



### INTERVIEW WITH ARTURO TAPIA, FEBRUARY 2018



Nexo spoke with Arturo Tapia, Director of Commercial Transformation at Sigma Alimentos, about his experiences investing in connected coolers. Sigma Alimentos is a global food company headquartered in Mexico.

Please tell us about your role at Sigma, and what you are trying to achieve.

I have worked at Sigma for twenty years, and nowadays I'm in charge of the transformation of the commercial area. I look at improving operations, technology, information, resources and integrating best practice from all over the world in order to drive better performance for the next five to ten years.

What are the challenges you face in achieving your objectives? What part do connected coolers play?

I believe we are at the point where we have to bridge the gap between our existing expertise, and the new information we can discover.

If you can't fully understand what's going on, and translate this into a vision that helps your team to make better decisions, it's going to be a tough time. There is a huge need for companies like us to engage properly with customers, wherever they are- and likewise, we are at threat from new entrants that could maybe do this job better. Things like eCommerce pose a threat and an opportunity depending on how we react. We are therefore always looking out for tools and techniques that help us to perform better.

One of the objectives we have is to personalize the offer that we give to customers- every week, we serve 300,000 of them. So, it's not easy to make a proposal to each of them in a personalized way. The way that information from connected coolers helps is to address a better customer segmentation, and to understand what the best offering is for that customer.



We are at the beginning of understanding what's going on at the point of sale, and trying to connect with the other touchpoints in the area. Because of the nature of our products [dry meats, cooked meats, dairy], we are always on tables in homes, or in refrigerators- but we don't know why customers choose to buy them in a mom-and-pop, a supermarket, or a convenience store. We have many studies and insights into this, but no single source that tells us about the product's performance. This is our driver for collecting, and understanding data from connected coolers.

What kind of stakeholders have you involved in your project, and in pushing a strategy like this forward?

First of all you need to be very aware of what is going on with the sales team, what's bothering them, what are their needs- what's happening in the marketplace. Secondly, I've involved marketing, because we have a strategy for the brand, and we need to address each point of sale.

The finance team is also involved, because you need to have a profitable model; as are the areas that support the project, such as our eighty sales offices, with distribution and vehicle managers, administration colleagues, and so on. We need to be connected in a way that allows us to find metrics and processes that will help us in all areas.

My vision is that, in providing a solution, you can help not only the sales team, but make all processes more efficient; but it's not easy.

Have you simply found new ways of working, to achieve this- or have you had to add new capabilities to teams?

Both of them. It has to be about new processes, new technologies and new capabilities, in many ways.

One of the things we've learned in the last year is that we must handle the change in a very professional way, taking care of the emotions and the needs of the people; our commercial team in Mexico numbers 14,000 people. It's important to be aware of what they are thinking, and how we are involving them in this change- and training them in order to achieve what we want to.

How do you envision that the connected cooler data will be integrated into Sigma's business?

For me, it's an enabler. It's going to help us to make better decisions for sales reps. Currently, it's difficult to achieve a high level of accuracy in selecting the best portfolio, or location for a cooler. With connected cooler data, we'll be able to see the number of times the door is opened; how many SKUs should be placed; if the planogram is right; whether the purity is ok or not.



In that way, we can help the sales reps simplify their way of thinking, and use their energy for challenges that I can't solve with technology. So, we'll help them with the basics, and train them in a more advanced way of creating solutions and proposals for customers.

Many readers of this interview will work for beverage businesses. Are there any particular challenges that a company like Sigma faces, that a beverage business would not?

We are a multi-category company, so we need to understand the best place to put our products- and mix them. There are people in our industry that think the best way to place products is based on the solution that you're offering- for example, to provide for sandwiches, you place ham and cheese together. Others say that you have to think about category, and the need you're solving: this could mean putting yoghurt out in the morning, and changing it to ham in the afternoon, because of what is typically consumed at different times of day. I'm not an expert in beverages, but it looks simpler than the things we try to do, because we have many categories.

And, as you know, we are not a traffic generator to the Mom and Pops [independent stores], so we need to allocate another kind of resource, material or communication that brings us closer to the consumer. That's why we need to understand what kind of consumer is going to that location. Connected coolers give us the opportunity to connect with the consumer, to give a tailored promotion for that consumer, going to that fridge, at that store; this is the way we can track what's going on with our brand.

How will you ultimately measure the success of the connected cooler initiative?

The obvious one is sales. That's what you're looking for, sales and market share.

The difficult task here is to find the correct time interval to measure. Sometimes you want to see a return on investment within one or two months, or maybe one year; but maybe it will take two or three years. It's something right now we don't know.

But it's a no-brainer. I feel that, with experience, you know that you have to do it, because it's going to help you to address many other things that you can't yet predict.

Are there things you know now about deploying this kind of solution which you didn't know when you started?

I think that we as a large company can sometimes forget about the basics. They are very important. Your data must be accurate, your number of customers- the link between the cooler and the customer, too- is very important. When you want to build programs like this, the first thing you have to achieve is to be clear that your data is correct.

Even though we have processes that we are not touching, what we're doing right now is to clean and segment the database- because sooner or later, we're going to use it for those



processes. I'm taking care not to have to invest more time and more resources when that happens.

Secondly, try to understand what you're looking for. It's a basic objective: you want to be more productive, or more efficient; to send the message to your customers that you are a high-tech company looking for better solutions. So define an objective, and work on it.

### What gaps do you see between what you still need, and what vendors in this market are providing?

I think the big mistake, as I personally see it, is that most vendors are providing platforms in which you can look at the granular detail of the data. For example, you may have detailed information on routes, on cooler maintenance, and performance; who is going to look at that kind of detail in each of the portals?

The challenge I put to vendors is: how do you translate and present KPIs around these alerts and measurements that you're making, in order to help your customers make better decisions? And, for key decision makers, I need something actionable, that helps me to increase sales, reduce waste, increase productivity or improve performance in any sense. It also has to be connected to your own platforms, in order that the user can work quickly across all our business information.

### What would you say to people who are skeptical about investing in connected coolers?

I would tell them that sometimes you should take a risk on something that looks likely, but which you're not 100% sure will give you the exact number of efficiencies you're looking for. With the experiences that you'll have, and with the possibility of growing or thinking differently, sometimes it's better than not doing something because you're not sure of what the benefit is.

If you're not sure, try with a sample, do an experiment at a scale that you can handle- but don't do nothing, it's a bigger mistake than doing it.