

JOHNSON & JOHNSON CASE STUDY

# Johnson & Johnson Uses Data to Keep Retail Shelves Stocked with World's Most Popular Skincare Products

Pensa's Continuous Shelf Intelligence Improves Retail Channel Performance



## BACKGROUND

Global healthcare leader Johnson & Johnson sells some of the world's most popular personal healthcare products, including well-known brands in skincare such as Neutrogena, Aveeno and Lubriderm.



## PROBLEM

Johnson & Johnson lacked a reliable, accurate means to monitor store shelves to maximize on-shelf availability (OSA), share-of-shelf (SOS) and in-store execution. In certain cases, the company had seen significant declines in retail sales of some of Johnson & Johnson's most popular consumer products, but was unable to attribute the fall to a specific factor: Was it the retailers' changes to planograms, the ineffectiveness of promotions, the accuracy of perpetual inventory (PI) systems, or the inconsistency of in-store execution? While there are systems to manage inventory as it arrives at retail, and systems to track inventory at the point-of-sale as it departs, Johnson & Johnson saw the store shelf as a nearly impenetrable black box – despite being ground zero for consumer brand and retailer profitability.

Johnson & Johnson tried various methods to manage shelf conditions. Employees would personally visit a handful of stores to get an anecdotal understanding of retail shelf conditions. This was of limited value given the thousands of retail outlets that require managing. Brokers proved costly, time-consuming and insufficient given they only provide a “snapshot in time” of a small number of stores. Gig workers were hired to take pictures of a subset of store shelves, but this proved similarly narrow in scope and limited in its utility. To get to the root causes, Johnson & Johnson needed a better way to gauge actual shelf conditions.

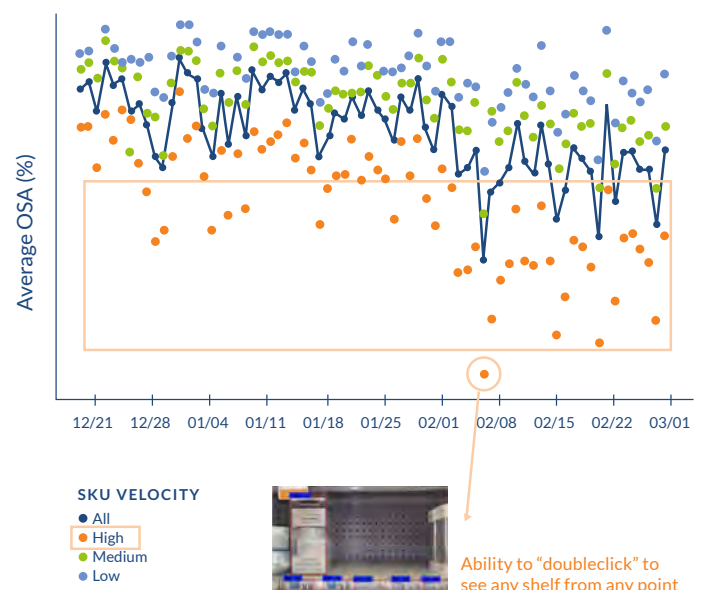
## SOLUTION

Pensa's Data-as-a-Service (DaaS) offering, with its promise of continuous in-store analytics and shelf intelligence at-scale, had intrigued Johnson & Johnson's innovation lab. The two companies quickly scoped and embarked upon an extensive study of Johnson & Johnson's skincare business at a nationwide sample of the retailer chain with the following goals:

- Gather consistent, high-quality and frequent shelf data across all test stores and identify specific levers to drive impact
- Gain insight into the factors driving OSA, SOS and in-store execution of Johnson & Johnson skincare products
- Produce meaningful data that could serve as a “single source of truth” for Johnson & Johnson and its retail partner to act upon to improve on-shelf availability and ultimately, sales and profitability.

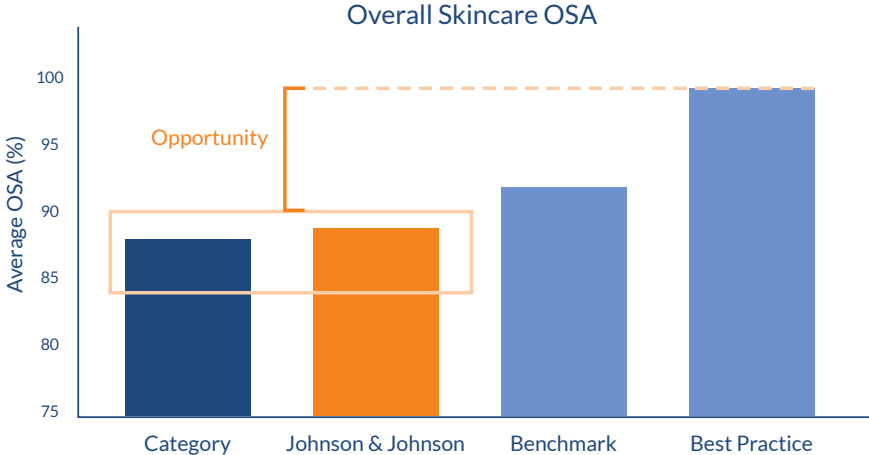
Over the course of several months, Pensa provided Johnson & Johnson with continuous visibility of store shelves and near-real-time reporting of OSA, SOS and in-store execution – by day, by SKU, and by store.

OSA Problem for High Velocity SKUs



# RESULTS

Pensa’s continuous monitoring and reporting shed light on individual SKUs over many different time periods and stores. This enabled Johnson & Johnson to see actual shelf conditions in detail, uncover root causes and identify opportunities to improve OSA and SOS. Pensa’s continuous shelf-monitoring also instilled more confidence in the data for both Johnson & Johnson and the retail partner, which paved the way for a joint plan for improvements. Insights from the initiative yielded significant findings:



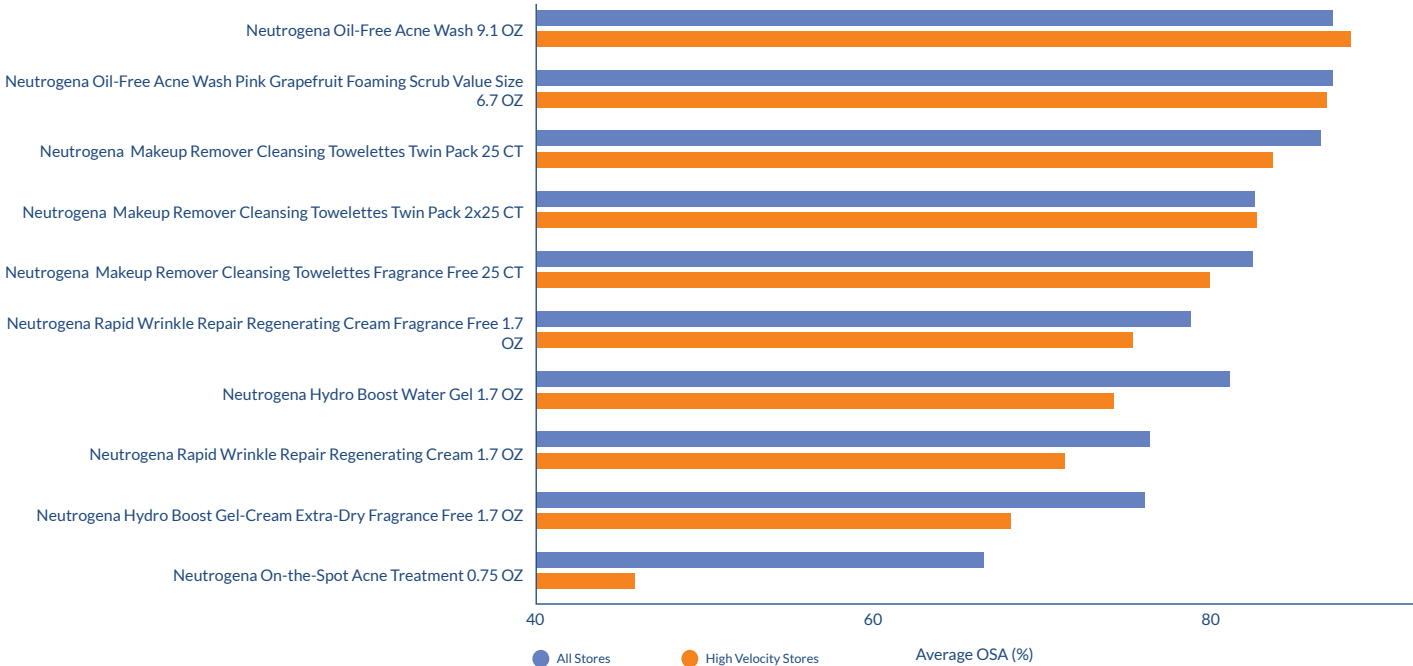
## 1 AVERAGE OSA TRAILED BENCHMARK AND BEST PRACTICE TARGETS

For the first time, Johnson & Johnson was able to get a statistically valid average OSA across all test stores – and learned that it was lagging both the benchmark and Average OSA Trailed Benchmark and Best Practice. Improving to benchmark or best practice levels would drive up to ~5% increase in sales for both Johnson & Johnson and its retail partner.

## 2 JOHNSON & JOHNSON’S TOP-SELLING PRODUCTS

Pensa’s rich, granular data set and analysis of every SKU revealed that Johnson & Johnson most popular consumer products – 65-70% of their revenue and including brands such as Neutrogena and Aveeno – were out of stock most often in the retailers’ highest performing stores. Stockouts in top-selling products can have up to 7x the lost sales impact of an average SKU. This was especially problematic during promotion weeks where Johnson & Johnson spends considerable investment only to find incremental sales impact hindered by high stockout rates.

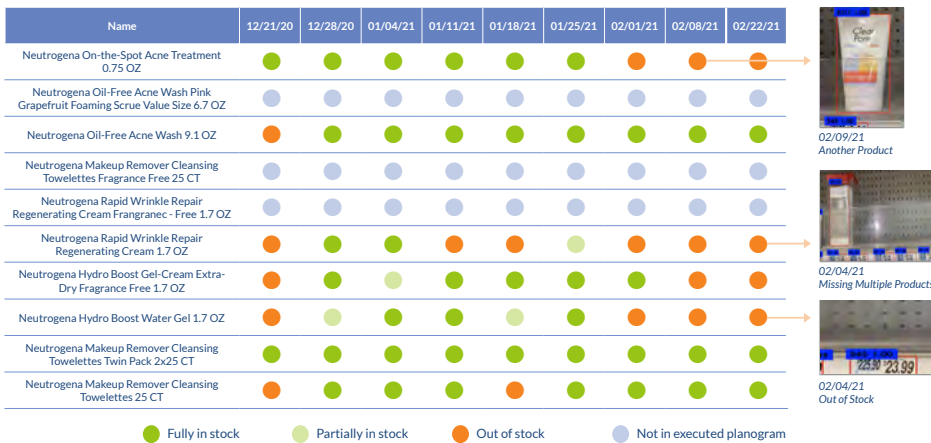
OSA% – Top Neutrogena Products – All vs. High Velocity Stores



### 3 DATA FOR IN-STORE EXECUTION

Data for in-store execution showed that top SKUs were executed in the planogram, but tighter inventory and reordering rules were driving out-sized stockouts – especially for top SKUs in the highest volume stores. Because Pensa’s system is able to drill down to “see” the planogram execution in each store, along with its dynamic performance over time, the reports clearly highlighted that adjusting in-store reordering practices and rules had the potential to significantly improve the sales situation – for both Johnson & Johnson and the retailer.

Chronic OOS Store Example



Johnson & Johnson continues to use Pensa to constantly monitor OSA for its leading skincare products and has expanded to many of the company’s leading health and beauty products as well as other portions of its retailer channels.



“The power of the Pensa next-generation data service to give me a continuous and quantitative view of what’s happening in-store allows me to impact performance with my retailer partner like never before.”

**Geoff Betrus**  
Director of Customer Development



### POTENTIAL IMPACT

**5%**  
INCREASE  
IN SALES

**83%**  
REDUCTION IN  
STOCKOUTS

UP TO  
**25x**  
ROI

For the first time, Johnson & Johnson was able to get a statistically valid quantitative view of shelf and in-store performance across their retailer chain – and learned that they were taking a significant sales hit on their top products in the highest volume stores. Improving OSA rates for these top SKUs in the highest volume stores promised to drive up to ~5% increase in sales for both Johnson & Johnson and its retail partner.

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