PROMOTION OPTIMIZATION INSTITUTE

Promotion Optimization Institute, LLC

The POI 2015 TPx and Retail Execution Survey

The State of TPx and Retail Execution for Global Consumer Goods and Retail

Table of Contents

Introduction 1

Summary 1

Rationale Behind the Survey 3

Methodology and Participation 3

Key Implications 5

Implication 1:
Collaboration between manufacturers and retailers remains strained. 5

Implication 2:
There is too much focus on software/solutions and not enough on best practices 8

Implication 3:
User organizations are selecting the wrong tool for the job 9

Implication 4:
Change management is an issue for technology users before, during, and after deployment 14

Implication 5:
There is a serious shortfall in analytical capabilities 18

Implication 6:
Expectations about user experience far exceed what is actually being delivered 22

Implication 7:
Integration issues persist 27

Implication 8:
Many manufacturers are not sufficiently focused on the future 31

Conclusion 37

About the Promotion Optimization institute (POI) 38

Introduction

It takes a combination of the right people, processes, and technologies to be a suitable collaboration partner in the promotion and distribution of consumer products. The recent Promotion Optimization Institute (POI) study entitled, "The Promotion Optimization Institute 2015 TPx and Retail Execution Survey" looked at attitudes and capabilities among manufacturers. It found many areas that need to be addressed in order to improve collaborative processes around the promotion cycle.

Summary

The survey probed various dimensions within two separate but related capabilities: trade promotion management, particularly, how manufacturers sell at the headquarters level of retailers, and, retail execution, which focuses on selling and executing programs at the individual store level.

At a high level, the survey found that:

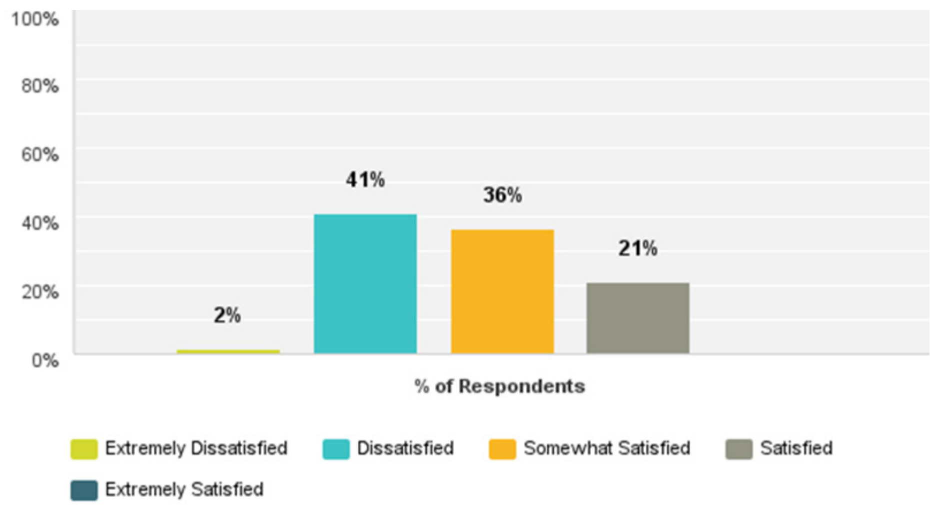
96% of respondents are struggling to move their people from transactional to analytical.

- Only 21% of CG manufacturer respondents are truly satisfied with their ability to manage promotions.
- Only 20% are satisfied with their ability to execute at the store level.
- 96% of respondents are struggling to move their people from transactional to analytical.
- Given the many executional challenges that manufacturers face, they struggle with collaboration, both internally and externally.

First, we look briefly at managing promotions as a case-in-point. Manufacturers are not satisfied with their ability to manage promotions or execute activities at the individual store level. This can be viewed in two ways. First, in their own ability to get done what needs to be done. Second, based on their ability to work collaboratively and get the desired results from their channel partners.

The following chart shows the degree to which respondents are not satisfied with how they manage trade promotions.

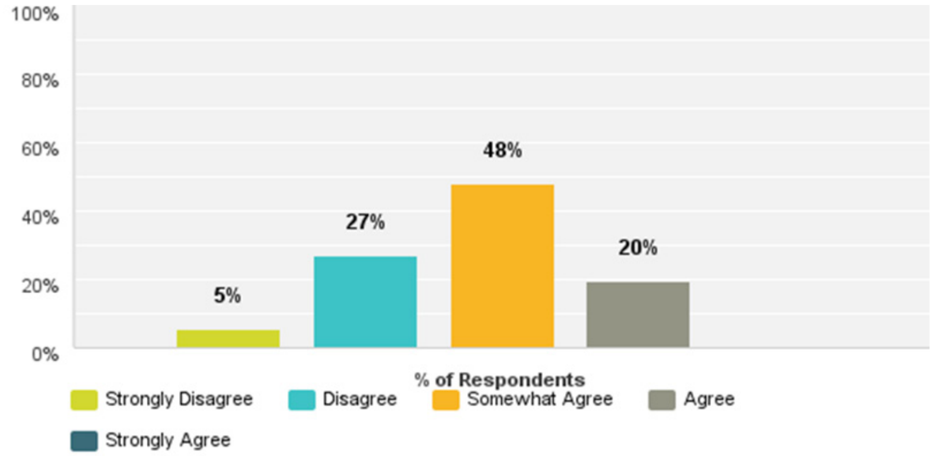
Chart 1. Satisfaction With Ability to Manage Trade Promotions.



Because we believe that "somewhat satisfied" reflects mostly dissatisfaction and doesn't win in the marketplace, we are going take from this chart that only 21% are satisfied with their abilities in trade promotion management. There are a host of reasons ranging from technology to personnel to collaboration that we will explore throughout this document.

Now, let's turn our attention to satisfaction with ability to execute at the store level.

Chart 2. Responses to the statement: "You are satisfied with your ability to execute at the store level."



The results are remarkably similar. Only 20% percent are truly satisfied. This is particularly interesting because it could be argued that retail execution is a simpler process than the cycle of managing promotions. Nevertheless, there is much improvement required for consumer goods manufacturers to increase competitive differentiation and be better collaboration partners, with retailers as well as internally.

We will probe each of these areas from several perspectives. Here is the list of key implications based on the 2015 POI Survey:

1. Collaboration between manufacturers and retailers remains strained.
2. There is too much focus on software/solutions and not enough on best practices.
3. In many cases, user organizations are selecting the wrong tool for the job.
4. Change management is an issue for technology users before, during, and after deployment.
5. There is a serious shortfall in analytical capabilities.
6. Expectations about user experience far exceed what is actually being delivered.
7. Integration issues persist.
8. Many manufacturers are not sufficiently focused on the future.

Rationale Behind the Survey

POI seeks to serve its members by identifying both the successes and challenges in the promotion and distribution of consumer products, and then analyzing them at events, through written research, share groups, webinars, and advisory services. The focus areas of this survey were selected based on the summation of our beliefs about where the challenges exist today and a desire to get them out in the open so we can address them.

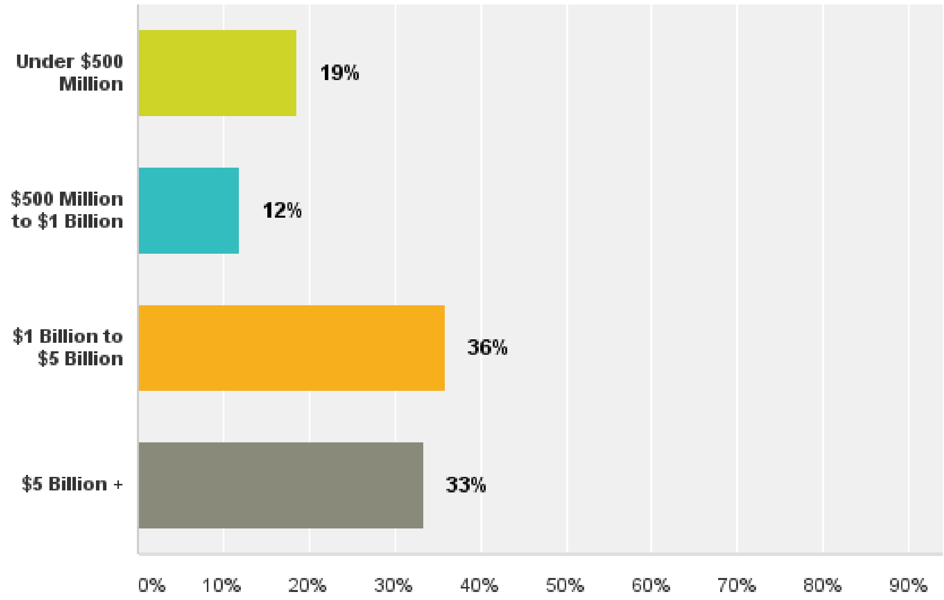
Methodology and Participation

The POI 2015 TPx and Retail Execution Survey was conducted online from September 28 through December 7, 2015. Participants were recruited through personal contacts, industry presentations, POI events, and the POI Pulse newsletter, which reaches thousands of individuals on a weekly basis.

Since this is the first year for this survey, we don't yet have longitudinal data. One aspect of our analysis that will be critical going forward will be how the responses change in subsequent years. Such data will be available in the future and we look forward to the results.

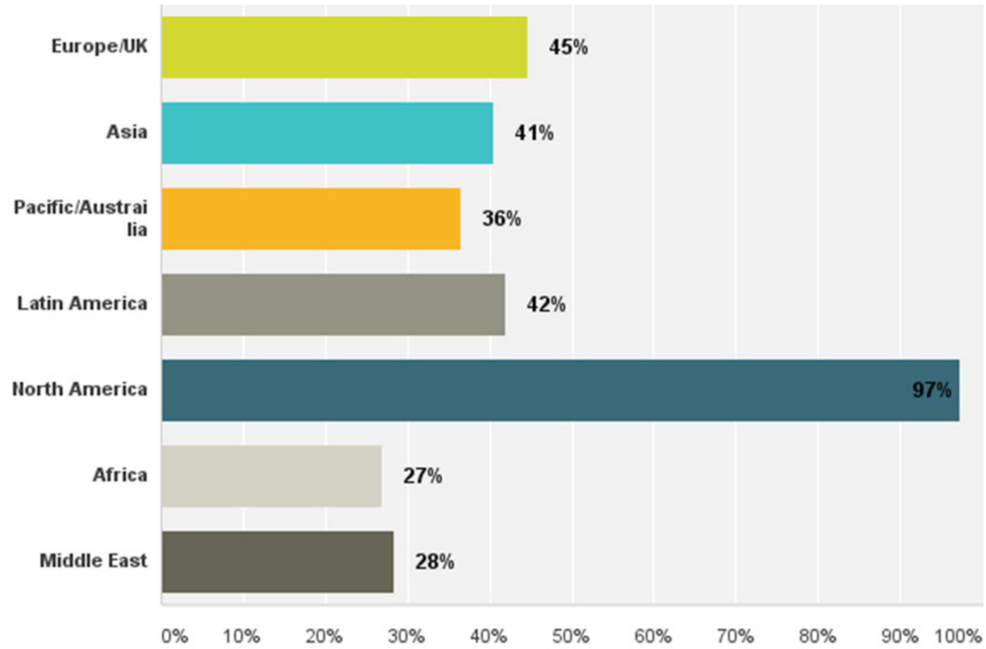
But before we dive into the current results, there is a bit to be said about the methodology. We received a total of 75 viable responses from consumer goods manufacturers. Respondents are of various sizes as follows:

Chart 3. Survey Respondents by Company Size.



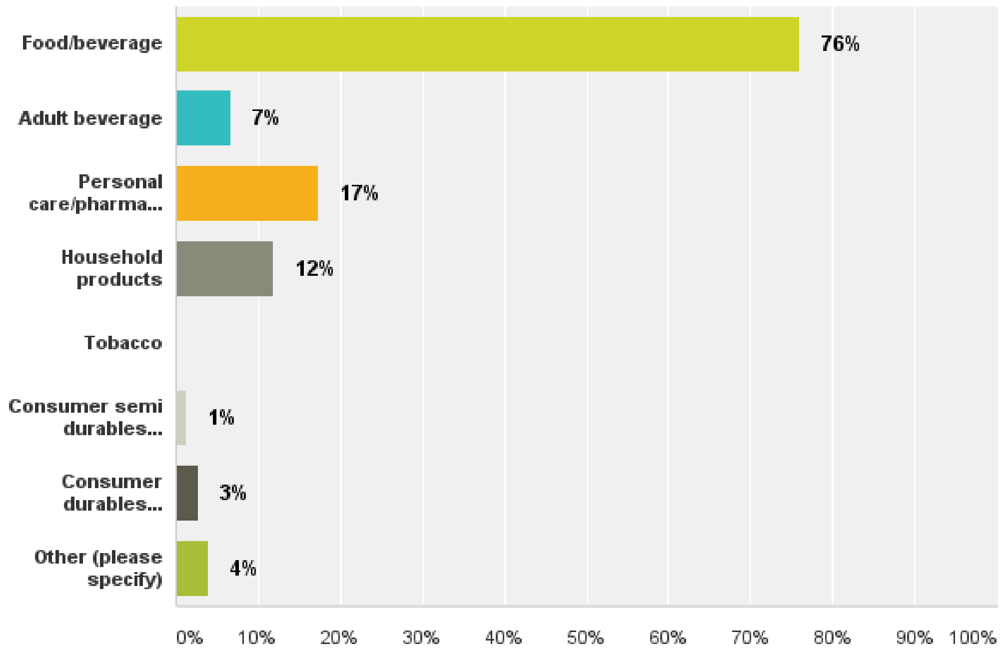
The respondents also do business across various geographies:

Chart 4. Survey Respondents by Geographic Presence.



Respondents are also active in various subsectors of the consumer goods industry. Note that a respondent's company can be active in multiple subsectors, so the summation of subsectors is greater than 100%.

Chart 5. Respondents by Subsector.



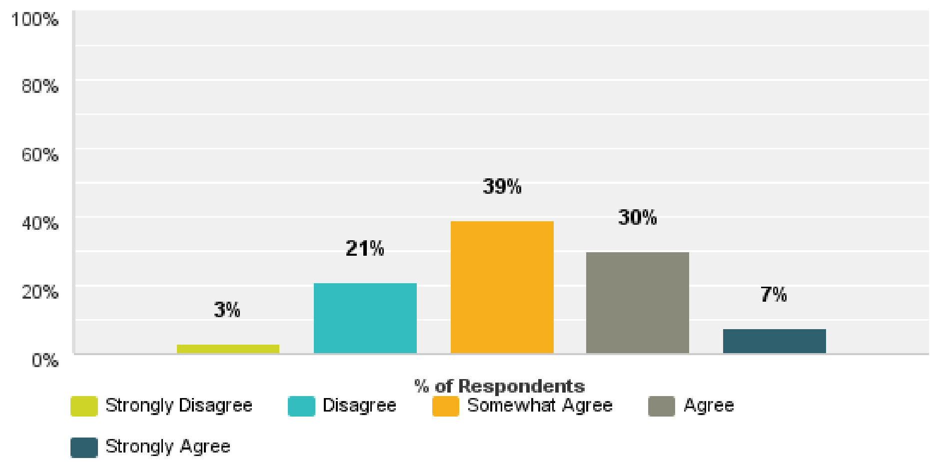
We believe that, given the number of responses, variety of company sizes, and geographic dispersion of respondents, we have the basis for a valid sample.

Key Implications

Implication 1: Collaboration between manufacturers and retailers remains strained.

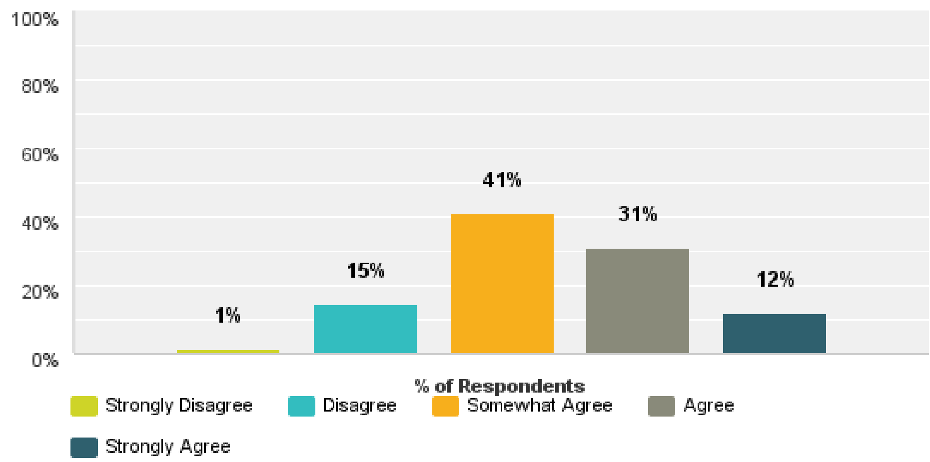
At the most basic level, we believe that data sharing is a precursor to any collaborative activity. Data drives insights, and insights are the currency of collaboration. However, survey respondents were clear about two aspects of data: there are quality issues and retailers don't share enough. The data quality problem may or may not be the fault of the retailers, but it is clearly an issue.

Chart 6. Responses to the question: "Do you have data quality issues from external sources such as POS (ePOS), syndicated data, etc.?"



However, the unwillingness of retailers to share is indeed an issue. Here is how survey respondents responded to our question about data sharing:

Chart 7. Responses to the question: "Do you have challenges with retailers freely sharing key data such as POS with you?"



We believe that many retailers still see their data, and in particular POS data, as something that should be sold to manufacturers at a profit as opposed to given to them as part of a collaborative effort. The sharing of such data was something that we first saw in the US market several decades ago. The Europeans were a little slow to get on board, but in some countries are now more willing to share than their US counterparts.

Other markets, such as Latin America and Asia, are a mixed bag. The former is seeing some sharing with specific retailers in the modern trade, while the latter has been a bit slower because (with exception of markets like Australia) modern trade is typically small, and retailers are leery of data falling into the hands of taxing authorities.

Rather than lay the lack of data sharing entirely at the hands of retailers, it is important for us to ask whether manufacturers use the data to actually create insights that can be shared back to the retailer. In many cases, we believe that the answer is a resounding, “no”. The data is often used to confront retailers about compliance issues or else the insights generated from the data are held close to the vest by the manufacturer and not shared back.

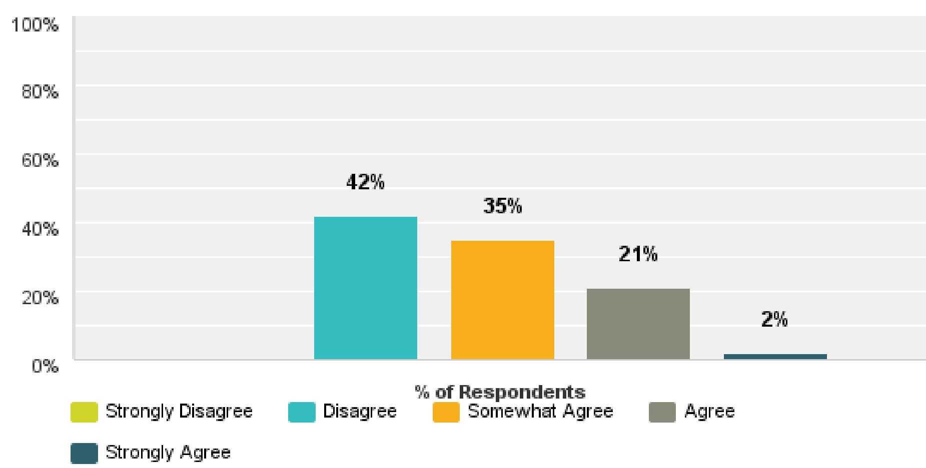
It is important for us to ask whether manufacturers use the data to actually create insights that can be shared back to the retailer. In many cases, we believe that the answer is a resounding, “no”.

Recommendations:

- Have a candid conversation with existing data suppliers, whether the retailer or a third party, about data quality.
- Establish accuracy thresholds.
- Do some root cause analysis on what is driving inaccuracies.
- Be prepared to change suppliers if necessary. There are multiple options available and multiple methodologies for harmonizing, scrubbing, and making data available.
- Do a pilot with a retailer that currently does not provide data. Set expectations about the value of collaboration and insight sharing.
- Build a joint business case around data sharing. But you have to ask for data. Many European retailers didn’t provide data until they were specifically asked and engaged through a business case.

In addition to collaboration through data, there are some instances of down-right anti-collaborative behaviors. These include not giving access to stores for retail execution and not executing what has been agreed upon in the promotional plan. The survey responses are eye opening:

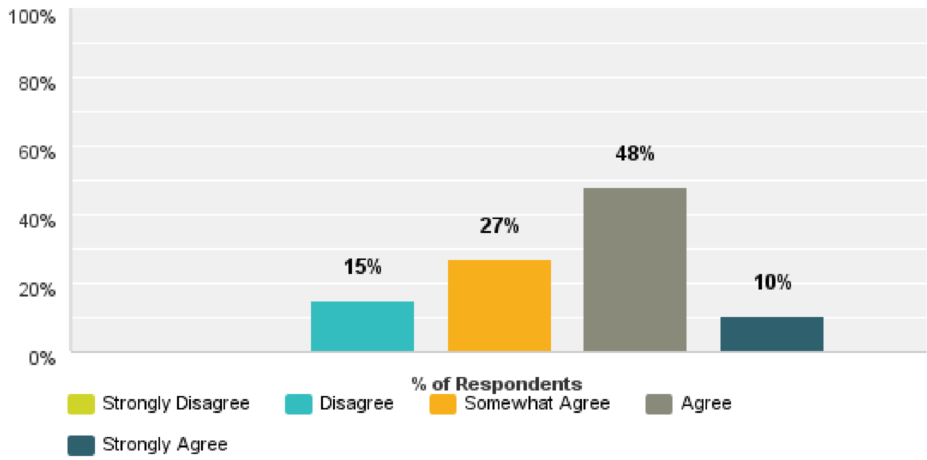
Chart 8. Responses to the question: “Do you have challenges regarding retailers giving you sufficient access to their stores?”



Basic collaborative intent would include providing such access. If not, then retailers need to be better partners. However, before we are too quick to label retailers as anti-collaborative, perhaps we have to ask ourselves whether the 23% are experiencing this lack of access because retailers don't see them as providing any value in the store. As we will see later in the narrative, there are many cases where retailers may not see the value of giving a lot of access to manufacturers or their agents.

Next, we looked at the promotional compliance aspect to see if there is slippage between what is planned and what is executed. Here is what we found:

Chart 9. Responses to the statement: You "put together a good plan, but have challenges with getting retailers to execute it as agreed upon (in other words, you are having compliance issues)."



There is less room for leniency here than in the previous chart. This is because when both partners have agreed upon a course of action, the retailer should follow through as per the agreement. The time for second-guessing has come and gone. This is clear evidence of anti-collaborative behavior. We, therefore, offer the following recommendations around some points of collaboration.

Recommendations:

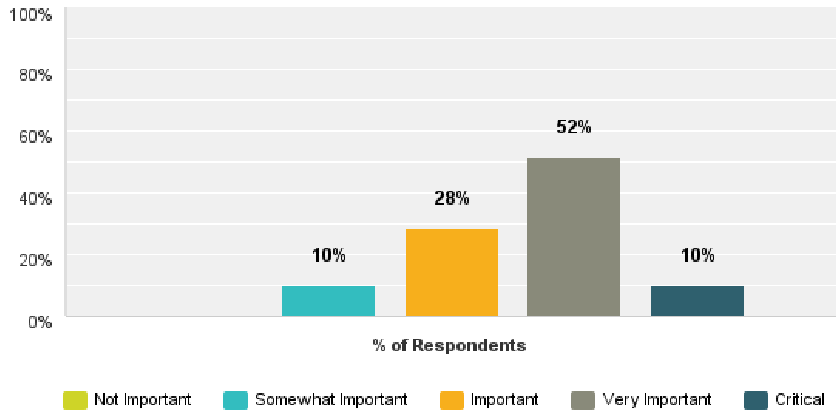
- You must address data quality issues as they can impact internal collaboration as well as external. The most common example occurs where multiple versions of the truth are brought into play. There is no simple solution to data quality, but it starts with the recognition that there is a problem and focusing on solving it.
- Document instances where you are not given adequate access to stores. Open a dialog on why this is happening. Ask what it would take to get better access. Better retail coverage? More sharing of insights?
- Tie promotional non-compliance into post event analysis to demonstrate how compliance drives mutually beneficial ROI. Use simulation tools to show how various compliance scenarios will drive levels of ROI.
- Segment customers based on compliance and profitability, not the traditional ACV, where the biggest retailers get the most attention.

- Before you ask your retailer to be a better partner in some key regard, be sure you are a suitable partner in return. Based on the survey results, we believe that manufacturers need to do more to be better partners to retailers. We will probe this thought more deeply in section 5 on the shortfall of analytical capabilities. For now, suffice it to say that if a manufacturer doesn't have people on staff who are able to generate insights, then it is not likely to be a good partner. Either that, or it is attempting to collaborate with a channel partner likely for them to be a good partner.

Implication 2: There is too much focus on software/solutions and not enough on best practices.

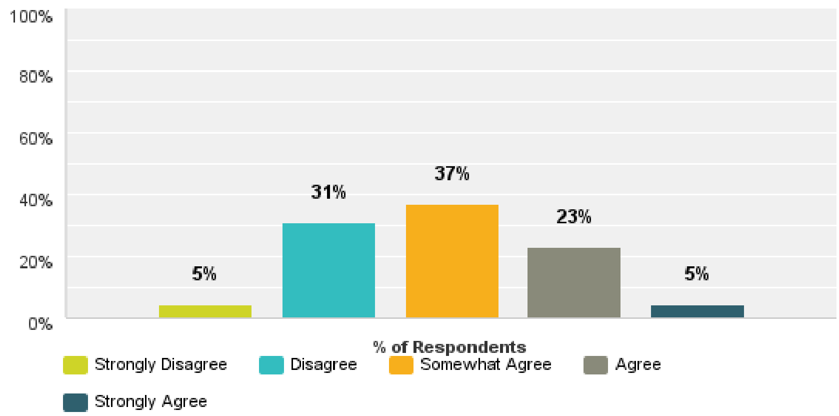
The best way to position this implication is to show the gap between what is expected from a software/services provider and what is actually delivered. When asked how important it is to receive best practices as part of purchasing an application, our survey respondents said the following relative to TPx solutions:

Chart 10. Response to the question: How important to you is "market knowledge and the ability to go beyond meeting your stated requirements by providing best practices?"



The bulk of respondents stated that the best practices component is quite important. Nevertheless, when we asked about the degree to which best practices were actually delivered we see the following:

Chart 11. Responses to the statement: "When you implemented your TPx solution, your vendor/service provider helped you with best practices."



The gap is staggering. We suspected that this would be the case and hence why we asked the question in the survey. One would hope that best practices would be a part of what is delivered. However, there is a definite disconnect between the two.

We can only surmise that user organizations across the broader marketplace want best practices but just aren't getting them. We assume that they expect and ask for them. However, in our experience, technology work is highly intangible in nature. Over-promising seems to be the norm for most software/services sales cycles. Therefore, we offer the following recommendations:

Always recognize that software is not the automatic answer to a problem. Merely buying some software package and installing it is not the answer, despite all the marketing hype to the contrary.

- Check the credentials of the person(s) who are tasked with delivering the best practices. Make sure they have the industry experience and that they will be full-time on the project, not just checking in from time to time.
- Specifically request examples of some best practices that your short-list of vendors has been able to provide during other implementations.
- Check references carefully to understand the "additional value add" areas that were brought to bear in past deployments.
- Budget sufficient time during implementation for a possible discussion about "have you thought about doing it this way?" as this is often when and how a best practice can be brought to the surface. However, if your timeline is overly aggressive or your project calls for merely getting the solution live based on an initial set of scoping requirements, you may lose the opportunity.
- Always recognize that software is not the automatic answer to a problem. Instead, it is the enablement of an underlying business process with appropriate technology that can deliver results. Merely buying some software package and installing it is not the answer, despite all the marketing hype to the contrary.

Implication 3: User organizations are selecting the wrong tool for the job.

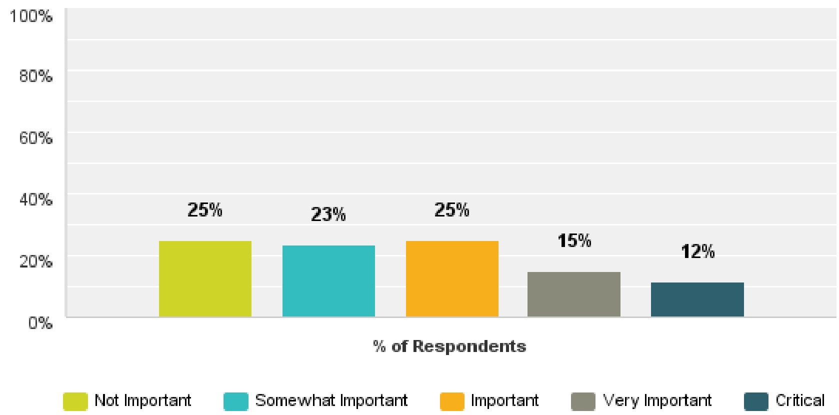
This is a subtler situation because there are a myriad of reasons why a CG company might be surprised by what it actually ends up with versus what it set out to obtain. Nevertheless, the survey data points to a couple of situations that are very telling about solution suitability.

First, there are a lot of expectations about custom code being written on top of a solution. We do not find that many CG companies are significantly unique in how they promote and distribute their products.

After all, they sell through the same channel partners, participate in many homogeneous categories, and employ many people who they have recruited from their competitors. Nevertheless, the expectation exists that they will purchase a solution and write custom code. This is rarely optimal because such a custom solution will nearly always be an exception to the normal software upgrade cycle, require special support, and ultimately result in a total replacement in about 4 years, and cause significant angst associated with maintaining what has become a unique solution.

The following chart gives insight into expectations about customization and the need for doing it.

Chart 12. Answers to the question: How important is a vendor's "ability/willingness to do customization (write code) that would make your solution very tailored but turn it into a unique instance that would be out of the upgrade path?" These responses are only in the context of TPx solutions.

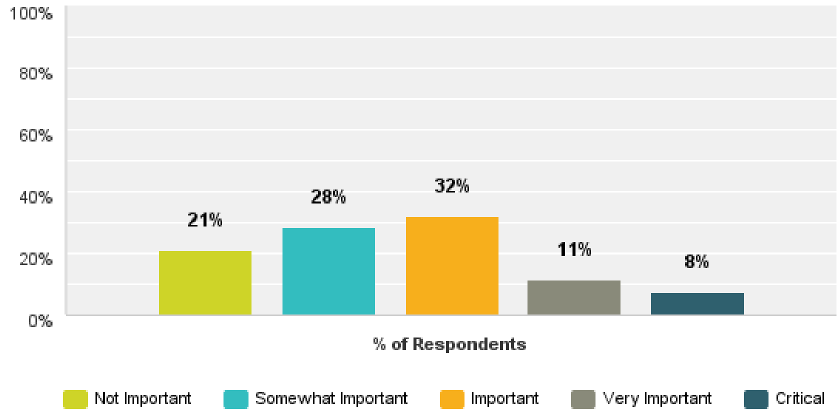


The takeaway is that 75% of respondents place some level of importance on the ability to customize a solution. Please note that we specifically defined customization in this context as writing custom code that would take the solution out of the upgrade path. This is not at all the same as using configuration tools that are included in the solution to make changes to the logic, change labels, add fields, and so forth. It has been our experience over decades of deploying TPx solutions, evaluating existing tools in the marketplace, and advising on tool selections, that there are not many cases of a CG company having a business process that either cannot be accommodated through configuration or with a commercial tool right out of the box. Furthermore, we believe that TPx tools are being chosen based on a set of expectations that are seriously driving up the total cost of ownership (TCO) of TPx solutions due to:

- A brand affinity where purchasing a brand name overrides the desire for choosing the tool with best fit.
- A preconceived notion that customization with the best fit is necessary.
- Not evaluating the right set of vendor options or establishing what can be done with configuration, as opposed to what will require customization.
- Learning too late that there is a gap between what the vendor says is out-of-the-box functionality and what actually is.

To further illustrate this point we looked at the customization issue in the retail execution space and found similar responses relative to customization.

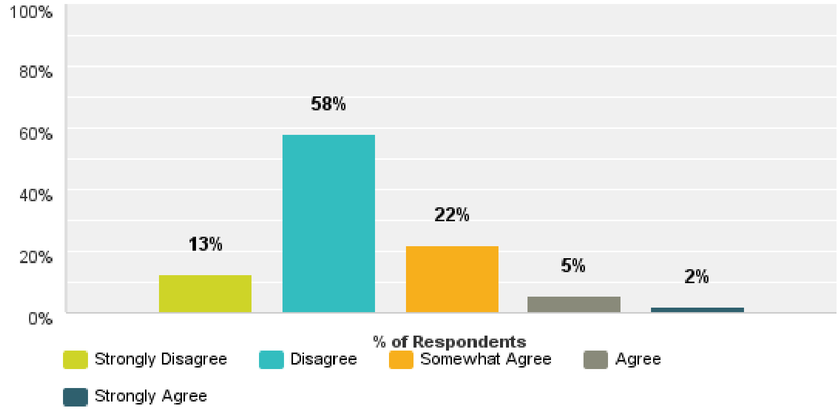
Chart 13. Answers to the question: How important is a vendor's "ability/willingness to do customization (write code) that would make your solution very tailored but turn it into a unique instance that would be out of the upgrade path?" These responses are only in the context of retail execution solutions.



Again, we see a similar situation, where 79% of respondents believe that customization has a role in spite of the fact that retail execution is a more homogeneous set of processes, and there are more solutions on the market to choose from.

Another area where we believe that CG companies may be choosing the wrong tools is with respect to increasing worker productivity in the retail execution function. This seems to be a significant challenge based on the following survey results.

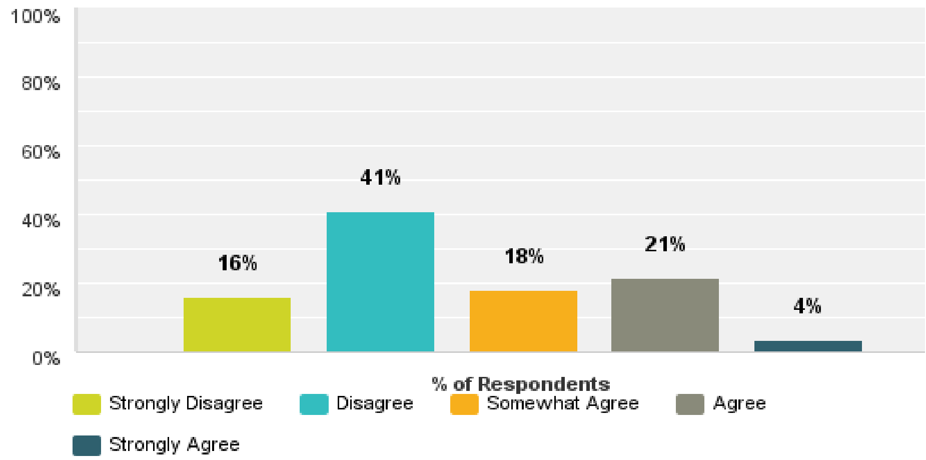
Chart 14. Responses to the statement: "Your retail execution has sufficient off-line capabilities to handle complex pricing requirements on the mobile device or keep mobile users informed of daily progress without connecting to the server."



In this case, nearly three fourths lack the functionality of advanced pricing or what we have come to refer to as "in flight analytics." Nearly another quarter appear to have only slight capabilities in these areas. This is quite surprising when considering that both are well developed in some of the better solutions on the market and have been widely available for at least 5 years. We believe it is a fundamental design flaw that, for a functionality like taking orders or counting store visits, a solution would have to connect to the server to track progress when all the data is or can be on the local device. Thus, we believe that many companies are simply purchasing ill-suited solutions. The workarounds and related costs will be significant because complex pricing structures are the norm in Europe as well as many parts of emerging markets. Having pricing conditions as well as basic analytics being passed back and forth from a server is not only awkward in low-to-no connectivity situations, but will also increase the cost of airtime.

Another area where inappropriate solutions may be or have been selected is with respect to bring your own device, or BYOD. This concept is by no means new, but it has been rather difficult for some of the vendors to achieve. In other cases, it has not been a high priority among CG manufactures because they have invested in ruggedized or other special devices and are looking to leverage this investment rather than open up their model to BYOD. Nevertheless, it appears that the bulk of CG companies either have no, or spotty BYOD capabilities.

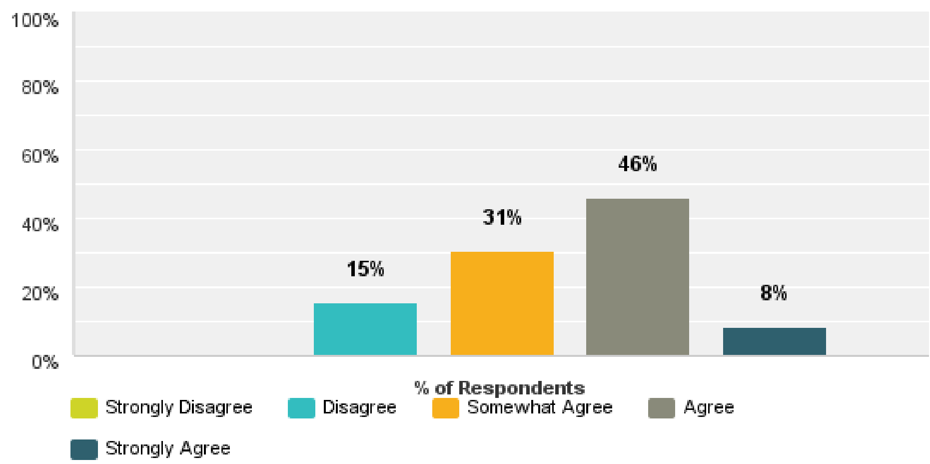
Chart 15. Responses to the statement: "You have a bring-your-own-device (BYOD) option for your field force." The context of this question only relates to retail execution.



Given the availability of BYOD options, we can only assume that either the wrong solutions are being purchased or BYOD is not as high a priority as some other characteristics. This may not be a huge issue in North America or Europe, where employees have to be provided with mobile tools. However, in emerging markets, where device management can be a nightmare and BYOD is a condition of employment, the retail execution function can put these companies at a competitive advantage, or cause them to incur additional cost and angst associated with devices.

A final example is in the area of worker productivity as a whole. We found the survey results in this area to be most telling:

Chart 16. Responses to the question: Do you have "challenges finding tools that enhance worker productivity?"



Once again, we believe that, given the relatively homogeneous nature of retail execution processes and dozens of commercially available solutions, there is a serious element of choosing a tool that is just not as well suited as others in the marketplace. What we have found through our revision of many CG company RFPs and discussions about requirements and past vendor "short listing" exercises is that there are common problems, including:

1. Attempting to obtain all global requirements (merchandising, van sales, direct store delivery "DSD," and distributor management) from a single vendor, which can cause a need to compromise to a generic toolset that may obviate some of the desired productivity.
2. Loading up the toolset with "command and control" functionality so that managers can track activities of the field force, as opposed to making them more productive.
3. Buying into a platform story whereby you can build out your own functionality on a vendor's tool instead of getting the advantages of several generations of best practices being standard in the tool.
4. Selecting a tool based more on the vendor logo that IT is comfortable with, as opposed to what the field users say will make them most effective.

We offer the following recommendations to help you avoid purchasing a tool that is not as well suited as others:

The large number of companies that are doing customization, have unsuitable off-line capabilities, cannot do BYOD, and lack in productivity tools, flies in the face of what we have seen in the market place.

- Adopt "no customization" as the rule, rather than assuming a need to customize. There are many solutions available that will map directly to your requirements either out of the box or with a modicum of configuration through embedded system administration tools.
- Do scripted demos with vendors to see the ease of taking what they are showing you on screen and altering it to be what you believe you need. Either have them make changes on the fly or give them 24 hours to come back with such adaptations. They are not likely to write code in 24 hours so this will show how flexible the existing tool is to meet your needs.
- Broaden your search for trade promotion and retail execution tools beyond the tools you are currently using. The large number of companies that are doing customization, have unsuitable off-line capabilities, cannot do BYOD, and lack in productivity tools, flies in the face of what we have seen in the market place. There are good tools out there that don't require customization.
- Listen to users more than you listen to IT. Given the number of hosted solutions (they go by names such as "managed services," "cloud," "software as a service," and so forth) we do not believe that IT should have as much of a say as the business. This will keep them from selecting a tool based on existing relationships and vendors that they have worked with. At the end of the day, a hosted tool with a service level agreement (SLA) that can provide a stream of data back into existing systems will give users what they need while posing limited IT risk. Hence, user productivity trumps architectural considerations.

It makes little sense to spend resources on a technology that will be avoided or underutilized. Thus, change management must be addressed in many ways and at many phases of a project.

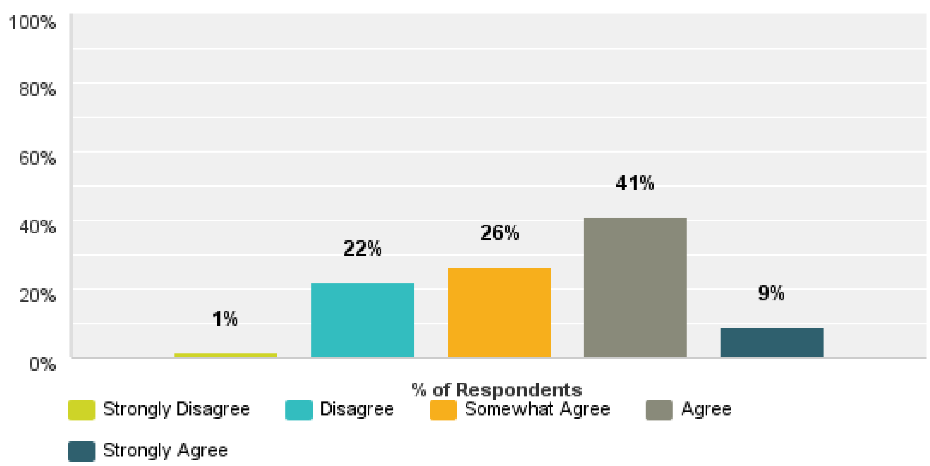
- Make your detailed requirements document and RFP response part of the scope of work. When you do so, the solution vendor becomes obligated contractually to deliver on what has been said to be out of the box. This will make them less willing to make verbal promises about functionality that doesn't exist.
- Understand specifically what the capabilities of a retail execution tool are relative to offline and complex pricing. Don't get sucked into a joint development or custom build situation. There are solutions out there that can do this and have done so for years.
- Take BYOD seriously, not just for user delight, but also as a standard if you intend to be active in emerging markets.
- Favor user productivity over command and control. A little of the latter goes a long way. Assume that with proper incentives and productivity tools, your users will want to do their job and do it well without constant monitoring. Otherwise, consider rethinking your approach to hiring.

Implication 4: Change management is an issue for technology users before, during, and after deployment.

This topic has been addressed in another POI publication titled "POI Change Management Best Practices (poinstitute.com/about/resources"). For a more detailed discussion of the "how to" of managing and avoiding issues around change management please revert to that document. Nevertheless, we will summarize the findings of the survey briefly here to touch on what the issues are and summarize with recommendations. We will also do so in two sections; first for TPx and then for retail execution.

Survey finding: Consumer goods companies have change management issues/opportunities because they often have challenges finding the right people to use their TPx solutions.

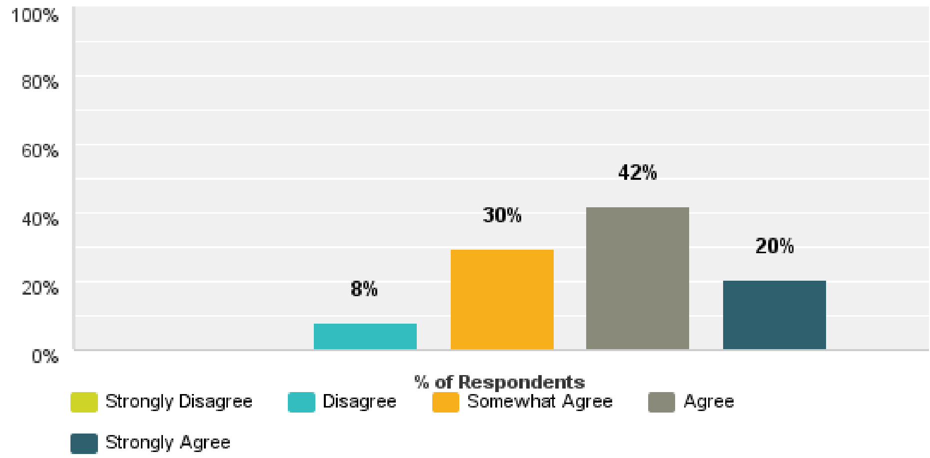
Chart 17. Responses to the statement: You have "challenges finding qualified personnel who can use and understand existing TPx solutions."



It makes little sense to spend resources on a technology that will be avoided or underutilized. Thus, change management must be addressed in many ways and at many phases of a project.

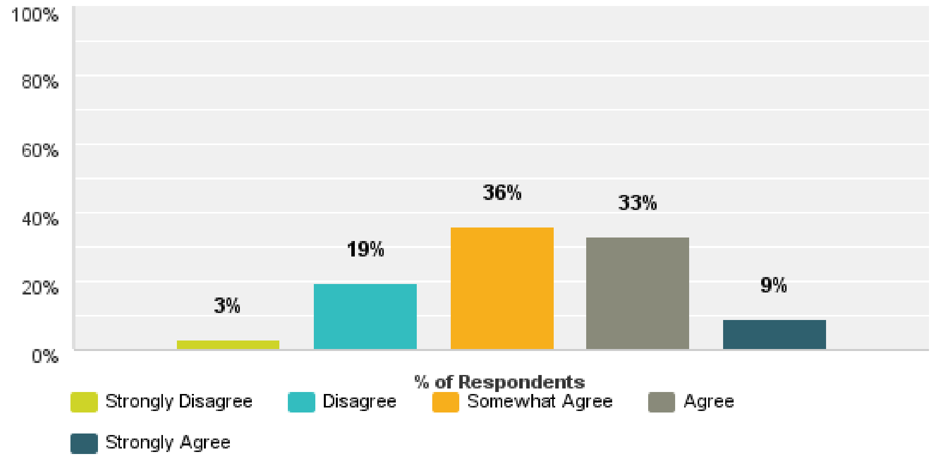
The survey found that change management is an issue for initial TPx deployments. We have long suspected this, but now have clear data to show the severity of the problem.

Chart 18. Responses to the statement: "Change management has been an issue among your TPx users."



Unfortunately, the change management problems don't abate after deployment. The survey also indicates that it is an issue for TPx users after the initial deployment is over:

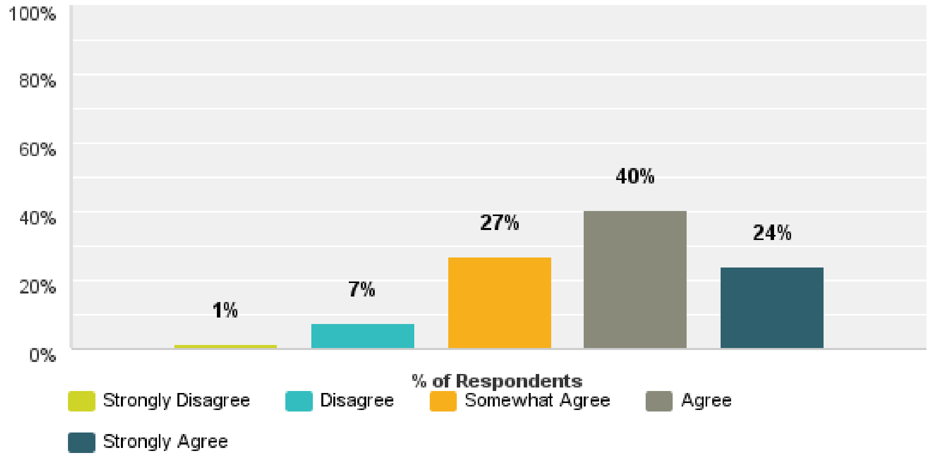
Chart 19. Responses to the statement: You have "challenges training and supporting new TPx users as they come on board."



The post go-live issue is not as severe, but it is still a problem to be addressed with a good change management program.

Additionally, we found that users of TPx solutions often do not trust the data that they see in their solutions, which inhibits adoption of the tool and impedes improving analytical abilities. We believe that this finding is a lens for the data quality issues we already discussed, as well as for a lack of understanding about how technologies such as predictive modeling actually work.

Chart 20. Responses to the statement: You have "challenges getting users to trust what they see in the TPx solution, whether it is the calculated profit from a past promotion, a prediction of a future outcome, or something else."

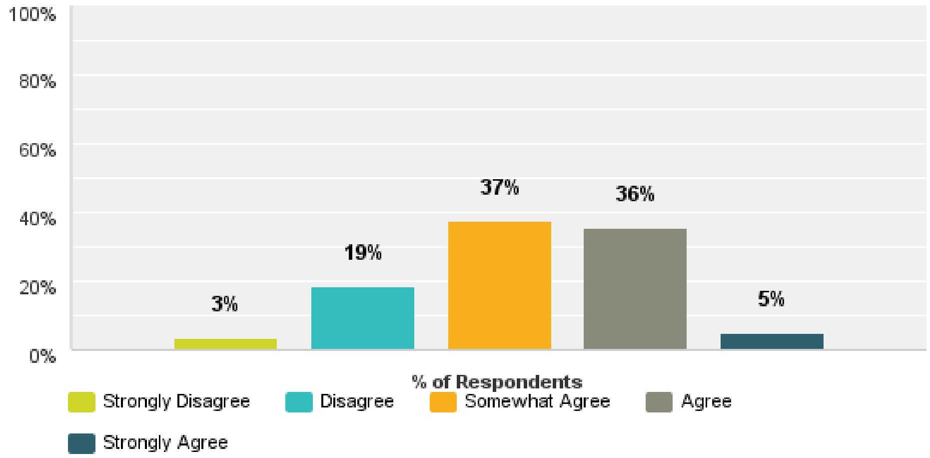


Again, the need for a comprehensive change management approach cannot be understated. As such, we recommend viewing the detailed change management POI Best Practices document which was previously published by the Promotion Optimization Institute.

But change management is not just an issue for TPx. We also observed a series of findings related to retail execution processes.

As with TPx, we have long suspected that consumer goods companies have change management issues/opportunities relative to retail execution capabilities. The survey results are quite similar to those from TPx, despite TPx being less complex in nature. The issues in retail execution change management stem from the inability to find qualified people to use them, difficulty during launch, and training people as they come on board.

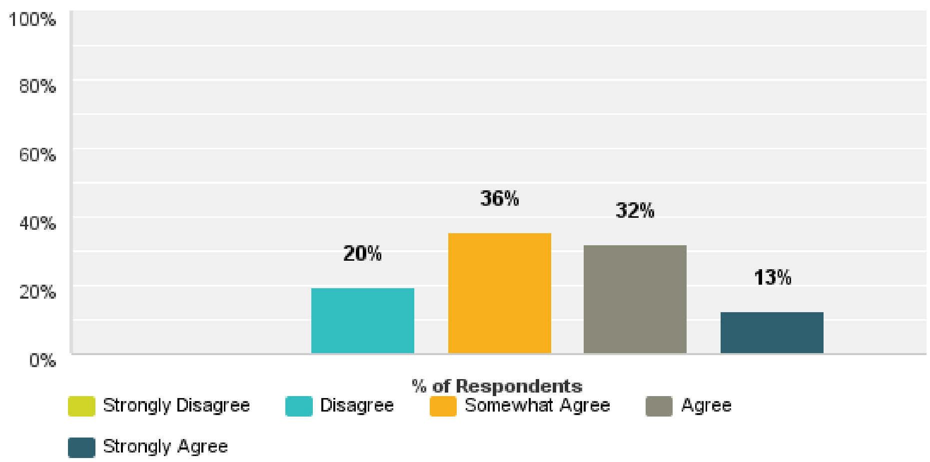
Chart 21. Responses to the statement: You have "challenges finding qualified personnel who can use and understand existing retail execution solutions."



Again, a familiar situation to what we saw for TPx.

Drilling into the assessment of change management, we see the following:

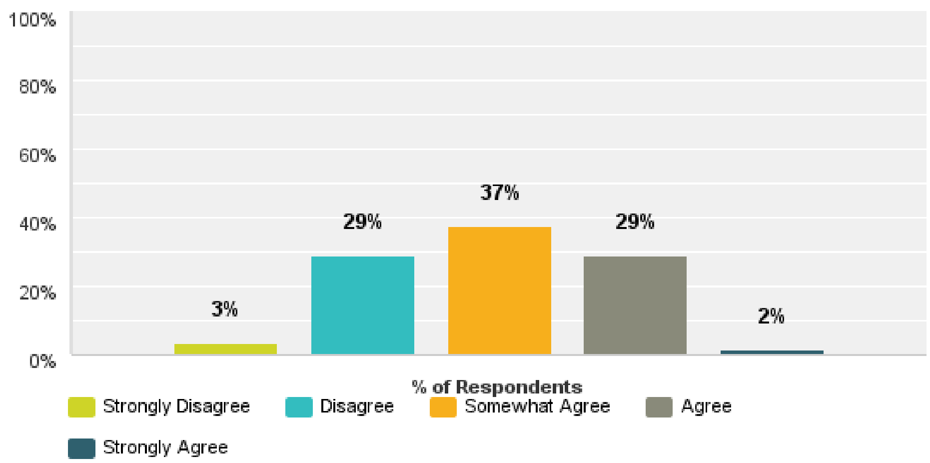
Chart 22. Responses to the statement: "Change management has been an issue among your retail execution users."



There is a definite shift to the left by 6-10 percentage points by category, but there is still an issue to be addressed.

Switching focus to change management issues after initial deployment is over, we find the following:

Chart 23. Responses to the statement: You have "challenges training and supporting new retail execution users as they come on board".



Here is an abbreviated list of recommendations for the aforementioned POI Best Practices document on change management:

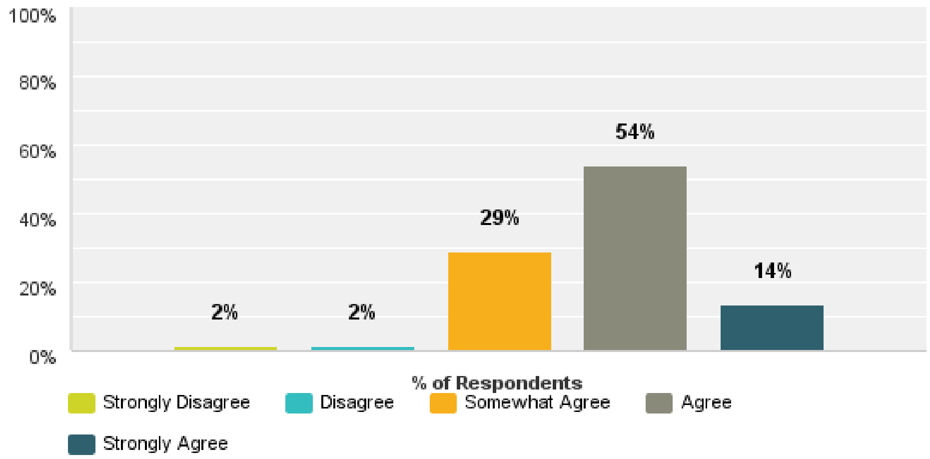
- Take a before/during/after approach with specific steps for each phase.
- Have a visibly supportive, executive level sponsor. A sales application without such a sponsor is like a ship without a rudder, with users left to wonder whether the new solution is really important.
- Keep in mind that the use of incentives to motivate change is only viable in the short term. Lasting change can only take place when people understand the need to change and see the intrinsic value of doing so.

- Nearing the completion of a sales application project, project managers have a tendency to cut back on training, because it is the last place they can cut in order to bring the project in on time and on budget. However, this is exactly what they shouldn't do. An experienced change management leader can effectively temper the urge to cut training.
- Even though change has many behavioral aspects, it is still possible and desirable to measure the impact of change through the use of appropriate KPIs.

Implication 5: There is a serious shortfall in analytical capabilities.

The concept of having analytical capabilities either embedded into an application or as separate and adjunct has been around for as long as the underlying applications. Nevertheless, the survey clearly shows that, for both TPx and Retail Execution, the perception is that analytical capabilities are not where they need to be. This impedes both internal and external collaboration. But the reasons are complex and the shortfall cannot be laid at the feet of the technology vendors. As we have already established, there is a change management element. CG companies have already pointed out that they have difficulty finding qualified people who can use existing systems. There is also the lack of trust in what they see in these systems. In addition, there are the data quality issues. However, laying aside these issues that we have also addressed, and trying to isolate this thing we call analytics to the degree possible, we can come up with some recommendations. But first let's look at what survey respondents said about their analytical capabilities as a whole.

Chart 24. Responses to the statement: You have "challenges moving capabilities from being transactional to more analytical."

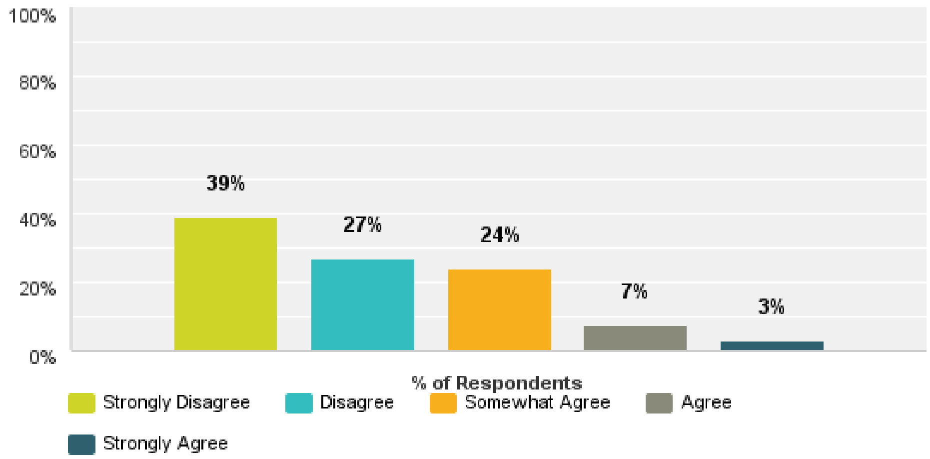


Please note how we specifically used the word "capabilities" in an effort to separate out the human element from the technologies. Some 68% of respondents agree pretty adamant that there is room for improvement here, because we believe the value add in the people element of a company is the ability to glean insights and then act on them. Conversely, the role of technology is largely to automate the transactional elements.

As a simplifying assumption for the rest of this section, we will assume that the right people are in place, they are well trained, and they are motivated/incentivized to do their jobs well. Then we will dive into the analytical processes.

First, we will look at the process of managing trade promotions. There were several things that were highlighted through the survey responses. The first is that evaluating promotions after the fact in a process often called "post-event analysis" is far from automated. In our past experiences and research we have found that most CG companies are only able to look at five or so key promotions at a few key customers. Our POI members and industry contacts specifically tell us that there is a great deal of analysis performed by downloading data into spreadsheets. This inability to apply analytical rigor certainly impedes internal and external collaboration, and we believe that the lack of automation of the post-event analysis is a key factor as follows:

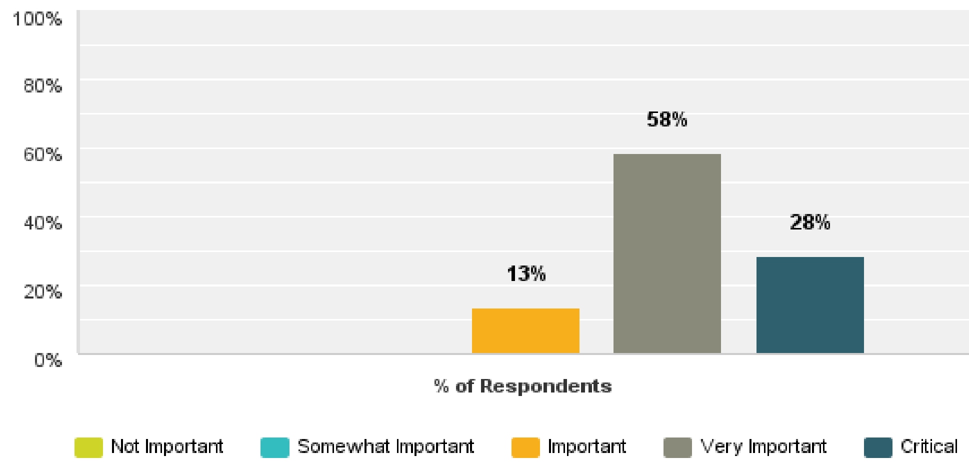
Chart 25. Responses to the statement: "Your post-event analysis process is automated so that reports are automatically populated and you can view as many promotions as you want as often as you want."



A whopping 66% percent are pretty adamant that they cannot do this while only 10% say that they can. We believe that the ability to evaluate promotions after they are executed is critical to sharing successes and failures with retail partners as part of continuous improvement. It is also critical for benchmarking and improvement through internal processes. A landmark study done by Nielsen in fall 2014 showed that two-thirds of promotions do not break even. Given that only about 5-10% of them ever get analyzed, it stands to reason that little improvement can take place — and it largely hasn't. The same can be said for internal collaboration around the promotion process, including everything from supply chain planning to credit and collection. Real improvement cannot be achieved until promotional outcomes are understood.

Another aspect of empowering better analytical capabilities is the ability to provide information in an insightful way or just provide the direction required to seize upon the insight. Another survey question posed in the context of managing promotions probed this area, as follows:

Chart 26. Responses to the question: How important is "the ability of analytics to show an aspect of the business in an insightful way or KPI" in the trade promotion area?

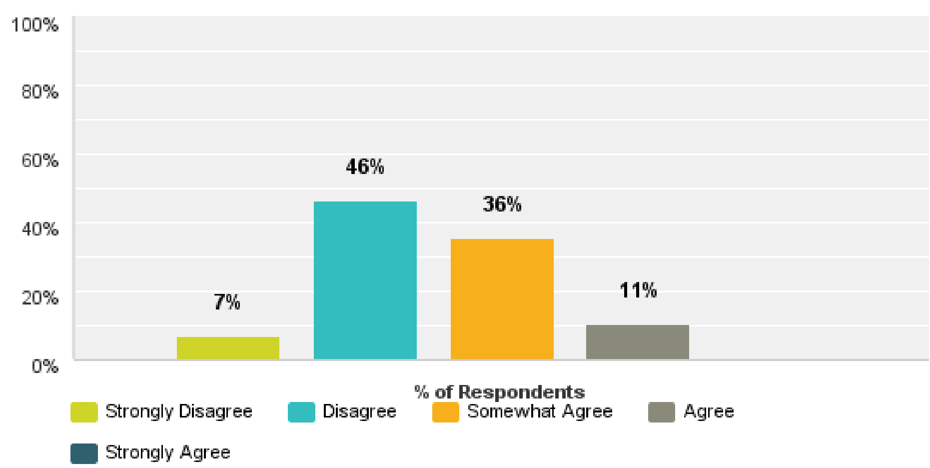


These results underscore the analytical gap quite well. There is no question that CG companies who took the survey value this ability. And yet, they also said that capabilities don't really exist that can help them move from transactional to analytical.

Perhaps an analogy will help here. If a motorist sees the low fuel indicator light come on, it could be rather insightful to avoid a problem. It can also be a good KPI that getting fuel in the next 20 or so miles is important. And if it so happened that people were irrational and predisposed to ignore a KPI like this, then roads will literally be clogged with stranded motorists on a daily basis. The upshot is that we do believe that the people using TPx solutions are rational and want to do their jobs well. Unfortunately, they often have to look at a big grid of sorts, or the solution doesn't adequately call out what action needs to be taken. Until this is addressed, the analytical gap or shortfall will continue.

Now, switching over to the retail execution context, we also see signs of the analytical shortfall. Keep in mind that survey respondents were speaking of both TPx and retail execution with their response about being too transactional and not sufficiently analytical. Since retail execution people are primarily focused on being in the store environment, it stands to reason that they need the ability to do the right thing at the right moment in time. However, it doesn't appear to be the case, as the following survey responses indicate.

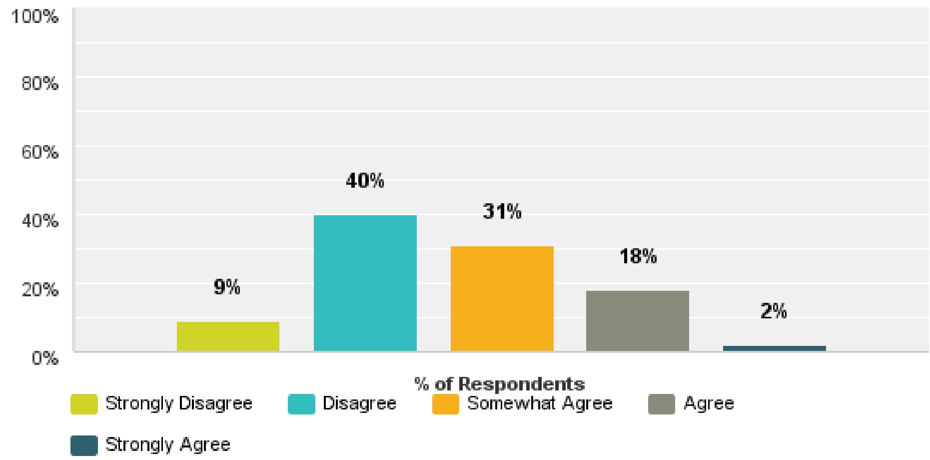
Chart 27. Responses to the statement: "Your retail execution solution provides the analytical capabilities required to make appropriate decisions at the store level."



At least half find themselves in this situation. And if you agree that "somewhat" doesn't constitute a competitive advantage, then a full 89% are not sufficiently empowered for in-the-moment decisions. Small wonder that at least a third of respondents (see chart on page 2) aren't satisfied with their ability to execute at the store level. We are actually surprised that the number isn't higher, given that the majority aren't enabled to make "appropriate" decisions at the store level. This leaves them with no option but to either guess at what to do or to be purely transactional.

Furthermore, relative to internal collaboration, we find that office-based users are only slightly better off in their ability to make appropriate decisions, as follows:

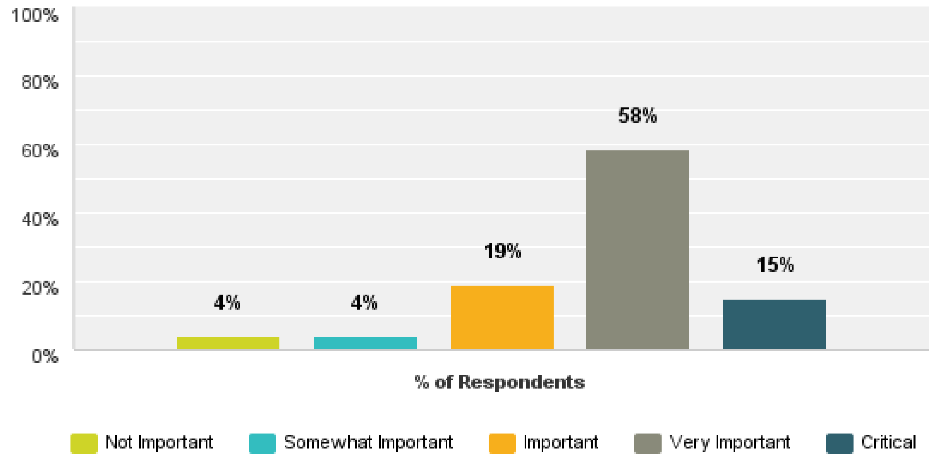
Chart 28. Responses to the statement: "Your retail execution solution provides the analytical capabilities required to make appropriate decisions for office-based users."



Still, about half just can't do it at all. And if "somewhat" is still pretty much transactional, then only 20% are consistently able to do the right thing and drive value at retail.

For the sake of consistency, we will show the responses for the importance of being able to see the business in an insightful way. The results clearly show that CG companies want insight and the ability to make decisions so that their field people are not mere automatons. However, either they have/are choosing inadequate, transactional solutions, or else they don't recognize this analytical shortfall, as follows:

Chart 29. Responses to the question: How important is "the ability of analytics to show an aspect of the business in an insightful way or KPI" in the retail execution area?



What we find interesting here is that 8% actually do place a low priority on the insights capability, so there are indeed those who want their retail execution people to just focus on a set of transactions. Nevertheless, we continue to believe that proper analytics can be a differentiator, and offer the following suggestions on how to make this a reality:

Recommendations:

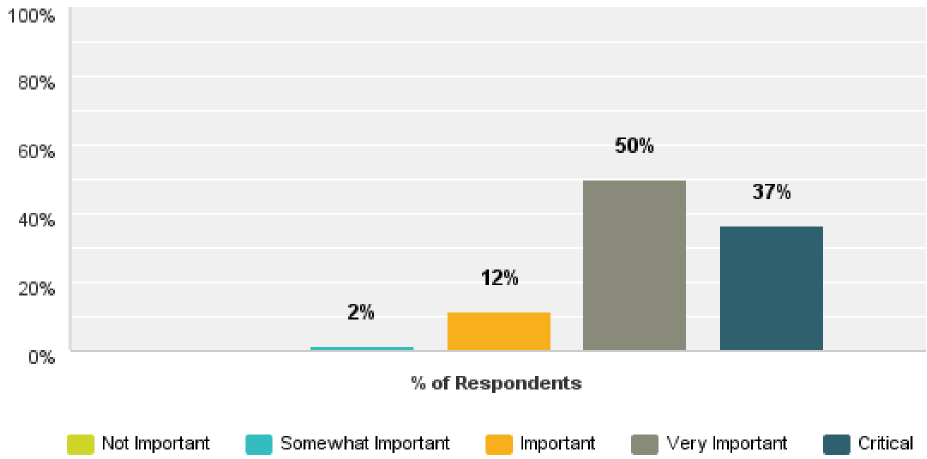
- If you feel your analytics are not up to par, you may want to consider new tools. This may seem drastic, but if it is the only way to improve your ability to execute at the headquarters and store levels you will likely recuperate the cost of a new deployment through better trade spend, supply chain planning, and winning at the shelf. Furthermore, trying to add a generic BI tool onto your TPM or retail execution tool has been done many times, but it is rarely successful, as such tools are not configured for this industry and only because users have to toggle back and forth between systems to "understand" in one and "execute" in yet another.
- Always get users involved in any technology selection process and specifically task them with continuing to ask "does this tool make me smarter and able to sell more?"
- Recognize that insight is the currency of collaboration. If retailers are executing around you, instead of with you, then you need to up your game.
- Think in continuous loops: plan - execute - analyze. Dumping data into spreadsheets is not an option because it breaks the loop and adds latency into the process. The same is true for toggling back and forth with a BI tool. Trade promotion management and post-event analysis should be a single set of capabilities. It is just too cumbersome otherwise.
- Make post-event analysis a prerequisite for next year's funding/ continued accrual spending. First, put the appropriate tools in place with automation to remove the angst. Then, work to change the culture from "evaluate events if you can" to "evaluate events because you must."

Implication 6: Expectations about user experience far exceed what is actually being delivered.

At the rate that technology changes, it is impossible to always have the latest and greatest thing. However, we have seen some TPM solutions that look like they are one generation above AS400-based green-screen apps and some Windows Mobile-based retail execution solutions that make you do a double take to see if they are running on an HP iPaq or Palm Pilot.

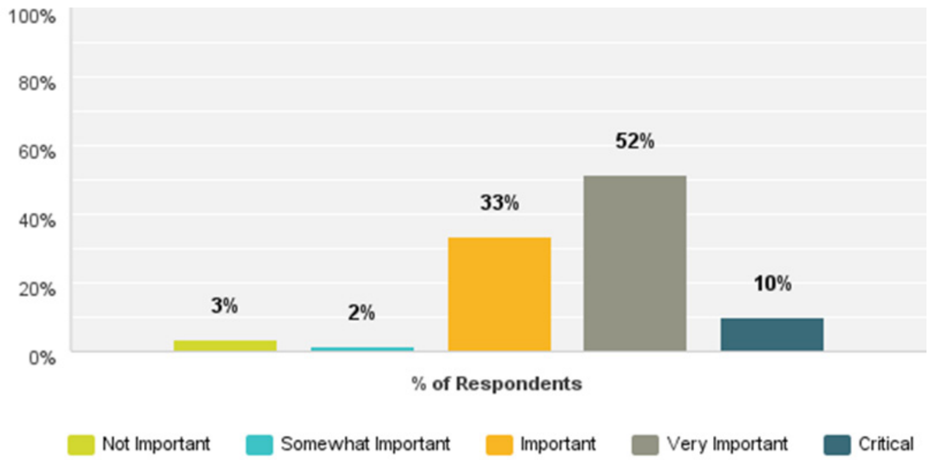
Even if you have a low threshold for how cool and easy-to-use a tool should be, our survey respondents on average have pretty high expectations for the user experience. When asked how important the user experience (hereafter called UX) is they said the following for TPx.

Chart 30. Response to the question: "How important is the quality of the TPx user experience?"



We then asked about the importance of seeing data and graphics in an appealing way and got the following results:

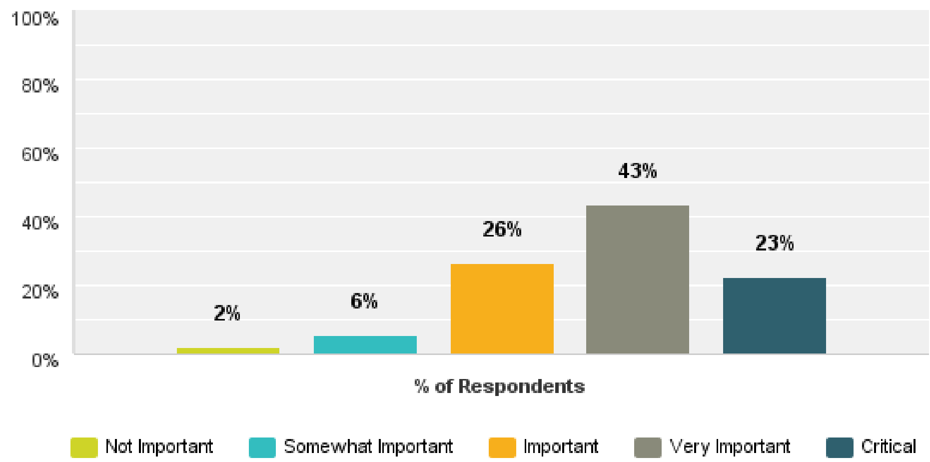
Chart 31. Responses to the question: How important is the "appeal of data visualization or graphical representation" for TPx tools?



It may seem like overkill to ask about both the general UX and visualization, but when we crafted the survey, we suspected that people see the two as quite different. And the results came back with a pretty wide swing as to the exact importance of data visualization. Basically a 27 percentage point swing away from being critical, despite the fact that seeing one revealing graphic can quickly and easily tell a user a lot about the situation, as opposed to viewing a lot of data in a grid and trying to figure out what it means.

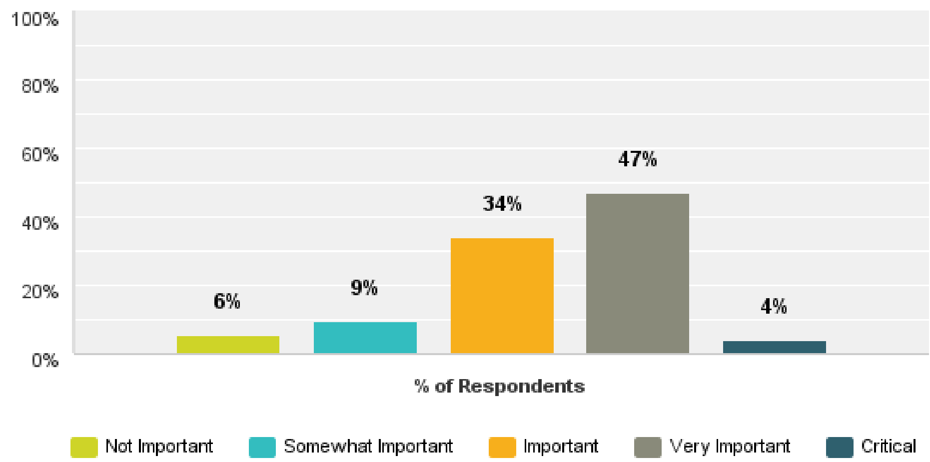
We now turn our attention to the retail execution function with the same type of questions.

Chart 32. Response to the question: "How important is the quality of the retail execution user experience?"



As expected, it is quite important, so we asked about data visualization in retail execution and got the following responses:

Chart 33. Responses to the question: How important is the "appeal of data visualization or graphical representation" for retail execution tools?

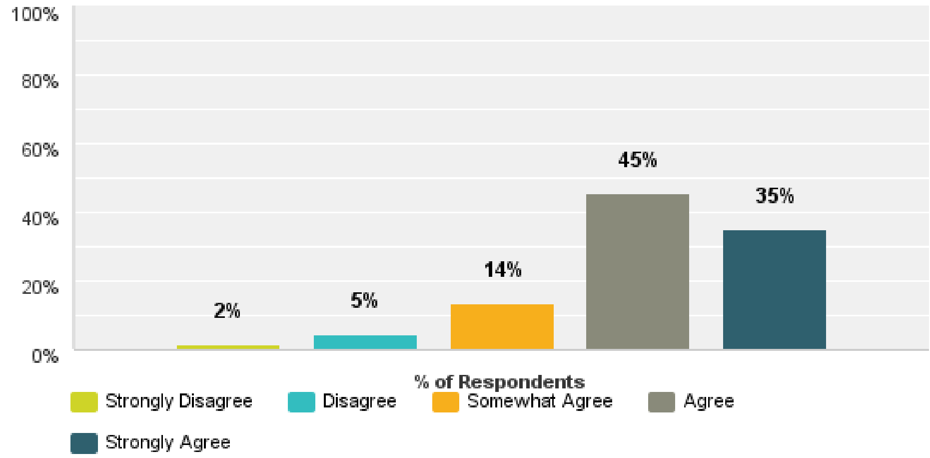


Here, we see a 19 percentage point swing in the criticality of data visualization. This is particularly interesting because, in many cases, for a given CG company, the survey was completed by two individuals; one with oversight in TPx and another working in retail execution. Nevertheless, the consistency of thinking that data visualization is not part of the UX borders on alarming.

Also, when we look at the difference in the importance between TPx and retail execution, we see the perception that retail execution requires a lesser UX and data visualization. We ascribe this difference to the idea that retail execution is a simple process, and that in-store personnel don't care as much because they are using the tool all day long and it is a condition of employment to use the solution. Otherwise, it is mysterious why the more mobile folk rate less highly than their key account colleagues. Furthermore, the fact that the UX doesn't matter at all to about 2% is interesting because those mobile people are the most able to leave a company and go sell for another that has less tedious tools.

Nevertheless, the expectations around UX are pretty high. In an effort to highlight some of the gaps between expectation and reality, we asked users about some aspects of their tools that we believe make for a superior UX. For the TPx business processes, we asked about how tedious it is to use their tool throughout the cycle of a promotion. What we found is the following:

Chart 34. Responses to the statement: "You believe that the entire process of creating a promotional plan, from budgeting to planning to execution to settlement to post event-analytics, takes a burdensome amount of time."



Clearly there is a disconnect, either in the UX or the complexity of the overall process. The UX includes the speed with which processes can be executed. You cannot have a good UX if it is described as "burdensome" by users.

Furthermore, we believe that many elements of a superior UX are lacking in TPx deployments today, as seen in this chart of capabilities.

Do you have:	Yes	No
Single sign-on between TPM and TPO or a single set of screens for both?	14%	86%
Ability to personalize landing page at the user level?	6%	94%
Ability for a non-technical system administrator to make authorized configuration changes that will improve UX without involving IT or the solution vendor?	55%	45%
Data visualization without launching some sort of application, embedded or hyperlinked?	36%	64%

Source: Annual reviews of TPx solutions conducted by the author.

Similarly, with respect to retail execution deployments (both field and office-based tools) in the marketplace, we believe the following elements of UX to be true:

Do you have:	Yes	No
Tile-based architecture?	34%	66%
Ability to personalize landing page at the user level?	2%	98%
Ability for a non-technical system administrator to make authorized configuration changes that will improve UX without involving IT or the solution vendor?	41%	59%
Data visualization without launching some sort of application, embedded or hyperlinked?	78%	22%
Big buttons for data entry?	62%	38%
Corridor search?	12%	88%

Source: Annual reviews of retail execution solutions conducted by the author.

Clearly there are significant issues with user experience. We acknowledge that they are interrelated with the previous key implications of lack of best practices, selecting the wrong tool for the job, having change management issues, and not providing adequate value through analytical capabilities. Nevertheless, we offer the following guidance to address the user experience.

Recommendations:

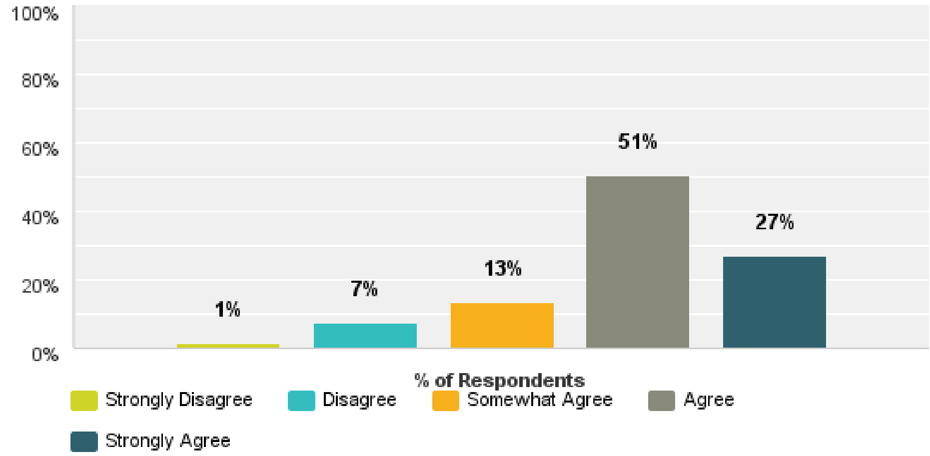
- Get users involved in tool selection as well as configuration decisions. It shouldn't be left to IT or office-based support people to make these choices and hope the users will like it.
- Don't separate UX from data visualization that is part of analytics of dashboards. It is all part and parcel of the same experience. Ugly is ugly, whether it is a screen layout or how a chart renders on the screen.
- Don't forget that being ergonomic and making it easy to do input or get information from the system is also part of the UX.
- Don't forget about features that improve UX such as:
    - Single sign-on.
    - Ability to personalize at the individual user level.
    - System administration tools to aid in continuously improving the UX without involving the vendor or IT.
    - Tile based architecture.
    - Big buttons to facilitate data entry on mobile devices.
    - Navigational aids such as corridor search for finding adjacent and logical stores to visit.

Implication 7: Integration issues persist.

By this we are referring to issues integrating from the back office to the front office, as well as across various field solutions. We do not distinguish between solutions that are supposed to integrate out of the box and those that have to be interfaced. The issue with integration is that the lack thereof impacts the ability to do analysis because data has to be downloaded or otherwise combined manually into some analytical environment. It can also impact the user experience by requiring a user to toggle back and forth between solutions that have varying elements of look, feel, and navigation.

In the TPx area we found that integration of solutions required to do promotions is a challenge. This may mean that respondents are using separate solutions in combination for marketing mix modeling, trade promotion management, promotion optimization, and post-event analytics. There may be others depending on the approach taken. The results are as follow:

Chart 35. Responses to the statement: You have "challenges integrating existing TPx solutions, including legacy, to create a cohesive whole."

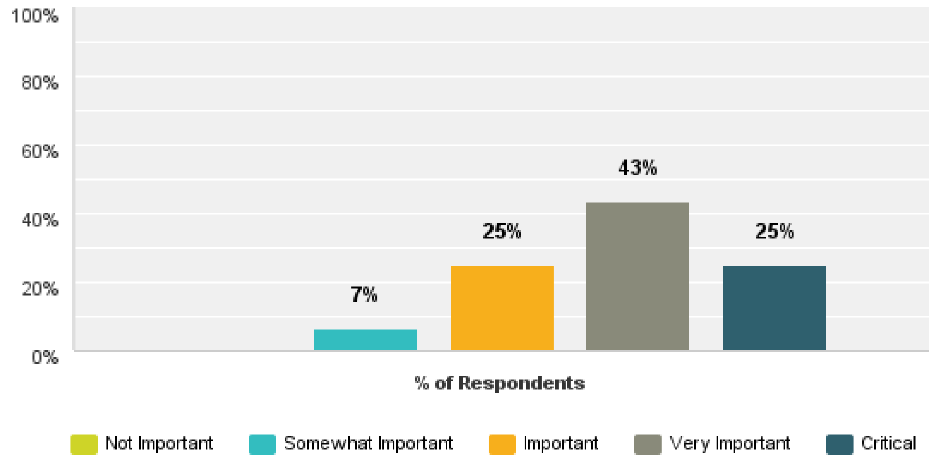


We may have biased the responses by using the term "cohesive whole," but from the user perspective we have already established that the majority of users find that the entire cycle "takes a burdensome amount of time," as captured in Chart 35 above. We believe that the integration challenges stem from a number of factors:

1. Vendors over-promise on the ability of their solutions to integrate. When checking references, we have consistently found that integration was harder than expected. We have never had a user reference organization tell us that integration was easier than expected.
2. Building interfaces takes time and money. Initial phases of TPx usually focus on funds management. The integration required to do the likes of post-event analysis or clearing deductions is often left for later and then doesn't happen for financial or resource reasons.
3. There is a mismatch of solution lifecycles. Within the mix of solutions, there is often one that is slated to be replaced. Integration is postponed until a future time when a solution is to be retired. The problem is that, with as many as 5 solutions comprising the TPx portfolio and a lifecycle of about as many years, there is nearly always a solution that is slated for retirement or a major upgrade. As a result, the integration is always being put on hold.
4. There are no plans of integration from the outset because the perceived value is just not that high.

One major component of the lack of integration involves ERP solutions. Being able to do post-event analysis, clear deductions, and manage accruals is predicated upon ERP to TPx integration. Survey respondents said that it is an important factor in selecting TPx solutions, but what actually happens is not consistent with expectations for all the reasons outlined above and perhaps some others. However, this ERP integration is crucial as we see below:

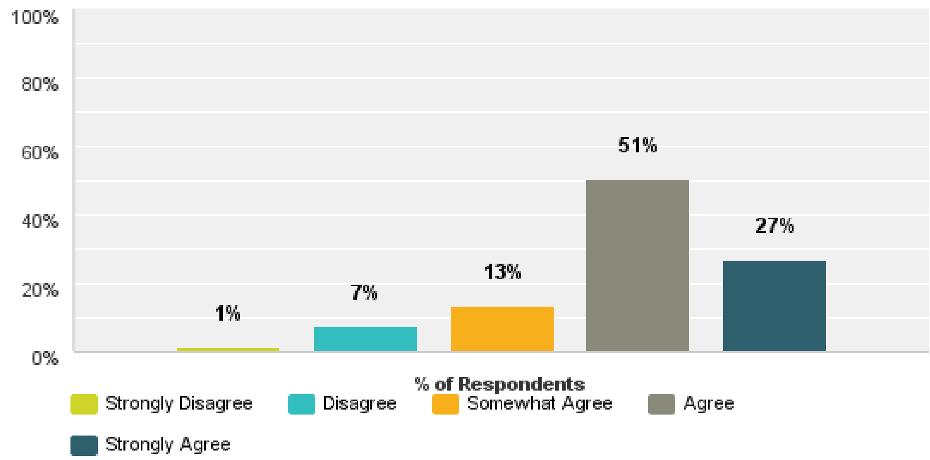
Chart 36. Responses to the question: How important is "ease of integration to your ERP environment in a TPx solution?"



However, in past research, we have found that only 32% of TPx solutions are integrated to the corresponding ERP system. This stands in stark contrast to the expectation we saw earlier.

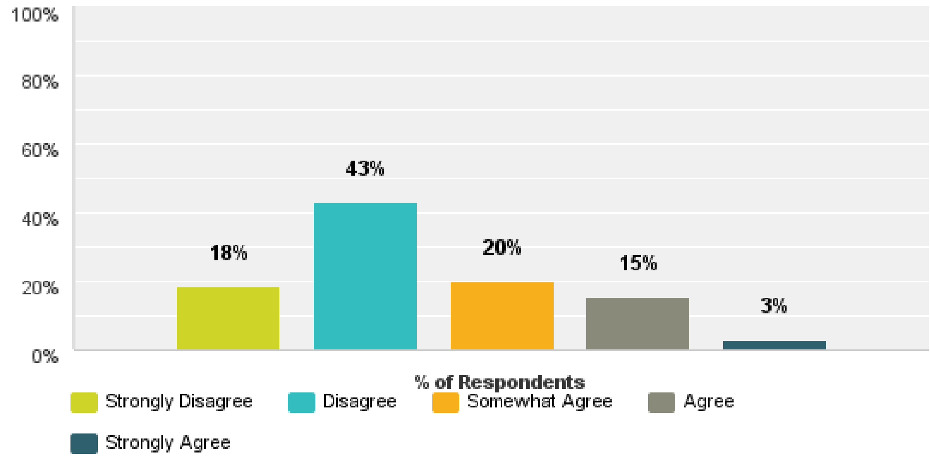
We also see the desire for integration across solutions to pull them all together into a cohesive whole. For example, setting aside the integration of ERP and just looking at solutions related to managing trade promotions, we found the following:

Chart 37. Responses to the statement: You have "challenges integrating existing TPx solutions, including legacy, to create a cohesive whole."



Similarly, we see lack of integration between TPx and retail execution solutions, as follows.

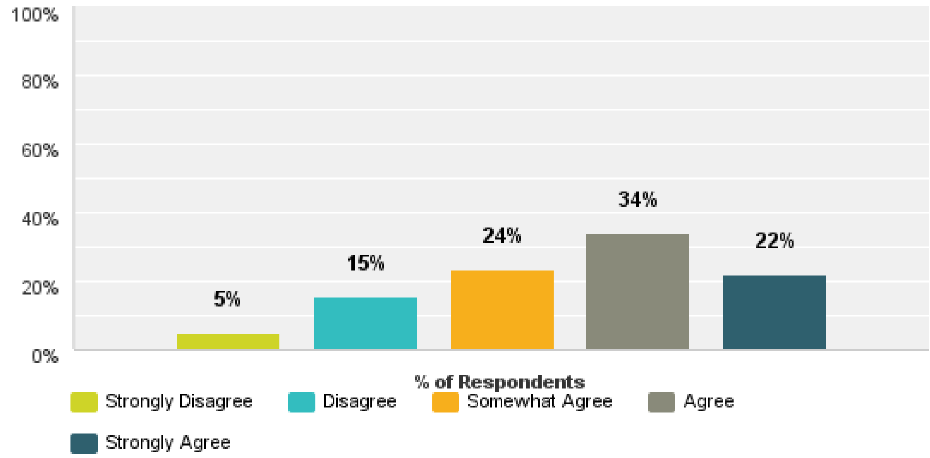
Chart 38. Responses to the statement: "Your TPx solution is integrated to your retail execution solution. For example, if you change a first ship date or merchandising activity in TPx, it automatically gets pushed to your retail execution solution."



A sobering 61% simply haven't been able to attain this basic level of integration required to streamline execution. This also puts more burden on users because they have to input tasks from the promotional calendar into retail execution, thus making them transactional as opposed to analytical.

Because more point solutions may be combined to fulfill needs around managing the promotion cycle, we also asked the question about integrating solutions required to manage in-store execution and the results follow:

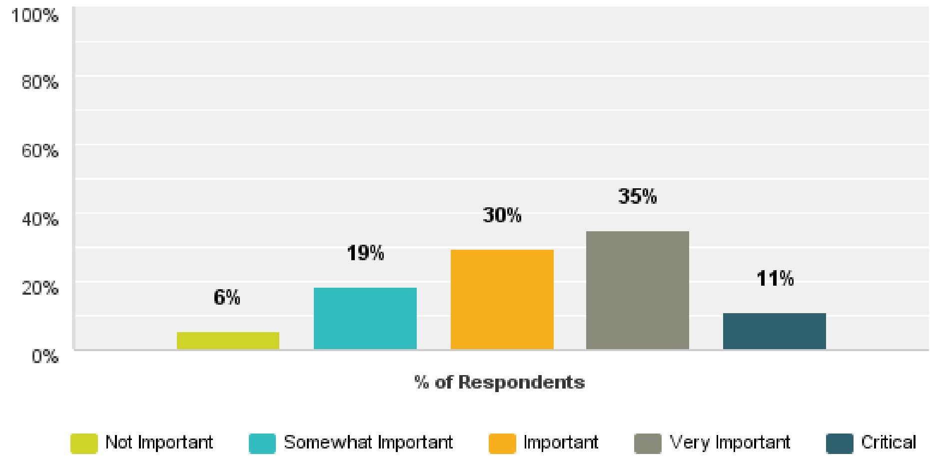
Chart 39. Responses to the statement: You have "challenges integrating existing retail execution solutions, including legacy, to create a cohesive whole."



There appears to be a greater level of integration in retail execution with only 20% disagreeing as compared to 8% in TPx. Some of the challenge may come from multinational companies that require a combination of merchandising, direct store delivery, distributor management, and van sales to manage their sales function across diverse geographies. Nevertheless, this is yet another example of the opportunities for better integration.

Survey respondents are prioritizing ERP to retail execution integration, which can be seen in the following chart, but the cohesive whole is still elusive.

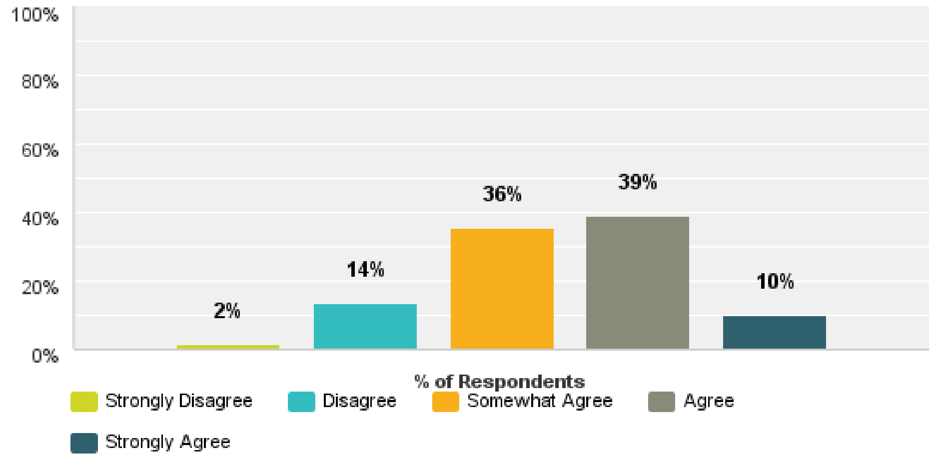
Chart 40. Responses to the question: How important in a retail execution solution is "ease of integration to your ERP environment?"



We find it interesting that 25% don't find it important. This could be because the respondents are speaking to their merchandising capabilities, which typically don't integrate to ERP, or else, just don't think it is important, as we stated in reason number 4 above.

Finally, we asked about integrating data from third parties, such as brokers, and found that there are challenges in this area as well.

Chart 41. Responses to statement: You have "challenges working through third parties, such as brokers, while having the quality of execution as well as visibility into market conditions."



The lack of visibility would mean that the retail execution solution used by the broker (we believe most of the major broker sales organizations have their own) is not suitably integrated into the whole to give the desired visibility. But this is not limited to brokers. We have also spoken to CG companies who have experiment with or deployed crowdsourced retail execution solutions and found that the integration/combination of data from their field force and the crowdsourced feeds has posed challenges. This data would underscore that finding. We also believe that it is possible for an organization to have a direct field force, broker force, and some crowdsource personnel, all working in combination. This would make it even more difficult. Nevertheless, 84% find it hard to get appropriate levels of visibility through data integration from the third party field force.

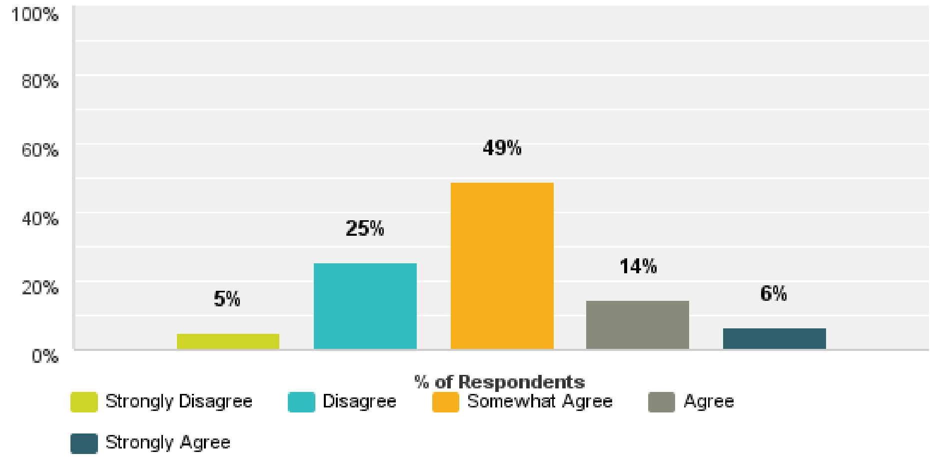
Recommendations:

- Before purchasing a TPx or retail execution solution look for "proven" ability to integrate. That means asking for reference customers with the same brands and release versions as the solutions you will want to integrate into.
- Specifically outline your data sources, including any that you might add in the near future, and request reference situations of other instances where CG companies have integrated these sources.
- In particular ask for references of other companies that have integrated to your particular brand and version of ERP solution. This is perhaps the most important reference situation to check.
- Look for companies similar to yours in terms of number of products, categories, geographic dispersion, and customer hierarchies (distributors, direct/indirect customers) and other channels such as food service.
- Map out your various solutions and where interfacing will have to be done. Allocate sufficient time and resources to do so while recognizing that much of your future analytical abilities will depend on your ability to combine data where users are making decisions.
- Always keep in mind that there is a huge difference between "we can integrate…" and "we have done it multiple times with environments similar to yours."

Implication 8: Many manufacturers are not sufficiently focused on the future.

This may seem like a bold assertion but we see several places where blind spots in thinking may be occurring. For example, many manufacturers have been backed into a corner by Wal-Mart. Promotional dollars are all poured into the shelf price and there is limited control over the tactics. This is not new news. When Wal-Mart hit annual sales of $482 billion in January 2015 it was obvious that the opportunity to reel it back in has long since come and gone. However, 69% of survey respondents said that Wal-Mart is unprofitable for them. The results are as follows (and we are sorry for the grim reminder, but this is leading up to something):

Chart 42. Responses to the statement: You have "challenges making a profit selling to Wal-Mart."



Nearly 40% of respondents have no concerns about doing business with Amazon. Only 25% have figured out that Amazon can adversely impact their brands.

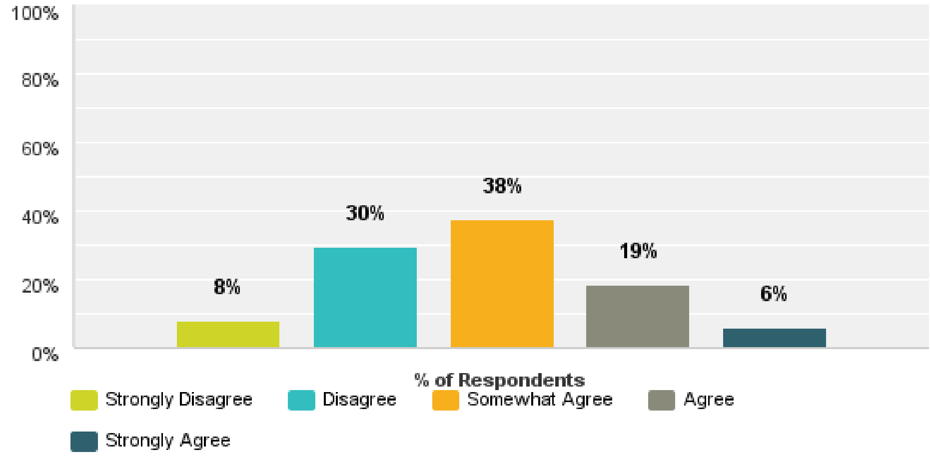
We interpret the 20% that agree and the 49% that somewhat agree as evidence that Wal-Mart has cast a negative pall on margins as compared to working with other retailers. And we don't see this changing. In fact, in 2015, Wal-Mart found many places where it was no longer the "low price leader" and went after manufacturers for deeper price concessions. It appears that where pay-for-performance billback funds were made available to other retailers for more interesting promotions, Wal-Mart reacted. But the reaction was not to improve the merchandising mix or shopping experience, but to merely demand price concessions.

Perhaps the question about Wal-Mart has not been quantified or stated this way in some other surveys, but the forward-looking concern should now be focused on Amazon. This highly disruptive player is making a serious play for the center store, pondering the fresh food sector, and wants to use drones to deliver products directly to consumers. Even if Amazon only achieves a modicum of success in the grocery category, it is already cutting into categories like health and beauty after dominating books, music, and videos. As it bypasses retailers and takes major price concessions from manufacturers, Amazon becomes a major threat for several reasons:

1. Amazon has proven to be highly predatory already. Look no further than booksellers for examples.
2. As Amazon preys upon retailers, they will in turn seek greater concessions from manufacturers in the form of trade spend in order to stay in business. Trade spend will shoot up another 5 percentage points over 5-10 years.
3. Amazon doesn't share data. In this regard, it is the epitome of anti-collaborative.
4. It doesn't allow any of its suppliers to undercut its pricing. Therefore, your efforts at ecommerce get crushed except for sheer informational purposes about your products with no ability to sell them.
5. There is neither a shopper nor promotional strategy at Amazon. It is all about price and convenience. Neither of these are necessarily bad, but gone is the ability to be part of the community for a worthwhile project such as disaster relief or building a scoreboard at the local sports venue.
6. The combination of the market power of Wal-Mart and Amazon drives down margins and reduces potential for co-innovation with retailers. Being in survival mode is not pretty and does not improve the shopping experience.

Nevertheless, nearly 40% of respondents have no concerns about doing business with Amazon. Only 25% have figured out that Amazon can adversely impact their brands. Specific survey results are as follow:

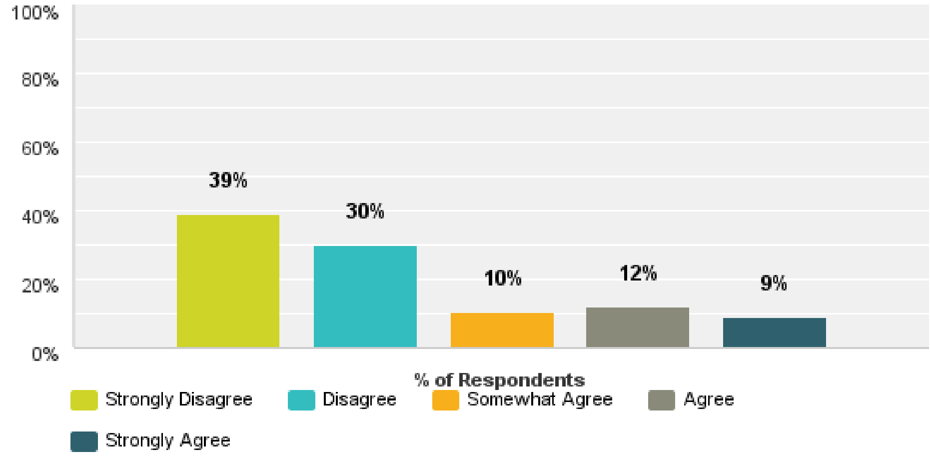
Chart 43. Responses to the statement: You have "concerns about doing business with Amazon."



If we rolled back the calendar 30 years, the concern about Wal-Mart would have probably been about the same. But it is the combination of Wal-Mart, for brick and mortar domination, and Amazon, for the e-channel, that looms foreboding for CG manufacturers.

Another critical component of future-centric thinking is the ability to use predictive modeling to optimize promotions, otherwise known as trade promotion optimization, or TPO. We certainly do not advocate jumping into predictive modeling where you have change management, data quality, user trust, or solution integration issues to contend with. To wit, the key is to balance current requirements with future needs. But here is what we found from survey respondents on the topic of TPO capabilities so that you can see where everyone else is positioned:

Chart 44. Responses to the statement: "You have trade promotion optimization (TPO), which is to say, the use of predictive models to determine promotional outcomes, in the hands of your field users today."



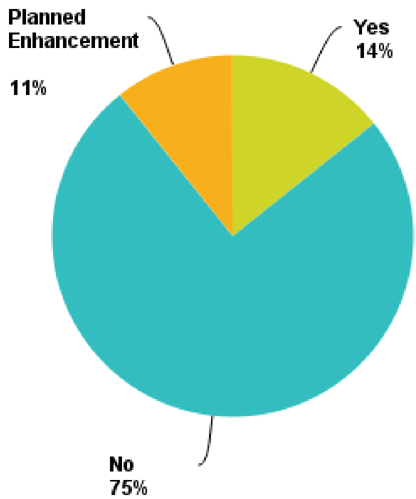
While we may have biased the results by asking whether such tools are in the hands of field users, we do believe that is where they ultimately need to reside. Nevertheless, as an interim step, we believe there is a place for TPO among select users or in a central function like trade marketing. But we recommend dealing with the data and change management issues first, if they exist. TPO is the future. It is just a question of when to adopt it in order to achieve positive results and not stumble in a way that is avoidable with the right precautions.

Now shifting attention from TPx to retail execution, we see from the survey results that there are additional opportunities. Specifically, there are capabilities that can increase competitive advantage but have not yet become mainstream. They are:

- Image recognition
- Gamification
- Retail activity optimization
- Embedded social capabilities
- Guided selling

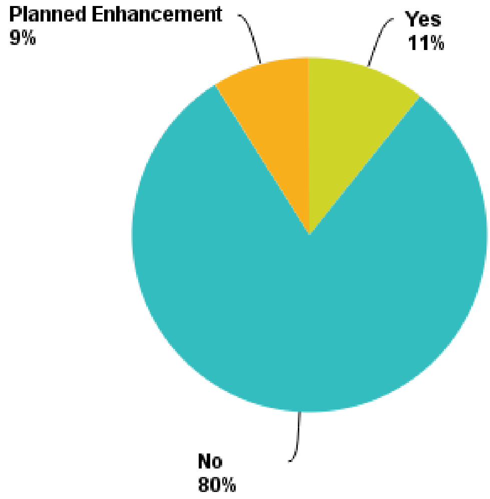
All of these are interesting because they have the potential to help the field force sell more and sell smarter, not just be transactional. Survey responses about the degree to which these capabilities are being utilized are as follow:

Chart 45. Responses to the question: “Do you have image recognition (take a picture of shelf set, image is transmitted and recognized, KPIs and actions are transmitted back to the user)?”



For this capability, the uptake is minimal despite many retail execution vendors having already embedded image recognition as an option. Also, planned adoption is fairly low. Cost is certainly an issue, as well as the speed with which the results come back to the user. Nevertheless, both are decreasing and there is an opportunity to increase competitive advantage over the 75% of non-adopters by using image recognition.

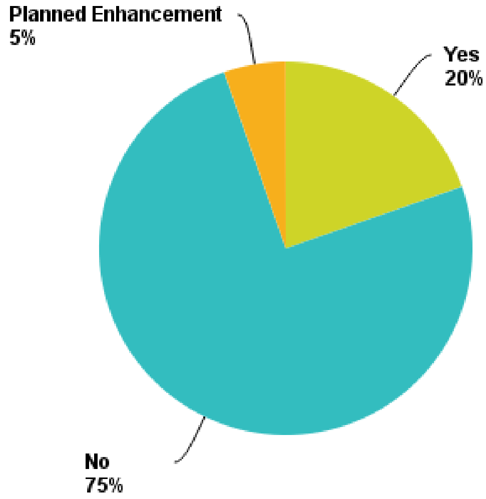
Chart 46. Responses to the question: "Do you have gamification (contests, leaderboards, simulation)?"



The results are pretty close to the same here, despite gamification being easier to embed and having relatively low-to-no variable costs associated with securing it. Keep in mind that millennials are highly motivated by the type of feedback that gamification offers. Again, there is a chance here to improve execution compared to at least 80% of the market by utilizing gamification capabilities.

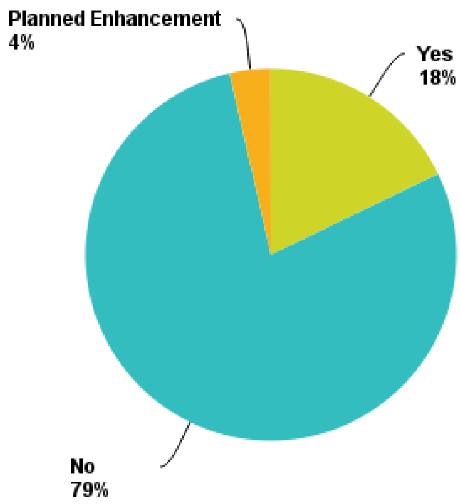
Chart 47. Responses to the question: "Do you have retail activity optimization (utilizing daily POS data to determine which stores to visit, in what sequence, and what to do while there)?"

Keep in mind that millennials are highly motivated by the type of feedback that gamification offers.



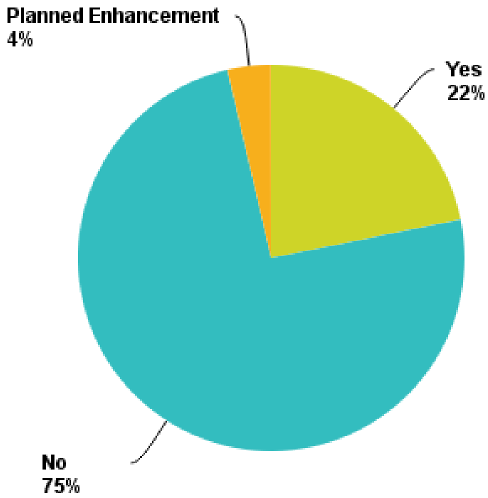
This response surprised us because we believed empirically that it was a bit lower. However, it may be that a separate system provides some insight on which stores to visit. Nevertheless, there is an opportunity here to improve execution against at least 75% of competitors, and apparently there is little intention to adopt this set of capabilities in the near future. Keep in mind that a big complaint we analyzed in section 5 above were stated challenges finding tools to enhance worker productivity. We believe that retail activity optimization is the pinnacle of worker productivity.

Chart 48. Responses to the question: "Do you have social capabilities embedded within your solution to leverage insights with peers, manager, or others?"



Again, a familiar story here. Adoption is relatively low and it is not planned to increase despite the benefits. Leveraging the power of peers and managers with insights on demand and embedded within the retail execution solution can indeed yield competitive differentiation. Also, the ability to capture and archive the insights for a specified period of time — like a campaign or selling season — can be a big differentiator in helping field people to do the right thing.

Chart 49. Responses to the question: "Do you have guided selling (use of branching logic to guide field sales person to certain activities based on answers to certain questions)?"



It would seem that most of the survey participants weigh in at 75 to 80% of some of the capabilities that offer them more than just being transactional. Guided selling would certainly be included in this category. Also, there appear to be few plans to add this in the near future. This begs the question: "so what are CG companies going to invest in?" We believe they are currently addressing shortfalls by investing in new solutions that are popular with IT organizations in an effort to standardize on a smaller set of global solutions. Also, that they are being sold promises in the form of have-it-your-way platform solutions that often have the same issues of being lacking in best practices, deficiencies like the inability to work offline, are largely transactional and not deep in analytics, or bring a new set of integration issues. But we are convinced that there are significant opportunities based on a more thorough look to the future.

Recommendations:

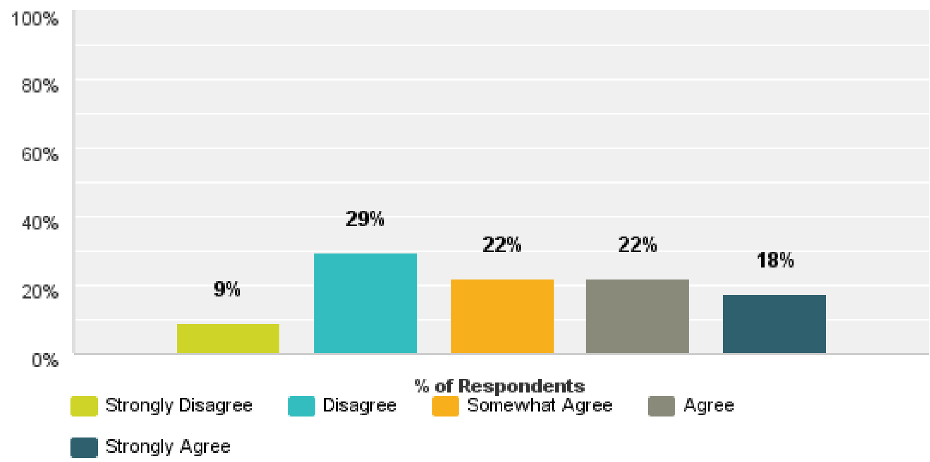
- Take a realistic view of Wal-Mart. In some cases that means working with more collaborative retailers that offer promotions and a shopping experience. It also means finding ways to improve product availability. If you can't really promote at the shelf as a result of declines in product availability at Wal-Mart, you must focus on at least being present at the shelf. But you have to reduce reliance on Wal-Mart to cover your fixed operations at the plant and work with other players that will share data, have growth potential, and will perform for their dollars.
- Amazon is still unveiling itself. Keep in mind that as it increases home delivery of more grocery categories, it will put immense pressure on traditional retailers, who will increase their reliance on trade spending and allowances to survive. But as Amazon invests in more brick and mortar to do home delivery, there are more opportunities to collaborate with retailers to leverage existing brick and mortar to provide both convenience and shopping experience, depending on the context. But collaboration is key.
- Have a plan for TPO. Don't rush it if you aren't ready, but take steps to get ready by improving the quality of the data that will be used to fuel the predictive models, experimenting with modeling, achieving greater mastery of the more basic parts of the promotion cycle like post-event analysis, and increasing user adoption by improving the user experience.
- Move retail execution capabilities beyond transactional. Consider how image recognition, gamification, retail activity optimization, embedded social capabilities, and guided selling can be added to your arsenal to improve outcomes at the store level. This may include having frank talks with your vendor to get it on the road map, but that is a big component of the software development process.

Conclusion

In summary, we are still bullish on how a well-defined business process can be enabled with technology to achieve superior results. Many companies are doing it well. Yes, there are those that are not happy with their ability to manage trade promotions. But the 21% that are satisfied and the 36% that are somewhat satisfied (and hopefully improving) attest to the fact that it can be done.

The same can be said for retail execution. The 20% that are satisfied and 48% that are somewhat satisfied are doing some things right. As the entire industry focuses on these 8 key implications and shows improvement it will earn the opportunity to make improvements. But success breeds success. That means the status quo must go. And this isn't just a slogan. The status quo not only achieves mediocre results and loses competitive advantage over time, but also makes it harder and harder to secure funding for additional investment. In our survey we probed this point relative to TPx capabilities and found that there is some skittishness about investment. We specifically probed TPx because we believe that managing promotions more effectively is the single biggest opportunity in terms of the number of events that don't break even and the massive amount of money spent on them. As a result of asking about TPx investment we got the following results:

Chart 50. Responses to the statement: You have "challenges justifying or building a business case for investment to deepen your trade promotion TPx capabilities.



Some 62% are having investment justification challenges. But it doesn't have to be this way. Again, success breeds success. Choose your battles and focus on the areas where you can rise above the rest of your competitors in one of our implication areas. As you do so and improve results, you will earn the right to invest. And this will help you to continue to improve results.

For questions, and to identify next steps with your TPx and Retail Execution Journey, reach Dale Hagemeyer, Partner, Promotion Optimization Institute, LLC at dhagemeyer@p-o-i.org

To inquire about POI membership and services, contact Michael Kantor, CEO, Promotion Optimization Institute, LLC at mkantor@p-o-i.org

About the Promotion Optimization institute (POI)

POI brings together manufacturers, retailers, solution providers, analysts, academics and other industry leaders with the specific objective of collaboratively improving the promotion and distribution of consumer goods. Members of POI share cross-functional best practices in both structured and informal settings.

Additionally, members benefit through our industry alliances, the Certified Collaborative Marketer (CCM)™ program, and industry-leading summits around the globe.

POI aims to instill a financial and metrics-based discipline not typically found with other trade groups. The goal of our innovative approach is collaborative promotion optimization. The focus is on the customer/shopper through sales, marketing, and merchandising strategies.

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