

when more is more: returning to category growth by getting back to basics

(approximately 3-minute read)



introduction

In an increasingly complex food & beverage retail landscape, driving category growth often takes getting back to the basics of data-driven insights and strategic merchandising execution. This pepviz™ case study explores how a regional grocer partnered with PepsiCo to leverage our proprietary category intelligence and an insights-driven display strategy approach to successfully reverse declining sales and achieve sustainable growth.

challenge

When **a prominent regional grocer** approached us at PepsiCo in early 2024, they were **facing declining performance across their Macrosnacks category**. For a category that typically drives significant incremental purchases, the symptoms were concerning:

- Falling category share and market position
- Dropping unit velocities across key segments
- Underperforming promotional effectiveness

Given that **Salty represents the greatest share of the total Macrosnacks category** and that Frito-Lay accounted for nearly half of the retailer's Salty Snack sales,¹ PepsiCo was in a unique position to offer insights and solutions. Together, we partnered to quickly diagnose root causes and develop a turnaround strategy before the decline could become entrenched.

solution

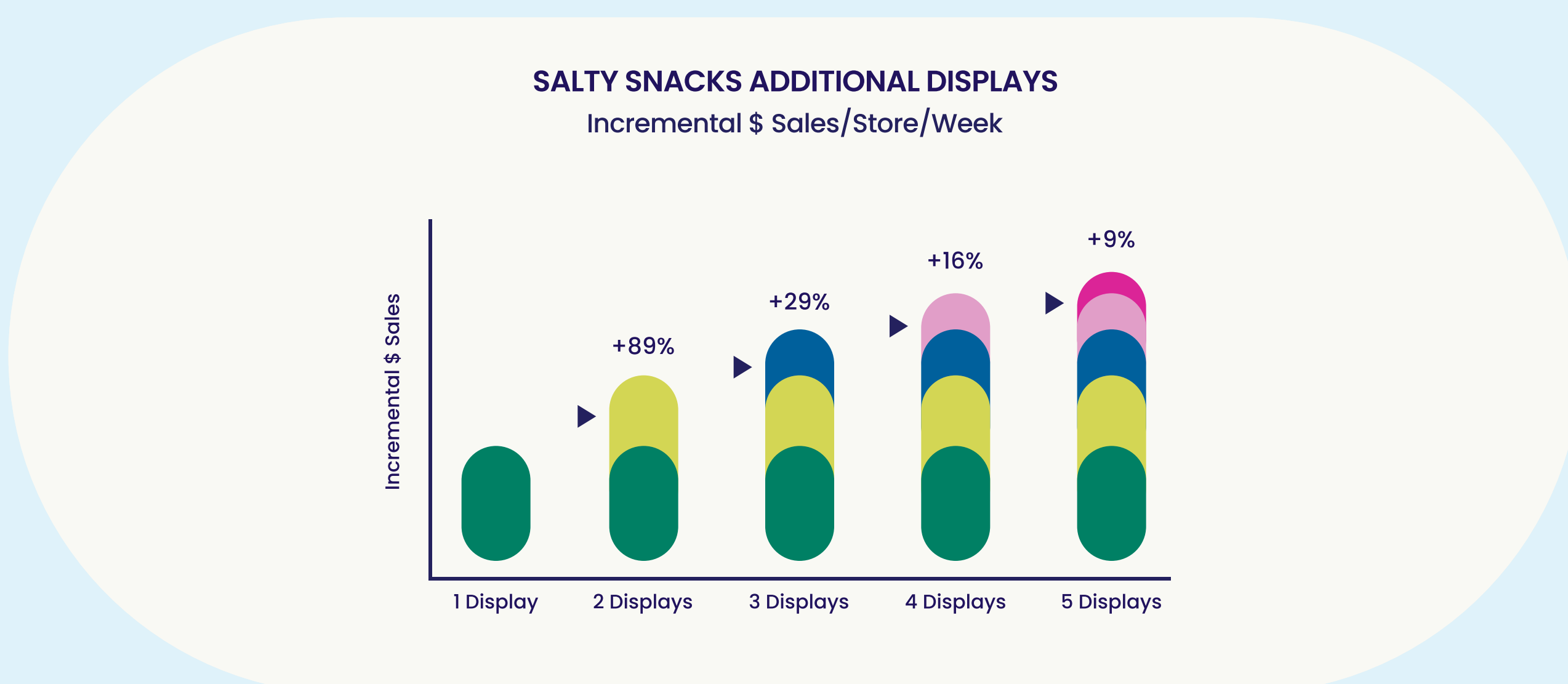
Working closely with the retailer, our team pursued a straightforward, data-driven approach focused on retail fundamentals. Our strategy centered on a critical insight we've observed across thousands of stores: **in the impulse-driven snacks category, visibility drives velocity**.

PepsiCo's proprietary Omni Store Choice Drivers research also confirmed that "Easy to find what I need" tops the list of basic shopper expectations, so being able to **locate what they're looking for** remains a fundamental driver, if not *the* driver, of shopper choice in this category.²



Next, **we leveraged our Value of Incremental Display**, a proprietary PepsiCo solution **that analyzes store-specific data to determine optimal display placement**. Our collaborative analysis also revealed that Salty Snacks ranked among the top three categories for incremental dollar generation from displays, suggesting significant untapped potential.³

We knew that **adding display units could significantly boost sales**, with a move from one to two displays nearly doubling sales. But as with all things, this is **only true up to a point** before diminishing returns set in.



So we turned to a comprehensive merchandising strategy that moved beyond simply counting displays to **focus on display capacity – to increase the space available on each display**. This nuanced approach helped ensure that increased visibility translated into improved inventory availability and stronger sales performance. **In this case more truly was more – not just more displays, but more options in each display driving greater conversion.**

Armed with this learning, **we also worked to optimize our retail partner’s promotional strategy**. We knew from our Marketing Levers research, that incremental category purchases in-store are most likely to be driven by in-store displays and signage, while specific item decisions are equally driven by pre-shop media.⁴

Through our joint analysis of circular advertisements, **we discovered that combined product promotions consistently outperformed single-item promotions in driving category sales**. This led to a shift toward multi-product offerings that encouraged larger basket sizes.



Success stemmed from deep collaboration between our organizations. We established shared weekly tracking systems to monitor performance, while regular touch points between sales, category leadership, and finance teams ensured consistent execution.

results

SALTY SNACKS KPIs H2 2024 Results



Retailer Market Share
+0.1 pt
Share Point Gain



Sales Growth
+0.9 %
Dollar Sales Increase



Display Impact
+10 pt
Capacity Improvement

By the second half of 2024, our partnership had succeeded in returning the category to growth.

The most striking turnaround appeared in display metrics: **from a 7% decline in display capacity during the first half of the year, our efforts achieved a remarkable swing to a 3% increase in the second half**. This 10-point improvement translated directly into stronger category performance.

The sales impact proved impressive. While these numbers might appear modest, in the context of a multi-million dollar category in a mature market, they represent significant real-dollar growth. **Our joint promotional strategy’s success was evident in the data, with combined product advertisements consistently generating 2.7x dollar sales lifts compared to average single-item promotions.**⁵



key learnings

This partnership reinforced fundamental principles of retail excellence while revealing new insights about category management. First, the power of retail basics remains undiminished. In an era of increasing retail complexity, our collaborative work proved that **the fundamental principles of visibility, availability, and promotional effectiveness continue to drive category performance.**

Second, looking beyond surface metrics uncovers hidden opportunities. **By focusing on display capacity rather than simple display counts, our partnership identified growth opportunities that traditional approaches might have missed.**

Finally, just as more options on display were proven to drive more conversion, so too did highlighting **more options in circulars through bundling work to maximize promotional impact.**

As Mike Flanagan, PepsiCo Vice President of Sales noted, **"Partnering with PepsiCo helps simplify complex challenges for our customers** by focusing on promotional fundamentals and leveraging data-driven strategies to increase conversion, which is a blueprint for driving category growth going forward."

partnering with PepsiCo

This case study underscores the power of data-driven merchandising and the value of strong retail partnerships. By embracing a collaborative, insight-led approach, the regional grocer not only addressed immediate sales challenges but also laid the foundation for long-term category leadership.

For retailers looking to refine their merchandising strategies, PepsiCo's solutions offer a proven route to success. Contact us today for more information on how PepsiCo can help drive your category performance.

1. Circana Regional Grocer RMA - 52 Weeks Ending December 29, 2024
2. PepsiCo, "Retailer Performance On Omni Choice Drivers," June 2024
3. Nailbiter, 2023; Value Of Incremental Display, 2023
4. PepsiCo, "Impact Of Marketing Levers On Shopper Purchase Decisions," February 2023
5. Circana Regional Grocer RMA - Week Ending September 8, 2024

