

POI Global Promotion Optimization Summit



Big Data
Pricing TPO
Retail Execution
Mobility TPM



Moving Beyond Building Blocks
to Achieve Sustainable TPM/TPE
to Win in a Global Marketplace

May 12, 2015



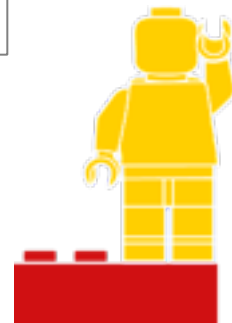
Presenters



Lars Haldborg Thomsen
Global project lead



**Søren Søndergaard
Andersen**
Global business lead Promotion
Effectiveness





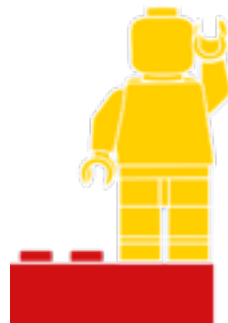
Session Objectives

Introduction to the LEGO Company

Industry conditions and our Global
Customer Planning Solution

Immediate wins and biggest challenges
from a promotion planning perspective

Questions and Dialogue





The LEGO Group



At a Glance



Danish family owned



14,766



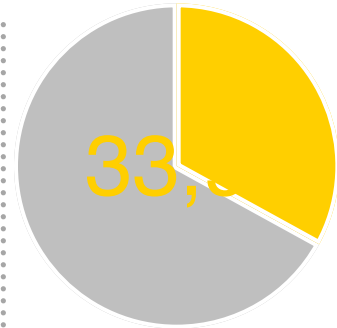
employees
End 2014

2

28,578
million



turnover 2014



operating margin



10 years of consecutive growth

Sold in more than

140

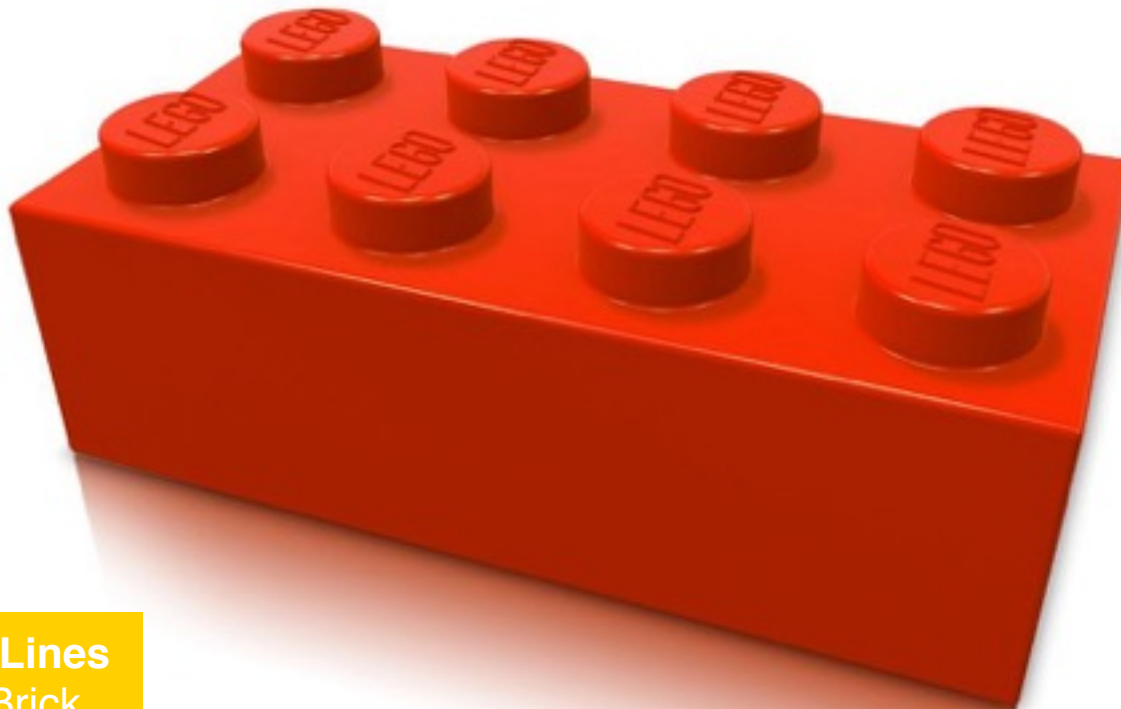
countries

Our global footprint



Figures per ultimo 2014.

System in play



Many Product Lines

- One LEGO® Brick
- One Brand
- One Logo

LEGO® DUPLO®



LEGO® Juniors





LEGO® Chima™



LEGO® Technic

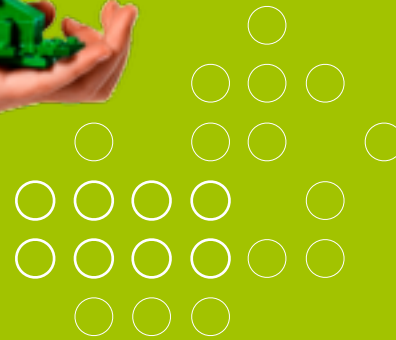








Global Customer Planning



The situation that has driven us to establish a Customer Planning Platform



Company
Growth

Trade spend
is a major
cost driver



Retail
Partner-ship

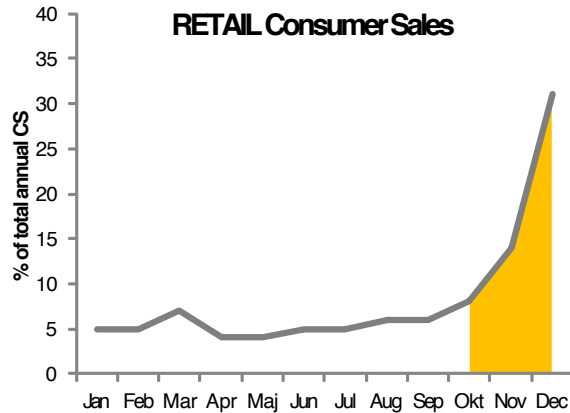
Need for
Transpa-
rency

There are 4 main factors in the toy industry that effect our TPM/TPE journey



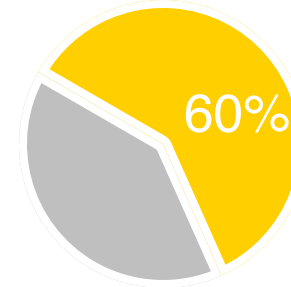
SEASONALITY

RETAIL Consumer Sales



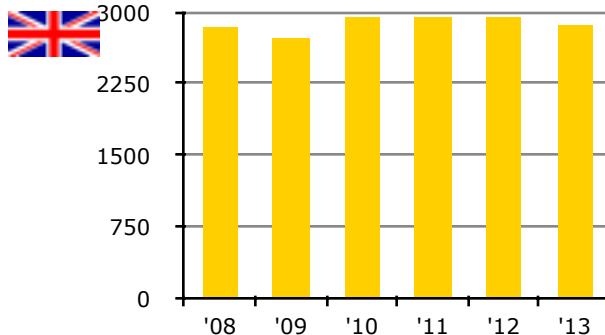
~50% of consumer sales happen in Q4

NOVELTY-DRIVEN



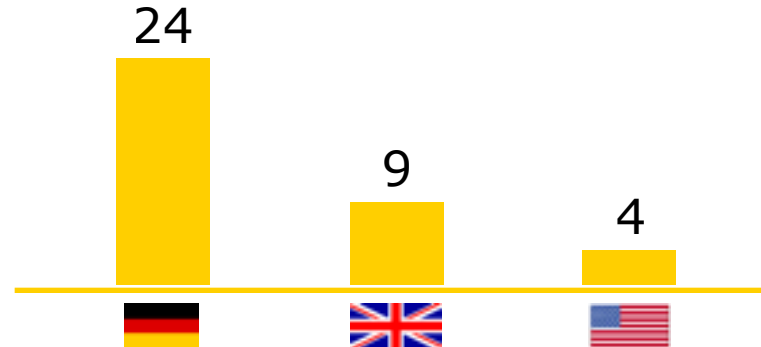
>60% of turnover in a given year from novelties

STAGNATION

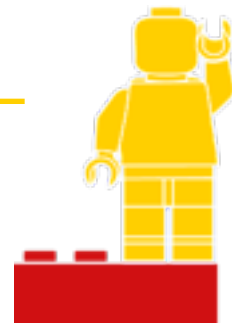


Traditional toys are flat in most western markets
- e.g., UK 0.2% CAGR '08-'13

FRAGMENTATION



No. of retailers generating 80% turnover



The answer to some of our key challenges is a new Global Customer Planning System (GCPS)



OBJECTIVES

1 Strengthen relations with trade partners



2 Increase accuracy of forecast



3 Increase transparency of trade spend and improve ROI



SOLUTION

Global Customer Planning Solution



Integrating Customer Planning with:

- Financial Planning
- Brand and Marketing Planning
- Demand & Supply Planning



Triangulation brings Trade, Demand and Brand plans together in the S&OP process



C
(S)

Closed Loop process



GWP promotion:



Price off promotion



Trade

Brand

Demand



We secured funding and commitment to a 5-year program to build GCPS



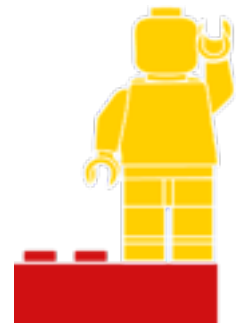
Phase 1
(2012/13)
9 months

Phase 2
(2013/14)
18 months

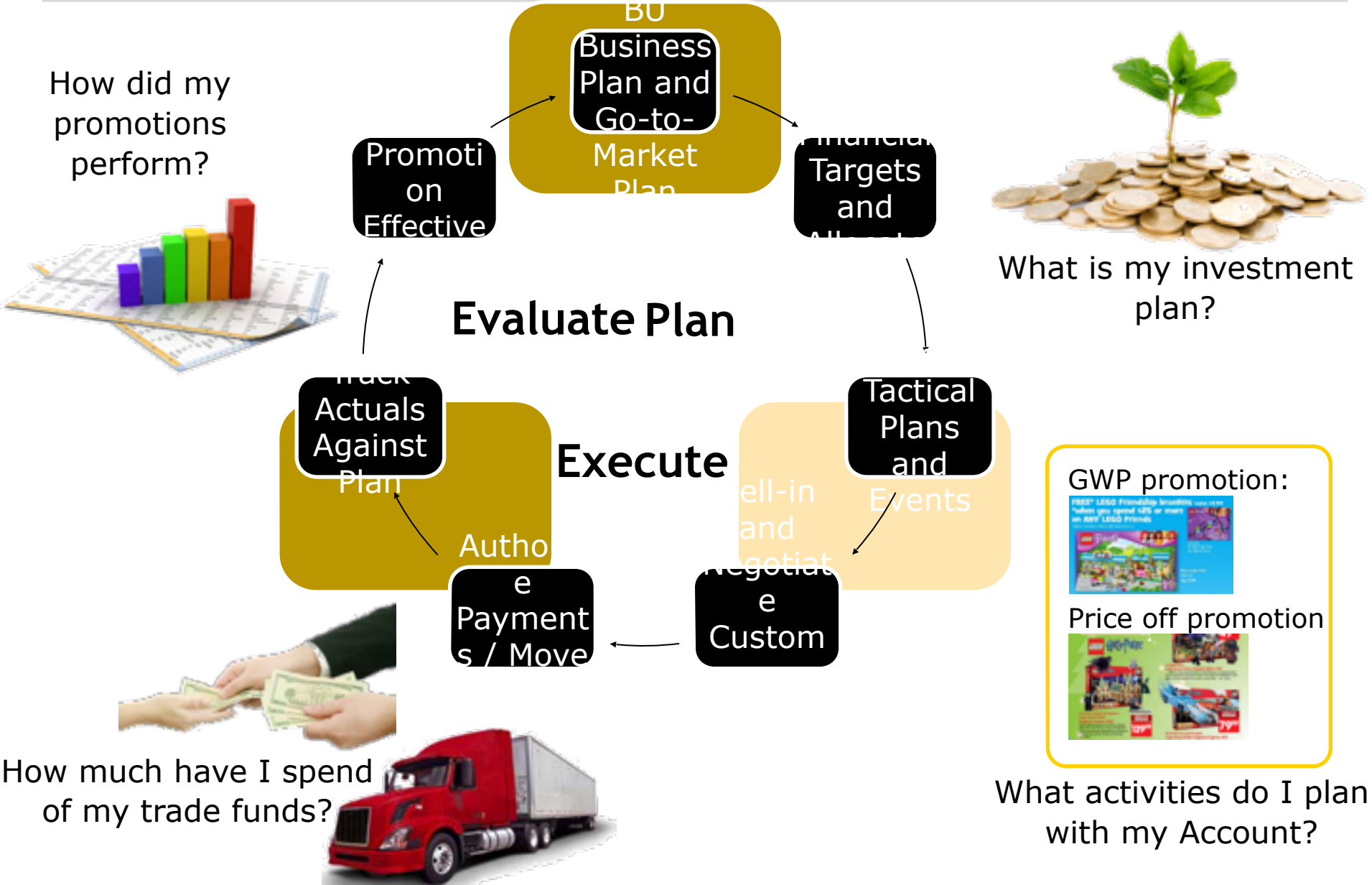
Phase 3
(2014-16)
24 months



We are here!



The Closed Loop process builds continues improvement into the Customer Planning process





trade portal



Financial Planning



Promotion Planning



Execution



Effectiveness Reporting



Web Links

No result found

KPI's





trade portal

Financial Planning

Plan



Promotion Planning



Execution

Execute

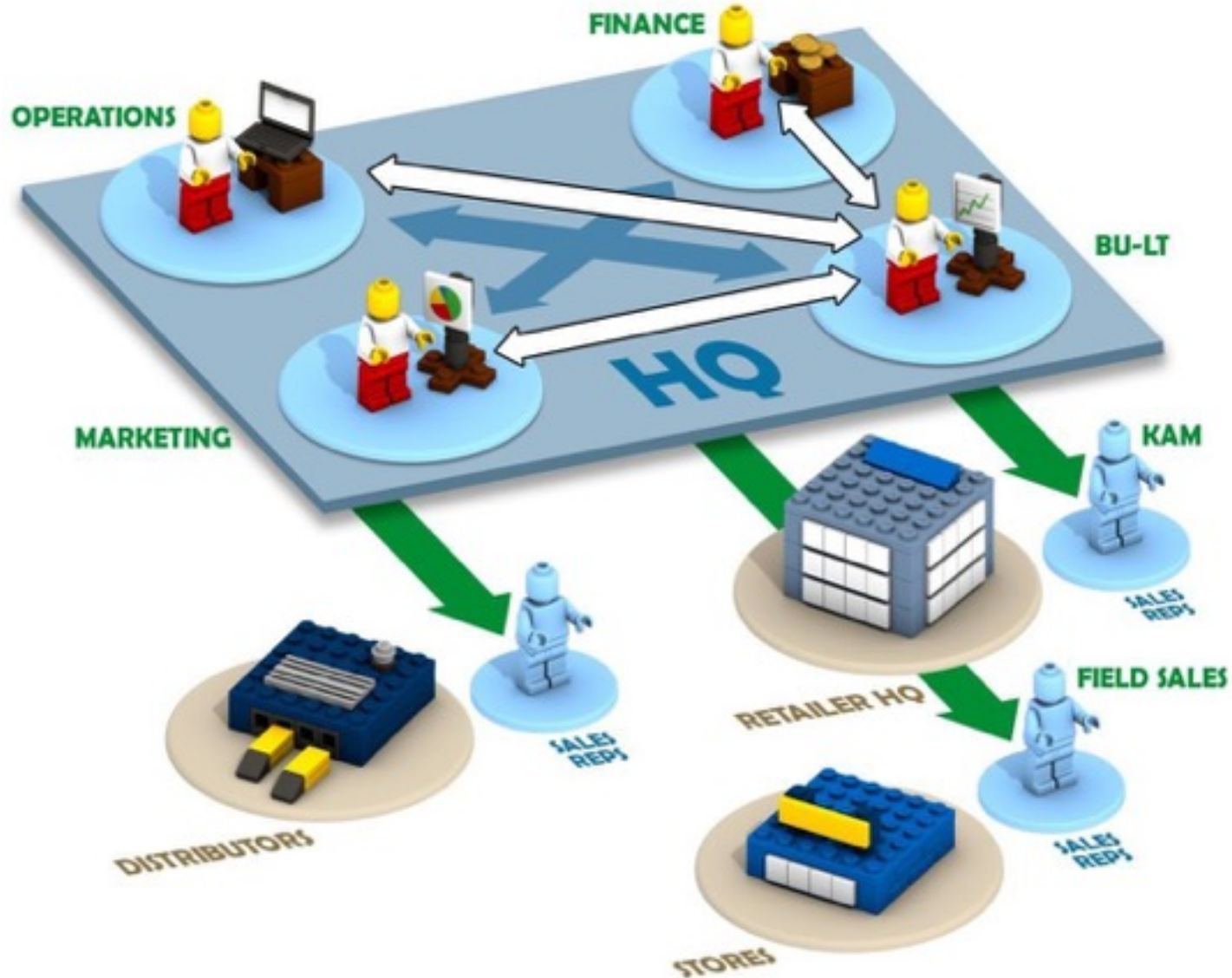


Evaluate

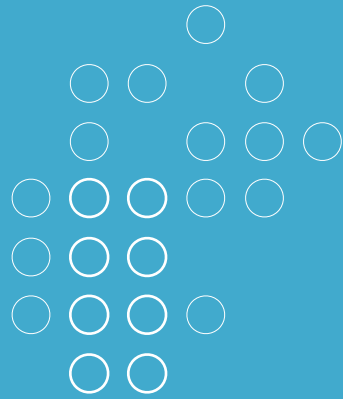
Effectiveness Reporting



Training and Change Management has been significant deliveries, to realize benefits for many stakeholders



Wins and Challenges





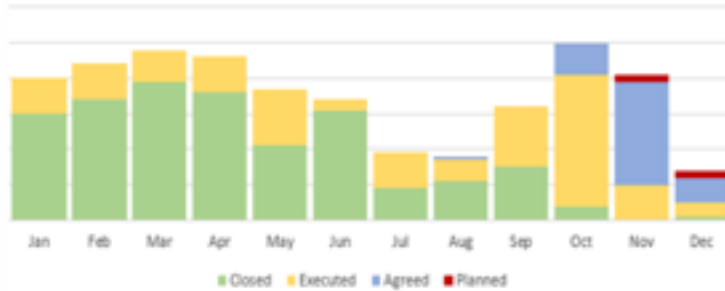
Our core objectives with the project



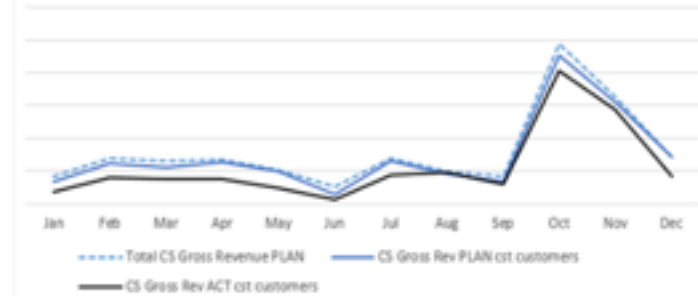
Learnings – The Immediate WINS

- Provide insights and tracking on trade promotions
- Improve integration of promotion planning to demand planning
- Improve process efficiencies by reducing non-value adding activities

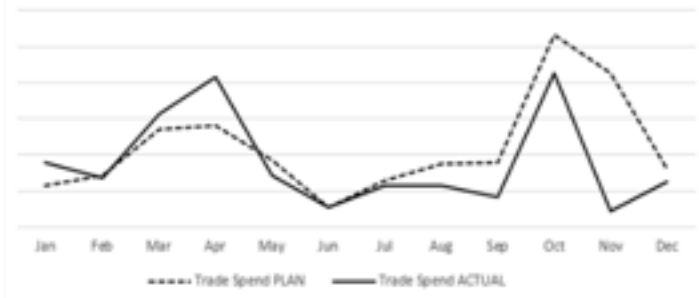
Number of promotions by status code by promotion START date



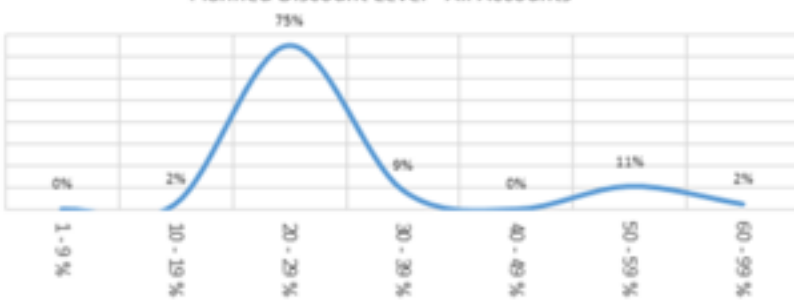
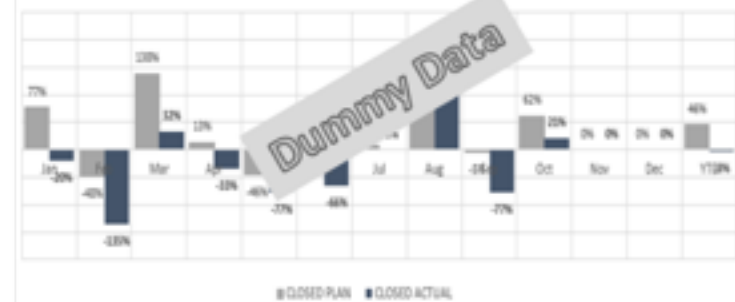
Total Promotion Gross Revenue (£) by Promotion START month



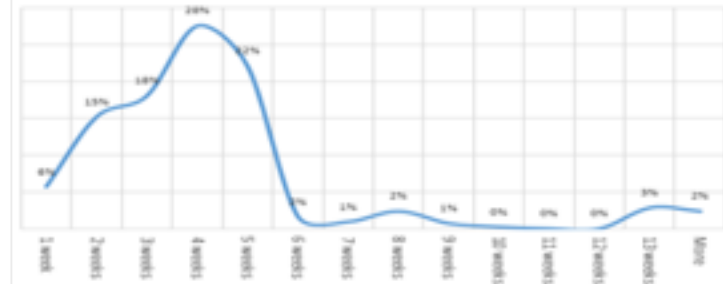
Trade Spend (£) by promotion START month



ROI for CLOSED Promotions by month



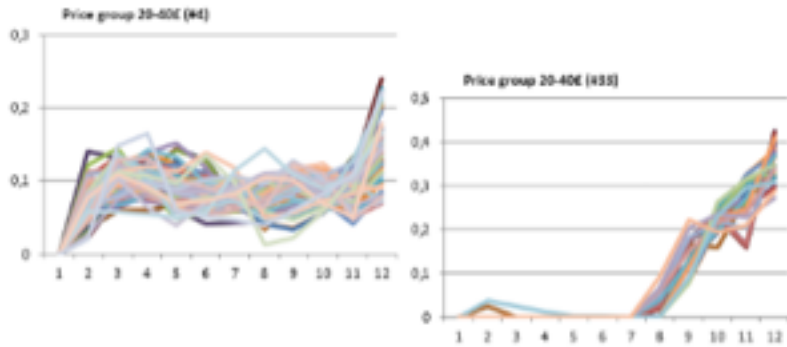
Promotion length - All Accounts



Learnings – The biggest Challenges

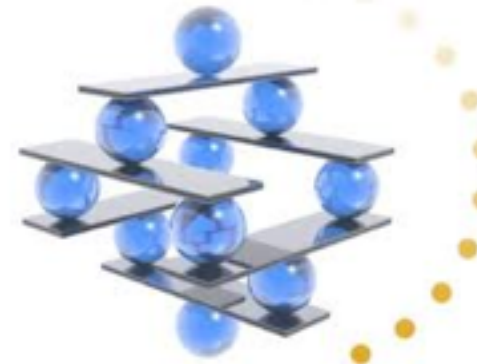
- Provide insights and tracking on trade promotions
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BASELINE



	1 STATUS CODE	2 EXP DATA	3 ISSUES	4 BASELINE / UPLIFT	5 TRADE SPEND / ROI%
ALL PROMOTIONS	<ul style="list-style-type: none"> Active Trade Promotion Start in 2014 	<ul style="list-style-type: none"> Customer Name (C#) Product Name (P#) Trade Spend (€K) Product Name (P#) Product Name (P#) 	<ul style="list-style-type: none"> Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet Promotion is not started yet 	<ul style="list-style-type: none"> Actual Spend (€K) Baseline Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) 	<ul style="list-style-type: none"> Actual Spend (€K) Baseline Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K) Uplift Spend (€K)

Process Alignment

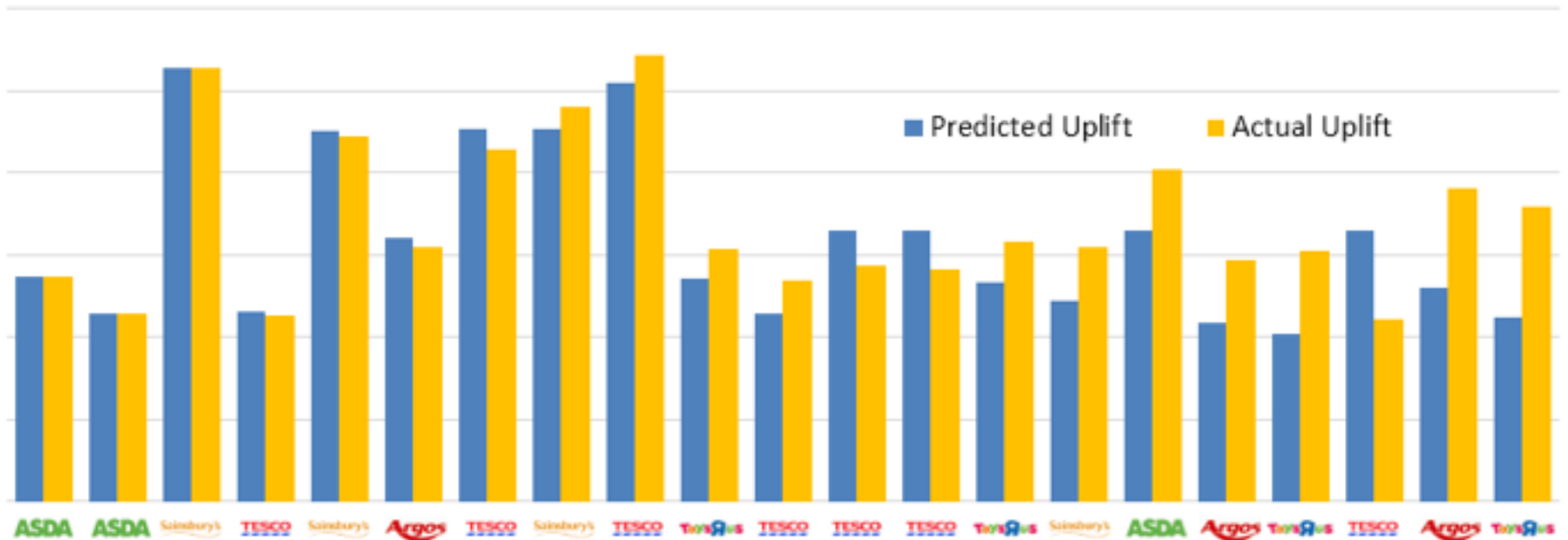


UPLIFT FACTORS

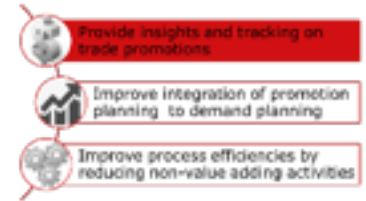


Our ability to predict the future

- Provide insights and tracking on trade promotions
- Improve integration of promotion planning to demand planning
- Improve process efficiencies by reducing non-value adding activities



Our ability to track trade promotions



Promotion Evaluation Filters

BU

Channel Type

Channel

Theme Type

Theme

Promotion

Item

Start Week

End Week

Promotion Status

Mechanic

Location

Visibility

Discount

Session Objectives



Introduction to the LEGO Company



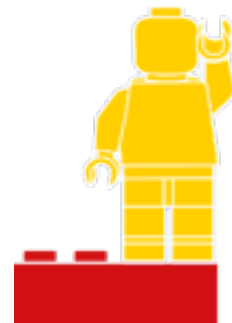
Industry conditions and our Global Customer Planning Solution



Immediate wins and biggest challenges from a promotion planning perspective



Questions and Dialogue





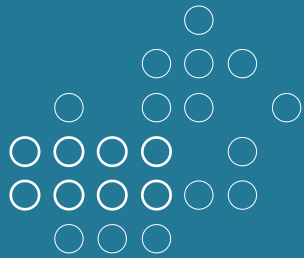
Questions for Inspiration

What drives consumer sales uplift in an Omnichannel environment, and how do you manage?

How do you track and set directions on Return On Investments (ROI) vs Return On Objectives (ROO)?

Your questions??





Everything is Awesome