



KANTAR

Revenue Management from Insights to Action Miniguide Series

Fast tracking growth and value
creation in the new normal

PROMOTION: THE PINK MINIGUIDE



Growth-oriented companies are fast-forwarding digital transformation programmes to deliver revenue management capabilities and achieve speed, scale and repeatability in the dynamic global environment.

In this series, we will examine the role of each key revenue management lever – assortment, pricing, and trade promotions – and how their well-orchestrated interplay is paramount for CPGs to drive winning revenue management strategies that will deliver mutual growth with their customers and better meet the needs of consumers and shoppers.

In this miniguide, we will focus on the **trade promotion lever**.

Revenue Management Process: From Insights to Action

Fast-tracking growth and value creation in the new normal

Where to play		How to win			How to Execute	
Consumer insights	Retail insights	Mix strategy	In-Store strategy	Investment strategy	Customer planning	Execution & Monitoring
Occasions & Demand spaces	Consumption trends	Trade architecture	Category review	Trade investment assessment	Customer planning	In-store agenda definition
Shopper trends	Channel trends	Price pack architecture	Planogram definition	Term allocation	Terms fund planning	Sales Force capacity & route planning
Brand assessment	Customer trends	Assortment & Distribution	Merchandising & promotional guidelines	Promotional funds allocation	Promotional calendar creation	In store execution, KPIs

Revenue management insights to action: Trade Promotion Miniguide

Driving promotion effectiveness at scale and speed across brands, channels and customers

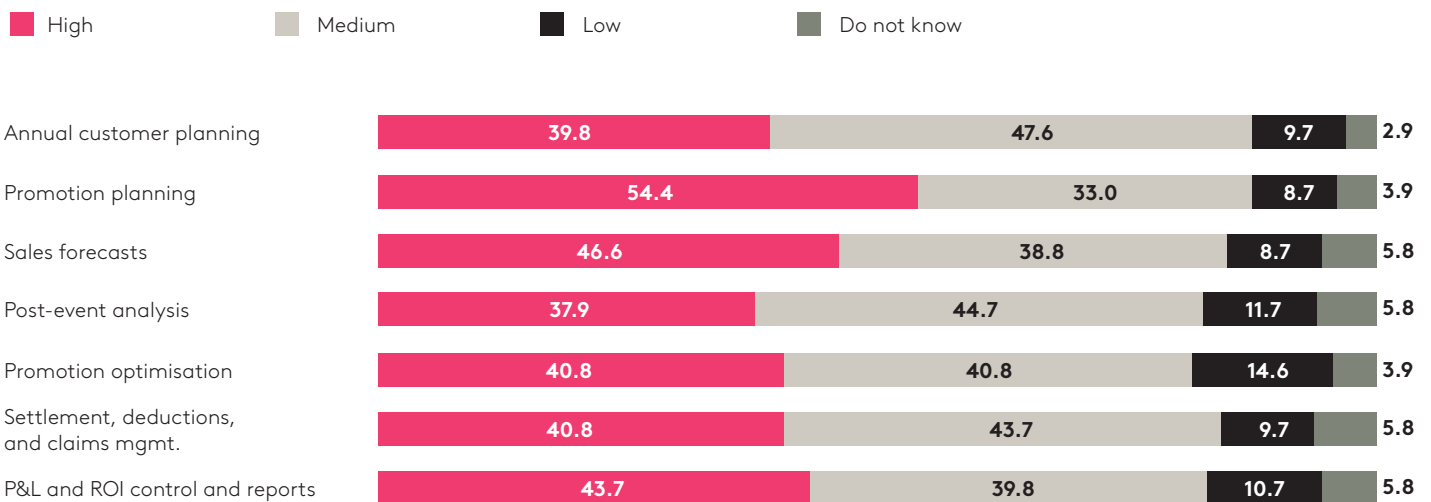
Trade promotion effectiveness is a key growth driver for consumer goods companies.

Yet, the reality today shows that most FMCGs fall short in getting the right return on trade promotion investments, lacking the right processes, tools and capabilities to define and deliver the best promotional strategies to meet consumers and shoppers needs.

In a recent Kantar study conducted with FMCG companies globally, 80% of respondents indicate that most aspects of the TPM process are highly time-consuming and labour-intensive, with 2/3rd of them affirming they lack the right support to successfully manage their trade promotion process.

Over the next pages, we will detail the steps FMCGs must undertake, the questions they need to ask, the enablers they need to leverage, and the information they need to access to successfully deliver insights to action developing and executing successful promotional strategies, across brands, channels and customers.

TPM processes are time-consuming and labour intensive



2 out of 3 lack the right support to successfully manage their trade promotion processes.

Trade Promotion Effectiveness

Step-by-step

Trade investment is normally the second biggest line in an FMCGs profit and loss. To invest wisely and deliver effective and actionable promotional strategies across brands, channels and customers companies need to adopt a step-by-step approach. This will help them to identify productive vs unproductive investments and drive effective spending through to execution, while striking the right balance between base and promotional pricing, high-low/EDLP strategies.

Trade Promotion Effectiveness: From Strategy to Execution



Trade Promotion Effectiveness: Top 5 Questions

To best inform trade promotion strategy and execution decisions, FMCGs should focus on the following questions:

1.

Understand your objectives

- What are the company objectives by Category, Segment, and Brand?
- What are the Channel and Customer priorities to deliver profitable growth?

2.

Identify performance gaps and drivers

- What is your current rate of sales and trade margin?
- Which drivers are impacting your promotional performance?

3.

Set the right mix between base and promotional price

- What is the right mix of promotional pressure and mechanic?
- What is the price elasticity?

4.

Get your investments under control

- Where is your money invested, by Channel, Customer, Brands, Products?
- What is your ROI and how much of your spending is unproductive?

5.

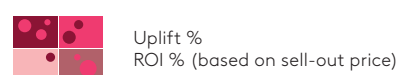
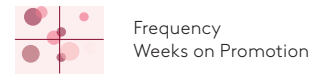
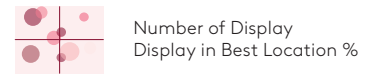
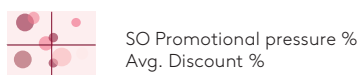
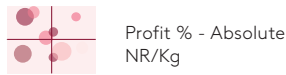
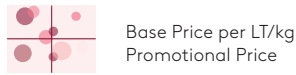
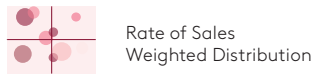
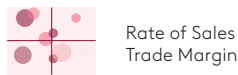
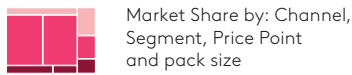
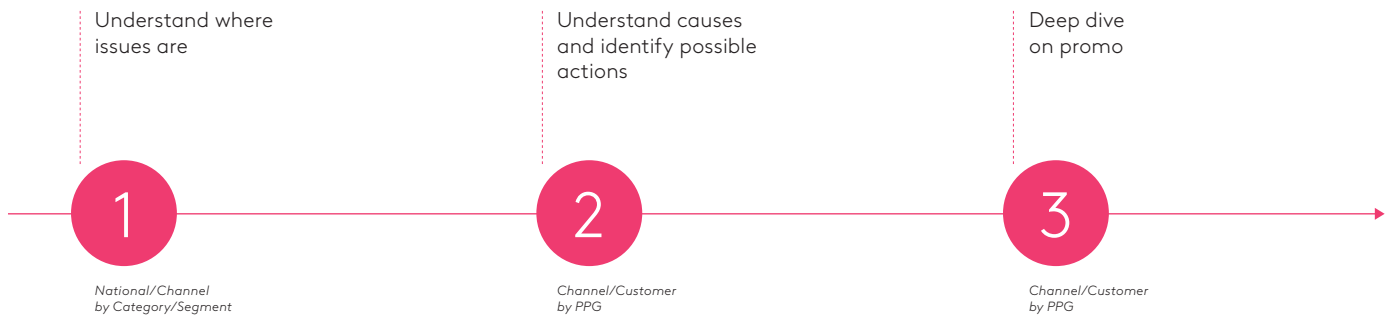
Make the most out of your trade promotions

- How to allocate promotional investments across brands and customers?
- Which promotions deliver a win-win program?

Establishing a Common Source of Truth

Establishing a strong analytical framework is fundamental to aligning stakeholders around common data, metrics, and KPIs and speed up decision-making around trade promotion strategies and investments.

The combination of the following KPIs and analytics provides the right foundation to understand performance drivers and drainers and to identify areas of intervention to deliver trade promotion effectiveness.



Leveraging AI/ML to Drive Optimal Trade Promotion Programs

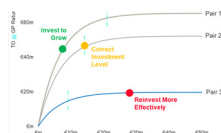
In a data rich world, organisations struggle with disconnected systems, and commonly on spreadsheets, to understand the causal factors behind promotional effectiveness, with the ability to truly optimise their investments still an unfulfilled ambition for most FMCGs. Artificial Intelligence (AI) and Machine Learning (ML) offer though consumer goods companies the opportunity to deliver optimal promotional guidelines and plans at speed, with lower effort and friction. These technologies give the ability to predict and recommend the best investments and initiatives, factoring in the impact for both the company and the customer, while facilitating the decision-making process across stakeholders.

AI/ML is a game-changer that provides FMCGs with the opportunity to timely fine-tune, iterate and re-iterate trade promotion strategies, guidelines, and execution plans. The results are smoother annual planning and periodic reviews, actionable insights, improved conversations with customers and greater trade promotion effectiveness.

FMCGs can leverage AI/ML to support the following processes:



Compute baseline and uplift to forecast total volume for each promotional initiative.



Optimally allocate trade promotion funds across brands, products, channels and customers to realize value and growth objectives.

Product	Total Volume	Baseline Volume	Net Volume	Net Volume %	Net Volume / Total Volume
Product A	1,000,000	800,000	200,000	20%	0.20
Product B	1,200,000	900,000	300,000	25%	0.25
Product C	1,500,000	1,000,000	500,000	33%	0.33
Product D	1,800,000	1,200,000	600,000	33%	0.33
Product E	2,000,000	1,400,000	600,000	30%	0.30

Generate the best promotional guidelines to help your sales teams plan with the right variables in mind: investment, time, frequency, pressure, mechanics.



Easily create and compare scenarios to test changes in trade promotion spending and strategies to predict the effect on volume and revenue.



Create optimal promotional plans for each customer to maximise the return of trade investments.




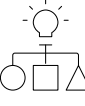


Estimate company and customer P&L to create a compelling selling proposition.

Trade Promotions from Insights to Action: Paving the way to Revenue Management success

To succeed with trade promotions, FMCGs will need to address internal barriers to embed revenue management capabilities across their organisations, to drive the right behaviours and promotional strategies through to execution.

In a recent Kantar study, 2/3 of companies responded that they do not have full RGM coverage for the trade promotion lever, and 40% are still reliant on spreadsheet-based analysis to battle through, with significant manual effort, disconnected data sets and insights. Data harmonisation (i.e. bringing these disconnected datasets together to deliver actionable insights) was the barrier cited by most FMCGs, followed by developing the right skills and capabilities, and embedding RGM processes and tools.

Driving Trade Promotion Effectiveness through Data, Processes, People and Technology

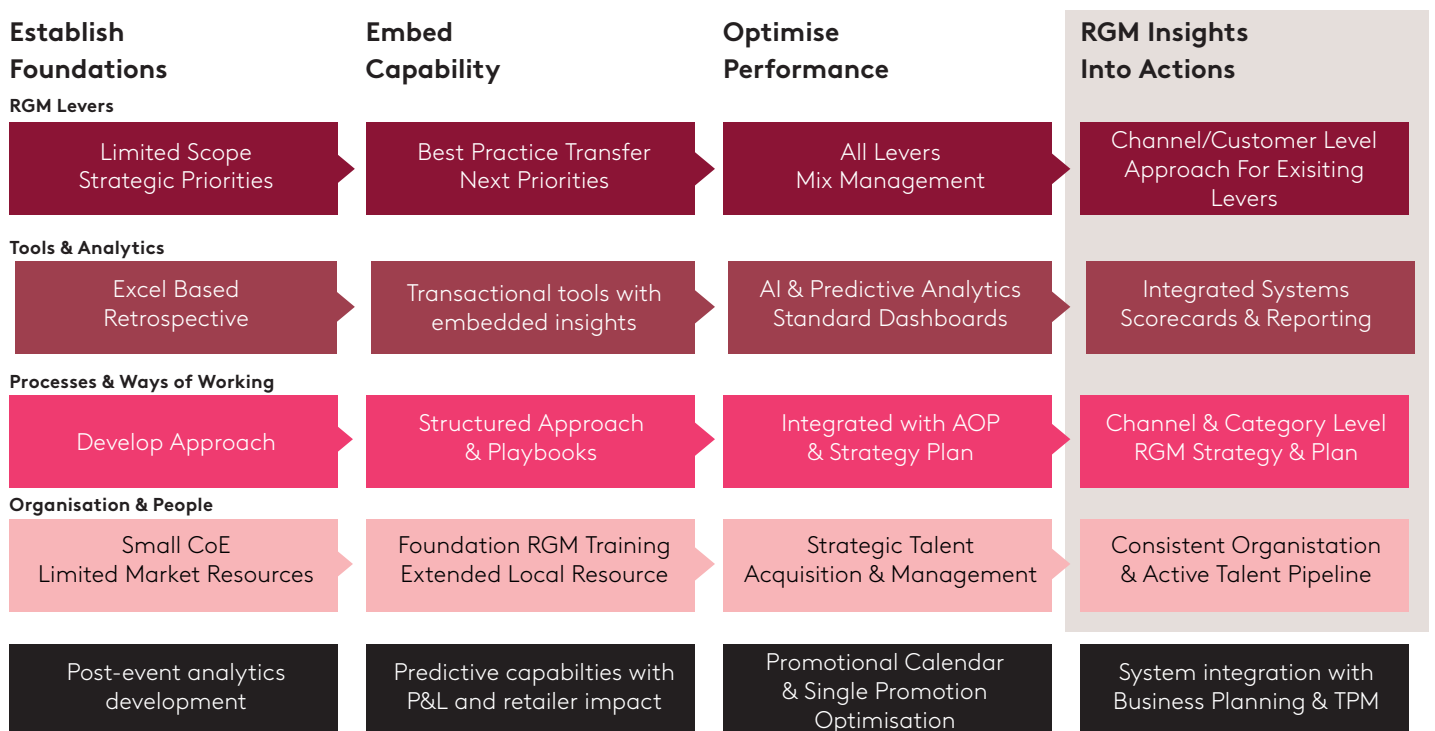
	CHALLENGE	ENABLER
 DATA	<p>The right level of data availability, granularity and quality across markets, channels products, and customers.</p>	<p>Set up a common and harmonised data foundation that provides a single source of truth for different company functions and diverse geographies.</p>
 PROCESSES	<p>CPG's functions working in silos, without proper and structured processes.</p>	<p>Establish a structured process to ensure timely Marketing, Sales, Finance and Supply Chain connections and best ways of working on yearly plans and periodic business reviews.</p>
 TECHNOLOGY	<p>IT ecosystem composed of different, non-integrated analytical and transactional solutions unable to deliver an end-to-end trade promotion management approach.</p>	<p>Build an IT ecosystem that leverages one single source of truth for all the relevant revenue management metrics and KPIs and is composed of integrated AI/ML-driven analytics, optimisation, planning and execution capabilities to enable end-to-end trade promotion management from insights to action.</p>
 PEOPLE	<p>Different teams adopting different approaches, ways of working and working towards different objectives.</p>	<p>Ensure senior management commitment to change management. Set up a company RGM playbook, train and upskill employees to best deploy revenue management practices across their functions. Align compensation schemas with company objectives.</p>

Trade Promotions from Insights to Action

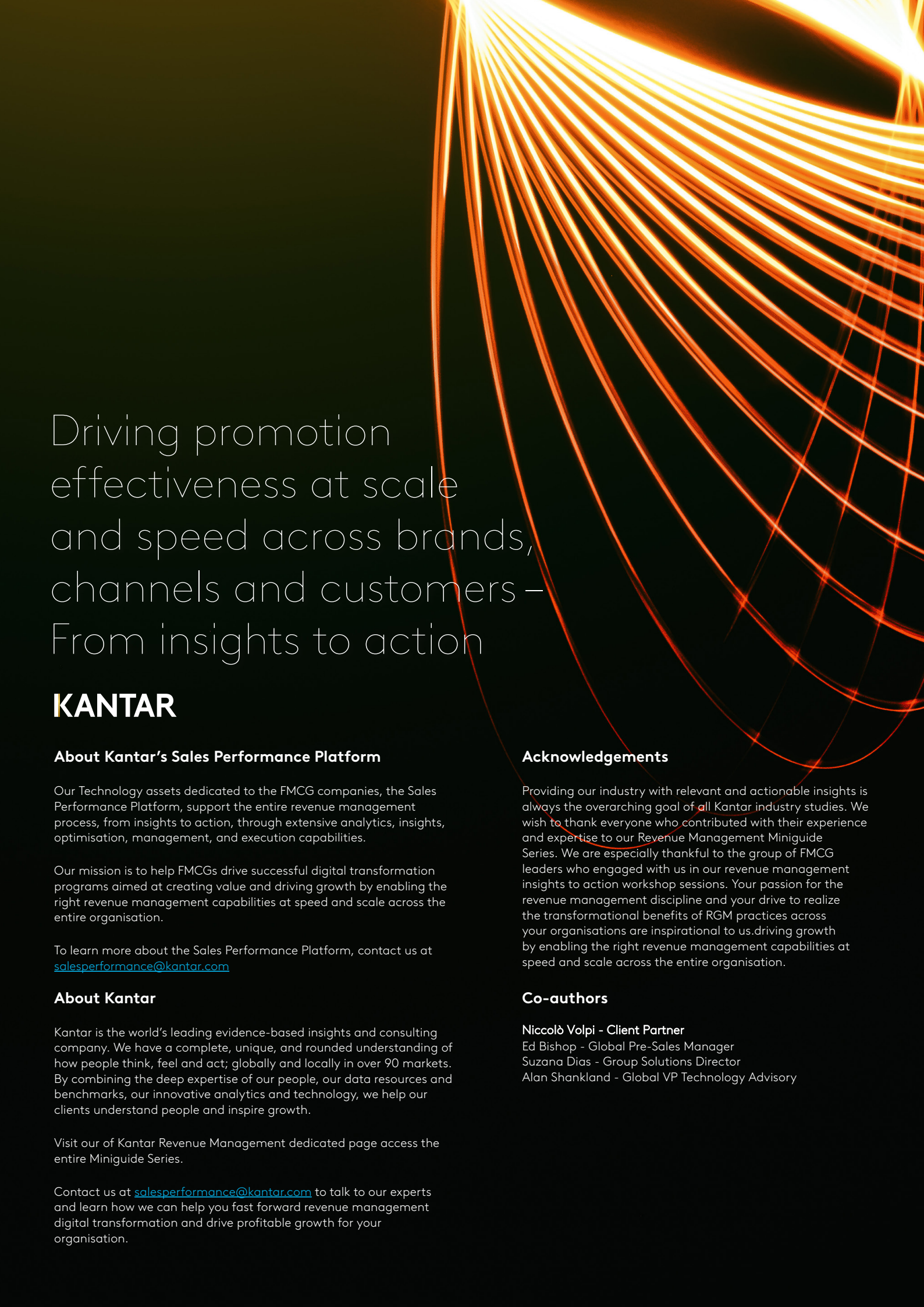
A phased approach to RGM

Enabling sales teams to create trade promotions in a solution that captures all the relevant information and then also give the ability to match each event with its sell-in volume is the foundation of developing a strong promo post-event analytics. Adding where possible sell-out data and other causal factors, such as the level of display or competitor activities, leads to better and richer analysis. AI and ML enables this analysis to be quicker, more accurate and importantly repeatable, whilst also offering the opportunity to increase trade promotion effectiveness by best allocating trade promotion funds across brands and customers and optimising individual events or total plans.

The diagram below illustrates the steps from establishing an initial RGM practice aimed at putting in place the core elements to fully integrating RGM capabilities and process where the insights drive the day-to-day commercial actions.



FMCGs that embrace revenue growth management digital transformation programs will set their organisations ready to fast-track growth and value creation for them and their customers, leapfrog competition, and win in the new normal.



Driving promotion effectiveness at scale and speed across brands, channels and customers – From insights to action

KANTAR

About Kantar's Sales Performance Platform

Our Technology assets dedicated to the FMCG companies, the Sales Performance Platform, support the entire revenue management process, from insights to action, through extensive analytics, insights, optimisation, management, and execution capabilities.

Our mission is to help FMCGs drive successful digital transformation programs aimed at creating value and driving growth by enabling the right revenue management capabilities at speed and scale across the entire organisation.

To learn more about the Sales Performance Platform, contact us at salesperformance@kantar.com

About Kantar

Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique, and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.

Visit our of Kantar Revenue Management dedicated page access the entire Miniguide Series.

Contact us at salesperformance@kantar.com to talk to our experts and learn how we can help you fast forward revenue management digital transformation and drive profitable growth for your organisation.

Acknowledgements

Providing our industry with relevant and actionable insights is always the overarching goal of all Kantar industry studies. We wish to thank everyone who contributed with their experience and expertise to our Revenue Management Miniguide Series. We are especially thankful to the group of FMCG leaders who engaged with us in our revenue management insights to action workshop sessions. Your passion for the revenue management discipline and your drive to realize the transformational benefits of RGM practices across your organisations are inspirational to us. driving growth by enabling the right revenue management capabilities at speed and scale across the entire organisation.

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