



Fusing Digital and
Trade Strategies
to Drive
Mutual Growth

*“Taking your TPM TPO
and Advanced Analytics
Capabilities to the Next Level”*

Personalized Offers: The Cure for Tired, Ineffective Promotions

Dr. Sean Coary, Saint Joseph's University
Graeme McVie, Precima

Today's presenters



Sean Coary
Assistant Professor of
Food Marketing
Saint Joseph's University



Graeme McVie
VP & GM
Business Development
Precima

Today's discussion topics

01 Trade Promotions

The Present State of Trade Promotions and Why It Needs to Change

02 Personalized Offers

Why Are Personalized Offers Both Better and the Wave of the Future?

03 Looking Forward

So What Should I Do?

“You’re Special”



“You’re Special”

Nice to Know You

Naomi Surugaba [azlin@moa.gov.my]

   **Actions**

Inbox

Monday, March 10, 2014 1:18 PM

Dear Beloved Friend,

I know this message will come to you as surprised but permit me of my desire to go into business relationship with you.

I am Miss Naomi Surugaba a daughter to late Al-badari Surugaba of Libya whom was murdered during the recent civil war in Libya in March 2011, before his death my late father was a strong supporter and a member of late Moammam Gadhafi Government in Tripoli.

Meanwhile before the incident, my late Father came to Cotonou Benin republic with the sum of USD4, 200,000.00 (US\$4.2M) which he deposited in a Bank here in Cotonou Benin Republic West Africa for safe keeping.

I am here seeking for an avenue to transfer the fund to you in only you're reliable and trustworthy person to investment the fund. I am here in Benin Republic because of the death of my parent's and I want you to help me transfer the fund into your bank account for investment purpose.

Please I will offer you 20% of the total sum of USD4.2M for your assistance. Please I wish to transfer the fund urgently without delay into your account and also wish to relocate to your country due to the poor condition in Benin, as to enable me continue my education as I was a medical student before the sudden death of my parent's. Reply to my alternative email:missnaomisurugaba2@hotmail.com, Your immediate response would be appreciated.

Remain blessed,
Miss Naomi Surugaba.

“You’re Special”

Hi Sean,

Just following up on my previous email... did you receive that? I've included it below the line for your convenience.

Please let me know if you want the complimentary assessment... it's located at the bottom of the email.

Best,
Gregory

“Is Your Finance Operations Dept. Leaking Massive Profits?”

Hi Sean, have you considered auditing your finance operations recently?

It's possible that over time, waste and inefficiencies have crept into your finance operations, resulting in eroding profits and hidden costs that are eating away at your bottom line.

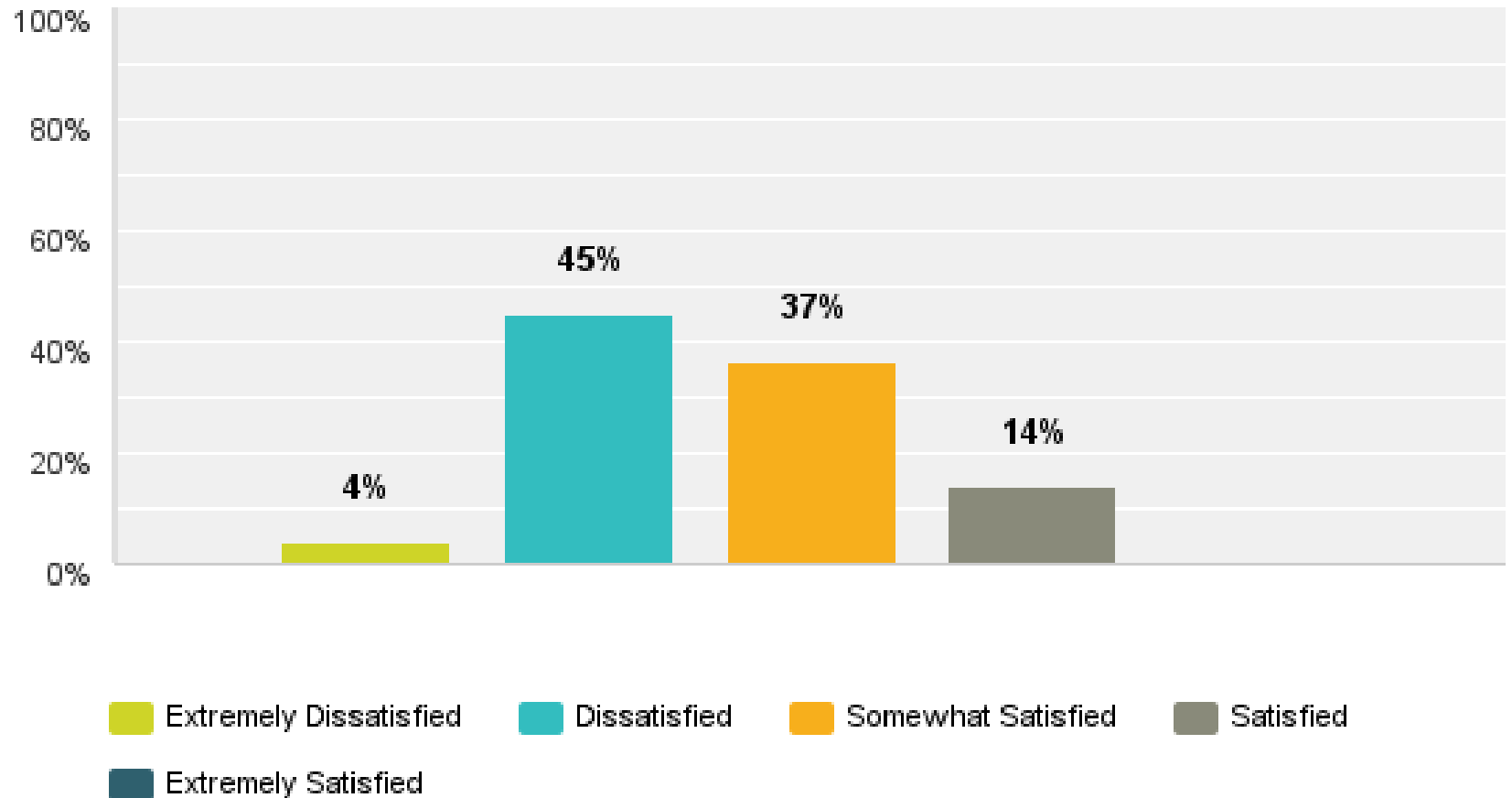
These hidden costs almost never come to light because they've been written off as “the cost of doing business.” Unless someone uncovers them and implements a solution, they'll eat away at your profits forever.

If any of the below are true at your firm, it's time for you to assess your finance operations for “hidden profit leaks”:

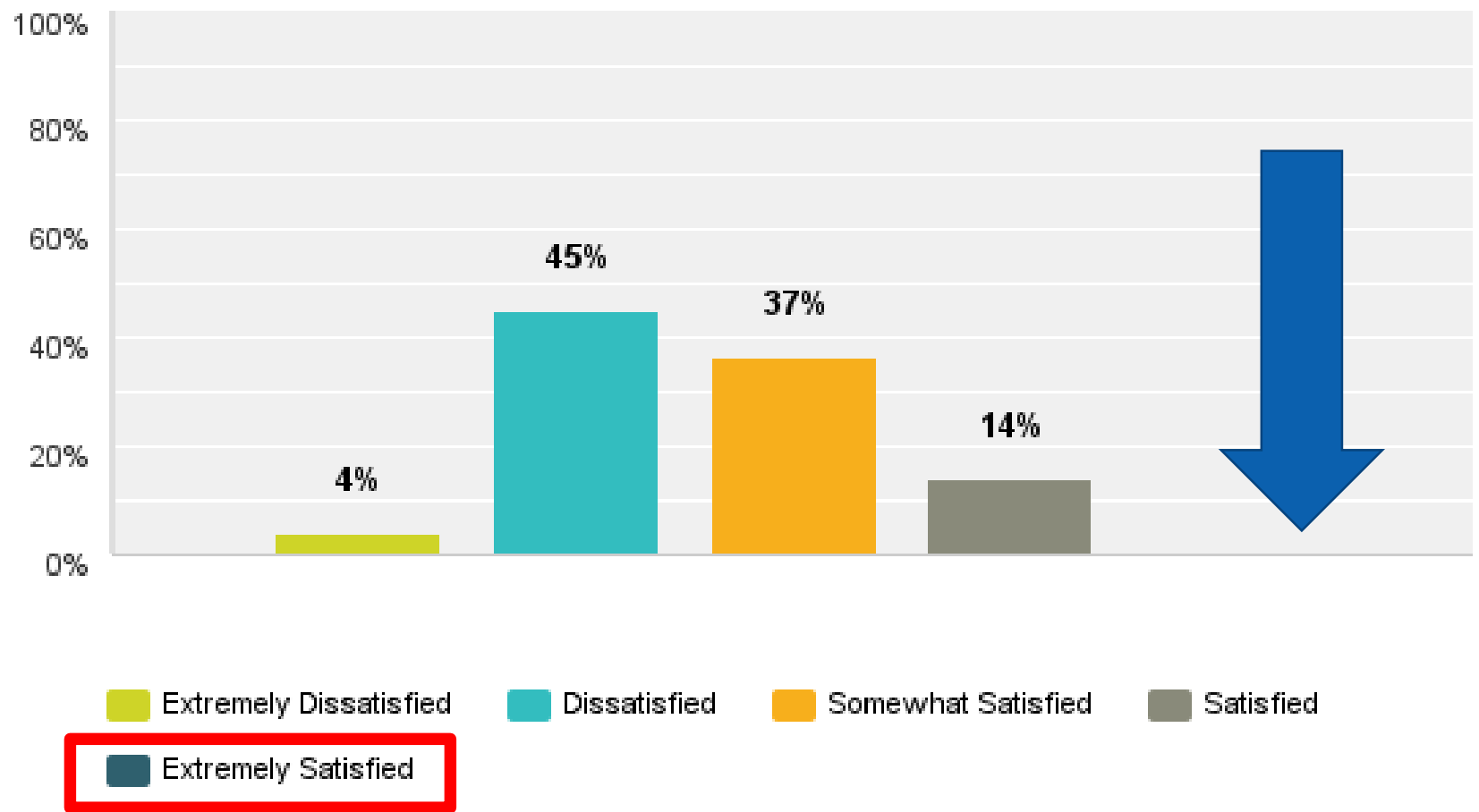
Treat Me Like I'm Special

- Consumers have a desire to feel special
- Are we filling that need?
- Traditional trade promotions
 - Generic - For the masses
- Is this mass, generic approach optimal?

Manufacturers: Are You Satisfied?



Manufacturers: Are You Satisfied?



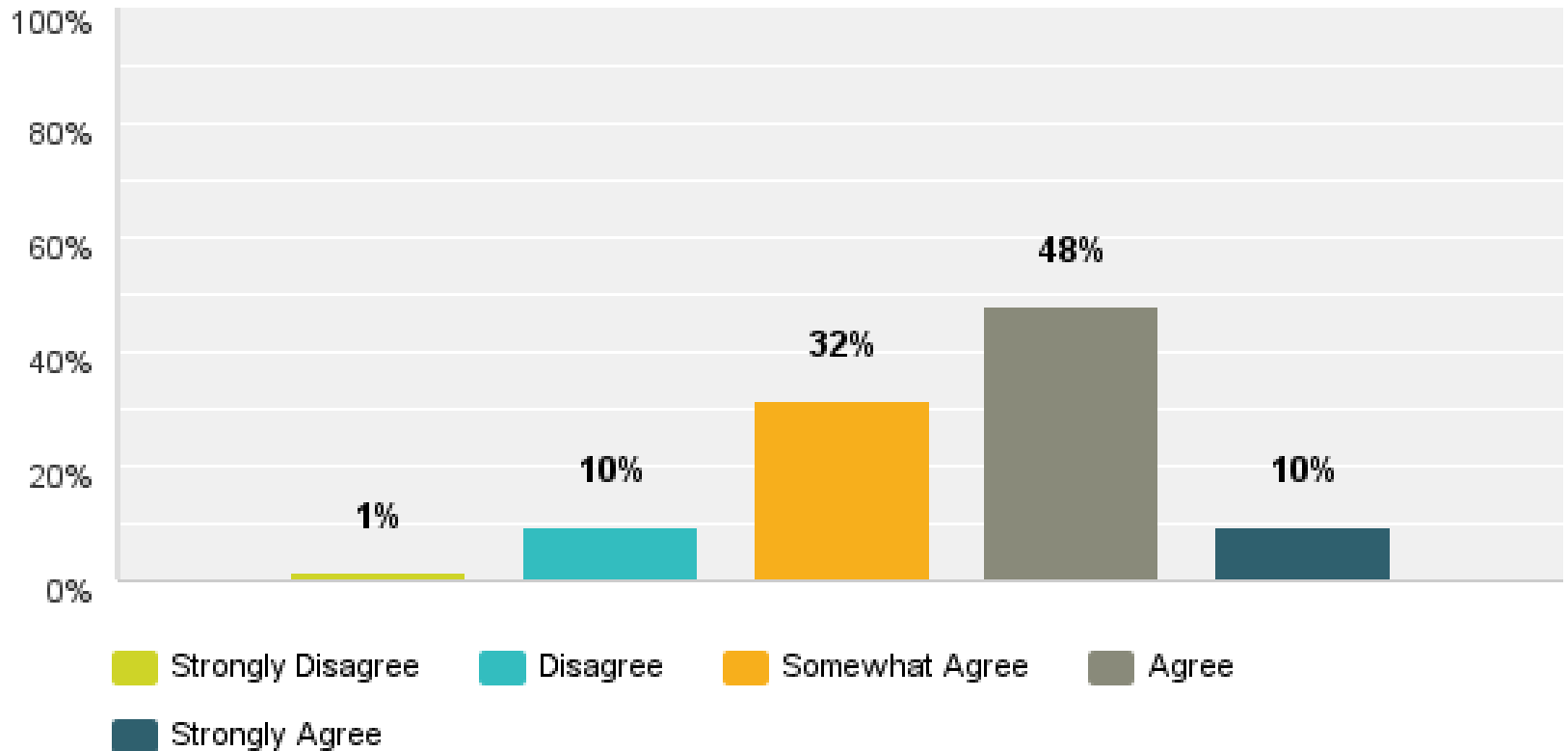
State of Trade Promotions

- 66% of trade promotions do not break even
- 22% did not generate any sales lift
- Who suffers?
 - Manufacturers – Sunk cost?
 - Retailers – Opportunity cost?

What Do We Do?



Compliance: Trust and Execution

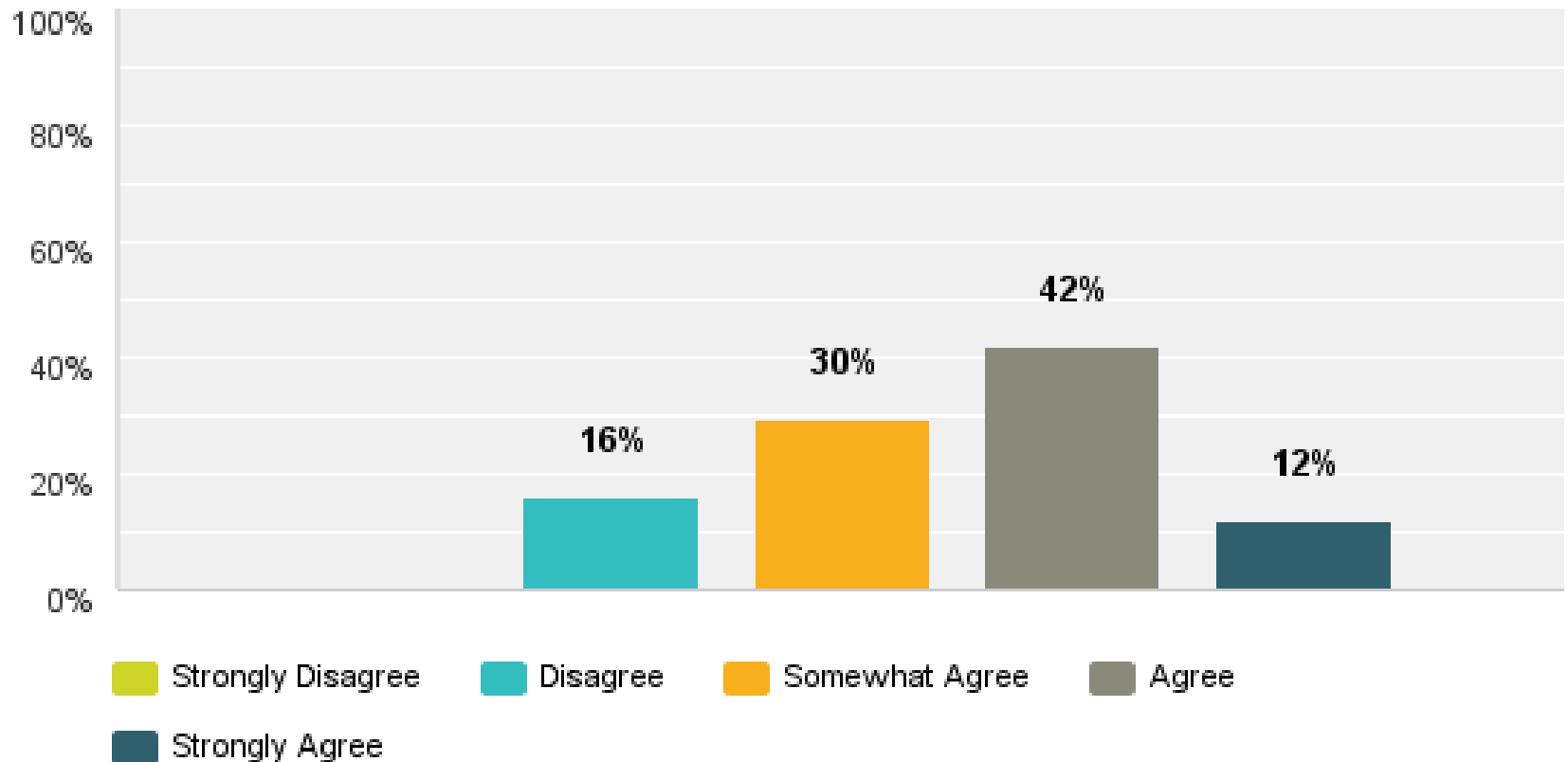


Manufacturers have issues with putting together a good plan but not getting retailers to execute it as agreed upon.

Greed or Logistics?

- Trade promotions can be complicated
- Analytics and evaluation of trade promotions
 - Struggle for both manufacturers and retailers
 - Analytical tools and personnel issues
 - Leads to “copy and repeat”

Challenges Finding Qualified Personnel



Manufacturers have challenges finding qualified personnel who can use and understand existing solutions.

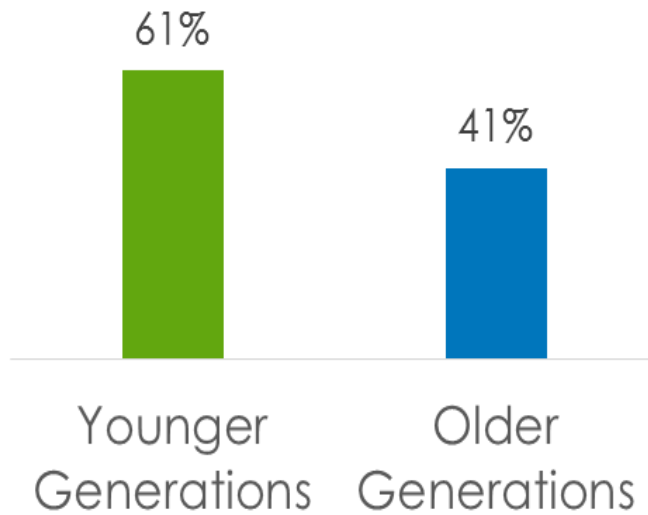
There Has to Be a Better Way?

- Traditional trade promotions aren't working well
- Coordination and personnel issues
- Follow the consumer

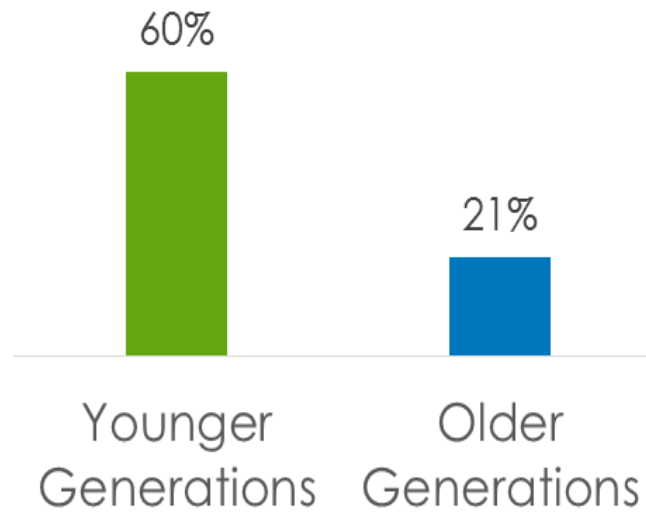


Who Wants What?

Mobile and email offers more relevant than flyers




Want personalized offers through their mobile device



How Do We Do It?


Product Name/Description	Price/Savings	Offer Type	Expiration	Add Offer To My List
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Special Offers

 <p>\$4 OFF</p>	<p>\$4 Off Your Purchase - of \$25 or More, *Standard exclusions apply.</p>	<p>Your Price \$4 OFF</p>	<p>Personalized Price One-time</p>	<p>8/9/2016</p>	<p>Add To List</p>
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Deli

	<p>Starbucks - Tall Caramel Waffle Cone Frappuccino, Limit 1.</p>	<p>Your Price FREE</p>	<p>Personalized Price One-time</p>	<p>8/16/2016</p>	<p>Add To List</p>
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	<p>Starbucks - Grande Caramel Waffle Cone Frappuccino, Limit 1.</p>	<p>Your Price \$3.00</p>	<p>Personalized Price One-time</p>	<p>8/16/2016</p>	<p>Add To List</p>
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03

Looking Forward: So What Should I Do?

How should retailers and manufacturers address these issues?

Stop

Fix

Slant

Relevance

Incrementality

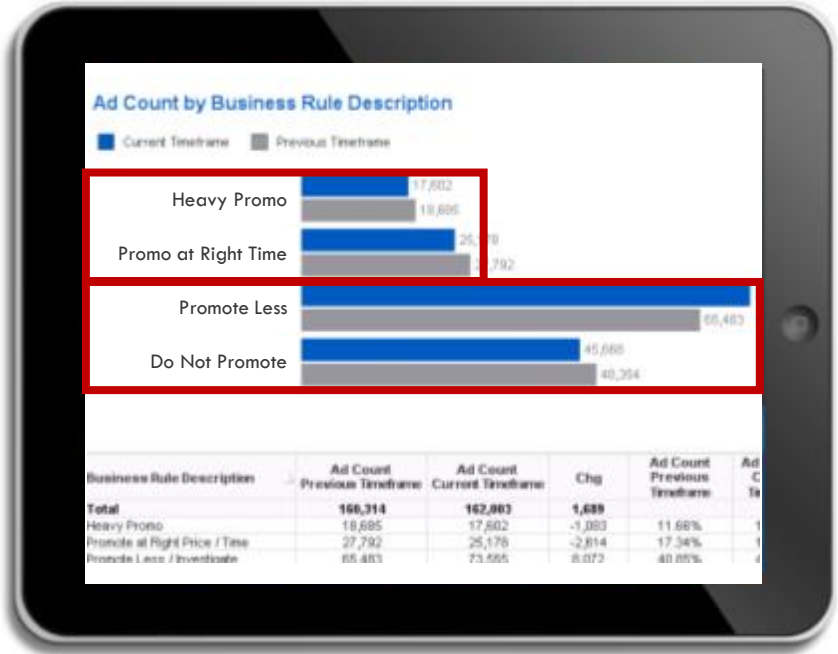
Scale

Stop non-performing promotions; perform post-promotion analyses

Stop

How did my items in the weekly ad perform?

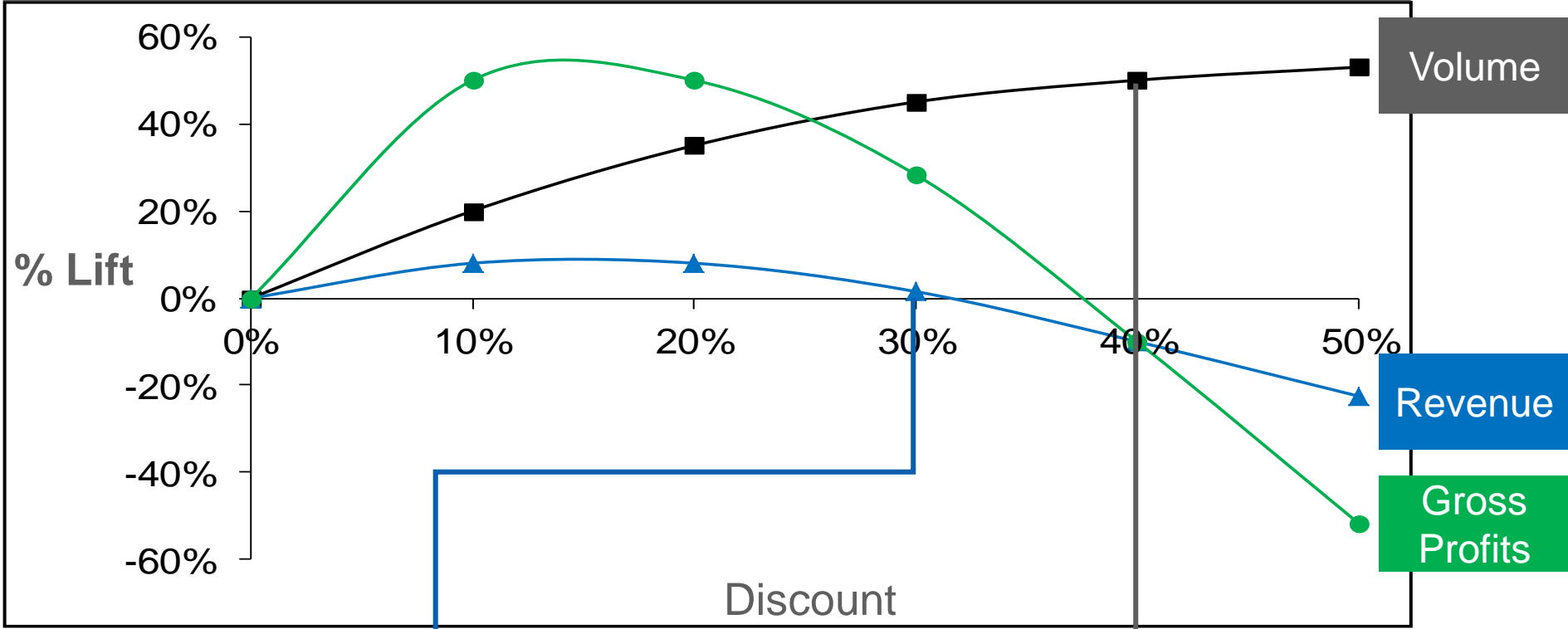
Which promotions should I continue executing and which should I stop?



Fix promotion mechanics to improve performance

Fix

Impact of Different Discounts on Volume, Revenue & Profit



At 30%: Revenue turns negative

At 40%: overall Volume begins to level-off; Gross Profits have turned negative

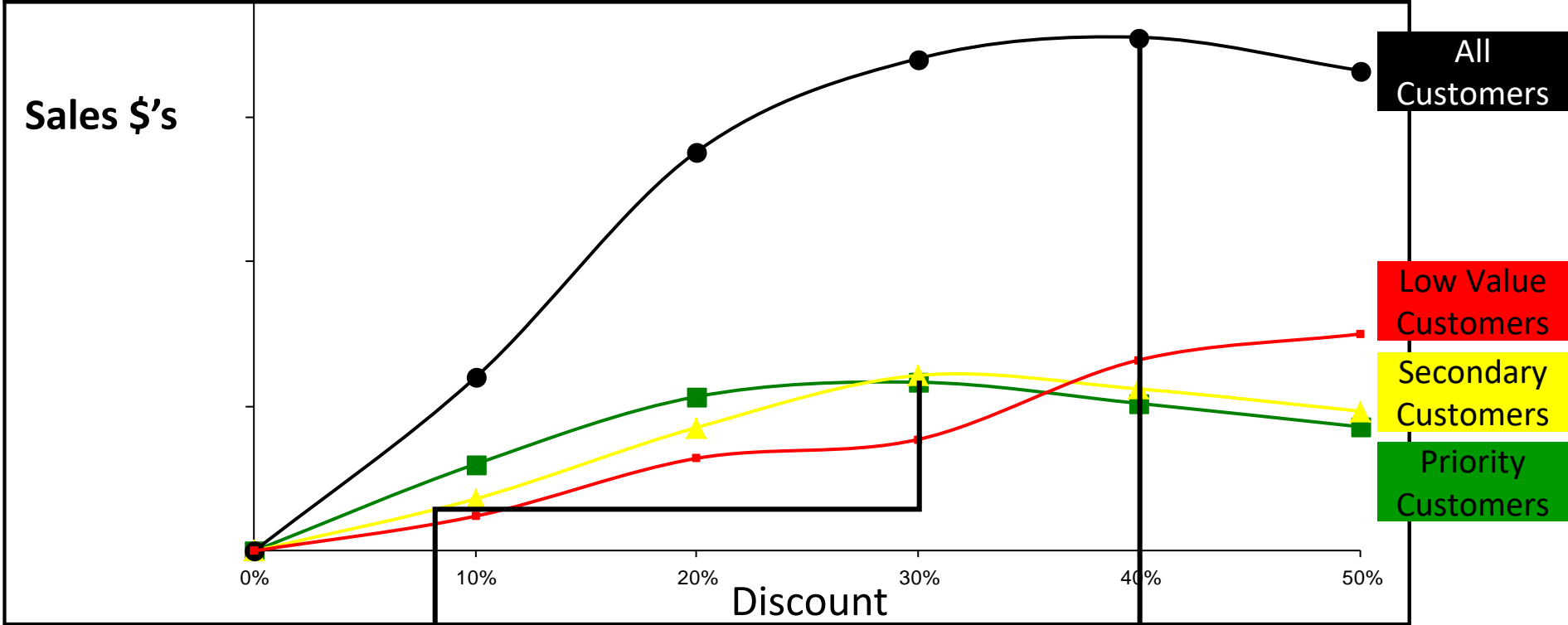
Design promotions for loyal shoppers

Coffee Example



Discounts should be designed for loyal shoppers

Sales \$'s at Different Discount Depths Overall and by Segment



At 30%: priority customer revenue starts decreasing; low value customer revenue increases

At 40%: overall revenue begins to decrease

Personalization efforts need to evolve

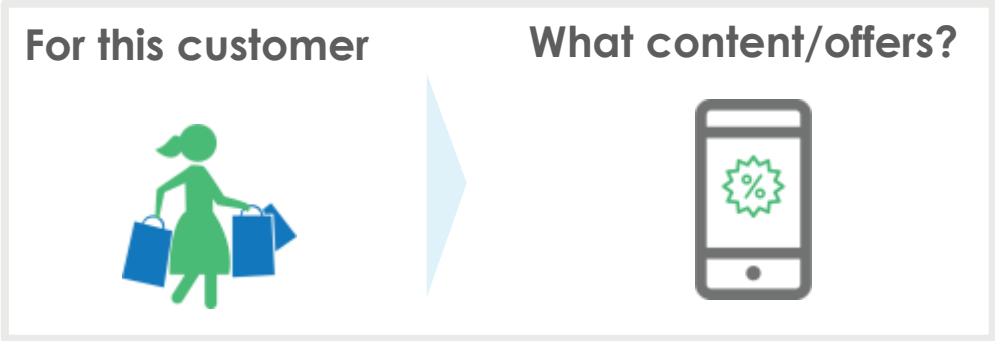
Relevance

From



Strategy, Process & Analytics shift from “limited offer bank” & rules management...

To



...to “total store offer bank” and customer level optimisation

Personalized pricing is possible

Relevance

90% of Shoppers



Price	Volume	Sales	GP\$'s	Delivery
\$1.99	+2.2%	+2.3%	+1.4%	Shelf

10% of Shoppers

Price	Current Value	Potential Value	Intent	Delivery
\$1.89	high	low	Defend & retain	email
\$1.85	high	med	Retain & grow	app
\$1.95	med	high	Grow	paper
\$1.80	high	low	Defend & retain	email
\$1.75	high	low	Defend & retain	email
\$1.80	high	med	Retain & grow	app
\$1.65	med	high	Grow	email
\$1.69	high	low	Defend & retain	app
\$1.79	med	high	Grow	paper
\$1.89	high	low	Defend & retain	app

Driving both relevance and profitability is essential

Incremental

How do I identify offers for each customer that drive response and incremental sales?

How do I incorporate customer-driven offers into the personalization process?

 Thank You

 Incremental Sales (Cross Sell/Up Sell)

 Improve Category Penetration

 Support Brand Objectives

 Total Spend and Frequency



Sharing the Load
Caring kids households' chores helps boost their self-esteem.

Save \$2
when you spend \$10 or more on any package of Bath Tissue, 6-12 rolls

Save \$3
when you spend \$10 or more on any Swiffer products

Save \$2
when you purchase \$4 or more on any Crest Toothpaste

Save \$4
when you spend \$15 or more on any Tide Laundry Detergent

Offer optimization delivers 100% personalized prices/offers

Incremental



Offer Bank

Content & Channel Bank

Each individual customer receives 100% personalized communication:

- Content (Creative and Copy)
- Offers (products, discounts, spend stretch levels, rewards, etc.)
- Offer type combinations (Thank You, Basket Builder/Continuity, Up/Cross Sell, etc.)
- Channel of delivery (paper, digital, mobile, social)


Need to build scalability into funding and process

Scale




Collaboration delivers significant personalization benefits


Scale



Loyalty Programs



Shopper Marketing



Merchandising



Supplier Collaboration

ROI

1-1.5X

2-3X

4-6X

5-8X

Personalization delivers but needs to be scalable

A | Promotions

Stop non-performing promotions
Fix promotion mechanics
Design trade promotions for loyal shoppers

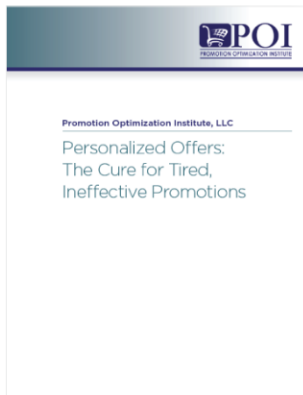
B | Personalization

Deliver personalized prices and personalized offers to key shoppers

C | Scalability

Design scalable collaboration processes
Provide sufficient funding to drive significant sales impact from personalization

Personalized Offers: The Cure for Tired, Ineffective Promotions



According to an industry analysis of over 100 million promotions, nearly 66% of trade promotions didn't so much as break even. 22% didn't generate any sales lift, let alone break even. This continues to be the case despite decades of both manufacturer and retailer efforts.

In this consumer promotion research report you will discover:

- What are personalized offers?
- Why are personalized offers both better and the wave of the future?
- What call to action should retailers and manufacturers take?

GET THE REPORT

Contains commands for working with the selected items.

125%

<https://www.precima.com/content/poi-personalized-offers-the-cure-for-tired-ineffective-promotions>



Thank you for attending

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