



# Revolutionizing the Trade Management Process

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# Digitalization of business evokes new market dynamics

## Empowered consumers



**\$1 Trillion**

Or 28% of all retail sales influenced by mobile devices in 2014<sup>1</sup>

## Evolving Purchase Habits



**26%** of shoppers have purchased groceries online<sup>2</sup>

**33%** of shoppers plan to order more groceries online in the future<sup>2</sup>

## Diminishing Loyalty



**33%** of consumers purchased from a company or brand other than the one he or she intended because of information received in a micro-moment<sup>3</sup>

- 1) Source: Mobile Influence on In-Store Sales: \$1 Trillion, Mediapost & Deloitte Digital
- 2) Source: MarketTrack Shopper Insights Services survey
- 3) Source: "Winning Omni-Channel Shoppers in their Micro-Moments" Google, Oct 2015



# Industry Challenges

Public

Retailers are expecting manufacturer support to achieve their revenue and profitability targets

Retailers are demanding business plan tailored for the buyer in their own languages and KPIs

Retailers expect coordinated sales promotions and marketing campaigns to be tailored to their shoppers

**82%** of consumers will substitute and switch brands due to an out of stock product

*(Marketing Science Journal)*

**52%**

of consumers agree the price of a product is more important than brand

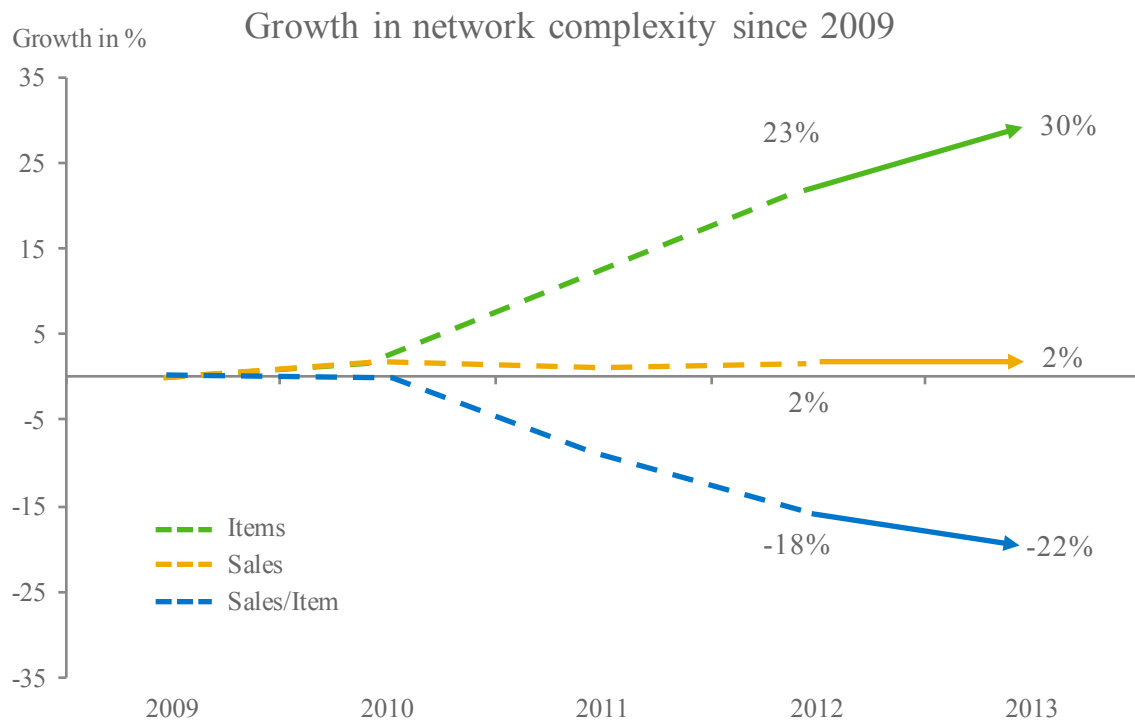
**60%**

of merchandising trade spend are associated with events that lose money

*(Strategy& / PwC)*



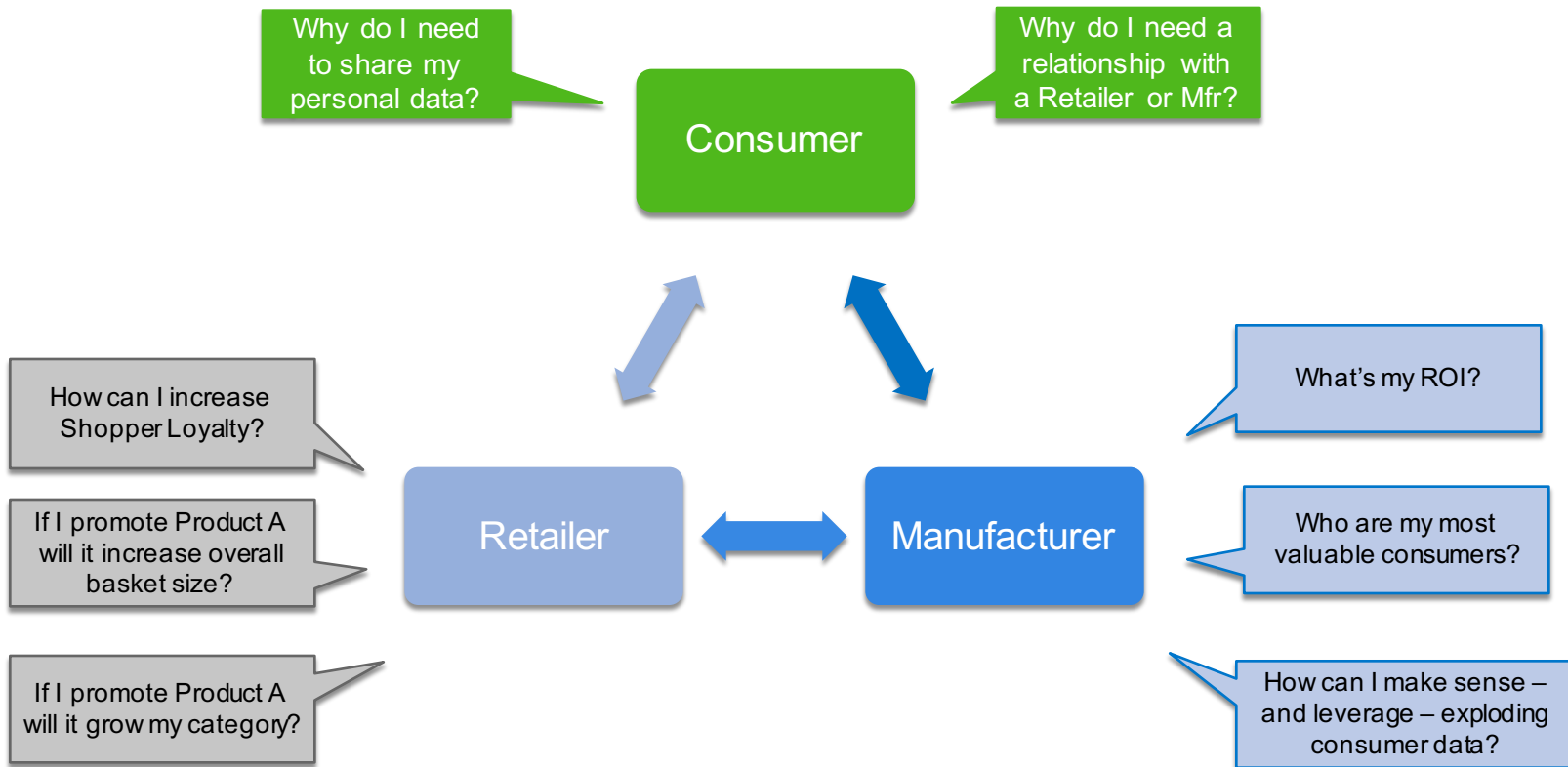
# The drive to personalization creates enormous costs



- **Research & Development :** Product innovations, delivery and launch
- **Sourcing :** Commodities, other raw materials, and packaging
- **Manufacturing :** Production setup changes and capacity
- **Supply chain :** Forecast error, inventory, and obsolescence
- **Sales & Marketing :** Segmentation and channel-specific programs



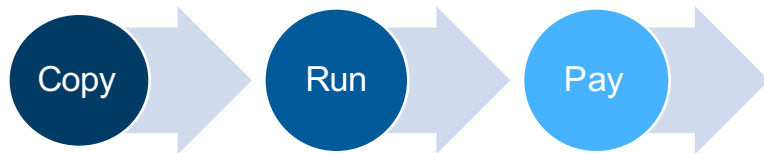
# The rise of the consumer must also be considered to fully appreciate complex marketplace dynamics





# Revolutionizing Trade Management

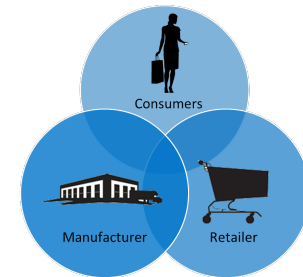
## Situation today



### Offline, disconnected tools constrain Account Managers to sub-optimal promotions

- Customer plans not aligned to company objectives; roll-up is difficult
- Implemented TPM systems that often merely a “checkbook”
- Promotions not consistently analyzed
- Repetition, repetition, repetition...with the same sub-optimal results

## Future situation



### Drive profitable growth with optimized account and promotional plans

- Holistic approach to complete P&L management across all volume, spend and revenue
- Transforms customer relationship from a promotion manager to trusted advisor
- Expand planning and execution beyond trade
- Extend performance measures to true post event analysis and profitability



# Revolutionize Trade Promotion Management

**TPM**

**T**hink

**P**lan

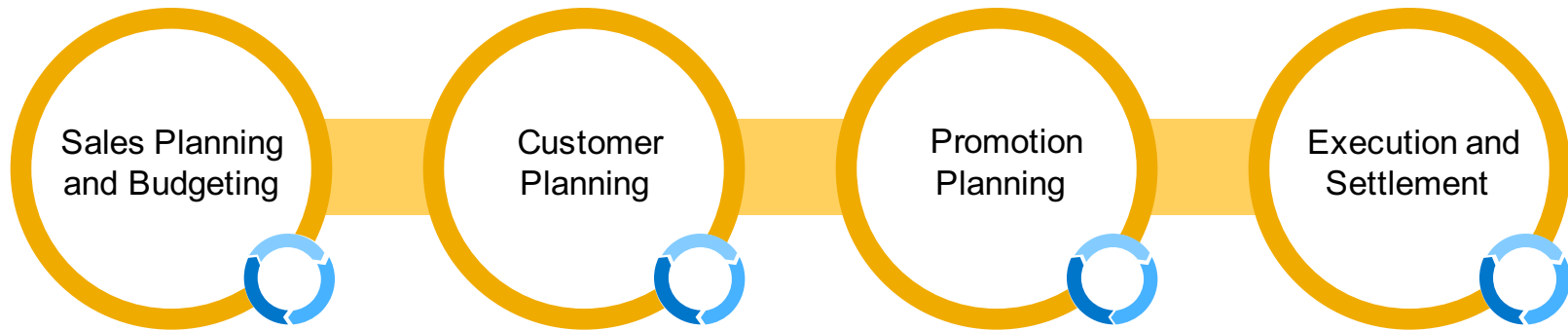
**M**anage



- 1.** Manage Overall Process to drive decisions that balance non promotional and promotional activities
- 2.** Allow Account Managers to understand how to impact volume and margin from internal and retailer perspective while planning
- 3.** Actively manage execution and towards overall plan and foster shift towards profitable promotions



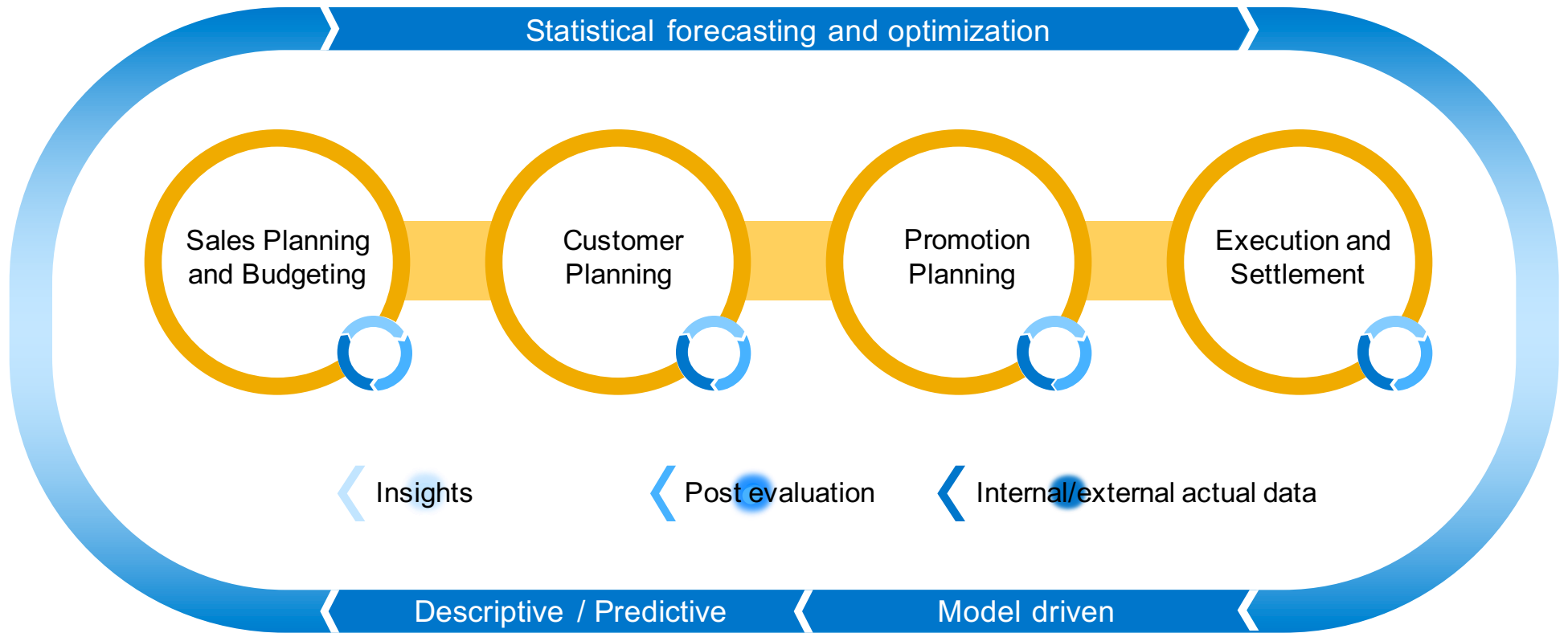
## Revolutionizing Trade Management with a holistic, integrated process from HQ target setting to execution







# Revolutionizing Trade Management with a holistic, integrated process from HQ target setting to execution with wrap-around optimization





## Sales Planning and Budgeting



- **Prepare**: Receive and review corporate objectives including marketing activities calendar, new products, phase outs, channel strategy, budgets and planning cycle for the Sales Planning & Budgeting process. Allocate target by customer, product and time.
- **Negotiate**: Agree and present headquarter contracts to ensure terms are provided and reflected during planning and execution.
- **Conduct**: Monitor the bottom-up planning process to ensure plan results meet targets until the overall sales plan is approved.
- **Execute**: Continue forecasting and initiate corrective action is executed during the year.



## Customer Planning and Budgeting



- **Preparation**: Review brand strategy, category strategy, targets, historical customer assortment and incorporate knowledge about customer buyers and product strategy.
- **Baseline Plan**: Simulate volume and profitability generated without promotions. Analyze the impact of price and trade term changes for the upcoming year. This incorporates product phase outs and new product introductions in category alignment to drive non-promoted volume.
- **Promotion Plan**: Create the customer-specific promotion calendar based on historical activities, marketing events and the headquarter promotion library. Develop both high level and detailed promotions to assess contribution to the overall sales and budget targets.
- **Finalization**: Align plan with the internal organization and obtain customer approval. Preserve final plan to monitor against execution.



# Promotion Planning and Budgeting



- **Preparation**: Review Marketing Events calendar, headquarter promotion library, promotion library and knowledge about brand and customer strategy.
- **Initialization**: Populate promotion plan by selecting top promotions from promotion library or setting up brand new promotion
- **Promotion context**: Define promotion-specific objectives and address markets. Align with internal and external parties to ensure a successful execution.
- **Promotion optimization**: Detail promotion planning by simulating incremental volume based on tactics, seasonality and holidays. Optimize promotion timing to align marketing events and the headquarter promotion library. Assess promotion contribution to the overall sales and budget targets.
- **Finalization**: Align with the Customer Plan and obtain customer approval. Monitor promotion performance. Identify the most profitable promotions and tactics into the promotion library. Consider historical promotion performance to derive optimal promotion library.



## Execution and Settlement



- **Execute**: Apply promotions tactics in sales orders, delivery and billing activities. Collect promotion performance from internal and external data to calculate and post accruals.
- **Monitor**: Analyze actual consumer sell-through versus orders and shipments to see demand exceptions, spot promotion compliance issues, and identify unauthorized activities such as forward buys and invalid claims.
- **Settle**: Pay deduction and invoice claims. Relieve financial accruals and visibility to the updated funds.



# Revolution in Trade Management should include collaborative business planning



## Personalized

Personalized business plan tailored for the retailer and his buyers in their own language and KPIs



## WIN-WIN

Collaborative business planning by providing manufacturer's and customer's perspectives



## Optimize

"More bang for the bucks" by understanding how to impact volume and margin from internal and retailer perspective while planning



## Analysis

Ability to measure profitability and effectiveness of a business plan based on internal and external data



## Collaborative business planning benefits are clear

### Tangible Benefits

- Shift from manual/individual Plan build to a structured way of planning
- Integration with retailer view
- Increase collaboration during planning and target tracking with the Retailer
- Consistent success criteria measurable with the Retailer
- Allow users to retrieve, amend and analyze the right information quickly



### Indirect Benefits

- Integration of past learning's
- Joint event development with retailers
- Full impact analysis with roll up P&L capability
- Increased trust
- Increased transparency and visibility of business
- Joint plan ownership responsibility / mutual goals
- Shift from data reconciliation to analysis and strategy execution





## Being able to leverage both internal and external disparate data streams enhances the overall trade management process

Strategic Planning and Budgeting

Customer Planning and Optimization

Promotion Planning and Optimization

Execution and Settlement

- Detailed sales planning & budgeting based on accurate & granular demand history
- Easy enabling of sell-in & sell-out analysis to analyze forward buying by highly automated data processing with built-in exception management
- Easier monitoring of retailer compliance for faster course-corrections and claims validation
- Reduction of out-of-stock, out-of-shelf & lost sales by faster visibility into promotion execution results and leveraging harmonized 3<sup>rd</sup> party data for predictive modelling
- Ongoing benchmarking of top/bottom selling stores, products, and promotions adapted from actuals
- Enhanced post-event analysis built on internal & 3<sup>rd</sup> party data

Increase Forecast Accuracy



Leverage Retailer Insights



Increase Incremental Revenue and Margin







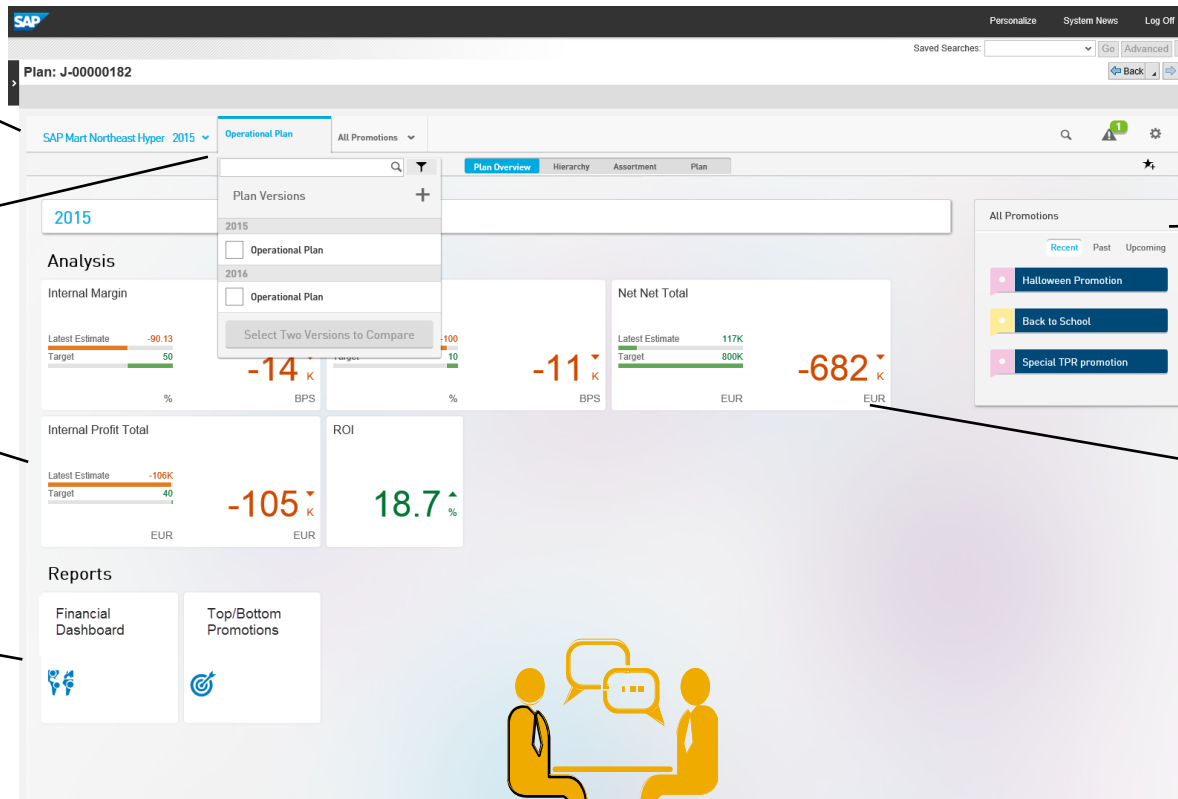
# Customer Business Performance cockpit

Easy selection of your customer business plan

Select the version of business plan

Dynamic charts to provide high level, real-time overview on your sales target

Rich Analytics for further analysis



Quick search on your customer promotions

Color coding alerts for deviations between targets and plans



## Revolutionize Trade Management!

- R** like **R**eturn on Investment
- E** like **E**nhanced visibility to all profitability drivers
- V** like **V**isibility due to real-time planning
- O** like **O**ut-of-Stock reductions due to better planning
- L** like **L**atest estimates aligning plan with actuals
- U** like **U**ser experience must be beautiful (consumer-grade)
- T** like **T**otal volume, both promoted and non-promoted, baseline and uplift
- I** like **I**ntegrated Business Planning
- O** like **O**ptimization at every stage of the process
- N** like **N**o more excuses!

**TRADE MANAGEMENT**  
**REVOLUTION**