchical position as the executives of marketing and sales. The functional unit in this structural configuration usually has several functional subunits. The functional subunits are often structured by activities in

- a subunit that conducts the market research activities and manages the retailer projects,
- a subunit that develops and implements nationwide promotions in alignment with brand management,
- a subunit that conducts the data analysis activities, develops and implements customer-specific promotions in alignment with KAM, and maintains the planograms, and
- a subunit that conducts the process management activities and the administration activities.

Teams from all subunits develop the channel plan and the channel targets. Depending on the number of categories and channels that the manufacturer serves, the second subunit is further structured by categories and the third subunit is further structured by channels or retailers. The reason is that the second subunit mainly works with brand management and the third subunit mainly works with KAM as described by the manager of manufacturer C:

“(...) the (name of the functional subunit) „(...) der (Name der Unterfunktion)-manager communicates mainly with Manager kommuniziert hauptsächlich mit marketing and has his key touch points dem Marketing und hat dann dort seine there, like the (name of the functional Berührungspunkte, so wie der (Name der subunit) manager with the key account Unterfunktion)-Manager mit dem Key-manager (...).” (BeautyCare1) Account-Manager (...).” (BeautyCare1)

Table 29: Reporting lines of the clusters of trade marketing, category management, and shopper marketing organizations

Reporting lines	Cluster 1	Cluster 2	Cluster 3
<p>1</p>  <ul style="list-style-type: none"> One functional unit that reports to the general manager of the in-market subsidiary 	<ul style="list-style-type: none"> Manufacturer C (BeautyCare1) Manufacturer D (Food) Manufacturer G (OralCare and ConHealth2) Manufacturer H (HomeBeauty-Care and BeautyCare2) Manufacturer I (HomeCare2) Manufacturer J (FrozenFood) 	<ul style="list-style-type: none"> Manufacturer D (Cereals) 	
<p>2</p>  <ul style="list-style-type: none"> One functional unit that reports to the general manager of the in-market subsidiary Two functional units that report to the sales director of the in-market subsidiary 	<ul style="list-style-type: none"> Manufacturer K (BeautyCare3 and Beauty-Care4) 		
<p>3</p>  <ul style="list-style-type: none"> Two functional units that report to the sales director of the in-market subsidiary 	<ul style="list-style-type: none"> Manufacturer E (Confect) 		
<p>4</p>  <ul style="list-style-type: none"> One functional unit that reports to the sales director of the in-market subsidiary 	<ul style="list-style-type: none"> Manufacturer F (DairyProd) 	<ul style="list-style-type: none"> Manufacturer A (ConHealth1) Manufacturer B (Tobacco) 	
<p>5</p>  <ul style="list-style-type: none"> One functional unit that reports to the marketing director of the in-market subsidiary 			<ul style="list-style-type: none"> Manufacturer AR (before the project) Manufacturer H (HomeCare1)
<p>6</p>  <ul style="list-style-type: none"> One functional unit that reports to the marketing director of the in-market subsidiary One functional unit that reports to the market research manager in the marketing department of the in-market subsidiary 		<ul style="list-style-type: none"> Manufacturer AR (during the project) 	

Note: BM = Brand Management; FF = Field Force; GM= General Manager; M = Marketing; MR = Market Research; S= Sales
Option seven is only relevant in the trends and, thus, not part of this table.

Manufacturers E, F, and K work with a slightly different structure. Manufacturer K splits trade marketing, category management, and shopper marketing into three functional units. One executive reports to the general manager and two other executives report to the sales director:

- The functional unit of the executive with a reporting line to the general manager conducts the market research activities, manages the retailer projects, maintains the planograms, and challenges and supports brand management in the development of the brand plans. The functional unit has subunits for each category that conduct all activities apart from market research. The market research activities are conducted by a further subunit.
- One of the functional units that has an executive with a reporting line to the sales director executes customer-specific promotions in alignment with KAM, executes nationwide promotions in alignment with brand management, supports and challenges KAM in the development of the customer plans, organizes internal sales conferences, and administers the POS material. This functional unit has no subunits.
- The other functional unit that has an executive with a reporting line to the sales director conducts the data analysis activities, develops the channel plans, and manages the sales planning process. The functional unit has a subunit that conducts the activities for each category.

At manufacturer K sales sets the channel targets. Marketing develops nationwide promotion concepts, manages their planning process, and assembles the sales folders for the field force.

Manufacturer E split trade marketing, category management, and shopper marketing into two functional units (see Table 29). Both functional units have an executive who reports to the sales director of the in-market subsidiary. The split of the activity responsibilities is as follows:

- The first functional unit conducts the market research and data analysis activities, manages the retailer projects, maintains planograms for selected retailers, and supports and challenges KAM and brand management in the development of their customer and brand plans. The functional unit works with two further subunits. One subunit conducts the market research activities. The other subunit conducts the remaining activities and has a substructure by channels.
- The second functional unit develops and executes customer-specific promotions for retailers in alignment with KAM, organizes the internal sales conferences, and conducts the administrative activities. The functional unit has a substructure by channels.

Sales develops the channel plans and targets. Marketing develops and executes nationwide promotions. Sales and marketing manage their respective planning processes.

Manufacturer F has a structure that is more akin to the second cluster. They work with one functional unit with an executive that reports to the sales director of the in-market organization. The functional unit has three subunits:

- a subunit that conducts the market research activities and manages the retailer projects,
- a subunit that develops and implements customer-specific promotions in alignment with KAM, develops and implements nationwide promotions in alignment with brand management, and maintains the planograms, and
- a subunit that conducts the data analysis activities, the process management activities and the administration activities.

Overall, the structures of the trade marketing, category management, and shopper marketing manufacturers in the first cluster follow a common theme. They all aim to signal neutrality to the retailers. To ease the sharing of information in joint projects, the manufacturers need to ensure that the retailer's information remains confidential in their own organization. They further need to assert the retailer that they deliver independent advice. Structures with a reporting line to the general manager can most credibly claim that they are neutral and independent from marketing and sales (see Table 29). Yet, even manufacturer F keeps the functional subunit that manages the retailer projects separate from the other functional subunits in the sales department. Several interviewees emphasize this notion of neutrality and independence:

"I think a certain independence of the two functional units is necessary to demonstrate the objectivity towards the retailers that is necessary for them to accept the functional unit." (Confect)

„Ich glaube, (...) eine gewisse Unabhängigkeit dieser beiden Abteilungen ist notwendig, um (...) beim Handel die Objektivität zu demonstrieren und auszustrahlen, die es braucht, damit diese Funktion beim Handel auch akzeptiert wird." (Confect)

"The separation is of course a real challenge for them, since they generally say: 'Hey, we want to be relatively neutral.'" (OralCare)

„Die Abgrenzung (...) ist für die natürlich noch eine größere Herausforderung, weil die grundsätzlich sagen: 'Hey, wir wollen eigentlich relativ neutral sein.'" (OralCare)

“(…) a category manager has to be objective. Also I would say: From the subjective manufacturer perspective, he could say in the worst case: ‘I recommend the competitor product instead of our product.’” (BeautyCare2)

„(…) ein Category-Manager muss (...) sehr objektiv sein. Also ich sage mal jetzt: Aus subjektiver Herstellersicht kann er ja sogar im Worst Case sagen: ‚Ich empfehle dir das Wettbewerbsprodukt und unseres halt an der Stelle nicht.‘“ (BeautyCare2)

The benefit of functional units that are part of the sales department is the better coordination with KAM and the field force. Many activities require a close alignment of KAM and trade marketing, category management, and shopper marketing. As an example, several interviewees report that in-person meetings with retail buyers and/or sellers often happen jointly with KAM:

“We always make visits in tandem. That means our (name of the trade marketing, category management, and shopper marketing) functional unit always visits the retailer with the key account manager.” (Confect)

„Wir treten immer im Tandem auf. Das heißt, unsere (Trade Marketing, Category Management und Shopper Marketing)-Abteilung geht grundsätzlich immer gemeinsam mit dem Key-Account-Manager hin.“ (Confect)

“Not all customers like to have different points of contacts and some customers want the key account manager to be always present, for others this was not necessary.” (Beauty Care1)

„Nicht jeder Kunde möchte gerne unterschiedliche Ansprechpartner haben und manche Kunden wollten, dass der Key-Account-Manager immer dabei ist, für manche war es nicht notwendig.“ (BeautyCare1)

5.1.1.1.3 Thought-worlds

Organizations in the first cluster typically have a high channel orientation. To conduct shopper research and define a shopper segmentation, trade marketing, category management, and shopper marketing organizations need to take a perspective across retailers (see Table 21). The consumer and shopper journey framework presented in Figure 6, for example, contains the channel choice of shoppers as one of six steps. Several organizations in the cluster also develop channel plans and set targets across retailers. The organizations in this cluster have a high category orientation as well. As outlined in the literature review, the retailers’ purchasing organization is usually structured by categories (see chapter 2.2.3.4). Thus, the trade marketing, category management, and shopper marketing organization of the manufacturer adopts this perspective in collaborations with retailers (see Table 22). Many of the activities in this cluster are directed to external stakeholders (see Table 23). Retailer projects require frequent and in-person interactions between the retail buyer or category manager and the trade marketing, category management, and shopper marketing manager of

the manufacturer. In the market research activities, retailer projects, and the customization of promotions, the managers often work with market research companies and creative agencies. Thus, the external perspective is dominant in the trade marketing, category management, and shopper marketing organizations of the first cluster. Still, as the manager of manufacturer E highlights, the shopper insights are also used internally to support and challenge brand management:

“(...) we have also tried to sensitize and prepare the marketing colleagues for the topic (...).” (Confect) *„(...) wir haben (...) auch versucht, die Marketingkolleginnen und -kollegen überhaupt für das Thema zu sensibilisieren und die auch fit zu machen (...).” (Confect)*

In the “retail advisory” cluster, the personnel’s knowledge about shoppers and retailers is high or very high. The shopper research studies provide the manufacturers with in-depth insights on their shoppers. A manager of manufacturer H mentions that they started to align their shopper segments with selected retailers to ensure a common understanding of the mutual shopper (BeautyCare2). Some managers also have a market research agency background. The access to proprietary data of selected retailers and the in-depth analysis of databases like Nielsen are the basis for a high or very high retailer knowledge.

5.1.1.1.4 Power

As the activities and substructures indicate, trade marketing, category management, and shopper marketing organizations in the first cluster have the highest number of full-time equivalents (FTEs) among the clusters. 20 to 40 FTEs work in the organizations. The functional units in the first cluster are steps on the marketing and sales or even general management career track. Trainees always spend part of their program in one of these functional units. The manager of manufacturer D highlights the importance of the trade marketing, category management, and shopper marketing functional unit for the career track:

“Our future general managers need to have worked for longer time in marketing and sales, of course also in (name of the trade marketing, category management, and shopper marketing functional unit).” (Food) *„Unsere zukünftigen Geschäftsführer müssen (...) mal längere Zeit im Marketing und Vertrieb, auf jeden Fall auch im (Name der Trade Marketing, Category Management, und Shopper Marketing Funktion) gearbeitet haben.” (Food)*

The organizations in the first cluster mostly hold the budget for promotion material, POS agency costs, shopper research agency costs, and expenses of retailer projects.

5.1.1.1.5 Cluster name

I name the first cluster of trade marketing, category management, and shopper marketing organizations “retail advisory”. The organizations in this cluster are thought-leaders in their in-market subsidiaries. They often have unique insights from shopper research and retailer projects. They can use these insights to advise their key retail customers and, internally, KAM and brand management. This adviser role is also exhibited in their quest for independence and neutrality with reporting lines to the general manager, category orientation, and channel orientation. Yet, they do not stop at giving advice. They develop concepts for their insights and execute them in retailer projects, customized promotions, and nationwide promotions. In many cases, they further use their independent position to contribute to the integration of brand management and KAM in activities like the management of the planning processes.

5.1.1.2 Second cluster of organizations

5.1.1.2.1 Activities

Trade marketing, category management, and shopper marketing organizations in the second cluster of typically have a medium intensity of conceptual activities (see Table 27 and Table 28). Compared to the previous cluster, the organizations in this cluster conduct no market research activities and less concept development activities. Similar to the previous cluster, the organizations in this cluster analyze retail and household panel data, conduct regular store checks, review the trade press, and visit fairs to generate insights into their key retail partners. At the same time, they keep an eye on their competitor’s behavior at the POS as a manager of manufacturer D outlines:

“On the other hand, we look into the „Auf der anderen Seite gucken wir uns customer and market development and natürlich auch immer Kunden und communicate potentials to the KAM.” Marktentwicklungen an und zeigen Potenziale Richtung KAM auf.” (Cereals)

Apart from manufacturer AR, the organizations evaluate the performance of major promotions, for example, for regular seasonal offers, and incorporate the learning in the next promotion. This is often done on a very hands-on basis with a self-built Microsoft Excel tool as the manager of a consumer health care company explains (ConHealth1). In this cluster, the key account manager negotiates the customer-specific promotion characteristics like timing, number of stores, and sometimes mechanics. Based on the information, trade marketing, category management, and shopper marketing organizations develop a customer-specific promotion concept. They draw on retailer insights and historic promotion information in the development of the concept. The manager of manufacturer A further explains:

“And we support the cooperations of the key account management with exclusive marketing activations that the others don’t get, since these cooperations have a strong relationship with us.” (ConHealth1)

„Und wir unterstützen dann die Kooperationen vom Key-Account-Management darin, dass sie exklusive Marketing-Aktionen fahren, die andere nicht bekommen, weil sie eben eine enge Bindung an uns haben.“ (ConHealth1)

They often make several suggestions that they align with key account management to ensure that it matches what has been agreed with the retailer. If it is a very large promotion in terms of revenue, they align it with brand management as well to make sure that it fits with the overall brand strategy. The trade marketing, category management, and shopper marketing organizations also execute the customer-specific promotions that they developed. They further execute nationwide promotions that have been developed by brand management. If the nationwide promotion concept is not feasible for some retailers, the organizations provide feedback to brand management and suggest changes. The senior brand manager of manufacturer AR describes this role as a partner for brand management:

“And when they say: ‘Sorry, this placement (of a promotion) is not feasible in these kinds of stores, then that is very, very important input.’ (SenBM1)

„Und wenn die sagen: ‚Tut mir leid, das ist eine Platzierung (einer Promotion) – die kriegen wir in den und den Märkten nicht umgesetzt‘, dann ist das ein ganz, ganz wichtiger Input, definitiv.“ (SenBM1)

As a service for some retail customers, organizations in this cluster further maintain the planograms and update them based on the input of the retailer as the manager of manufacturer B explains (Tobacco).

Trade marketing, category management, and shopper marketing organizations in this cluster have a high intensity of coordination activities. In the planning activities, organizations of this cluster support and challenge the key account managers with the insights gained in the previously mentioned data analysis. They also create and maintain a channel plan that outlines the major activations over the year in each retail channel. This channel plan is a translation of the brand plans in the different retail channels and serves as an input for the customer plans of the key account managers. In addition, some organizations manage the sales planning process. They make sure that key milestones are met as the manager of manufacturer B explains:

“(…) since we are the one that coordinates the planning process, I am the one who (says), when the templates have to be delivered, who has to deliver what until when, who has to speak to whom (…).” (Tobacco)

„(…) dadurch, dass wir alle Planungsprozesse koordinieren, bin ich derjenige, der (sagt), wann müssen die Templates abgegeben werden, wer muss bis wann was liefern, wer muss mit wem reden (…).“ (Tobacco)

These milestones synchronize the development of the brand plans, the development of the channel plans, and the finalization of the customer plans. As I cover in greater depth in the domains of determinants, some headquarters require the in-market organizations to submit extensive plans.

Manufacturer AR is an exception to the cluster and has only medium intensity of coordination activities. The trade marketing, category management, and shopper marketing organization neither develops a channel plan nor manages the planning process.

Similar to the previous cluster, configurations in this cluster administer the POS material, maintain a promotion plan for all retailers, and develop the sales folders. The development of sales folders can be a challenging and time-consuming task as the manager of manufacturer A explains:

“So here the topic is, how can I handle the amount of data and produce, for example, sales folders or the appropriate communication for tablets (...).”
(ConHealth1)

„Also hier geht es eigentlich viel mehr um das Thema, wie kriege ich diese Datenmengen in den Griff und wie produziere ich dann auch zum Beispiel Sales-Folder oder für die Tablets entsprechend die Kommunikation (...).”
(ConHealth1)

5.1.1.2.2 Structures

There are three structures of the trade marketing, category management, and shopper marketing functional units in the second cluster (see Table 29). In manufacturers A and B, the executive of the trade marketing, category management, and shopper marketing functional unit reports to the sales director. The functional unit has subunits that are structured by activities in both cases. Manufacturer A has three subunits that report to the trade marketing, category management, and shopper marketing executive:

- a subunit that conducts the data analysis and executes nationwide promotions
- a subunit that develops and executes customer-specific promotions for retailers in alignment with KAM, develops channel plans, organizes internal sales conferences, and conducts all administrative activities,
- a subunit that visits key independent stores and discusses customer-specific promotions and improvement ideas for their store. The reason for this subunit is the high importance of independent stores that is explained in greater depth in the retailers domain of determinants.

Manufacturer B has four subunits that report to the executive of the trade marketing, category management, and shopper marketing functional unit:

- a subunit that develops and updates the channel plans (in addition, this subunit conducts demand planning),
- a subunit that maintains the planograms for selected retailers,
- a subunit that conducts the data analysis activities, develops and executes customer-specific promotions in alignment with KAM, supports and challenges KAM in the development of the customer plans, administers the POS material, assembles the sales folders for the field force, and maintains a promotion plan for all retailers,
- a subunit that conducts the process management activities.

The action research manufacturer AR works with two functional units in the marketing department (see Table 29):

- The first functional unit develops and executes customer-specific promotions, executes nationwide promotions, organizes the internal sales conferences, administers the POS material, maintains a promotion plan for all retailers, and assembles the sales folders (SenTradeMktgM). Regarding the development of promotion material, a senior brand manager notes:

“The design is from us. The construction „Das Aussehen kommt von uns. Die comes from (name of the first functional Konstruktion kommt vom (Name der ersten unit).” (SenBM1) Funktion).” (SenBM1)

- The second functional unit is a dedicated functional subunit in the market research functional unit. This functional subunit conducts the data analysis activities.

The functional units have no subunits but the executives of both functional units defined a “two-hat model” in terms of brands and retailers (Galbraith 2008). In a “two-hat model” each manager of the functional unit has a double responsibility for selected brands and retailers. The “two-hat model” avoids to create further subunits. At the same time, it improves the internal communication with KAM and brand management. As a result, key account and brand managers know who to approach in the functional unit regarding a specific retailer or brand. The senior trade marketing manager of the action research company explains:

“The activity responsibilities of the „Die Aufgabenbereiche der Kollegen sind colleagues are structured by key customer sowohl nach Kernkunden als auch nach and brand.” (SenTradeMktgM) Marken strukturiert.” (SenTradeMktgM)

Yet, the retailer and brand responsibilities are different in the functional units. This leads to confusion at the KAM and brand management interfaces (SenMarketRes&CatManM and SenTradeMktgM). A sales support functional unit in the sales department manages the sales planning process. Planning activities are not covered by any of the functional units. The key account managers create the plans on their own and discuss them with the sales director.

Manufacturer D is an exception to the structures of the second cluster (see Table 29). It works with a reporting line to the general manager in all of their in-market subsidiaries independent of the activities that the functional units actually conduct. This particular functional unit has no further subunits, since size is relatively small as outlined later.

I perceive the structural configuration with a trade marketing, category management, and shopper marketing functional unit in the sales department as typical for this cluster. Many of the activities require close alignment with the sales department as the manager of manufacturer A mentions:

“The reporting line to sales is right, since „Beim Sales ist es schon richtig you have complete access to the sales aufgehangen, (...) weil sie damit den department (...).” (ConHealth1) kompletten Zugang zum Vertrieb haben (...).” (ConHealth1)

The manager of manufacturer B explains as well that the reporting line to the sales director simplifies the agreement of required trade spends for proposals of customer-specific promotions (Tobacco). Yet, the reporting line to the sales director has drawbacks as well. The execution of nationwide promotions developed by brand management can be more challenging if the sales director or the key account managers do not support it. Moreover, insights from the data analysis of retailer and household panel data often remain in the sales department and are not shared with brand management. The functional units often struggle to challenge KAM, since the majority of the trade marketing, category management, and shopper marketing managers are on a lower hierarchical level than the key account managers.

5.1.1.2.3 Thought-worlds

Trade marketing, category management, and shopper marketing organizations in the second cluster usually take a balanced orientation on retailers and channels. Activities like the execution of nationwide promotions and the development of channel plans require a channel perspective across the key accounts (see Table 21). Yet, the development of customer-specific promotions requires a retailer perspective. Interestingly, the organization of the manufacturer AR has a stronger orientation to the retailer. The “two-hat model” structure by retailers already indicates that the retailer perspective outweighs the channels perspective.

The organizations also balance the orientations on categories and brands. To customize promotions and maintain planograms, they need to take the category perspective of the retailer (see Table 22). In the execution of national promotions they adopt the brand perspective of brand management. In the organization of the action research manufacturer AR, the brand orientation is dominant. Since one of the major activities is the execution of nationwide promotions, trade marketing, category management, and shopper marketing adopts the brand orientation in the execution.

The organizations in this cluster interact strongly with KAM, brand management, and field force management. In addition, they have regular direct interactions with the retailers' buying or selling organizations when they develop and execute customer-specific promotions and maintain the planograms. They often work with a POS agency that supports them in the development and production of materials for customer-specific promotions and national promotions. Consequently, the organizations balance the internal and external orientation. The organizations of the action research manufacturer AR has a stronger internal focus. A list of customer appointments maintained by the sales department shows that members of the trade marketing, category management, and shopper marketing functional units are only present at very few of the appointments. A key reason is that the manufacturer only customizes promotions for a small selection of retailers.

The managers of the organizations usually have medium shopper knowledge that is focused on the manufacturer's categories. The shopper knowledge stems from data analysis of household panel data and experiences in the customization and execution of promotions. Their degree of retailer knowledge is high, since parts of the functional units are dedicated to generate insights into the retailers in the aforementioned data analysis activities. In addition, they need to know the retailer requirements like available space and preferred timing for the customization of promotions. Some of the managers also have a sales background that adds to the retailer knowledge.

5.1.1.2.4 Power

Organizations in the "KAM and brand management partner" cluster have five to twenty FTEs. To work in the functional units is usually not a mandatory step on the marketing and sales career track. Functional units in this cluster hold the budget for promotion materials and POS agency costs. This is, for example, stated by the manager of manufacturer B:

"(...) (point of sale) activation budget is in ... (Point of Sale) Activation-Gelder the responsibility of (name of trade marketing, category management, and shopper marketing functional unit) (...)." (Tobacco)
liegen in der Verantwortung vom (Name der Trade Marketing, Category Management, und Shopper Marketing Funktion) (...)." (Tobacco)

5.1.1.2.5 Cluster name

Overall, the organizations in this cluster are partners of KAM and brand management in three ways. First, they are discussion partners. They have insights from the data analysis that help KAM and brand management. They support KAM in the customer plans and brand management with retailer requirements for the nationwide promotions. Second, they are a

conceptual partner for KAM in the design of customer-specific promotions. Third, they are an execution partner. They implement the customer-specific promotions that they develop. Moreover, they ensure that nationwide promotions from brand management are executed in a way that fits the retailer's requirements and, thus, leads to high participation of the retailers in the promotion. Consequently, I named the cluster "KAM and brand management partner".

5.1.1.3 Third cluster of organizations

5.1.1.3.1 Activities

Trade marketing, category management, and shopper marketing organizations in the third cluster have the lowest intensity of conceptual activities among the clusters (see Table 27 and Table 28). The organizations execute customer-specific promotions that have been agreed by the KAM and nationwide promotions that have been developed by brand management. The organization of the action research manufacturer AR before the project, for example, ordered display material and maintained a database of handbill pictures for the retailers in this activity (SenTradeMktgM). This activity further encompasses the management of agencies and suppliers that develop displays, wobblers, or other point of sale material. A senior brand manager of the action research manufacturer AR added that they mainly focused on the execution of multi-brand promotions (SenBM1). Moreover, manufacturer AR customizes promotions only for a limited number of retailers.

The organizations have a medium intensity of coordination activities. They collect all field force-relevant information and create sales folder that the field force can use in their visits of retail outlets. They maintain an overview of the available POS materials, their costs, and suppliers to avoid that each brand manager orders material individually. They also maintain a promotion plan for all retailers. Besides the administrative activities, they organize internal sales conferences where new products and national promotions are presented.

5.1.1.3.2 Structures

The executives of the trade marketing, category management, and shopper marketing functional units in the third cluster report to the marketing director. This organizational structure should ensure that retailer requests for customer-specific promotions match the marketing plan and the positioning of the brand (ProLeader). It further eases access to brand management in the execution of national promotions. On the flipside, the access to resources of sales, in particular KAM, can be more difficult. Marketing wants to support KAM with a dedicated functional unit. Yet, they also want to keep an eye on the promotions that are agreed with the retailers. This can decrease the acceptance of the offered support to KAM.

5.1.1.3.3 Thought-worlds

Organizations in the third cluster are oriented to retailers and brands. Since the key account managers are focused on one or several retailers, the trade marketing, category management, and shopper marketing organizations adopt this orientation in the execution of customer-specific promotions and the maintenance of promotion plans for each retailer. The organizations also focus on brands, since they take brand orientation of brand management in the execution of the national promotions. The reporting line to the marketing director, who is typically oriented towards the manufacturer's brands, further enforces the brand orientation. The project leader of the action research manufacturer AR explains in the weekly conference call on 15 November 2012 that a key reason why the executive of the functional unit reports to marketing is the protection of the brand. The organizations' orientation in the process management and administration activities is internal on KAM, field force management, and brand management. They are usually not in direct contact with the retailers. A senior brand manager of the action research manufacturer highlights the combination of the retailer and internal orientation:

“And let's see, that the (name of the trade marketing, category management, and shopper marketing functional unit) is focused on sales and the retailer.” *„Und lass uns doch gucken, dass sich das (Name der Trade Marketing, Category Management und Shopper Marketing Funktion) dann auf den Vertrieb und auf den Händler fokussiert.“* (SenBM1)

In terms of competences, the personnel of the organizations in the third cluster have mostly low knowledge about the shoppers and medium knowledge about their major retailers from the customization of promotions. The managers have a marketing or sales background.

5.1.1.3.4 Power

In the third cluster, the organizations are comparatively small with less than five FTEs. These organizations have no budget or their budget is limited to promotion material.

5.1.1.3.5 Cluster name

I named the third cluster of trade marketing, category management, and shopper marketing organizations “KAM support”. The organizations in this cluster are a helping hand to KAM by marketing. They support KAM in two ways. First, they support them in the management of the increasingly demanding retail customers, for example, with a promotion plan for all retailers. Second, they help KAM to strengthen the offering with the customization of promotions and the execution of national promotions. Previously, brand

management has often just handed the nationwide promotion concept to KAM with limited or no support in the execution.

5.1.2 Differences in determinants

As mentioned, the determinants are passive variables and, thus, have not been used in the development of the clusters (Jensen 2008). Yet, they help to understand why the manufacturers chose their organization of trade marketing, category management, and shopper marketing. From now on, I use the cluster names that I have just introduced. Similar to the previous chapter, I translated the analysis results in high, medium, and low scores to create a better overview. Table 31 and Table 32 show the different dimensions of the domains of determinants for each trade marketing, category management, and shopper marketing organization. As before, each column of the tables represents one trade marketing, category management, and shopper marketing organization. Table 30 below provides an overview of the clusters. For some manufacturers in the “KAM and brand management partner” cluster the determinants are distinct (see chapter 5.1.2.2). As I show in the trends, the determinants of Group 1 have changed while they maintained their organizations (see chapter 5.2).

Table 30: Determinants of the clusters of trade marketing, category management, and shopper marketing organizations

	Retail advisory	KAM and brand management partner		KAM support
		Group 1	Group 2	
External: categories				
Category breadth	medium to high	medium	medium	low to medium
Category leadership	high to very high	high	high	low to medium
Competitive intensity	medium to high	high	medium to high	medium to high
External: retailers				
Concentration	medium to high	medium to high	medium	medium
Importance of independent stores	low to medium	medium	high	medium to high
Sophistication	medium to high	medium to high	low to medium	medium
Willingness to cooperate	high to very high	medium	medium	low
Internal: parent company				
Company size	medium to very high	low	high to very high	low to medium
Internationalization	high	medium to high	high	medium to high
Profit (versus growth) orientation	medium	medium	high	medium
Internal: in-market subsidiary				
Number of countries covered	low	low	low	low
Importance of the market	high	high	medium to high	low to high
Innovation	medium to high	medium	medium	medium to high

Table 31: Overview of the external determinants of trade marketing, category management, and shopper marketing organizations

Clusters	Retail advisory												KAM and brand management partner			KAM support	
													Group 2			Group 1	
													A	B	D	AR	AR
Manu- facturers	C	D	E	F	G	H	I	J	K				A	B	D	AR	H
Sources	Beauty-Care1	Food	Confect	Dairy-Prod	OralCare and Con-Health2	Home-Beauty-Care and Beauty-Care2	Home-Care2	Frozen-Food	Beauty-Care3 and Beauty-Care4				Con-Health1	Tobacco	Cereals	During the project	Before the project
<i>Categories</i>																	
Category breadth	high	high	medium	medium	high	high	medium to high	medium	high				medium	medium	medium	medium	low
Category leadership	high	high to very high	very high	high	high	high	high	high	high				high	high	high	high	medium
Competitive intensity	high	medium to high	high	high	medium to high	medium to high	medium	high	high				high	medium	high	high	medium
<i>Retailers</i>																	
Concen- tration	high	medium	medium	medium	medium	high	high	medium	high				medium	medium	medium to high	medium	medium
Importance of independent stores	low to medium	medium	medium	medium	medium	low to medium	low	medium	low to medium				high	high	medium	high	medium
Sophistica- tion	high	medium to high	medium to high	medium to high	low to medium	high	medium to high	medium to high	high				low	low to medium	medium to high	medium to high	medium
Willingness to cooperate	high	very high	very high	high	high	very high	high	high	very high				medium	medium	medium	medium	low

Overview of the internal determinants of trade marketing, category management, and shopper marketing organizations

Clusters	Retail advisory										KAM and brand management partner				KAM support	
											Group 2		Group 1			
Manu- facturers	C	D	E	F	G	H	I	J	K	A	B	D	AR	AR	H	
Sources	Beauty-Care1	Food	Confect	Dairy-Prod	OralCare and Con-Health2	Home-Beauty-Care and Beauty-Care2	Home-Care2	Frozen-Food	Beauty-Care3 and Beauty-Care4	Con-Health1	Tobacco	Cereals	During the project	Before the project	Home-Care1	
Parent company																
Company size	medium	very high	low	medium	high	medium	medium	low	high	very high	high	low*	low	low	medium	
Internatio- nalization	high	high	high	high	high	high	high	medium to high	high	high	high	high	medium	medium	high	
Profit (versus growth) orientation	medium	medium	medium	medium	medium	medium	medium	medium	medium	high	high	medium	medium	medium	medium	
In-market subsidiary																
Number of countries covered	low	low	low	low	high	low	low	low	low	low	low	low	low	low	low	
Importance of the market	high	high	high	high	high	high	medium	high	high	medium	high	high	high	high	low	
Innovation approach	medium	medium to high	medium	medium	medium	medium	medium to high	medium	medium	medium	medium	medium	medium	high	medium	
Joint venture with another manufacturer and, thus, the size of the joint venture is considered.																

5.1.2.1 Retail advisory cluster

5.1.2.1.1 External: categories

The in-market organizations of the manufacturers in the “retail advisory” cluster often cover several categories with many subcategories. They are category leaders in their categories. Manufacturers E, F, and J are exceptions to the general characteristic. These in-market organizations focus on one or few categories only and are a leader in these categories. As the manager of manufacturer J outlines, the revenue needs to encompass sufficient shoppers to recoup the costs for activities like shopper research and targeted activations:

“Moreover, it needs to be worthwhile to develop and implement measures for a limited number of shoppers. Hence, the ROI of the shopper-segment-specific measures needs to be higher than for general measures.” (FrozenFood)

„Außerdem muss es sich auch lohnen für eine begrenzte Anzahl Shopper Maßnahmen zu entwickeln und durchzuführen. Der ROI der Shopper-Segment-spezifischen Maßnahmen muss also höher sein als der von Maßnahmen, die nach dem ‚Gießkannen-Prinzip‘ umgesetzt werden.“ (FrozenFood)

Most interviewees of functional units in this cluster perceive the competition in the categories as high. This is also reflected in the Herfindahl index of the categories in this cluster (see Table 33 below).

Table 33: Herfindahl indices of the manufacturers

Manu- facturer	Sources	Euromonitor category name	Herfindahl index	
A	ConHealth1	Consumer Health	2.0	very high
B	Tobacco	Tobacco	23.8	low
C	BeautyCare1	Beauty and Personal Care	6.4	high
D	Food	Packaged Foods	13.5	medium
	Cereals	Breakfast Cereals	9.5	high
E	Confect	Chocolate Confectionary	9.2	high
F	DairyProd	Yoghurt and Sour Milk Products	8.1	high
G	OralCare and ConHealth2	Oral Care	13.4	medium
		Consumer Health	2.0	very high
H	HomeBeautyCare and BeautyCare2	Beauty and Personal Care	6.4	high
		Home Care	12.1	medium
	HomeCare1	Home Care	10.3	medium
I	HomeCare2	Home Care	10.5	medium
J	FrozenFood	Frozen Processed Food	6.5	high
K	BeautyCare3 and BeautyCare4	Beauty and Personal Care	6.4	high

Note: Herfindahl indices are calculated for the manufacturers that make up 75% of the market. Manufacturer AR is not covered to maintain confidentiality. The Herfindahl index of manufacturer G considers the largest market. Different Herfindahl indices in the same category are explained by different countries that the manufacturers operate in.

Source: Euromonitor International (28 November 2013)

5.1.2.1.2 External: retailers

Most in-market organizations in the “retail advisory” cluster sell through five to ten major retailers, including retailers’ cooperatives. The major retail chains are typically more important than independent stores. Many of these retail chains have sophisticated purchasing organizations as outlined in the literature review. The manager of manufacturer I explains that several of the retailers have implemented their own category management functions:

“There are retailers, where several people are involved, several departments. (...) Some retailers have their own category management department. (...) Then there are some that have several buyers. (...) One thinks strategic, the other tactical.” (HomeCare2)

„Es gibt ja Handelspartner, wo mehrere Leute involviert sind, mehrere Abteilungen. (...) Manche Handelspartner haben ja auch Abteilungen wie Category Management (...). Dann gibt es ja manche, wo selbst die Einkäufer ihre zwei, drei Leute umfassen. (...) Der eine denkt strategisch, der andere taktisch.” (HomeCare2)

The trade marketing, category management, and shopper marketing organizations in this cluster seek to work with sophisticated retailers that are willing to cooperate. The interviewees name German retailers like the drugstore chain dm, the supermarket chain Rewe and the hypermarket chain Globus as retailers that are willing to cooperate (BeautyCare1; BeautyCare3; DairyProd; OralCare). A manager of manufacturer H explains with regard to shopper research in collaboration with retailers:

“If the retailer says: ‘I am not interested,’ or if the retailer is less sophisticated then it makes no sense. When we have defined for us: Which customers are open, or important, or maybe have their own shopper research?” (BeautyCare2)

„Wenn der Handelspartner sagt: ‚Interessiert mich überhaupt nicht‘ oder so weit noch gar nicht ist, dann macht das keinen Sinn. Wenn wir für uns schon definiert haben: Welche Kunden sind da offen oder auch wichtig oder haben selbst vielleicht auch eigene Shopper-Forschung?” (BeautyCare2)

5.1.2.1.3 Internal: parent company

The “retail advisory” cluster spans across medium to very high company sizes. As already indicated in the categories domain, some manufacturers are specialized on one or few categories and of low to medium size. Others are corporations that sell products in a number of categories and have a high to very high company size. All manufacturers in the cluster are internationalized with global brands and international marketing and sales organizations. Interviewees of manufacturers B, D, G, H, and I mention that they work with an international trade marketing, category management, and shopper marketing structure. Some in-market

organizations even have a second reporting line as the manager of manufacturer I explains (HomeCare2). The international function units often transfer knowledge between the in-market subsidiaries. A manager of manufacturer H explains that the international trade marketing, category management, and shopper marketing organization supports in-market organizations in the implementation of shopper research and the development of a shopper segmentation (HomeBeautyCare). The headquarters of the manufacturers in this cluster usually aim for bottom-line and top-line growth and set the targets for the in-market subsidiaries accordingly.

5.1.2.1.4 Internal: in-market subsidiary

In the “retail advisory” cluster, all but one in-market organization work in one country. Manufacturer G selected several European countries that it serves as one market. Across all manufacturers, the market that is served by the in-market organization is one of the most important that the manufacturer operates in. In this sample, the importance is mostly due to the market size. A manager of manufacturer G mentions that there are also differences in the characteristics of the distribution channels in their covered countries (ConHealth2). Some of the smaller countries of their market have advanced distribution channels that are testing grounds for other larger markets (ConHealth2). Thus, all in-market subsidiaries in this cluster have very high importance for the manufacturer. The in-market subsidiaries sell the full portfolio of the manufacturer’s brands in these markets. Some of them also offer a relatively high share of local brands. The manufacturer’s in-market organization mostly aims to grow through penetration in current (sub-)categories. Manufacturers D and I also want to enter and create new (sub-)categories.

5.1.2.1.5 Summary of key determinants

The category leadership, retailer sophistication, importance of the market, and internationalization are key dimensions to explain the organizations in this cluster. The in-market organizations in this cluster are leaders in their categories. They use their market position to establish collaborations with selected retailers. They particularly seek to collaborate with sophisticated retailers that might have their own shopper research and segmentation. The headquarters are happy to invest in these markets, since they are important for the entire company. They support and transfer the experiences gained in these markets through international trade marketing, category management, and shopper marketing organizations.

5.1.2.2 KAM and brand management partner cluster

5.1.2.2.1 External: categories

Manufacturers with trade marketing, category management, and shopper marketing organizations in the “KAM and brand management partner” cluster focus on one category and cover several subcategories in this category. They are among the leading manufacturers of the category. Yet, they are not the overall leader of the category. Their category leadership is explained by strong brands in the category but not necessarily by excellent POS execution (SenMarketRes&CatManM). The competitive intensity is perceived medium to high by the interviewees. This is largely mirrored in the Herfindahl index results (see Table 33). In the action research with manufacturer AR, we analyzed that the share of manufacturers with “retail advisory” organizations is high in the category based on publicly available information.

5.1.2.2.2 External: retailers

There are two groups of manufacturers with organizations in the “KAM and brand management partner” cluster (see Table 30). Group one mainly distributes through retail chains like the manufacturers in the “retail advisory” cluster. The organization of the action research manufacturer AR during the project and manufacturer D (Cereals) are in group one. The manufacturer’s brands are mainly sold in the supermarket, hypermarket, and to a lesser extent in the discount channel. For example, the five major retailers made up over 80% of manufacturer AR’s revenue in 2012. Manufacturer AR sells many of its products through the formats of the major retailers’ cooperatives Rewe and Edeka. Since Rewe and Edeka are competing fiercely in the same channels, they require a distinct offering despite being in the same channel. In the supermarket channel, many of Rewe’s and Edeka’s outlets are independent stores. Apart from these stores manufacturer AR distributes its products mainly through retail chains. The sophistication and willingness to cooperate of the retail chains is comparable to the previous cluster.

Group two distributes a high share of their products through channels with independent stores. Manufacturer A and B are in group two. Consumer health care companies in Germany, for example, need to operate in a highly fragmented market. German law only allows four pharmacies to be owned by the same person (Bundesministerium der Justiz 17 February 2014). The manager of the consumer health care manufacturer A explains the consequences of the market situation:

“And no chains will develop on this background of the German market. And that means, of course, no discipline like in the retail chains.” (ConHealth1)

„Und vor dem Hintergrund wird es auch keine Kettenbildung im deutschen Markt geben. Und das (...) heißt natürlich in der Konsequenz, keine Disziplin wie im Handel (...).“ (ConHealth1)

The organization of the other consumer health care manufacturer (G) in my sample is part of the “retail advisory” cluster, since they operate in other European markets besides Germany that allow pharmacy chains. The manager of that consumer health care manufacturer notes:

“(...) in (name of a European country), for example, where I have agreements with the chains. You can of course work with planograms, you can work with tools at the shelf.” (ConHealth2)

„(...) also in (Name eines europäischen Landes) zum Beispiel, wo ich ‘Chain-Agreements‘ hab. (...) Kannst Du natürlich auch mit Planogrammen arbeiten, kannst Du mit Tools am Shelf arbeiten.“ (ConHealth2)

In independent stores, the sale is won by convincing the store manager or owner. That is in the consumer health care category the pharmacist and in the tobacco category the independent tobacconist (Tobacco).

5.1.2.2.3 Internal: parent company

Group one of the manufacturers in the “KAM and brand management partner” cluster are smaller manufacturers. Group two are large corporations with comparable size to the manufacturers in the “retail advisory” cluster. Apart from the action research manufacturer AR, all manufacturers have a high internationalization. The international marketing and sales organizations predefine some of the activities of the local functional unit. A manager of manufacturer D, for example, states they work with a global marketing team that gives promotion guidelines:

“That is due to the structure of (name of the international organization), since there is always a central guideline from the promotion team in marketing.” (Cereals)

„Das ist ein bisschen dem geschuldet, wie (Name der internationalen Organisation) strukturiert ist, weil aus dem Marketing gibt’s immer eine zentrale Vorgabe aus dem Promotio(n)steam.“ (Cereals)

The organization of manufacturer B even works with a global trade marketing, category management, and shopper marketing functional unit (Tobacco). The manager reports that the international organizations pose high planning and reporting requirements on the in-market subsidiary (Tobacco). The manager of manufacturer A also mentions that they work with a headquarters’ sales functional unit to learn about trends and sales related experiences from other markets (ConHealth1). Manufacturer AR has an international marketing organization as

well. Yet, the influence of the in-market subsidiary in the home market Germany is strong. A senior brand manager explains with regard to the international marketing:

“The international marketing of (name of the manufacturer) is also a German marketing: There are only Germans working there.” (SenBM1) *„Das internationale Marketing bei (Name des Herstellers) ist auch ein deutsches Marketing (...): Da arbeiten auch nur Deutsche.“* (SenBM1)

In group one, the headquarters of the manufacturers are mainly oriented to the bottom line. They are hesitant to increase personnel and invest in further trade marketing, category management, and shopper marketing activities of the in-market organization. In group two, the headquarters aim for bottom and top-line growth. In the weekly conference call on 23 November 2014 the project leader of manufacturer AR explains that the targets for the in-market subsidiary balance bottom and top-line growth:

“Profit maximization is not the highest target, since it is balanced with volume.” (ProLeader) *„Gewinnmaximierung ist nicht das oberste Ziel, sondern wird balanciert mit Volumen.“* (ProLeader)

5.1.2.2.4 Internal: in-market subsidiary

The in-market subsidiaries of the “KAM and brand management partner” cluster all cover one country. The market has medium to high importance for the manufacturer. As mentioned, the market of the in-market subsidiary is the home market of manufacturer AR. Regarding manufacturer B, the market is one of the largest markets that the manufacturer operates in. The manufacturers offer their full portfolio of brands in these markets. The in-market subsidiaries mainly aim to grow by further penetration in their current (sub-)categories.

5.1.2.2.5 Summary of key determinants

While the trade marketing, category management, and shopper marketing organizations of the manufacturers in the “KAM and brand management partner” cluster are almost the same, there are striking differences in their determinants. Group one faces similar external determinants as the manufacturers in the “retail advisory” cluster with the exception that the manufacturers in group one are not the category leader. Thus, they are typically not the retailer’s first choice for joint projects. Manufacturers AR and D further have comparatively small parent companies. I interpret that the headquarters might have been hesitant to invest in trade marketing, category management, and shopper marketing in their in-market subsidiaries. As the project leader of the action research manufacturer AR outlines, they want to wait until other manufacturers have made experiences with trade marketing, category management, and shopper marketing and then decide to adapt their organization (ProLeader). Particularly, the

category leaders have often become the preferred partner for retailer projects over the last years. As I outline in chapter 5.2 on the trends in the taxonomy, the manufacturers in group one start to change their organizations to adapt to the external determinants and catch up with key competitors. This finding is consistent with the described concepts of contingency theory.

The relatively high importance of independent stores appears to be a key determinant for the manufacturers' organizations in group two. There is no counterpart like category management of retail chains in independent stores. The trade marketing, category management, and shopper marketing organizations direct their attention to creating a great offering to the store manager or owner of the independent stores. To conduct market research and retailer projects is usually not economically viable, since each store manager or owner has to be convinced to implement the recommendations of trade marketing, category management, and shopper marketing. In retail chains, the recommendation is usually agreed in the headquarters and then implemented by the retailer in all of its outlets. The manufacturer might support the implementation in test markets and check the compliance in a few stores. Yet, the manufacturer's sales force does not need to visit every outlet and negotiate the proposed changes with each store manager. The manager of manufacturer A, for example, mentions that the lack of binding agreements between individual pharmacists and the pharmacy cooperatives regarding the store layout and assortment is a key barrier to conceptual activities of trade marketing, category management, and shopper marketing like retailer projects (ConHealth1).

5.1.2.3 KAM support cluster

5.1.2.3.1 *External: categories*

In the "KAM support" cluster, manufacturers focus on one category. The action research manufacturer AR changed the holding structure of its German in-market organization before the project that I was part of commenced. Manufacturer AR previously worked with separate in-market subsidiaries for each of its major subcategories. The in-market subsidiaries sold directly to the retailers or through distributors. Today, all of its subsidiaries are integrated into one German in-market subsidiary. I consider the category breadth of the individual in-market subsidiaries of manufacturer AR as low. The action research manufacturer has been a niche leader in some of their subcategories. Thus, I consider their category leadership as medium. The manager HomeCare1 of manufacturer H outlines that a competitor has a high market share in their market:

“(Competitor name) has 40% market share, that means we rather fight for small segments (...).” (HomeCare1)

„(Name eines Wettbewerbers) hat 40% Marktanteil, das heißt hier, kämpfen wir eher immer mal für kleinere Segmente (...).” (HomeCare1)

The competitive intensity is perceived medium to high by the interviewees.

5.1.2.3.2 External: retailers

The retailer breadth of manufacturers with organizations in the “KAM support” cluster is similar to manufacturers in other clusters. The majority of the revenue is sold through five to ten retailers, including retailers’ cooperatives. Manufacturer AR sold a higher share of its products through retailers’ cooperatives of independent stores in the organization before the project. Since they are not bound by guidelines from the headquarters, the independent stores are easier to convince to stock a new product or participate in a nationwide promotion. Moreover, the independent stores and retailers’ cooperatives are typically less sophisticated. The interaction of manufacturers in this cluster with more sophisticated retailers is transactional. A manager of manufacturer H explains with regard to retailer collaborations:

“(...) but we don’t have the market position to naturally claim this for us.” (HomeCare1)

„(...) aber wir haben auch gar nicht die Marktposition, das immer so selbstverständlich für uns beanspruchen zu können.” (HomeCare1)

5.1.2.3.3 Internal: parent company

The parent companies of the manufacturers are already outlined in the previous clusters. Manufacturer AR is discussed in the “KAM and brand management cluster”, since their trade marketing, category management, and shopper marketing organization during the action research falls into this cluster. Manufacturer H is discussed in the “retail advisory cluster”, since their organization in a different market is part of this cluster. The managers HomeBeautyCare and BeautyCare2 are part of this market. In summary, manufacturer AR is relatively small, has an international marketing organization that is dominated by the home market Germany, and aims for bottom-line and top-line growth. Manufacturer H is of medium size, has an international marketing and sales organization including an international trade marketing, category management, and shopper marketing organization, and aims for bottom-line and top-line growth as well.

5.1.2.3.4 Internal: in-market subsidiary

The in-market subsidiaries of both manufacturers with organizations in the “KAM support” cluster cover only one country. As described in the previous cluster, the in-market subsidiaries of manufacturer AR have a high importance, since Germany is the home market and contributes a large share of the total company’s revenue. The in-market subsidiary of manufacturer H is among the smallest markets of the company. In addition, the importance is low, since the retailers and consumers are not more advanced than in other European markets. Particularly, manufacturer AR grew by venturing into new subcategories.

5.1.2.3.5 Summary of key determinants

The lack of access to retailers due to the low category leadership seems to be a key determinant in the “KAM support” cluster. In addition, manufacturer AR did not feel the pressure to increase the collaboration with the major retailers, since they could still grow by launching new products and by venturing in new (sub-)categories. To launch the new products, they focused on brand management. Thus, the organization of trade marketing, category management, and shopper marketing was not in focus.

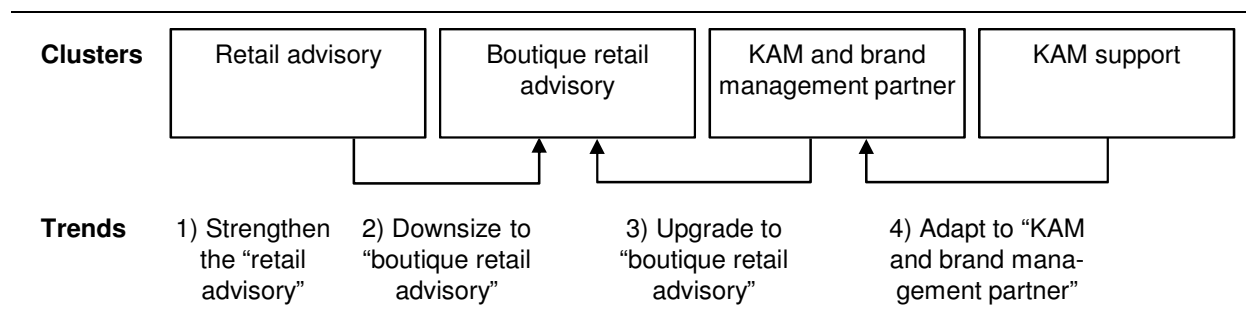
5.2 Trends in the taxonomy

Besides the status quo, I also observe several trends among trade marketing, category management, and shopper marketing organizations. One of the results of the project in the action research was the recommendation to adapt the organization. During the development of the recommendation, I had ample opportunities to discuss and evaluate potential changes of the trade marketing, category management, and shopper marketing organization with informants of manufacturer AR. In the in-depth interviews, I also discussed considered, planned, and recently implemented changes with the participants. Table 34 provides an overview of considered, planned or recently implemented changes in the manufacturers’ trade marketing, category management, and shopper marketing organizations. Table 35 and Table 36 provide overviews of the changes in the determinants that help to explain the changes in the organizations. As before, each column of the table represents one trade marketing, category management, and shopper marketing organization. Dimensions that change are highlighted in grey. The arrows in the cells indicate whether the dimension increases or decreases. Manufacturers A (ConHealth1), D (Food), I (HomeCare2), and J (FrozenFood) plan to keep their organization unchanged. The next subchapter outlines each trend in the organizations. There are also general trends that a number of informants across clusters have mentioned. These general trends are discussed in the second subchapter.

5.2.1 Cluster-specific trends in the taxonomy

There are four trends in the trade marketing, category management, and shopper marketing organizations (see Table 34 and Figure 12). In the first trend, the organizations remain in the “retail advisory” cluster. In the other three trends, the organizations become part of a different cluster. The second and the third trend even constitute a new cluster of organizations as shown in Figure 12. The next subchapters discuss each trend in greater depth. They follow the same structure. First, I describe the changes in the organizational design along the design variables. Second, I outline the changes in selected determinants that help to explain the adaptations of the organizations.

Figure 12: Trends in the trade marketing, category management, and shopper marketing organizations



5.2.1.1 First trend: strengthen the “retail advisory”

5.2.1.1.1 Trends in the design variables

The first trend encompasses changes of the organizations of manufacturers E, H, and K in the “retail advisory” cluster (see Table 34). The organizations increase the intensity of conceptual activities, intensity of coordination activities, and reporting level. They decrease the external (versus internal) orientation.

Manufacturers E and K consider to combine their current functional units in one functional unit with an executive that reports to the general manager. They hope to improve communication between the functional units and aim to further leverage their shopper insights in customer-specific promotions with this change in the organizational structure (Confect). As a result, the reporting level would increase.

Manufacturers E, H, and K further aim to share more shopper insights with brand management to improve products and brands. Colleagues from marketing often criticize that the focus on retailer projects is too high. As a result, key shopper insights and learning from promotions are not sufficiently shared with brand management. The manager of manufacturer E notes this challenge:

<p><i>“And to leverage the existing know-how about the shopper, which we have only used in the advisory projects with the retailers, more internally for marketing.” (Confect)</i></p>	<p><i>„Und dieses vorhandene Know-how über den Shopper, was wir bis zu dem Zeitpunkt immer nur in unserer Beratungsleistung gegenüber dem Handel zum Einsatz gebracht haben, verstärkt auch intern für das Marketing nutzen.“ (Confect)</i></p>
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The trade marketing, category management, and shopper marketing organizations aim to get involved earlier in the brand management planning processes to consider shopper research like consumer research before any launch of a new product or range extension. This is beyond the coordination activity to support and challenge BM in the development of the brand plans (see Table 28). The organizations now contribute shopper insights to the brand plans. This increase in the coordination activities further implies an increase in the internal orientation.

A manager of manufacturer H states that they have matched their shopper segmentation with the shopper segmentations of selected retailers (BeautyCare2). I consider the matching of shopper segmentations as a new activity in the market research activities. It is beyond the sheer definition of a shopper segmentation. The manager further explains that the matching can be challenging, since the shopper segmentation of the retailer is often based on loyalty card information while the segmentation of the manufacturer is usually based on focus group and survey information. The successful matching provides the manufacturer with unique insights on the mutual shoppers and creates a common understanding in the projects.

The interviewees mention further changes how they conduct their current conceptual activities that do not impact the overall intensity of conceptual activities. Yet, I still consider it relevant to report them here. Manufacturers D (Food), E, H, J, and K try to advise more retailers, particularly if they find that many of their key shopper segments choose the channel that the retailers are part of. They also aim to expand the advice given in the current advisory relationships. On the one hand, they broaden their advice to the total store as the manager of manufacturer E outlines in the interview (Confect). On the other hand, they generate activation proposals that target very specific shopper segments or insights on shoppers. Moreover, manufacturers automate part of the shopper research by embedding their individual shopper segments in their household panel database. As a result, the changes in the shopper segments can be easily tracked over time.

In summary, these manufacturers strengthen their organizations. The higher reporting level improves the representation of the trade marketing, category management, and shopper marketing organization in the senior management. The increase in the intensity of coordination activities and the increase in the internal orientation emphasize the internal advisory role. Manufacturer H even strengthens its external advisory role with an increase in the intensity of conceptual activities. Consequently, I name the trend “strengthen the ‘retail advisory’”. The changes are also reflected in the general cluster descriptions (see Table 37).

Table 37: Clusters including the trends in trade marketing, category management, and shopper marketing organizations

Clusters	Retail advisory	Boutique retail advisory	KAM and brand management partner	KAM support
<i>Activities</i>				
Intensity of conceptual activities	very high (↑)	high	medium	low
Intensity of coordination activities	high to very high ↑	high to very high	high ↓	medium
<i>Structures</i>				
Reporting level	medium to high ↑	low to high	low	low
Departmentalization	high	medium	medium	low
<i>Thought-worlds</i>				
Channel (versus retailer) orientation	high	high	medium	low
Category (versus brand) orientation	high	medium to high	medium	low
External (versus internal) orientation	high to very high ↓	medium to high	medium	low
Shopper knowledge	high to very high	high	medium ↑	low
Retailer knowledge	high to very high	high	high	medium
<i>Power</i>				
Department size	medium to high	medium to high	medium	low
Budget size	high	medium to high	medium	low
<i>Number of organizations in the clusters</i>				
In the status quo	9	0	4	2
After the changes in the trends	6	6	3	0
Note: Grey fields indicate a change to the clusters of Table 27.				

5.2.1.1.2 Trends in the determinants

The increase of the intensity of conceptual activities of manufacturer H and the new ways in which several manufacturers of the cluster conduct their conceptual activities can be explained by an increase in the retailers' sophistication (see Table 35). The retailers learned from the projects with the "retail advisory" organizations. They start to cover some of the previous advisory topics in-house. For example, it might have been part of a project to generate insights from the retailer's loyalty card data. Since they have been doing this kind of analysis several times, it has now become a standard process of the retailer and does not require a project with the manufacturer anymore. As I outline in the next trends, competitors have also started to develop shopper insights and approach retailers for joint projects. Thus, the incumbent "retail advisory" organizations need to offer fresh insights and activation proposals to maintain their role with the retailer. A manager of manufacturer K explains the competition for new insights:

“When I really want to get into a discussion with the retailer, I need to know something that he probably does not know – or that he cannot know from another manufacturer – because we are the only one that conducts research in the way that we do it.”
(BeautyCare4)

„Also wenn ich wirklich etwas mit dem Handel besprechen will, muss ich Dinge wissen, die er vielleicht nicht weiß – oder die er auch nicht von anderen wissen kann –, weil wir die Einzigen sind, die in dem Bereich so forschen, wie wir es tun.“
(BeautyCare4)

5.2.1.2 Second trend: downsize to “boutique retail advisory”

5.2.1.2.1 Trends in the design variables

The second trend is based on changes of the organizations of manufacturers C, F, and G in the “retail advisory” cluster (see Table 34). In this trend, the organizations decrease the intensity of conceptual activities, intensity of coordination activities, reporting level, departmentalization, category (versus brand) orientation, external (versus internal) orientation, department size, and budget.

Manufacturers C, F, and G have recently changed their organizations. They conduct less conceptual activities now. In manufacturer G, a business intelligence functional unit carries out the shopper research and shopper segmentation in conjunction with other market research activities (OralCare). Manufacturer F bundles the market research activities across several countries in a regional organization (DairyProd). The manager of manufacturer F further outlined that they have limited the projects with retailers to selected retailers (DairyProd). The intensity of coordination activities of manufacturer G has been decreased as well. The organization only manages the sales planning process and not the marketing planning process.

In addition, the reporting level of manufacturers C and G is decreased. Manufacturer G had already implemented the structural changes at the time of the interview. Manufacturer C considered the changes during the interview and has recently implemented them. Both manufacturers dissolve the functional unit whose executive has reported to the general manager. Managers of the manufacturers mention that the functional unit with an executive that reports to the general manager has turned out to be very complex in daily business. Internal alignment meetings and calls with brand and key account management have eaten up the time of the staff and left insufficient time for concept development. This is, for example, noted by the manager of manufacturer G:

“That means, everything relating to speed to market, we said, are too many interfaces, we need too long to get it done.”
(ConHealth2)

„Das heißt, alles, was so Speed to Market angeht, haben wir gesagt, sind zu viele Interfaces, wir brauchen zu lange, um es auf die Straße zu bringen.“ (ConHealth2)

They create two functional units as outlined in reporting option seven of Figure 11. The executives report to the marketing director and the sales director respectively. In manufacturer G, the functional unit in marketing develops and executes nationwide promotions (ConHealth2). The functional unit further supports brand management in the use of shopper insights for new launches or relaunches. The functional unit in sales develops the concepts for retailer projects and customer-specific promotions and executes them (OralCare). They also continue to conduct retailer-related data analyses and use insights from their colleagues in marketing in the retailer projects. They further conduct the coordination activities apart from the management of the brand planning process and the support of brand management in the development of their brand plans.

The changes in activities increase the internal orientation of the trade marketing, category management, and shopper marketing organizations. In both manufacturers full-time equivalents are reduced. Further, it is likely that the budget is decreased to account for the changes in the activities. Yet, the interviewees do not explicitly mention it.

These organizations represent a new cluster in the taxonomy. They remain close to the “retail advisory”. Yet, they cannot provide the breadth of advice as before, since the shopper research is either conducted on a regional level or in conjunction with other market research. They also need to limit the number of retailers that they can provide advice to. Thus, I name the cluster “boutique retail advisory” (see Table 37). Since the new cluster also implies a lower reporting level, lower departmentalization, and smaller department size, I name the second trend “downsize to ‘boutique retail advisory’”.

5.2.1.2.2 Trends in the determinants

Several changes in the determinants further explain the adaptation of the organizations in this trend (see Table 35 and Table 36). In case of manufacturer F, the category leadership has worsened in combination with stronger competitors. The trade marketing, category management, and shopper marketing organization of manufacturer F has been further disappointed with the returns of some of their retailer projects. They have not prioritized the retailers in terms of sophistication and conducted projects with every retailer that was willing to work with them. The manager of manufacturer F mentions that they now focus their advisory projects on a selection of sophisticated retailers (DairyProd). The manager of manufacturer C mentions that they have struggled with a change in the retail environment (BeautyCare1). One of the manufacturer’s key retail customers has gone bankrupt. The remaining retailers already had closer advisory relationships with other manufacturers.

Regarding manufacturers F and G, the headquarters have increased pressure on the profitability of the in-market organization as well. Unfortunately, trade marketing, category management, and shopper marketing functional units are usually the starting point to shed

employees in marketing and sales as mentioned by the manager of manufacturer F (DairyProd). Since brand management and KAM exist longer, they are better at arguing why their personnel are vital for the continuity of the business.

5.2.1.3 Third trend: upgrade to “boutique retail advisory”

5.2.1.3.1 Trends in the design variables

In the third trend, manufacturers B, D, and AR change their organizations that are part of the “KAM and brand management” in the status quo (see Table 34). Manufacturers B and D (Cereals) increase the intensity of conceptual activities, external (versus internal) orientation, and shopper knowledge. Manufacturer AR (During the project) increases all dimensions of apart from retailer knowledge.

Manufacturers AR, B, and D start to conduct shopper research and shopper insight development. Yet, as an informant of manufacturer AR outlines, they conduct focused shopper research that allows them to tell new stories about the shoppers of their products (SenMarketRes&CatManM). The focus further keeps the cost under control. Manufacturer AR has already taken a step in this direction at the beginning of the project and has conducted a shopper study. With the new shopper insights, the manufacturers proactively approach selected retailers for joint projects. Regarding manufacturer AR, the concept development activities are the only exception to the general increase in conceptual activities. In the recommendation of the project, brand management still develops national promotions.

The project team of manufacturer AR recommends the creation of a functional unit with an executive that reports to the general managers of the in-market subsidiary. The project team of manufacturer AR has realized that the previous structure (see Table 29) causes friction in the daily work of the functional units. The two functional units with two different executives do not work close enough. Moreover, there is too little communication with sales. The structures of manufacturers B and D remain unchanged.

The activity changes would increase the category and channel orientation of manufacturer AR. Across all manufacturers, the shopper knowledge of the trade marketing, category management, and shopper marketing personnel is improved. In the recommended organization of manufacturer AR, the number of FTEs of the trade marketing, category management, and shopper marketing organization would increase.

I attribute these organizations to the “boutique retail advisory” cluster as well. The manufacturers in the third trend do not increase the dimensions to the same degree as the manufacturers in the “retail advisory” cluster. They further do not aim to provide the breadth of advice as the organizations in the “retail advisory” cluster. The shopper research is often

conducted with other market research. The trade marketing, category management, and shopper marketing organizations focus on shopper insight development. Moreover, they only conduct joint projects with a limited number of retailers. Since the changes of the organizations still imply an increase in several design variables, I name the third trend “upgrade to ‘boutique retail advisory’”.

5.2.1.3.2 Trends in the determinants

As before, there are several changes in the determinants that help to explain the trend in the organizations (see Table 35 and Table 36). In case of manufacturers AR, key competitors have gained an advantage from their in-depth shopper knowledge and increase the competitive intensity. To stay competitive, the manufacturer needs to catch up and strengthen its offering to the retailers. A manager of manufacturer AR states that one of their competitors has built strong adviser relationships with several retailers:

<p><i>“(Name of a competitor) is leading in this field due to long partnerships with GSI and great visibility with the retailers.”</i> (SenMarketRes&CatManM)</p>	<p><i>„In diesem Bereich ist allerdings aktuell (Name eines Wettbewerbers) durch eine lange Partnerschaft mit der GSI und große Bekanntheit beim Handel führend.“</i> (SenMarketRes&CatManM)</p>
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A further reason for this trend is that some sophisticated retailers welcome or even actively seek a second opinion. They might have collaborated with one manufacturer in several projects and would like a fresh perspective on how to optimize their shelves, assortment, or promotions. In the action research collaboration, a manager reports a case where a major retailer asked for support to design the category in a new outlet (SenMarketRes&CatManM). This retailer has previously collaborated with a competitor of the action research manufacturer. Moreover, increasingly sophisticated retailers request more shopper insights for customer-specific activations. They require manufacturers to conduct market research activities and build the knowledge in their organizations. If manufacturers fail to do that, it can be increasingly difficult to secure promotion slots with savvy buyers and sellers on the retailer’s side.

In the tobacco category, regulation increases the importance of the POS by legally restricting advertisements on TV, radio, or print (in the quote mentioned as above the line, ATL). A manager of manufacturer B outlines the increasing importance of the POS:

<p><i>“(...) if there is no more ATL, to be in the position to have people here that already know how to advertise at the POS (...).”</i> (Tobacco)</p>	<p><i>„(...) wenn es kein ATL mehr gibt, (um) auch in der Lage zu sein, hier Menschen zu haben, die schon wissen, wie machen wir es am POS (...).”</i> (Tobacco)</p>
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Some changes are also internally driven. In manufacturers B and D, a headquarters' organization drives the implementation of shopper research projects in the in-market subsidiaries and helps to approach the first retailers proactively.

5.2.1.4 Fourth trend: adapt to “KAM and brand management partner”

5.2.1.4.1 Trends in the design variables

In the fourth trend, manufacturers AR and H change their organizations that are currently in the “KAM support” cluster. Manufacturer AR (Before the project) increases all dimensions apart from the reporting level. Manufacturer H (HomeCare1) increases the intensity of conceptual activities and the shopper knowledge.

Both organizations start to conduct data analysis and concept development activities. This increases the intensity of conceptual activities. The action research manufacturer has added these activities to their organization during the project that I was part of. The new activities increase the channel, category, and external orientation. The shopper knowledge of the personnel grows as well. Manufacturer AR, for example, built the knowledge with trainings and recruitment of managers from other manufacturers. The number of FTEs is increased to conduct the additional activities. The in-store material budgets are consolidated and allocated to the new functional unit.

In summary, the manufacturers adapt their trade marketing, category management, and shopper marketing organizations to the “KAM and brand management partner” cluster. Thus, I name the trend “adapt to ‘KAM and brand management partner’”. The changes due to the new organizations in the “KAM and brand management partner” cluster are described in Table 37.

5.2.1.4.2 Trends in the determinants

An explanation for the organizational change is that manufacturer AR's growth model of a high innovation approach has come to an end (see Table 36). The most attractive subcategories have been entered with new products and additional subcategories promise lower returns. To continue to grow at the same level, the manufacturer needs to improve its distribution with retail chains. Yet, the increasingly sophisticated retail chains require a stronger fact base in the annual negotiations of promotions and other activations in the store. In addition, the number and complexity of their requests and customer-specific activations often increase to a level that cannot be managed by KAM. Key account managers need more conceptual partners in the in-market subsidiary. At the beginning of the collaboration, a key account manager of manufacturer AR notes in comparison to his previous employer:

“The key account managers have to do a lot on their own at the moment.” (KAM) *„Die Key Account Manager müssen aktuell sehr viel selber machen.” (KAM)*

The previously mentioned consolidation of the individual in-market subsidiaries of manufacturer AR has increased the category breadth and category leadership of the new in-market subsidiary. As a result, retailers are more willing to cooperate with the larger in-market subsidiary that operates across all products of manufacturer AR.

The in-market subsidiary of manufacturer H in the “KAM support” cluster has received support in the adaptation of their organization from the previously mentioned international trade marketing, category management, and shopper marketing functional unit (HomeCare1). The international functional unit drives the further development of the trade marketing, category management, and shopper marketing approach in many in-market subsidiaries of the manufacturer (HomeBeautyCare).

5.2.2 General trends in the determinants

This subchapter discusses general trends across the clusters of the taxonomy. I consider two related general trends in the categories and retailers domains as relevant to the organizational design of trade marketing, category management, and shopper marketing: digitization and big data. Several of the informants mention the digitization as one of the key general trends, since it continues to change the way people

- shop, for example online or with the help of augmented reality,
- communicate, for example via social media services and instantly with their smartphones, and
- collect information in the store, for example with location-based service on their smartphone.

A statement from the director of a shopper marketing agency highlights this trend:

“(...) I need to consider that today’s shopper seeks information from the Internet, that he uses recommendations from his friends, that he uses social media channels, and that he obviously carries his smartphone the whole time (...).”
(ShopperMktgAgency)

„(...) ich muss berücksichtigen, dass der Käufer heute seine Information aus dem Web holt, dass er es über Empfehlungen macht, aus seinem Freundeskreis, dass er Social-Media-Kanäle benutzt und dass er selbstverständlich sein Smartphone die ganze Zeit dabei hat (...).”
(ShopperMktgAgency)

Both manufacturers and retailers need to add resources and build skills to address the digital touch points with the shopper. The digitization also results in more data on shopping and

consumption behavior. The additional data enables manufacturers and retailers to gain further insights. A manager of manufacturer H compares the situation between Germany and the United Kingdom:

“In the United Kingdom shopper marketing is, for example, more digital marketing due to the high online presence of retailers. Moreover, there is better data availability and, thus, higher analysis requirements.” (HomeBeautyCare)

„Im Vereinigten Königreich ist Shopper Marketing zum Beispiel eher digitales Marketing durch die starke Online-Präsenz der Händler. Außerdem ist auch die Datenlage deutlich besser, weshalb wesentlich höhere Analyseanforderungen bestehen.“ (HomeBeautyCare)

Particularly, retailers will continue to invest in building larger databases with shopper data collected from scanner tills, loyalty programs, online shopping, market research, and externally bought information. To handle this “big data,” retailers will continue to strengthen their analytical skills and become more sophisticated. They aim to improve their retailer branding, private labels, and promotions with insights from the data. A job advertisement of the retailer Rewe highlights the new kind of employees the retailer searches (see Appendix 6):

“At the core of this support is the identification of category potentials and the development of execution-oriented recommendations on the basis of detailed analysis of all available data (movement, shopping basket, profitability, consumer panel, market research and shopper data). You work with sophisticated statistics/data mining methods and analysis tools (SPSS, R, SQL, ...) to make shopper behavior and the economic effects of decisions measurable and testable in detail.” (Rewe 08 November 2012)

„Kern dieser Unterstützung ist die Identifikation von Warengruppenpotenzialen und die Erarbeitung umsetzungsorientierter Empfehlungen – beides auf Basis detaillierter Analysen sämtlicher vorhandener Daten (Bewegungs-, Warenkorb-, Profitabilitäts-, Verbraucherpanel-, Marktforschungs- und Kundendaten). Dazu nutzen Sie ausgefeilte Statistik-/Data-Mining-Methoden und Analysetools (SPSS, R, SQL, ...) und machen so Kundenverhalten und wirtschaftliche Auswirkungen von Entscheidungen im Detail mess- und modellierbar.“ (Rewe 08 November 2012)

The key general trend in the parent company domain is the further internationalization. This trend matches previous findings in the literature review (see chapter 2.3.2.1). In many manufacturers, more of the conceptual brand management activities are centralized on regional or even headquarters level, thereby decreasing the local marketing activities and department size. For example, the manager of manufacturer H mentions:

“The consumer marketing of (name of the manufacturer) is more and more determined by the global marketing. The local marketing adapts the global concept to the local needs.” (HomeBeautyCare)

„Das Consumer Marketing wird bei (Name des Herstellers) immer stärker durch das globale Marketing bestimmt. Das lokale Marketing adaptiert das globale Konzept auf die lokalen Bedürfnisse.“ (HomeBeautyCare)

The decrease of the local marketing in the in-market subsidiary increases the activity responsibilities of trade marketing, category management, and shopper marketing. The manager of manufacturer I mentions that the local marketing functional unit has been downsized and that the trade marketing, category management, and shopper marketing organization took over some of the necessary adaptation tasks for the country (HomeCare2). Moreover, manufacturers aim to strengthen the role of their international trade marketing, category management, and shopper marketing organization. These headquarters, or sometimes, regional functional units start with the implementation of a consistent shopper segmentation. In many manufacturers, the shopper segmentation methodology differs by in-market subsidiary. Some in-market subsidiaries do not have a shopper segmentation at all. The international organization transfers the knowledge about the methodologies to derive insights and concepts from advanced in-market subsidiaries as mentioned in the taxonomy description. The manager of manufacturer H explains the approach of the international trade marketing, category management, and shopper marketing organization as follows:

“(…) that is about a common way, or basis, how to approach the shopper, what kinds of insight are relevant for the shopper, but that also has to be aligned with the country organizations.” (BeautyCare2)

„(…) da geht es (...) darum, eine einheitliche, ja, Art und Weise, oder Basis zu haben, wie man sich dem Shopper (...) nähern kann, was für Insights für den Shopper relevant sind, aber das natürlich auch mit den einzelnen Länderorganisationen abzustimmen.“ (BeautyCare2)

In addition, international organizations not only support the implementation of a common approach to trade marketing, category management, and shopper marketing but also learn about the shoppers of each country. Based on the insights on shoppers from several countries, they can start to develop promotions and other in-store activation concepts for countries with similar shoppers. If their international concepts are successful, they decrease the cost of concept development.

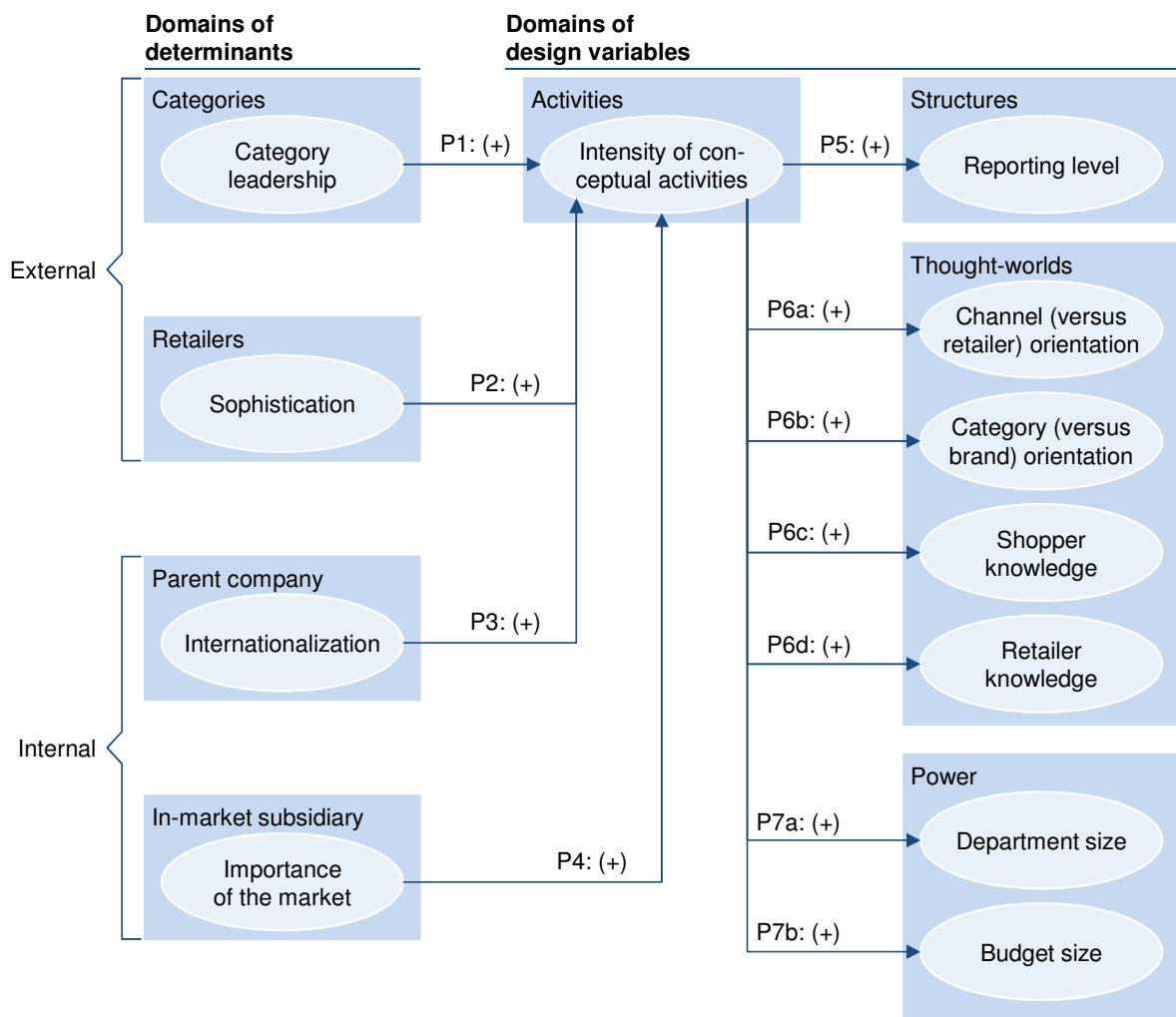
At this point of the thesis, I have discussed cluster-specific trends in the taxonomy and general trends in the determinants. Overall, the trends show that there are significant changes in the trade marketing, category management, and shopper marketing organizations of manufacturers. My findings, which are based on European in-market organizations, match a

statement of a judge of The Hub Top 20, a shopper marketing ranking in the USA: “I honestly think there are several types of shopper marketing programs: developed, developing, and declining. Some have very developed programs, but are not necessarily investing like they used to. Others have ramped up and significantly invested in the past two years, but were lagging previously. Still others have recently laid off some of their top talent and hired others. Most programs seem to be constantly changing.” (Flint 2014, p. 12)

6 Propositions on the relationships between determinants and design variables

In this chapter, I combine the findings from the literature review and the empirical research to develop propositions on the relationships between determinants and design variables. Similar to the development of propositions in previous qualitative research on marketing and sales organization phenomena, further empirical work is needed to develop measures for the constructs (Homburg, Workman, and Jensen 2000; Workman, Homburg, and Gruner 1998). The insights of the taxonomy can serve as a starting point for the development of such measures. Figure 13 provides an overview of the constructs and the propositions that are outlined in the remainder of the chapter.

Figure 13: Propositions on the relationships between determinants and design variables



Some dimensions of the domains of design variables are particularly discriminating in the formation of the clusters in chapter 5. Moreover, some dimensions of the domains of determinants particularly help to explain the chosen trade marketing, category management, and shopper marketing organizations. I use these dimensions as constructs in the propositions. The next paragraph provides an overview of the selected constructs and explains why other dimensions have been rejected as constructs.

In the activities domain, the key distinguishing dimension between the clusters is the intensity of conceptual activities. Several organizations in the “retail advisory” and the “KAM and brand management partner” clusters have a comparable intensity of coordination activities. Yet, they differ in terms of conceptual activities such as market research and data analysis. The empirical research shows that the intensity of conceptual activities also has repercussions on the dimensions of the structures, thought-worlds, and power domains. I include all dimensions from these domains as constructs in the propositions apart from the external (versus internal) orientation. As outlined in Table 23, all conceptual activities are oriented to external stakeholders. Thus, a proposition on the relationship between the intensity of conceptual activities and the external (versus internal) orientation is not meaningful. Consequently, I have decided to exclude the external (versus internal) orientation.

In the domains of determinants, category leadership, retailer sophistication, parent company internationalization, and the importance of the market(s) of the in-market subsidiary are the key explanatory dimensions that I use as constructs in the propositions. In the categories domain, I do not retain the dimensions category breadth and competitive intensity. Since some in-market organizations with a medium category breadth use a “retail advisory” configuration while others work with a “KAM and brand management partner” configuration, the category breadth does not contribute to the explanation of the chosen organizations. The competitive intensity is medium to high across all in-market subsidiaries with no clear relationship to the chosen organizations as well.

In the retailers domain, concentration, importance of independent stores, and willingness to cooperate are not included. With few exceptions the concentration is relatively similar across all in-market subsidiaries. The importance of independent stores appears to influence the trade marketing, category management, and shopper marketing activities in the taxonomy of the status quo. Yet, as manufacturer B shows in the third trend, manufacturers with a high importance of independent stores still increase the conceptual activities to better understand their shoppers. Thus, the relationship is not as clear as it appears in the clusters of the taxonomy of the status quo and I decided to exclude the dimension from the constructs. Regarding the willingness to cooperate, I consider the category leadership to be the better construct to explain access to retailers as outlined in the first proposition.

In the parent company domain, company size and profit (versus growth) orientation are excluded. The parent company size differs across the manufacturers with no clear relationship to the organization of trade marketing, category management, and shopper marketing. The profit (versus growth) orientation is similar across all parent companies. The only exception is the second trend. Managers of manufacturers F and G use the increase in profit orientation as an explanation for the downsizing of the trade marketing, category management, and shopper marketing organization. Yet, since this is the only incident and one of several explanations for the downsizing, I exclude the dimension from the constructs.

In the in-market subsidiary domain, the dimensions number of countries covered and innovation are rejected as constructs. With one exception all in-market subsidiaries cover one country. The innovation dimension has been mentioned as an explanation for the organization of manufacturer AR. Yet, none of the interviewees use it as an explanation for their trade marketing, category management, and shopper marketing organization.

Based on the outlined constructs, I identify 11 propositions on the relationships between the constructs. These are stated and explained in the following.

P1: The category leadership is positively related to the intensity of conceptual activities.

Category leaders are typically the first choice for joint projects with retailers on the shelf, category, or total store. They have a high incentive to invest in the category development to protect and further grow their share. As a result, many of these manufacturers have implemented an organization in the “retail advisory” cluster. As shown in the taxonomy, the “retail advisory” cluster has the highest intensity of conceptual activities (see Table 26). A significant share in the category further implies that the manufacturer reaches sufficient shoppers with their products to rectify the investment in shopper research and shopper insight development.

P2: The sophistication of the retailers is positively related to the intensity of conceptual activities.

Retailer sophistication seems to be a further key driver of trade marketing, category management, and shopper marketing organizations. More sophisticated retailers require that the manufacturer has knowledge about their business and shoppers. This is a key determinant in the third trend. Manufacturers AR and D increase their intensity of conceptual activities to keep the relationship with sophisticated retailers on eye level. The general trend to higher retailer sophistication seems to continue with growing data on shoppers and new opportunities for retailers from the digitization.

P3: The internationalization of the parent company is positively related to the intensity of conceptual activities.

International marketing and sales organizations add to an increase in the intensity of conceptual activities of trade marketing, category management, and shopper marketing organizations in two ways. First, there are international trade marketing, category management, and shopper marketing organizations that transfer knowledge and experiences from more advanced in-market subsidiaries. These international organizations help to conduct activities like shopper research, data analysis, and concept development. Also the literature mentions that some manufacturers transferred their category management and shopper marketing experiences mainly from the USA to other in-market subsidiaries (see chapter 2.2.3.4 and 2.2.3.5). Second, the centralization of local brand management functional units is likely to further increase the intensity of conceptual activities of trade marketing, category management, and shopper marketing organizations. In a centralized brand management, concepts like nationwide promotions can be developed across several countries. In most cases, the concepts still require further tailoring to the markets in the execution. The trade marketing, category management, and shopper marketing organizations usually conduct these kinds of activities.

P4: The importance of the market is positively related to the intensity of conceptual activities.

Manufacturers are typically more willing to invest in relatively expensive activities like data analysis, customization of promotions to retailers, and shopper research the more important the market is. In addition, some of the headquarters use important markets as testing grounds for new approaches like trade marketing, category management, and shopper marketing. The experiences from these markets are then transferred to other in-market subsidiaries as described before.

P5: The intensity of conceptual activities is positively related to the reporting level.

Most organizations in the “retail advisory” clusters have a high to very high intensity of conceptual activities and work with a high reporting level of the trade marketing, category management, and shopper marketing organization. As mentioned in the taxonomy, the main reason is to signal neutrality of the trade marketing, category management, and shopper marketing functional unit to the retailers. This eases the collaboration in joint projects with the retailers. The in-market subsidiaries of the “retail advisory” cluster with low reporting levels either plan to change it as outlined in the first trend or decrease the intensity of conceptual activities as outlined in the second trend. Organizations with lower intensity of conceptual activities in the cluster “KAM and brand management partner” and “KAM support” typically work with a low reporting level. It has to be emphasized that several different structural designs are on the same reporting level (see Figure 11).

P6a: The intensity of conceptual activities is positively related to the channel orientation.

The taxonomy shows that in clusters with higher intensity of conceptual activities the channel orientation dominates the retailer orientation. In organizations of the “retail advisory” and “boutique retail advisory” clusters, the market research activities are the main reason for the channel orientation. In organizations of the “KAM and brand management partner” cluster, the data analysis activities balance the channel and retailer orientation in comparison to the retailer focus in organizations of the “KAM support” cluster. As mentioned with regard to manufacturer AR, there can be exceptions to the channel orientation. If few retailers dominate a channel, the orientation to the retailer can be prevailing in the development of actionable shopper insights and data analysis activities.

P6b: The intensity of conceptual activities is positively related to the category orientation.

The reasoning for the expected positive relationship between the intensity of conceptual activities and category orientation is similar to the previous cluster. In the “retail advisory” and “boutique retail advisory” clusters, the conceptual activities, like retailer projects and market research, contribute to the stronger category orientation in comparison to other clusters. On the contrary, organizations in the “KAM support” clusters like manufacturer AR before the project maintain a brand perspective. They limit the conceptual activities to execute nationwide promotions that are mostly focused on individual brands or brand families.

P6c: The intensity of conceptual activities is positively related to the shopper knowledge.

Conceptual activities like data analysis of household panel data, shopper research, and shopper segmentation increase the shopper knowledge of the manufacturer. Due to the close collaboration in retailer projects, organizations with the highest intensity of conceptual activities in the “retail advisory” cluster even have access to shopper information from retailer sources like loyalty cards. The access to retailer information is one of the reasons why in-market subsidiaries add retailer projects to the activities of their trade marketing, category management, and shopper marketing organizations in the third trend.

P6d: The intensity of conceptual activities is positively related to the retailer knowledge.

Similar to the previous proposition, mainly the data analysis activities increase the knowledge about the retailers. Moreover, the organizations often acquire very detailed information on the retailer’s requirements from the development of customer-specific promotions. This can be regarding the available space in the store or the effectiveness of certain types of promotions. As mentioned in the “retail advisory” cluster and the first trend,

some projects with the retailer consider the entire store. These kinds of projects require in-depth knowledge of the retailer's business model and strategy.

P7a: The intensity of conceptual activities is positively related to the department size.

The increase in conceptual activities generally requires additional FTEs to cover the workload. Several of the conceptual activities further need to be conducted by specially trained personnel in the trade marketing, category management, and shopper marketing organizations. For example, managers are trained to operate planogram software, create shopper segmentations, or manage retailer projects.

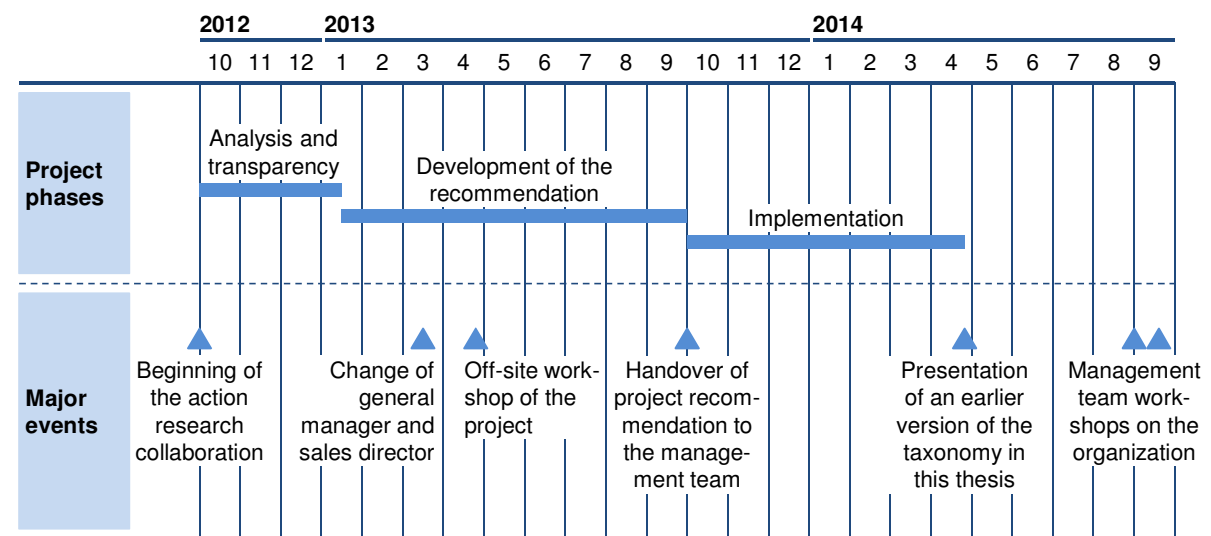
P7b: The intensity of conceptual activities is positively related to the budget size.

Conceptual activities require further investments as outlined in the cluster descriptions. Particularly, market research on the shoppers and retailer collaborations can incur high costs. For example, the higher budget is required to pay market research agencies and purchase additional POS material for customized promotions. In some retailer projects, the manufacturer even takes over all or part of the costs for new kinds of shelves that are jointly developed.

7 Insights on changing the organization

As mentioned in the empirical methods chapter, I have conducted action research with a consumer goods manufacturer for two years. The previous chapters already described the status quo and trends of manufacturer AR's trade marketing, category management, and shopper marketing organization. The past, current, and recommended organizations of the manufacturers are described in the "KAM and brand management partner" cluster, "KAM support" cluster, and the third trend in the taxonomy of organizations. This chapter sheds more light on the journey that the manufacturer has taken to change its marketing and sales organization. During the action research, I was part of a project to overhaul the marketing and sales organization for most of the time. From end of April 2014, we continued the collaboration beyond the scope of the project's implementation phase. Figure 14 shows the timeline of the action research collaboration with the project phases and the major events. Subchapter 7.1 describes the collaboration of the action research in detail. Subchapter 7.2 evaluates the observations and outlines four key factors that influenced the change of the organization.

Figure 14: Timeline of the action research collaboration



7.1 Detailed description of the action research collaboration

The description of the action research in the empirical methods chapter already outlines my role as a researcher, the sources of information, the project targets, and the general phases of the project (see chapter 3.1.2). The project started in the sales department. Yet, in February 2012 the scope was extended to the whole marketing and sales organization of the in-market

subsidiary. As a reminder, when I joined the project in October 2012, the project targets were as follows:

- Review and adapt the marketing and sales organization in terms of functional units, activities, responsibilities, and resource allocation.
- Define processes and interfaces in the adapted marketing and sales organization.
- Develop a project management approach to enable continuous improvement.

Figure 15 provides an overview of the project's phases, tasks, and key meetings to reach these targets. I joined the project in the analysis and transparency phase. Thus, I cannot report observations from the preparation of the project phase. The next subchapter describes the project team in greater detail. The description in the remaining subchapters follows the project phases in Figure 15 and outlines the collaboration beyond the project in the last subchapter.

Figure 15: Phases, tasks, and meetings of the project in the action research

	Preparation of the project	Analysis and transparency	Development of the recommendation	Implementation
Tasks	<ul style="list-style-type: none"> ▪ Develop project briefing ▪ Setup project communication ▪ Setup project steering 	<ul style="list-style-type: none"> ▪ Analyze resource deployment ▪ Document current processes ▪ Develop benchmarking with competitor organizations ▪ Assess methods to evaluate the drivers of the organization 	<ul style="list-style-type: none"> ▪ Collect information from <ul style="list-style-type: none"> ▫ expert discussions ▫ studies and reports ▫ scenario development ▪ Analyze and evaluate all collected information ▪ Derive key drivers of the marketing and sales organization ▪ Define workstreams for the key drivers ▪ Develop recommendation for the marketing and sales organization ▪ Create a management summary of the recommendation 	<ul style="list-style-type: none"> ▪ Define sub-projects for the implementation ▪ Define target processes
Key meetings	<ul style="list-style-type: none"> ▪ Kick-off project 		<ul style="list-style-type: none"> ▪ Expert discussions ▪ Off-site workshop 	<ul style="list-style-type: none"> ▪ Kick-off implementation

Sources: Translated and summarized by the author from the project roadmap, project briefing, and project documentation

7.1.1 Project team

All project team members were employees of the manufacturer apart from me. The project members were part of the business support, brand management, key account management, market research, and trade marketing functional units. The majority of the project team members were on manager level. The project leader was on senior manager level. None of the

project team members were staffed full-time on the project. The project leader was responsible for a second major project throughout the whole time. Consultants were only used in the preparation and facilitation of the off-site workshop on 03 and 04 April 2013 and in the development of the scenarios. The steering group of the project was the executive team. At the beginning, it consisted of the general manager (GenManagerA), marketing director (MktgDirector), and sales director (SalesDirectorA). Yet, the executive team changed over the course of the project. As shown in the major events in Figure 14, GenManagerA left the manufacturer in March 2013. The sales director was appointed as the new general manager (GenManagerB) of the in-market subsidiary. One of the senior key account managers became the new sales director (SalesDirectorB). After the change of the general manager, the senior sales support manager became part of the executive team as the business support director (BusSupportDirector). A finance director (FinDirector) was added to the team as well.

7.1.2 Analysis and transparency project phase

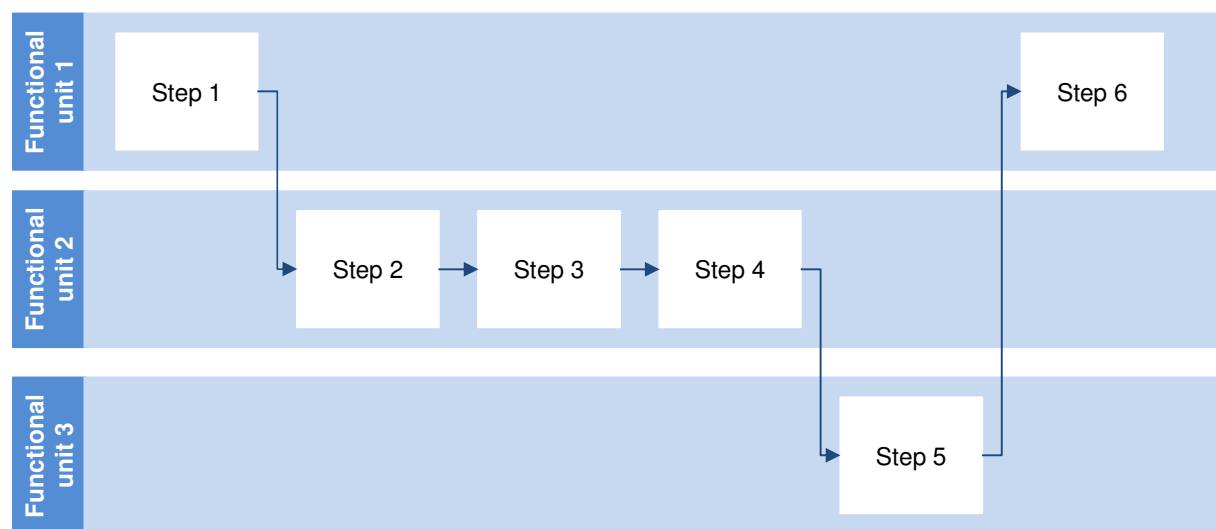
In the analysis and transparency project phase, the internal and external context of the manufacturer was analyzed. The key tasks of the project phase were to analyze the current resource deployment, document the current processes, benchmark the manufacturer's marketing and sales organizations with competitor organizations, and assess methods to evaluate the drivers of the organization. As shown in Figure 14, I joined the project in the middle of this phase.

The analysis of the resource deployment was only conducted for the sales department. Members of the sales department documented on a predefined template how much time they spend for activities like daily business, administration, meetings, and special projects. Sales employees participated on a voluntary basis. All participants remained anonymous. The project leader analyzed the submitted templates and created a presentation. We used the results of the resource deployment in the development of the key drivers and workstreams. The analysis had already been completed before I joined the project.

In the documentation of the processes, the project team first developed an overview of all key processes. The overview distinguishes the processes in leadership, core, and support processes. To develop the strategy and to manage the risks are, for example, leadership processes. The core processes are further grouped in "manage brands and activate shoppers", "manage retail customers", and "contribute to parent company". To launch a new product and to manage the media investment are, for example, processes of the "manage brands and activate shoppers" group. To manage the retail customer relationship and to manage claims and returns are, for example, processes of the "manage retail customers" group. To conduct test projects is, for example, a process in the "contribute to parent company" group. To provide information technology and to administer the personnel are, for example, support

processes. The team defined a process map for each of the key processes. The process map describes the process steps and the responsibilities for these steps as illustrated in Figure 16. Although it was not explicitly mentioned in the project, this approach to process documentation is based on Rummler and Brache (2013). Colleagues from the functional units that were involved in the processes developed the first versions of the process maps in several workshops in spring and summer 2012. SalesSuppClerk then documented the process maps with a special tool in PowerPoint. The project team discussed and refined each process map in subsequent meetings. I participated in one of the discussions on 13 December 2012.


Figure 16: Illustrative layout of the process maps used in the action research



Source: Process documentation of manufacturer AR

A further task of the second phase was to benchmark the manufacturer's marketing and sales organization with competitor organizations. The project team collected information from a number of publicly available sources. Before I joined the project, the team researched the Internet to understand the general types of organizational structures like functional and matrix structures and specific organizational structures in the consumer goods industry. I contributed to the benchmarking with a research of job advertisements by manufacturers and retailers. I included the retailers' organizations in the research to understand the changes in the counterparts of the manufacturers' marketing and sales organizations. We discussed the results of the research in three conference calls in February 2013. At the last discussion on 14 February 2013, the analysis covered 164 job advertisements of retailers and 47 job advertisements of manufacturers. The job advertisements of retailers were mainly related to purchasing, category management, merchandising, marketing, private labels, and e-commerce. The job advertisements of manufacturers mainly covered brand management, key account management, trade marketing, category management, shopper marketing, and market research. Figure 17 shows an excerpt from the presentation of the analysis results.

Figure 17: Excerpt from the job advertisement research

<div> <div>7</div> <div>Trade Marketing: Internationale Steuerung, Kanalsteuerung und Shopper Insights (1/3)</div> <div>  </div> </div>		
Unternehmen	Stellenbezeichnung	Auszug
<ul style="list-style-type: none"> Nestlé Deutschland AG 	<ul style="list-style-type: none"> Category and Channel Manager 	<ul style="list-style-type: none"> Entwicklung und Implementierung spezifischer Kanalstrategien hinsichtlich Sortiment, Preisgestaltung, Platzierung und Promotions sowie Verknüpfung der Kanalstrategien und Prioritäten mit den Marketingstrategien Tiefgründige und abgesicherte Analyse relevanter Informationen zur Strategieentwicklung, wie z.B. Shopper und Consumer Insights, Trends, Entwicklungen im Kanal und beim Kunden sowie Entwicklungen in der Kategorie Tiernahrung Unterstützung der Sales- und Marketingaktivitäten und -entscheidungen durch effiziente Informationsflüsse und Bereitstellung von Produkt- und Kundenanalysen sowie Shopper Insights Eigenständige Vorbereitung und Durchführung von Kundenpräsentationen zur Beeinflussung von Schlüsselentscheidungen rund um Sortiment, Platzierung und Promotions zur Optimierung der Kategorie-entwicklung im Markt Eigenverantwortliches Initiieren, Vorantreiben und Leiten von Category Management Projekten und Prozessen
<ul style="list-style-type: none"> Nestlé Deutschland AG 	<ul style="list-style-type: none"> Praktikum - Channel Category Sales Development (Category Management) 	<ul style="list-style-type: none"> Sie betreuen Projektarbeiten im Rahmen des Category Managements Sie leisten einen wertvollen Beitrag durch die Analyse von Warengruppen und Vertriebskanälen Sie unterstützen die Durchführung von Shopper Studien und Generierung von Insights In Ihrem Praktikum bekommen Sie Einblicke in den Bereich des Portfoliomanagements Sie begleiten als aktive Schnittstelle die Prozesse der Marketing- und Vertriebs-Planung
<ul style="list-style-type: none"> Henkel 	<ul style="list-style-type: none"> International Trade Marketing Manager 	<ul style="list-style-type: none"> Support to the International Senior Trade Marketing Manager in the development of the global trade marketing strategy Responsibility for the international implementation of brand activities and launches Development of global brand promotions and campaigns with focus on B-to-B and point of sale communication as well as sales support materials Monitoring, performance benchmarking and analyzing developments in international markets with the main objective: maximization of long term profitability Being key contact person for related countries, brand management, functional departments and agencies

Quelle: Deutsche Karriereinternetseiten der jeweiligen Unternehmen

26

Source: Conference call on 14 February 2013

The assessment of methods to evaluate the drivers of the organization was completed in February 2013. The project team found a consultancy that is specialized on scenario development. They worked with the consultancy to derive four scenarios of the potential changes in their environment. The scenarios were developed in a workshop with the project team, executive team, and further employees of the manufacturer in February 2013. We used the scenarios in the derivation of the key drivers of the manufacturer's marketing and sales organization and in the preparation of the off-site workshop in April 2013.

7.1.3 Development of the recommendation project phase

The development of the recommendation project phase was divided into two parts. In the first part, we collected further information, analyzed all the collected information, derived key drivers of the manufacturer's marketing and sales organization, and condensed the key drivers to a few workstreams. These workstreams were discussed in an off-site workshop in April 2013 (see Table 16). Participants of the workshop developed first ideas for measures to tackle the key drivers in the workstreams. In the second part, the workstreams were assigned to subprojects for further detailing in the implementation phase. We further developed the

recommendation for the marketing and sales organization. This recommendation was documented in a management presentation.

The main source of information to develop the key drivers, workstreams, and later the recommendation were expert discussions. In addition to the expert discussions, the project team analyzed studies, reports, and the previously developed scenarios. In total, 26 internal and external experts were interviewed. Internally, the experts included the owner, managers of the parent company, and managers of the in-market subsidiary. The departments of the interviewed managers spanned across business support, human resources, IT, legal, logistics, marketing, production, purchasing, and sales. The external experts included a retail consultancy owner and former senior manager in a German retailer, a retail consultancy owner and former board member of a leading global retailer, a professor for production management, and the supervisor of this thesis. Each of the experts received a personal invitation that outlined the purpose of the expert discussion. The purpose was to define three to five drivers that influence the manufacturer in the future. The time horizon for these drivers was the next three to five years. If possible, the drivers were clustered in terms of impact on the manufacturer and probability during the interview. In the expert discussions, most experts mentioned more than five drivers. Moreover, not all interviewers achieved to cluster the drivers with the expert. I organized three of the discussions with external experts on 31 January 2013 (see Table 17). These discussions were conducted collaboratively with two other project team members. We also summarized the implications of the three discussions jointly. In addition to the expert discussions, I conducted five interviews from 18 to 21 March 2013 to gain an in-depth understanding of the current functional units in the marketing and sales organization (see Table 17). In all interviews, I particularly probed to understand the current organization of trade marketing, category management, and shopper marketing.

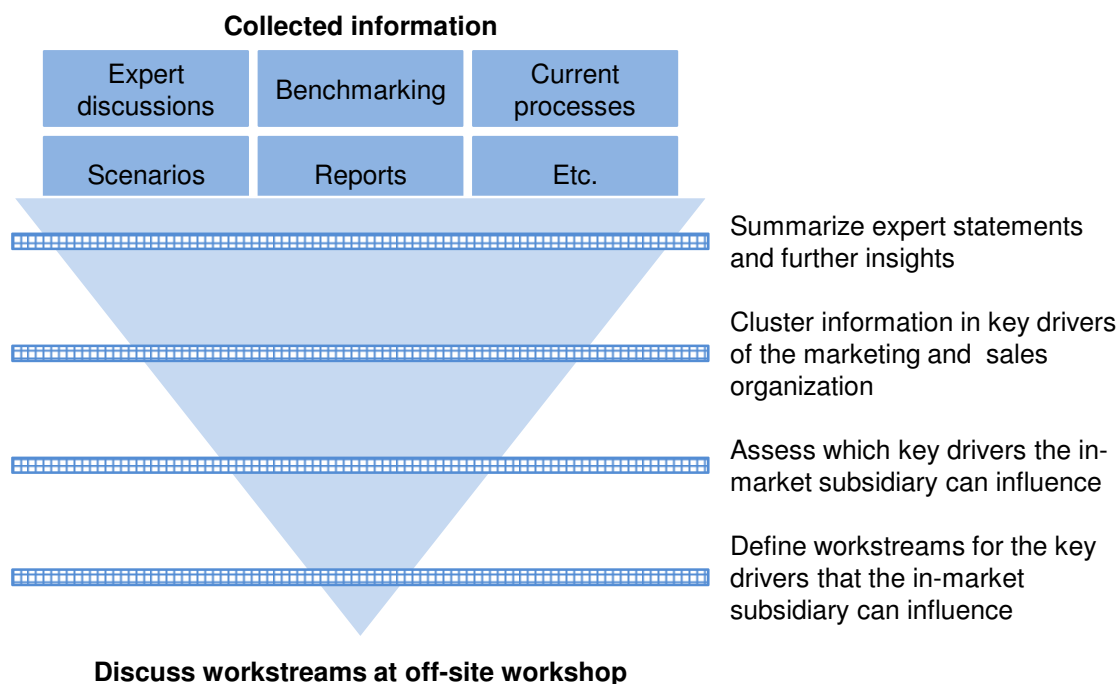
In the next tasks, we developed the key drivers of the manufacturer's marketing and sales organization and condensed them to a few workstreams that the project continued to work on (see Figure 18). The project leader created an Excel spreadsheet with all mentioned drivers from the interviews and further insights from the scenarios, studies, and other sources. To get a better overview, I arranged all mentioned drivers by impact on the manufacturer and probability in a scatter plot. The project leader and I discussed the scatter plot in the conference call on 08 March 2013. In several further discussions we clustered the information in key drivers of the marketing and sales organization of the manufacturer. For example, we subsumed the following expert statements in the driver "retail environment":

"The retailer increases its influence on the design of placement, assortment, and promotions." *„Gestaltungshoheit in Bezug auf Platzierung, Sortiment, Promos sieht der Handel verstärkt bei sich."*

„The knowledge advantage of the retailers ... *Wissensvorsprung des Handels (...) steigt: (...) increases: POS data, CM knowledge, POS Daten, CM Wissen, Eigenmarken private label experiences, upgrade with BI- Erfahrung, Aufrüstung durch BI-Systeme*” systems.”

After the analysis, we ended up with 35 drivers of the marketing and sales organization. The drivers ranged from topics like business intelligence, retailer environment, consumer and shopper behavior to sustainability and technology.

Figure 18: Analysis of the drivers and development of the workstreams



Source: Translated and adapted by the author from the project documentation

Next, we assessed who in the in-market subsidiary, who in the parent company, or which external stakeholders can influence the key drivers. We selected the key drivers that the in-market subsidiary can influence and defined workstreams for these key drivers. We discussed and refined the workstreams in two workshops on 18 and 21 March 2013 (see Table 16). The following 13 workstreams were prepared for the off-site workshop:

- Workstreams regarding operational excellence
 - Assortment strategy
 - Channel management
 - Data management
 - Process management
 - Project management
- Workstreams regarding human resources and collaboration
 - Human resource development

- Management by objectives
- Partnerships and cooperations
- Synergy management
- Workstreams regarding idea and knowledge management
 - Internal knowledge transfer
 - Learning organization
- Workstreams regarding reactions to market changes
 - Sales excellence
 - Shopper and consumer behavior – Marketing 2017

17 executives and managers of the manufacturer, two consulting partners, and a director of the marketing agency participated in the two-day off-site workshop (see Table 16). The workshop started with a plenary discussion of the manufacturer's strengths and weaknesses. Next, the participants agreed what the target to become the leading marketing and sales organization in the category implies for them. In both plenary discussions, the participants wrote their thoughts on large cards and stuck them to pinboards. The cards on the pinboards were then grouped in the following discussions. After the completion of the plenary discussion, the participants split in smaller groups to discuss the workstreams. Each group received a poster to structure the discussion (see Figure 19) and the key drivers that constituted the workstream.

Figure 19: Group work posters at the off-site workshop

"workstream name"		
Implications	(Re-)action	Implementation
Notes		

Source: Translated and adapted by the author from the workshop documentation

The groups discussed the implications of the drivers and developed measures to tackle the workstreams. The results of the group works were presented and discussed in the plenary. At the end of the workshop, the most important workstreams were assigned to subprojects for further detailing and implementation. The workstreams of the subprojects were assortment strategy, channel management, marketing 2017, process management, project management, and sales excellence. Further, the communication of the workshop results to the organization

of the in-market subsidiary was added as a subproject. The execution of the subprojects is considered in the implementation phase. I actively participated in all plenary discussions and was part of the group works as well.

After the off-site workshop, the project leader and I spend a full-day workshop on 31 May 2013 to further clarify the subproject on channel management. We developed a general concept and defined the next steps for the subproject. We did the key next step ourselves and reviewed how many retail customers make up the majority of the revenue in each channel. I analyzed revenue data and we discussed the results in two conference calls. The supermarket, hypermarket, and discount channel contributed more than 80% of the manufacturer's current and potential revenue. Particularly in the supermarket and hypermarket channel, the largest retailers accounted for so much of the revenue that they required an individualized offering. Yet, in the drugstores and convenience channel, the individual retailers were often too small for a dedicated key account. The joint management of all retailers in the same channel could have been the basis for further revenue from an increase in distribution and channel-specific promotions. In the further discussions, the general manager set the subproject on hold, since he considered the current personnel of the sales department too small for a channel management approach. He wanted to reconsider channel management in the discussion of the recommendation for the overall marketing and sales organization.

To develop the recommendation for the marketing and sales organization, the project leader and I took one step back. We first defined what the best marketing and sales organization in the category implies based on the discussion at the off-site workshop. We came up with three qualitative targets for the overall in-market subsidiary, sales, and marketing. We further developed potential KPIs for each of the targets. The targets served as the foundation for the discussion of the organization. We dedicated a full-day workshop on 04 June 2013 to develop the first version of the recommendation. We had already drawn organization charts at earlier points in the project. For example, the summary of the expert discussion on 31 January 2013 also included an organization chart. The project leader had further drawn an organization chart with core members of the project team on 15 February 2013. We brought together the results of the discussion at the off-site workshop and our previous insights to draft the recommendation for the functional units and their activities. The discussion of the new trade marketing, category management, and shopper marketing organization took the majority of the workshop's time. The recommendation is outlined in the third trend in chapter 5.2.1.3. We further began to document the benefits of the new organization during the workshop. We developed a revenue and cost driver tree that shows the levers that the changes in the organization will contribute to. This was a different way to show the previously discussed KPIs in relation to the new organization. At the end of the workshop, we developed the storyline for the management presentation. The project team then created the management presentation and further developed the recommendation. On 06 August 2013,

the project leader and I discussed the recommendation with SenBM1 and SenMarketRes&CatManM. Both managers largely agreed with the recommendation. They only suggested changes in the wording to make it more understandable. On 28 September 2013, the project leader handed over the recommendation for the marketing and sales organization to the executive team for further discussions and sign-off.

7.1.4 Implementation project phase

As mentioned, the subprojects assortment strategy, channel management, communication, marketing 2017, process management, project management, and sales excellence were prioritized by the executive team for the implementation phase. There was no larger kick-off meeting as initially indicated in the project plan (see Figure 15). I particularly contributed to the subproject sales excellence, besides the continuous sparring of the project leader in the overall management of the project. The project leader, the sales director (SalesDirectorB), and I developed a customer segmentation tool from July 2013 to April 2014. A senior key account manager (SenKAM3) joined the subproject in the testing of the tool. The project leader and I discussed the tool in a number of conference calls in this time period. In addition, we discussed the tool at workshops on 24 October 2013, 27 November 2013, and 29 April 2014 (see Table 16). The customer segmentation was developed to

- achieve a consistent evaluation of the retail customers by key account management, trade marketing, category management, and shopper marketing,
- provide a basis for decisions on the customers over the next 12 months,
- support the sales resource allocation to retail customers, and
- serve as a foundation for the resource allocation of the new trade marketing, category management, and shopper marketing organization.

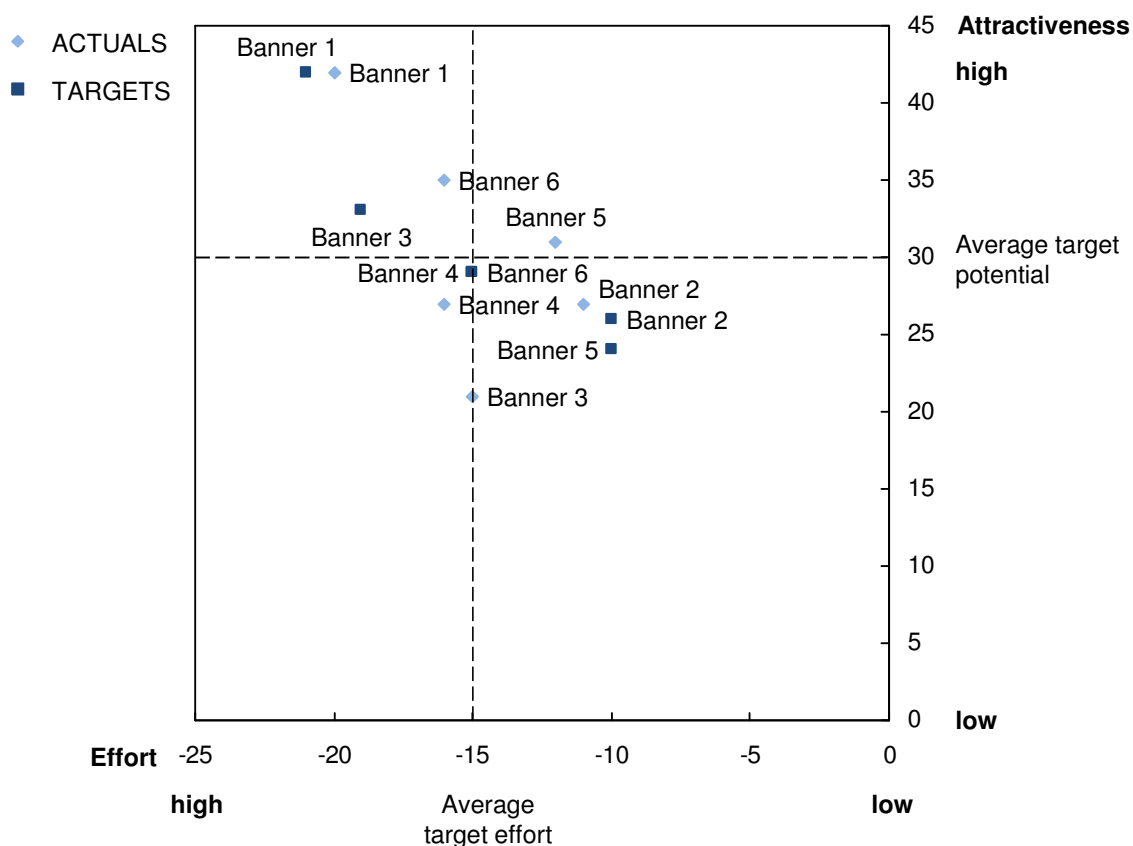
We first developed the criteria of the customer segmentation. I created a proposal and refined it with the project leader in several conference calls. We then decided on the proposed criteria in the workshops on 24 October 2013 and 27 November 2013 with the sales director (SalesDirectorB). In the final version of the customer segmentation, we distinguish the criteria in financial, strategic, and operational KPIs. Each KPI is considered in terms of actuals and targets in the tool. The financial KPIs include volume, gross sales value, trade spends, and cost-to-serve. The strategic KPI is the total sales of the retailer. The operational KPIs are the number of touch points in the purchasing organization of the retailer and the degree of influence, for example, in terms of listings and facings. In the financial and strategic KPIs, we consider the total and the growth as separate KPIs. Hence, we do not discriminate, for example, a retailer that has small total volume but high volume growth. The KPIs also receive a weight to differentiate their importance across all retailers. To make the KPIs comparable,

we decided to use scores. The scores are assigned in comparison to the other manufacturers. The retailer with the highest KPI value receives the highest score and vice versa. Attractiveness and effort, as shown in Figure 20, are calculated in the following way:

- Attractiveness is the weighted sum of the scores of volume, gross sales value, total sales of the retailer, and the degree of influence.
- Effort is the weighted sum of the scores of trade spends, cost-to-serve, and number of touch points in the purchasing organization of the retailer.

The level of analysis is the banners of the retailers. Asda is, for example, the banner of Walmart Stores Inc. in the United Kingdom (Walmart Stores Inc. 02 October 2014). I developed an Excel tool to execute the customer segmentation. Figure 20 illustrates the results of the customer segmentation.

Figure 20: Output of the customer segmentation



Note: Illustrative data only

In this illustrative data sample, banner six is currently more attractive than banner three with comparable effort. In the future, banner three is expected to become more attractive and more costly than banner six. Thus, KAM, trade marketing, category management, and shopper marketing should focus on driving growth with banner three while keeping an eye on

the costs of that banner. We tested the tool with the data of a small selection of customers in the responsibility of the senior key account manager SenKAM3. The results of the test were discussed in the third workshop on 29 April 2014. The sales director and the finance director were confident with the results of the tool and decided to add the data of the remaining banners to the tool.

Six months into the implementation phase, in November 2013, we conducted an analysis of the obstacles in the implementation of the subprojects. The project leader first collected the perceived obstacles to the implementation in discussions with the senior managers that were responsible for the subprojects. The project leader summarized the discussion results in nine major obstacles. The obstacles ranged from unclear goals, lack of coordination, low information sharing, missing knowledge and skills to external factors. Afterwards, we evaluated the impact of the obstacles on the subproject's major targets. In the assessment, we assigned a high, medium, or low score to each of the obstacle and subproject target combination. The outcome of the assessment helped to gauge the projects risks. The project leader presented the results to the executive team.

Overall, the execution of the subprojects was mixed. In March 2014, the project leader summarized the situation as follows:

- Completed: project management.
- On hold: channel management (as previously described) and communication. Communication to the entire in-market subsidiary was put on hold, since the executive team expected questions on the individual jobs of the employees. Yet, they did not consider the recommendations detailed enough to answer such questions.
- In progress: assortment strategy, marketing 2017, process management, and sales excellence.

The executive team remained silent on the organizational recommendation for many months. Regular inquiries on the progress of the discussions were postponed due to daily business. In individual follow-up meetings, the project leader and I learned that the SenMarketRes&CatManM and the BusSupportDirector adapted their organizations in the direction of the recommendation. But there was no concerted overall change in the organization of the in-market subsidiary.

7.1.5 Collaboration beyond the implementation phase

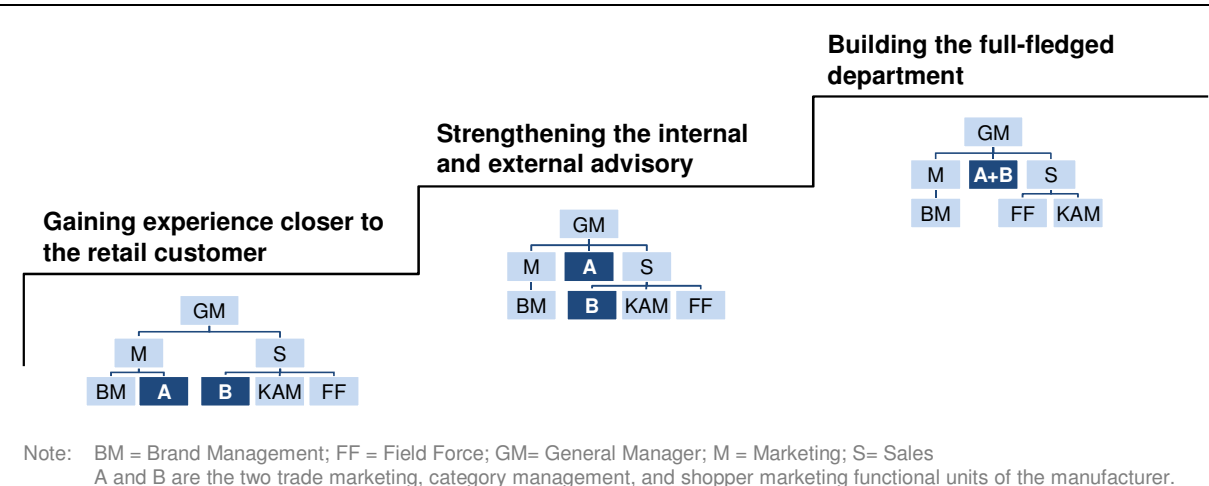
The project leader and I decided to use the presentation of a previous version of the taxonomy of this thesis on 20 January 2014 to restart the discussion about the project's recommendation in the executive team. As already outlined, the new trade marketing, category management,

and shopper marketing organization was one of the most fundamental changes of the marketing and sales organization of the recommendation. The 30-minute presentation triggered a good discussion in the executive team. We agreed to continue with a more in-depth presentation and more room for discussions on 29 April 2014. The meeting on 29 April 2014 had the following agenda:

- Presentation of the taxonomy,
- Reminder of the project's recommendation for the trade marketing, category management, and shopper marketing organization, and
- Comparison of the project's recommendation for the trade marketing, category management, and shopper marketing organization to the taxonomy.

To facilitate the discussion, I compared the recommended trade marketing, category management, and shopper marketing activities and reporting lines to the clusters in the taxonomy as the last agenda point. I further suggested that the executive team could consider smaller steps of organizational changes in the implementation of the recommended trade marketing, category management, and shopper marketing organization. Figure 21 shows the implementation journey that I presented in the meeting. The general manager closed the discussion with two assignments. The finance director was asked to prepare a cost-benefit analysis of the recommended trade marketing, category management, and shopper marketing organization. The business support director was assigned to develop an implementation plan.

Figure 21: Potential transformation journey to the recommended organization



To support the finance director and business support director, the project manager and I discussed the cost-benefit analysis and implementation options in the following conference calls in May and June 2014. By supporting them, we hoped to keep the momentum. I reviewed the literature on trade marketing, category management, and shopper marketing regarding estimated benefits of the implementation. There is only very limited information.

Flint, Hoyt, and Swift (2014) cite an improvement in the ROI on trade and shopper initiatives. Czech-Winkelmann and Zillgitt (2013) quote a manager of the German hypermarket “real,-” that estimates an increase in revenues by one to two percent due to shopper marketing. The Retail Commission on Shopper Marketing (2010) only mentions individual success cases. GS1 Germany (2009) measures the relationship between success factors of category management and KPIs like sales, revenue, and market share. Yet, they do not quantify the benefits. Regarding the implementation, we added a further transformation journey besides the immediate implementation of the recommended organization and the option described in Figure 21. In the third option, the trade marketing, category management, and shopper marketing functional unit is initially created with an executive that reports to the marketing director. The reporting line is changed to the general manager after a test phase.

In discussions with the finance director and the business support director, it turned out that they were not sure whether the general manager and the other executive team members fully supported the organizational recommendation of the project. Thus, the executive team decided to reconsider the organization at their off-site workshop in August 2014 before they start to prepare the cost-benefit analysis and the implementation plan. In preparation for the off-site workshop, the project leader and I met with the finance director and the business development director on 01 July 2014. At this meeting, we developed the aim and agenda for the off-site workshop. The aim of the off-site workshop was to develop a clear target picture of the new trade marketing, category management, and shopper marketing organization. Based on the results of the project and our previous discussions, the executive team perceived the trade marketing, category management, and shopper marketing organization as a core element of an overhauled marketing and sales organization of the in-market subsidiary (see chapter 5.2.1.3). We developed the following agenda for the full-day discussion:

- Presentation of the workshop aim and agenda.
- The general manager (GenManagerB) locates the implementation of a new trade marketing, category management, and shopper marketing organization in the general strategy of the in-market subsidiary.
- The marketing director and the sales director (SalesDirectorB) present their thoughts on a new trade marketing, category management, and shopper marketing organization.
- The executive team develops a detailed target picture of the trade marketing, category management, and shopper marketing organization (including mission, activities, structure, and interfaces).
- Depending on the previous discussion, we consider the transformation journeys in the implementation of the new organization.
- The executive team agrees on specific next steps.

The marketing director and the sales director (SalesDirectorB) received a briefing to prepare their thoughts for the third agenda point along the following questions: What can we achieve with a new trade marketing, category management, and shopper marketing organization? To which drivers of the environment are we reacting with the new organization? What implies a successful new organization for you? The project leader could not participate at the off-site workshop on 12 August 2014, since he was on holidays. The management team decided that I should facilitate the discussions at the off-site workshop.

At the beginning of the full-day workshop on 12 August 2014, the general manager extended the scope of the discussion from the trade marketing, category management, and shopper marketing organization to the complete organization of the in-market subsidiary. At that time, the in-market subsidiary consisted of a marketing, sales, business support, and finance department. Accounting, logistics, and production departments are centralized in the headquarters. Despite the wider scope, the workshop still followed the predefined agenda. The detailed target picture was developed in three steps:

- First, each member of the executive team wrote the major current activities of his department on a card.
- Second, we collected and structured the cards along the general process logic of the manufacturer on a pinboard. The general process logic consists of four steps: analysis, target, action, and evaluation.
- Third, we added further target activities. Then, we created groups of activities that could become functional units of the new organization on a second pinboard. We did not discuss the structure of the functional units yet.

Due to the wider scope, we ran out of time during the third point. We continued the discussion at a further full-day workshop on 22 September 2014:

- First, we continued to group the activities.
- Second, I had prepared a proposal of activities and groups to challenge the discussion. In the preparation of the proposal, I also drew on activities outlined in Table 28. The proposal further helped to structure the discussion, since we moved from handwritten cards to printed cards. I had further reformulated some of the activities to achieve more consistency and clarity in the wording of the activities. We switched to the proposal in the discussion and refined it. We adapted the wording and added further activities in the refinement.
- Third, based on the finalized activities, we discussed the structure of the functional units. Since we decided to split one of the earlier groups of activities, we reassigned the activities to the functional units in the structure. The discussion on the organizational structure was fact-based. After a short discussion, the general manager

made a first proposal for the structure. This proposal was then discussed and agreed by the other members of the executive team.

To engage the wider organization of the in-market subsidiary and to detail the target organization, the executive team decided to start a new project in January 2015. Before the start of the new project the outcome of the workshops needs to remain confidential.

7.2 Evaluation of the organizational change

The three targets of the project aimed at changing the organization of manufacturer AR. To my mind, the project has partially achieved its targets. The project reviewed the marketing and sales organization in detail and engaged many of the manufacturer's employees along the review. It created a recommendation how to adapt the marketing and sales organization that was supported by the project team. Yet, the recommendation was not implemented due to pending sign-off from the executive team. It further documented the current key processes. Since the organizational recommendation was not signed off, the target processes were not developed. The project also developed a project management approach that has been used to a differing extent in the implementation of the subprojects.

In the reflection on the action research collaboration, I consider five factors as key explanations for the developments in the project and organizational change at manufacturer AR in general. These five factors are:

- the involvement of the in-market subsidiary's organization,
- the implementation focus of the recommended organizational changes,
- the changes in the executive team during the project,
- the organizational silos, and
- the scope of the project.

Overall, the project approach that the manufacturer chose strongly involved the personnel of the in-market subsidiary. The involvement mainly resulted from the exclusive use of employees as project members. The internal project team members ensured that the results remained easily understandable to their colleagues. For example, they only used terms that were familiar to the rest of the organization. They further made sure that all the project contents are strongly related to their daily business. Via the expert discussions an even wider group of employees was engaged in the project. The high involvement resulted in a very good appreciation of the manufacturer's internal and external drivers among the project team, the executive team, and the senior management. It further created a good understanding and support for organizational change. Yet, the high involvement also had negative sides.

Foremost, the project members often struggled to complete project-related tasks amid urgent issues in daily business. To account for the daily business, the workload was often split across a number of project members. As a result, the project leader had to manage and follow up on many people. In combination with the later described organizational silos, this slowed down the implementation of several subprojects.

The project's recommendation for the marketing and sales organization focused on the organizational design and not the implementation of the organization. It outlined the new functional units and activities in detail. It further outlined first thoughts on the benefits of the organizational change. Judged by the marketing and sales organization of manufacturer AR at that time, the recommendation was ambitious and visionary. It was the "ideal" organization as perceived by the project team. Yet, the recommendation did not include a proposal how to get there. We expected to discuss the implementation after we had agreed on the organizational design with the executive team. As a result, the executive team struggled to see how the organization could come to life. Since all of the members of the executive team are heavily involved in daily business, the recommendation seemed to be in a distant future. In hindsight, the missing implementation focus has probably contributed to the silence of the executive team. Paired with the later described focus of the new general manager (GenManagerB) on adapting the executive team to his needs, the recommendation decreased in priority. According to the project leader, my proposal of an implementation journey on 29 April 2014 helped the executive team to build a bridge between the current organization and the recommendation of the project (ProLeader). In the conference call on 07 October 2014, he considers this a key factor why the executive team restarted the discussion on the recommended marketing and sales organization.

The change in the executive team in March 2013 had a profound impact on the project. It fell into one of the most important project periods. The off-site workshop in April was the major milestone of the project. It was helpful that the new general manager (GenManagerB) and the new sales director (SalesDirectorB) had already worked in the in-market subsidiary and were familiar with the project. Yet, the new executive team needed a couple of months to settle in and develop a common perspective on the strategy of the in-market subsidiary. During the first months, the general manager's priority was to adapt the current executive team to his needs. He added a finance director (FinDirector) to the team and promoted the senior sales support manager (SenSalesSuppM) to the executive team as business support director (BusSupportDirector). Both changes in the organization resonated with the key drivers that were discovered in the project but they were not related to the project's recommendation. I perceived that the executive team and senior management started to attribute the project to the times of the previous general manager (GenManagerA). I interpret that the new general manager (GenManagerB) could not stop the project, since it was already too advanced. Moreover, it delivered great results in the preparation of the personnel for

further organizational change. Yet, in combination with the missing implementation focus of the recommendation, the new executive team remained cautious in the communication of the project results. A sign of the caution was the decision to put the communication of the project results to the wider organization of the in-market subsidiary on hold. A further sign was the silence that the executive team kept after the recommendation for the new organization was handed over. Almost one year after the change in the executive team, they were ready to continue the discussion on the organization of the in-market subsidiary. The executive team developed a target picture for the organization in the workshops in August and September 2014. The starting point for the new project on the organization will be different to the project that I was part of, since this time the executive team already has a vision of the organizational design.

The project leader and I discussed the impact of strong organizational silos in the in-market subsidiary of the manufacturer in a number of conference calls and meetings. The organizational silos were also indirectly mentioned in the analysis of obstacles in the implementation. In the discussions with the executive team, it almost never happened that an executive apart from the general manager commented on his colleagues' field. Similarly, none of the (senior) managers assumed the responsibility to complete parts of subprojects that were beyond the department that they were part of. In the subproject on process management, the project members struggled to define responsibilities in processes that span across several departments. According to the project leader, the processes had to be broken up in subprocesses that can be completed within each department in most cases (ProLeader). Marketing was the strongest organizational silo during the project. Already in the conference call on 01 January 2013, the project leader mentioned that he struggled to involve the marketing colleagues in the project. The project leader perceived that the marketing colleagues were anxious to lose personnel and influence in an organizational change and, thus, tried to slow down the project (ProLeader). Since the project was initiated in sales before the scope was extended to the complete marketing and sales organization, marketing might have initially perceived it as an assault. Marketing only shared limited information during the project. For example, they tried to avoid the documentation of processes. They argued that process documentation hampers creativity in meetings with the project leader (ProLeader). A further example is the resource deployment analysis, since it was only conducted for the sales department. The information sharing from marketing remained low in the implementation phase. The project leader repeatedly struggled to receive information on the progress of the subproject Marketing 2017. He mentioned this, for example, in the call on 01 November 2013 (ProLeader). In summary, I witnessed many typical challenges like low information sharing and poor coordination that are mentioned by the literature on the marketing and sales interface (see chapter 2.2.2.3).

In hindsight, the project scope increased too much during the project. As mentioned, the project had no full-time members. I was amazed how the project leader juggled the many responsibilities throughout the whole project. The scope of the project particularly increased with the development of the workstreams. To my mind, the subprojects assortment strategy, channel management, marketing 2017, and sales excellence were beyond the initial project targets. These subprojects covered a number of topics that were only loosely related to the new marketing and sales organization, processes, and project management. The customer segmentation is a good example for the increased scope. It improves the resource allocation, which is part of the project targets. Yet, the development and test of the tool is beyond the target to develop a recommendation. In my opinion, a dedicated project team would have been necessary to manage a project of this scope. Given the organizational silos, the project team would have operated in an integrator role, as described in chapter 2.1.1, and would have facilitated the coordination among the departments.

8 Conclusion and implications

8.1 Research implications

The thesis contributes to academic research in two ways. First, the identification of domains of determinants, domains of design variables, and their dimensions, the development of the taxonomy, the derivation of propositions, and the insights on changing the organization advance the empirical research on marketing and sales organizations. Second, the combination of action research and in-depth interviews expands the methodologies used in qualitative research on marketing and sales organizations.

Contribution to empirical research on marketing and sales organizations

To my knowledge, the thesis is the first academic research that takes a holistic perspective on the organization of trade marketing, category management, and shopper marketing. It answers the following research goals:

- Identify key design variables of the organization of trade marketing, category management, and shopper marketing.
- Identify key determinants of the organization of trade marketing, category management, and shopper marketing.
- Identify empirical patterns in the organizational design of trade marketing, category management, and shopper marketing.
- Identify predictors for the empirical patterns in the organizational design of trade marketing, category management, and shopper marketing.
- Identify propositions on the relationships between key determinants and key design variables of the organization of trade marketing, category management, and shopper marketing.
- Identify key insights on changing the organization of trade marketing, category management, and shopper marketing.

The research approach to answer the research goals combines a thorough analysis of the literature and qualitative empirical research. The results of the thesis are founded on the concepts of contingency theory and apply its concepts in the trade marketing, category management, and shopper marketing context. The evaluation of the empirical literature considers not only publications on trade marketing, category management, and shopper marketing but also adjacent literature fields on manufacturer-retailer relationships, marketing and sales organizations, KAM, and brand management. This comprehensive literature review ensures a full picture of the relevant existing research. The empirical research consists of a two-year action research collaboration with a manufacturer and 17 in-depth interviews with

managers that have trade marketing, category management, and shopper marketing responsibilities.

Based on the literature review, I pre-identify the first version of the key domains of determinants and domains of design variables. I refine these domains and develop dimensions for each domain based on the insights of the empirical research. I identify four domains of determinants: categories, retailers, parent company, and in-market subsidiary. Further, I identify four domains of design variables: activities, structures, thought-worlds, and power. The dimensions of these domains are outlined in Table 19, Table 24, and Table 25.

Along the design variables, I develop a taxonomy with four clusters of trade marketing, category management, and shopper marketing organizations. Three clusters result from the analysis of the status quo of trade marketing, category management, and shopper marketing organizations. I name the clusters “retail advisory”, “KAM and brand management partner”, and “KAM support”. The fourth cluster, “boutique retail advisory”, is added in the analysis of the trends in the taxonomy. Some of the manufacturers in the “retail advisory” cluster downsize to the fourth clusters and other manufacturers in the “KAM and brand management partner” cluster upgrade to the fourth cluster. Table 27 and Table 37 provide an overview of the clusters’ characteristics. Particularly, the activities of the clusters show that organizations in business practice are a combination of trade marketing, category management, and shopper marketing. Interestingly, organizations with similar activities operate with several different structures. The clusters of trade marketing, category management, and shopper marketing organizations are further explained along the determinants. Table 30 summarizes the findings on the determinants in the status quo of the organizations.

In the development of the taxonomy, some dimensions of the domains of design variables particularly discriminate between the clusters. In addition, some dimensions of the domains of determinants particularly help to explain the chosen organizations. I retain these dimensions as constructs in the 11 propositions on the relationships between determinants and design variables.

Besides the design of the trade marketing, category management, and shopper marketing organization, the action research collaboration over two years provided many insights on changing the organization. The trade marketing, category management, and shopper marketing organization was a core element of manufacturer AR’s project to overhaul the marketing and sales organization. In the evaluation of the action research collaboration, I highlight five factors that mainly influenced the project and the organizational change at the manufacturer in general. The highlighted factors are the involvement of the in-market subsidiary’s organization, the implementation focus of the recommended organizational changes, the changes in the executive team during the project, the organizational silos, and the scope of the project.

Contribution to methods in qualitative research on marketing and sales organizations

Previous qualitative research on marketing and sales organizations has either used action research or in-depth interviews. In this thesis, the combination of both methods results to be appropriate in an unexplored research field as the organization of trade marketing, category management, and shopper marketing. The action research allowed me to gain a deep understanding of one organization. I could analyze the past, the present, and the recommendation for the future trade marketing, category management, and shopper marketing organization of manufacturer AR. The past organization is part of the “KAM support” cluster, the present organization is part of the “KAM and brand management partner” cluster, and the recommendation for the overhauled organization is part of the third trend in the taxonomy. In addition, the collaboration provided many insights on changing the marketing and sales organization. The in-depth interviews broadened the perspective to understand how manufacturers other than manufacturer AR design the trade marketing, category management, and shopper marketing organization. Several of these manufacturers are part of the “retail advisory” cluster in the taxonomy. They also constitute several of the trends in the taxonomy.

8.2 Managerial implications

My research on trade marketing, category management, and shopper marketing organizations contributes to business practice as well. The research shows that there still exists confusion about the organization of trade marketing, category management, and shopper marketing. It also provides a snapshot of the many different organizations that are used in business practice. The thesis results support managers in the consumer goods industry in the following ways:

The literature review serves as a point of reference to understand what has been published on trade marketing, category management, and shopper marketing and adjacent fields for managers that are interested in the topic. In addition to academic publications, it considers a number of managerial publications.

The domains of determinants, domains of design variables, and their dimensions provide managers with a clear framework what to consider in the review and design of trade marketing, category management, and shopper marketing organizations. Managers can locate their current organization in the clusters of the taxonomy of trade marketing, category management, and shopper marketing organizations. The taxonomy provides detailed descriptions how other consumer goods manufacturers designed their organizations:

- The taxonomy lists the activities of trade marketing, category management, and shopper marketing and structures them in conceptual activities and coordination activities.

- It provides an overview of seven organizational structures that are used in business practice. It further details the split of activities among the functional units and in some cases subunits.
- It describes the orientations and knowledge in the different organizational configurations.
- It outlines the budget responsibilities and number of FTEs that work in the organizations.

Managers can further analyze the identified determinants and compare them to the determinants that explain the trade marketing, category management, and shopper marketing organizations in the clusters. The identified trends in the taxonomy help managers to discuss where they want to develop their trade marketing, category management, and shopper marketing organization. Contrary to many managerial publications that urge manufacturers to invest in trade marketing, category management, and shopper marketing, the trends show that some manufacturers decide to downsize their trade marketing, category management, and shopper marketing organizations.

The observations of the project in the action research provide managers with an example of a project approach to overhaul the marketing and sales organization. The design of a new trade marketing, category management, and shopper marketing organizations was a core element of the project. The observations cover the major phases, tasks, and meetings of the project. The evaluation of the action research highlights key factors that influence organizational change related to the adaption or implementation of a trade marketing, category management, and shopper marketing organization. Manufacturers should consider these factors in the plan of their projects to leverage the benefits and avoid the pitfalls.

8.3 Avenues for future research

The thesis opens a number of avenues for future research with relevance for academia and business practice. As mentioned, this has been the first research that considers the organization of trade marketing, category management, and shopper marketing holistically. Thus, the thesis lays the foundations for more research. Moreover, the literature fields of trade marketing, category management, and shopper marketing are relatively young and only few publications consider the organization as the main topic.

Future research, both qualitative and quantitative, should increase the sample size to include more consumer goods manufacturers, more categories, and more countries. Large-scale-survey-based research should validate the propositions developed in the thesis. To test the propositions, measures for the proposed constructs need to be developed. In addition, such a study should test for the performance effect of the constructs.

Further research should review the taxonomy outlined in this thesis. This research could use quantitative methodologies like cluster analysis or qualitative methodologies like set-theory methods (Fiss 2007; Homburg, Jensen, and Krohmer 2008; Homburg, Workman, and Jensen 2002). The research should also analyze the performance of the configurations in the taxonomy.

Besides the analysis of the trade marketing, category management, and shopper marketing organization itself, future studies could research the internal interface with other functional units like KAM and brand management. They should understand the different configurations of the internal interfaces. This kind of research should also analyze the influence of the functional units at the interface versus the trade marketing, category management, and shopper marketing functional unit(s). Future research could consider the external interface between the manufacturer's trade marketing, category management, and shopper marketing organization and their retailers' counterparts. It would be interesting to understand the different configurations of the external interface as well.

Finally, future research should change the analysis level to advance the understanding on the individual manager and on the international trade marketing, category management, and shopper marketing organizations.

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Appendix

Appendix 1: Johnson & Johnson (22 May 2013)

Head Customer & Shopper Marketing Österreich (m/w) Job

<http://jobs.jnj.com/job/Wien-Head-Customer-&-Shopper-Marketing-Öste...>

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Head Customer & Shopper Marketing Österreich (m/w)

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Datum: 26.04.2013

Standort: Wien, AT

Head Customer & Shopper Marketing Österreich (m/w)-00000BW6

Beschreibung

Johnson & Johnson ist eines der weltweit größten und das in seinem Produktspektrum vielfältigste Unternehmen auf dem Gebiet der Gesundheitsfürsorge. Täglich entscheiden sich Millionen Menschen, eines unserer Produkte zu verwenden, die bei der Vorsorge, der Diagnose und der Therapie helfen, das Leben vieler Menschen angenehmer, besser zu machen.

Die Johnson & Johnson GmbH steht in Österreich für den Geschäftsbereich Consumer Healthcare. Mit einem Portfolio bekannter Marken erreichen wir nahezu jeden Haushalt und Konsumenten in jeder Lebensphase. Von der Geburt an bis ins hohe Alter.

Wir suchen nun für die Führung unseres Customer & Shopper Marketing Teams mit Sitz in Wien eine kommunikationsstarke und engagierte Persönlichkeit als

Head Customer & Shopper Marketing Österreich (m/w)

In dieser zentralen Funktion sind Ihre Hauptaufgaben

- Leitung des Customer & Shopper Marketing Teams in Österreich für die Bereiche Mass Market und OTC mit direkter Berichtslinie an unseren Head Customer & Shopper DACH (Sitz in Neuss, Deutschland)
- Durchführung von Instore Excellence- (POS) sowie Category Management Projekten bei unseren Top Kunden, wie zum Beispiel Sortiments-, Regal-, Preis- und Promotionaktivitäten
- Mitglied des lokalen Management Teams
- Mitarbeit an unseren Cluster Brand Plans sowie Ableitung der lokalen Jahrespläne
- Entwicklung und Rollout von Kategorie-Strategien und Taktiken zur Erzielung von Kategoriewachstum bei unseren Handelspartnern
- Analyse von Shopper Insights für unsere Marken sowie Retailer Insights für unsere Kunden
- Durchführung von Launch/Relaunch-Aktivitäten und Bewerbung von neuen Produktideen
- Laufende Wettbewerbs- und Trendanalysen von relevanten Kategorieentwicklungen bei Kunden
- Sehr enge Zusammenarbeit mit dem lokalen Key Account Team in Österreich sowie mit dem Brand Management und Customer & Shopper Marketing Team innerhalb unseres Clusters (Deutschland, Österreich, Schweiz, Belgien, Holland)

Qualifikationen

- Erfolgreich abgeschlossenes Studium (Uni/FH) der Betriebswirtschaft oder vergleichbare Ausbildung
- Mindestens 10 Jahre Berufserfahrung im Category Management, Key Account Management oder Marketing / Trade Marketing - bevorzugt im Bereich FMCG inkl. Führungserfahrung
- Erfahrung im selbständigen Umgang mit Handelskunden
- Analytisches und konzeptionelles Denkvermögen sowie Organisationsgeschick
- Kreativität, Einsatzbereitschaft, ausgeprägtes Verhandlungsgeschick
- sicheres und verbindliches Auftreten
- hohe Lösungsorientierung und Teamfähigkeiten
- sehr gute Deutsch- und Englischkenntnisse sowie IT-Know How (Excel, Powerpoint)

Head Customer & Shopper Marketing Österreich (m/w) Job

<http://jobs.jnj.com/job/Wien-Head-Customer-&-Shopper-Marketing-Öste...>

Wir bieten Ihnen

- Eine spannende berufliche Herausforderung, welche Sie mit Eigeninitiative weiter ausbauen können
- Ein dynamisches, engagiertes Team und ein sehr gutes Betriebsklima
- Fortschrittliche Anstellungsbedingungen in einem führenden Unternehmen der Gesundheitsbranche

Jahresbruttogehalt: ab EUR 63.000 (exkl. variablen Anteils). Eine Bereitschaft zur Überzahlung ist gegeben - abhängig von beruflicher Qualifikation und Erfahrung.

Primärer Standort: Europa/mittlerer Osten/Afrika-Österreich-Wien-Wien

Organisation: Johnson & Johnson Gesellschaft M.B.H. (7520)

Funktion: Marketing & Sales

Jobsegment: Marketing, Brand Manager, Branding

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Appendix 2: Nestlé Deutschland AG (07 February 2013a)

07.02.13

DE_Category and Channel Manager (m/w)

[FAQs](#)

Stellenbeschreibung

DE_Category and Channel Manager (m/w)(130000BQ)

Beschreibung

Perspektiven sind es, die uns als Unternehmen antreiben, jeden Tag für mehr Lebensqualität unserer Kunden einzutreten. Und Perspektiven sind es, die Sie motivieren, Ihren Beruf auszufüllen. Willkommen im Unternehmen Lebensqualität. Wir bieten die besten Voraussetzungen, um Ihre beruflichen Vorstellungen über Werte und Ziele gemeinsam zu verwirklichen. Stellen Sie sich vor, welche Chancen und Möglichkeiten Ihnen Nestlé bietet. Und dann: Stellen Sie sich vor als

Category and Channel Manager (m/w)

Ihre Aufgaben:

- Entwicklung und Implementierung spezifischer Kanalstrategien hinsichtlich Sortiment, Preisgestaltung, Platzierung und Promotions sowie Verknüpfung der Kanalstrategien und Prioritäten mit den Marketingstrategien
- Tiefgründige und abgesicherte Analyse relevanter Informationen zur Strategieentwicklung, wie z.B. Shopper und Consumer Insights, Trends, Entwicklungen im Kanal und beim Kunden sowie Entwicklungen in der Kategorie Tiernahrung
- Unterstützung der Sales- und Marketingaktivitäten und -entscheidungen durch effiziente Informationsflüsse und Bereitstellung von Produkt- und Kundenanalysen sowie Shopper Insights
- Eigenständige Vorbereitung und Durchführung von Kundenpräsentationen zur Beeinflussung von Schlüsselentscheidungen rund um Sortiment, Platzierung und Promotions zur Optimierung der Kategorie-entwicklung im Markt
- Eigenverantwortliches Initiieren, Vorantreiben und Leiten von Category Management Projekten und Prozessen

Ihr Profil:

- Abgeschlossenes betriebswirtschaftliches Studium oder vertriebsorientierte Ausbildung
- Mehrjährige Berufserfahrung im Marketing / Vertrieb / Trade Marketing
- Herausragende analytische Fähigkeiten verbunden mit einer strukturierten und ergebnisorientierten Arbeitsweise
- Sicheres Auftreten und ausgeprägte Kommunikationsfähigkeit
- Diplomatie, Menschenkenntnis und Überzeugungskraft
- Sehr gute Englischkenntnisse in Wort und Schrift

Werden auch Sie einer von mehr als 300.000 Mitarbeitern weltweit und sorgen Sie dafür, dass Nestlé mit seinen zahlreichen Marken im Bereich Ernährung, Gesundheit und Wohlbefinden weiterhin führend in über 80 Ländern bleibt.

Ihre Ansprechpartnerin für diese Position ist Anna Prieß.

Wir freuen uns auf Ihre Bewerbung!

www.nestle.de/karriere

Appendix 3: Nestlé Deutschland AG (07 February 2013b)

07.02.13

DE_Praktikum - Channel Category Sales Development

[FAQs](#)**Stellenbeschreibung****DE_Praktikum - Channel Category Sales Development(110000ZI)****Beschreibung**

Perspektiven sind es, die uns als Unternehmen antreiben, jeden Tag für mehr Lebensqualität unserer Kunden einzutreten. Und Perspektiven sind es, die Sie motivieren, Ihren Beruf auszufüllen. Willkommen im Unternehmen Lebensqualität. Wir bieten die besten Voraussetzungen, um Ihre beruflichen Vorstellungen über Werte und Ziele gemeinsam zu verwirklichen. Stellen Sie sich vor, welche Chancen und Möglichkeiten Ihnen Nestlé bietet. Und dann: Stellen Sie sich vor als

Praktikant (m/w) im Bereich Category Management

Für die Zentrale in Frankfurt am Main (ab sofort, für die Dauer von 3 bis 6 Monaten).

Ihre Aufgaben:

- Sie betreuen Projektarbeiten im Rahmen des Category Managements
- Sie leisten einen wertvollen Beitrag durch die Analyse von Warengruppen und Vertriebskanälen
- Sie unterstützen die Durchführung von Shopper Studien und Generierung von Insights
- In Ihrem Praktikum bekommen Sie Einblicke in den Bereich des Portfoliomanagements
- Sie begleiten als aktive Schnittstelle die Prozesse der Marketing- und Vertriebs-Planung

Ihr Profil:

- Sie studieren seit mindestens 2 Semestern BWL, Wirtschaftsinformatik oder einen vergl. Studiengang
- Zahlenaffinität und analytisches Denkvermögen zählen zu Ihren Stärken
- Ein routinierter und sicherer Umgang mit MS-Office-Anwendungen ist für Sie selbstverständlich
- Sie verfügen über sehr gute Deutsch-und Englischkenntnisse
- Sie sind offen, kommunikativ und ein engagierter Teamplayer der gerne eigene Ideen einbringt

Die monatliche Vergütung beträgt zwischen 700 – 900 €.

Werden auch Sie einer von mehr als 300.000 Mitarbeitern weltweit und sorgen Sie dafür, dass Nestlé mit seinen zahlreichen Marken im Bereich Ernährung, Gesundheit und Wohlbefinden weiterhin führend in über 80 Ländern bleibt.

Ihre Ansprechpartnerin für diese Position ist Frau Victoria Tornau.

Bitte bewerben Sie sich unter Angabe des Zeitraums sowie aller relevanter Zeugnisse.

Wir freuen uns auf Ihre Bewerbung!

www.nestle.de/karriere

Appendix 4: Danone Waters (17 April 2013)

17.04.13

Trade Marketing Manager (w/m) Jobs in Frankfurt Am Main 60313, Hessen Deutschland

**Durst auf mehr?**

Danone Waters Deutschland GmbH gehört zur Danone Firmengruppe, dem international erfolgreichen Lebensmittelunternehmen und Weltmarktführer in den Kategorien natürliches Mineralwasser, Milchfrischeprodukte und Babynahrung.

Danone Waters Deutschland GmbH ist mit den Marken evian und Volvic die Nr. 1 im deutschen Wassermarkt. Um diesen Erfolgskurs fortzusetzen, suchen wir motivierte Mitarbeiterinnen und Mitarbeiter, die mit uns weiter wachsen wollen.

Sie träumen von flachen Hierarchien, autonomem Arbeiten und großer persönlicher Weiterentwicklung? Bei Danone Waters ist das kein leeres Versprechen, sondern gelebter Arbeitsalltag!

Trade Marketing Manager (w/m)**in Frankfurt am Main**

Wir suchen Sie als engagierten und begeisterungsfähigen Trade Marketing Manager!

Aufgaben:

Es erwartet Sie ein spannendes und vielfältiges Aufgabengebiet mit folgende Schwerpunkten:

- ◆ Channel Development:
 - Eigenverantwortliche Entwicklung von markenspezifischen Vertriebsstrategien und Vertriebskanalentwicklungsplänen
- ◆ Shopper-/POS-Marketing:
 - Entwicklung und Umsetzung der POS-Strategie & nationaler Promotions: Zusammenarbeit mit dem Marketingbereich
 - Umsetzungsorientierte Steuerung der Verkaufsförderungs-Agenturen
 - Verantwortung eines Trade-Marketing-Budgets
- ◆ Steuerung von Product-Launches in Zusammenarbeit mit dem Brand Management, Distributions- & Volumenplanung für Produkteinführungen & Initiierung von kundenspezifischen Launch-Aktivitäten
- ◆ Entwicklung, Umsetzung und Kontrolle von kunden-individuellen Vermarktungsaktivitäten
- ◆ Performance Steering: Entwicklung und Verfolgung von Sales-KPIs und Forecast-Aussteuerung der eigenen Brands in Kooperation mit dem Brand Management

Voraussetzungen:

- ◆ Ihr Studium mit wirtschaftswissenschaftlicher Ausrichtung haben Sie erfolgreich abgeschlossen

Appendix 5: Overview of the codes used in the analysis (screenshot from NVivo on 07 October 2014)

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+	0 General infos	9	31
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Appendix 6: Rewe (08 November 2012)



rewe.de/karriere
facebook.com/rewekarriere

Einsatzort: 50668 Köln
Eintrittsdatum: ab sofort
Beschäftigungsart: Vollzeit
Job-ID: RE-N10636
Veröffentlichung: 01.08.2012

REWE gehört zur REWE Group mit Sitz in Köln. Gegründet 1927, ist die REWE Group heute mit einem Umsatz von über 48 Mrd. Euro und insgesamt 320.000 Beschäftigten einer der führenden Handels- und Touristikkonzerne Europas. Deutschlandweit stehen rund 3.300 REWE Märkte mit ihrem Namen für ein innovatives, sehr gut sortiertes und frischeorientiertes Lebensmittelsortiment. Über 90.000 Mitarbeiter leisten dabei den wichtigsten Beitrag: Sie engagieren sich mit Herzblut, weil sie nicht nur gefordert, sondern auch bestens gefördert werden. Werden Sie Teil einer großen Gemeinschaft, die das Leben jeden Tag ein bisschen besser macht. Wir freuen uns auf Sie.

Zum nächstmöglichen Termin suchen wir einen engagierten und qualifizierten

Category Insight Analyst (m/w)

im Geschäftsleitungsbereich Strategieentwicklung, Trading Support, Kundenmanagement Vollsortiment National.

Ihre Aufgaben:

Als Category Insight Analyst unterstützen Sie die Führungskräfte im Category Management (CM) bei der operativen und strategischen Entscheidungsfindung in Bezug auf sämtliche CM-Hebel (Warengruppenstrategie, Sortimentsgestaltung, Preisfindung, Aktionsgeschäft, Lieferantenverhandlungen, etc.). Kern dieser Unterstützung ist die Identifikation von Warengruppenpotenzialen und die Erarbeitung umsetzungsorientierter Empfehlungen - beides auf Basis detaillierter Analysen sämtlicher vorhandener Daten (Bewegungs-, Warenkorb-, Profitabilitäts-, Verbraucherpanel-, Marktforschungs- und Kundendaten). Dazu nutzen Sie ausgefeilte Statistik-/Data-Mining-Methoden und Analysetools (SPSS, R, SQL, ...) und machen so Kundenverhalten und wirtschaftliche Auswirkungen von Entscheidungen im Detail mess- und modellierbar. Sie unterstützen die Umsetzung dieser Empfehlungen, indem Sie gemeinsam mit unseren IT-Experten Decision-Support-Tools für die Entscheidungsfindung im Tagesgeschäft und ein Umsetzungs- und Erfolgstracking entwickeln und implementieren.

Ihr Profil:

Sie haben nach einem hervorragend abgeschlossenen Universitätsstudium (Fachrichtungen Mathematik, Statistik, (Wirtschafts-)Informatik oder Ingenieur- bzw. Naturwissenschaften) bereits 1-3 Jahre erfolgreich im Bereich Data Mining /Customer Insights gearbeitet. Vorzugsweise haben Sie Ihre Erfahrungen bei einem Handels- oder Konsumgüterunternehmen oder einem in diesem Umfeld tätigen Marktforschungsunternehmen gesammelt. Aber auch Experten aus dem Telekommunikations-, Banken- oder Versicherungsumfeld sind herzlich willkommen. Weiterhin zeichnen Sie folgende Eigenschaften aus:

- hohe Analyse- und Problemlösungsfähigkeit
- sehr gutes statistisches Methodenwissen
- sehr gute Kenntnisse der relevanten Analysetools (SQL-Server, SPSS, SAS und MS Access)
- Souveränität sowohl in operativen als auch strategischen Aufgabengebieten
- Fähigkeit, aus Daten Insights zu extrahieren und umsetzungsorientierte Empfehlungen abzuleiten
- starke Kommunikations- und Teamfähigkeit
- hohe Einsatzbereitschaft

- eine überzeugende Team- und Kommunikationsfähigkeit sowie eine hohe Einsatzbereitschaft!

Wir freuen uns auf Ihre aussagekräftigen Bewerbungsunterlagen unter Angabe Ihres frühestmöglichen Eintrittstermins und Ihrer Gehaltsvorstellung. Bitte beziehen Sie sich bei Ihrer Bewerbung auf diese Website!

Sie können sich über unser Bewerbungsformular online bewerben. Wir freuen uns auf Ihre Onlinebewerbung!

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