

# POI European Promotion Optimization Summit

Collaborate Globally and Execute Locally



*Big Data*  
**Pricing TPO**  
*Retail Execution*  
**Mobility TPM**

# ANALYTICS FOR EVERYDAY DECISION MAKING

Jeanne Danubio  
Bennett Cox  
May 10, 2017

# MARKET TURBULENCE IS PRESSURING YOUR P&L



**THE CAUTIOUS  
CONSUMER**

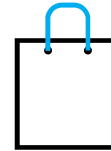
⚡ Consumer Outlook

⚡ Income Growth & Variability



**EMERGING  
INFLATIONARY  
PRESSURES**

⊖ Inflation



**MANUFACTURER  
AND RETAILER  
ACTIONS**

⊖ Bottom line preservation



**THE OMNI-  
CHANNEL SHIFT**

⊕ Population Shifts

⚡ Channel shifts

# THE CHALLENGE WITH ANALYTICS

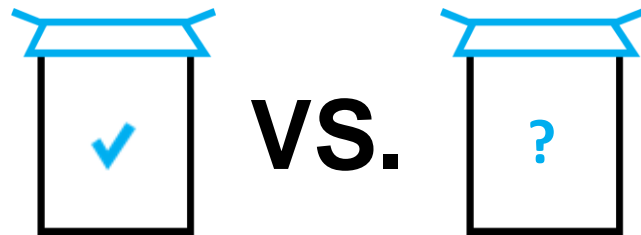
Companies investing more in analytics  
to grow their business

**+50%**  
BY 2019

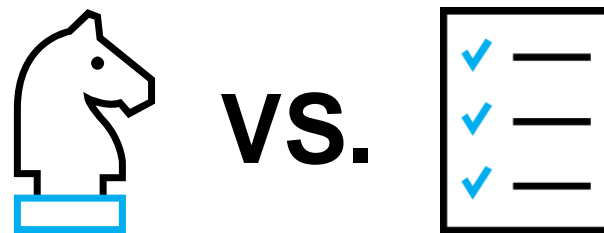
But due to **time**, **cost** and **complexity**  
they are failing to widely deploy analytics  
consistently in local countries, markets, channels



# THE FULL POTENTIAL OF ANALYTICS CAN'T BE REACHED



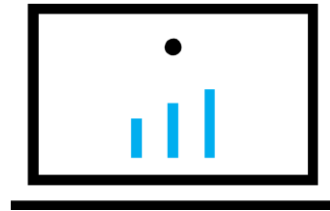
Some brands or markets  
use analytics  
**Many do not**



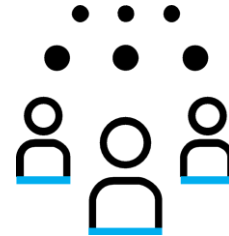
Strategic decisions  
use analytics  
**Everyday decisions  
do not**

# COMPANIES ARE CREATING GREAT STRATEGIES

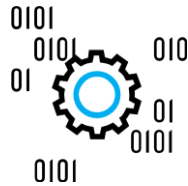
Informed by systems and analytics at HQ (national level)



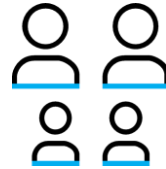
**STRATEGIC  
ANALYTIC  
PLANNING**



# ...BUT LOCALIZING STRATEGIES IS DIFFICULT...



**DATA  
SOURCES**



**CONSUMER  
BEHAVIOR**



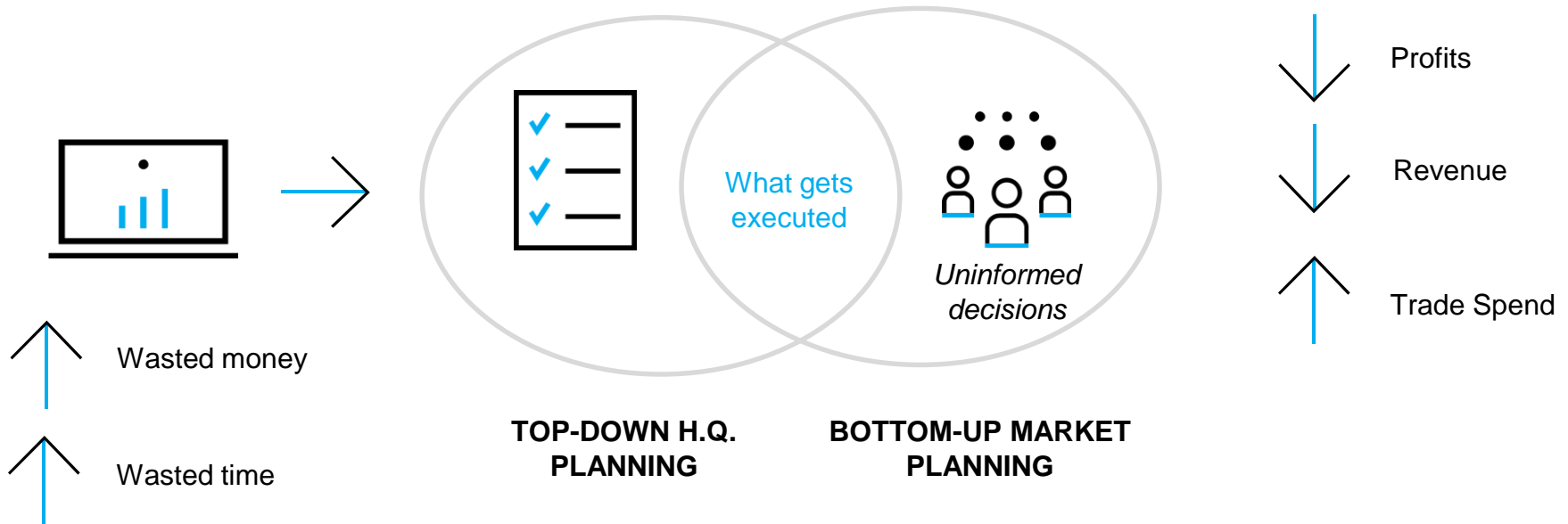
**RETAILER  
SOPHISTICATION**



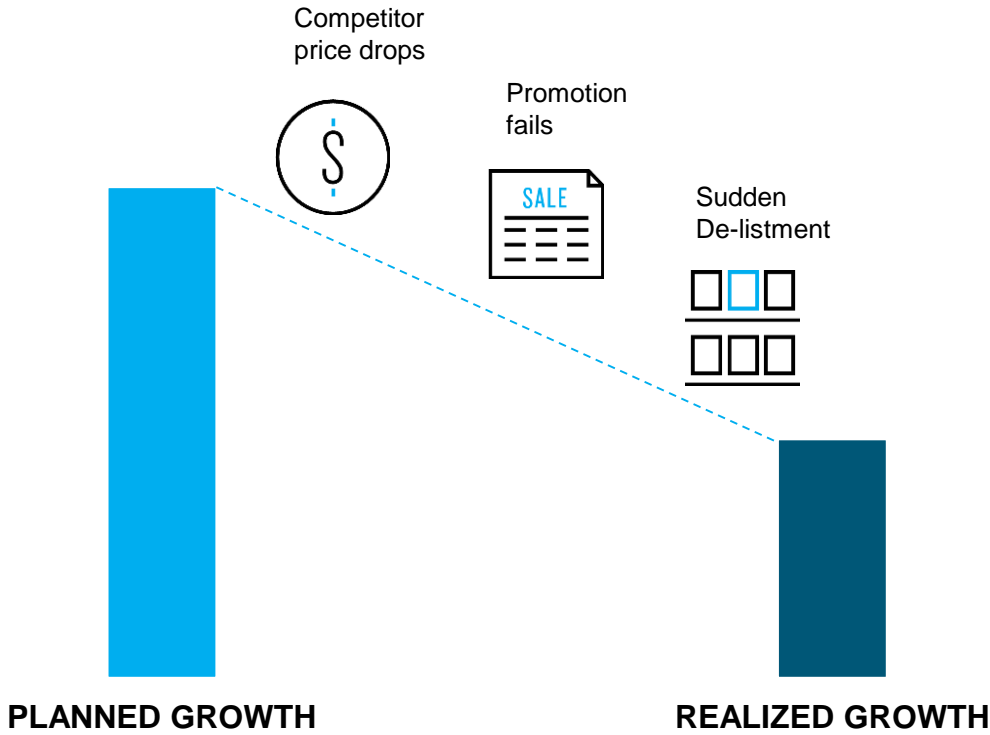
**PRICE  
PRESSURES**

# ...AND PLANNING IS MISALIGNED, UNINFORMED

Not granular or current enough to be useful to local teams



# ULTIMATELY, POOR EVERYDAY DECISIONS CAN DERAIL GROWTH

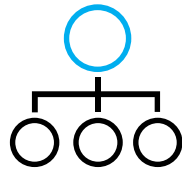


“Fewer than 1 out of 10 of companies have any sort of disciplined process for responding to changes in the external environment.”

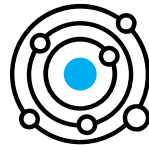
- Harvard Business Review



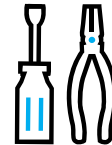
# REQUIRED BUILDING BLOCKS FOR SUCCESS



**COMMON  
ANALYTIC  
FRAMEWORK**



**ADVANCED  
ANALYTIC  
MODELS**



**DECISION  
SUPPORT  
TOOLS**



**LOCALIZED  
EXECUTION**

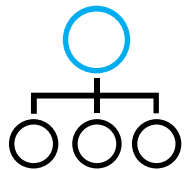
# HOW DO YOU BUILD A SMARTER BUSINESS CULTURE IN SUCH A COMPLEX WORLD?



a powerful  
approach to  
*unlock* hidden  
*value*

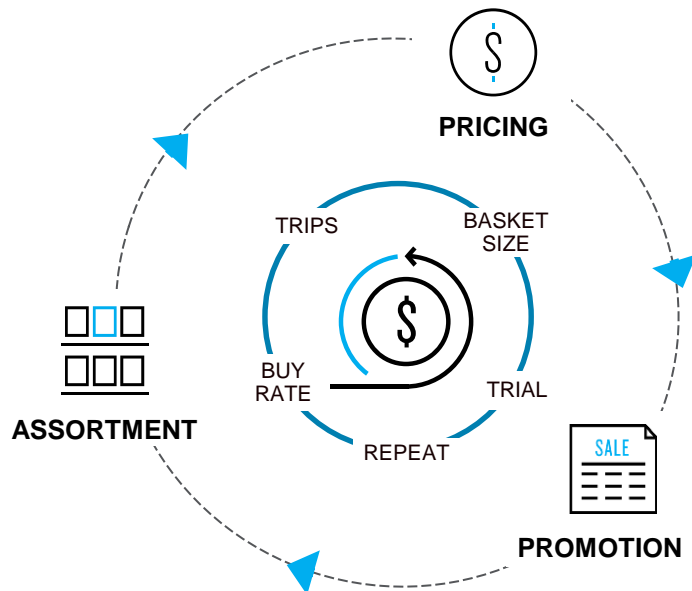


**\$50M profit  
realization with  
smarter analytic  
commercial  
planning**

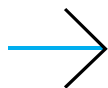


# COMMON ANALYTIC FRAMEWORK

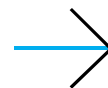
Unifies planning processes across brand portfolios and local markets



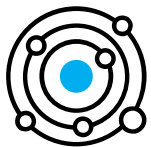
BUILD HYPOTHESIS



TEST HYPOTHESIS

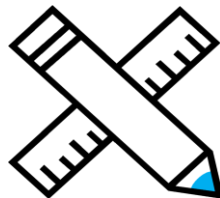
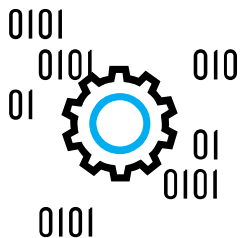


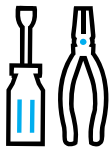
VALIDATE HYPOTHESIS



# STRATEGIC EVERYDAY MODELS

Invest in a sophisticated modeling capability that is relevant and scalable



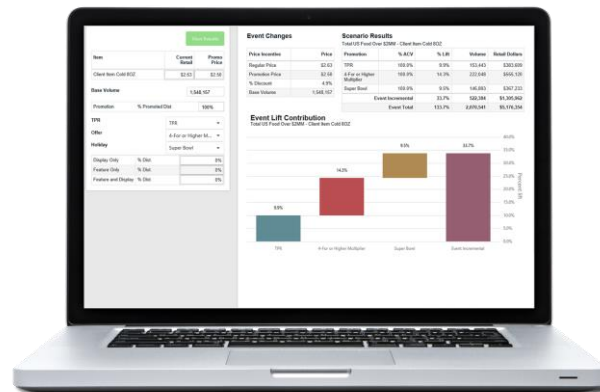


# DECISION SUPPORT TOOLS

Deploy modern, easy to use “Google-Like” decision support tools



GRAPHICAL INSIGHTS



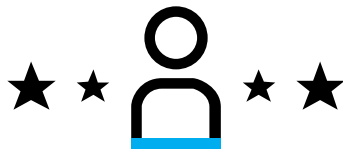
EASY TO USE PREDICTIVE PLANNING



# LOCALIZED EXECUTION

Execute H.Q. portfolio strategies through your customers and shoppers

## CENTRALIZED

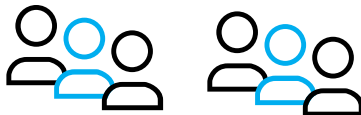


H.Q. REVENUE MANAGEMENT

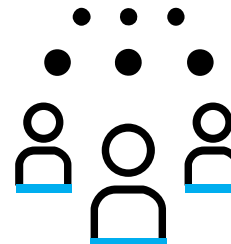


CUSTOMER TEAMS

## HYBRID



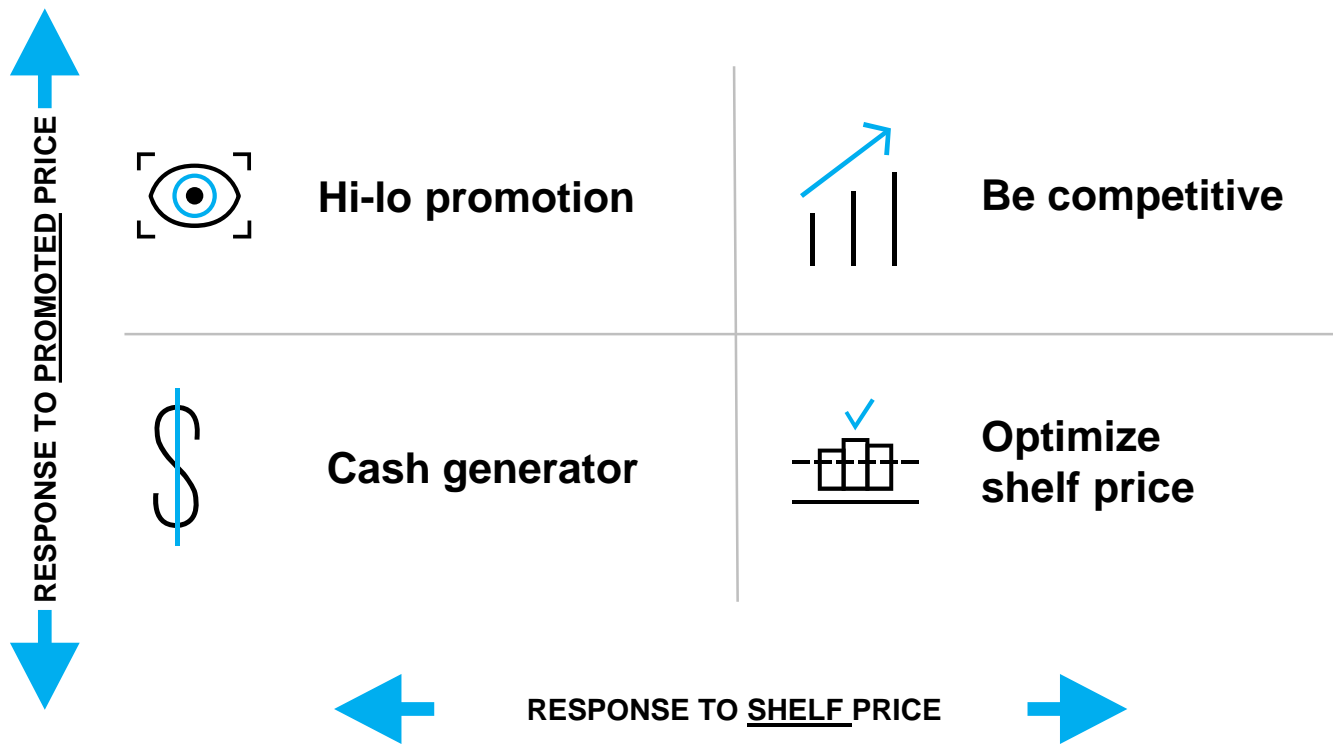
## DECENTRALIZED





# PRODUCT MIX

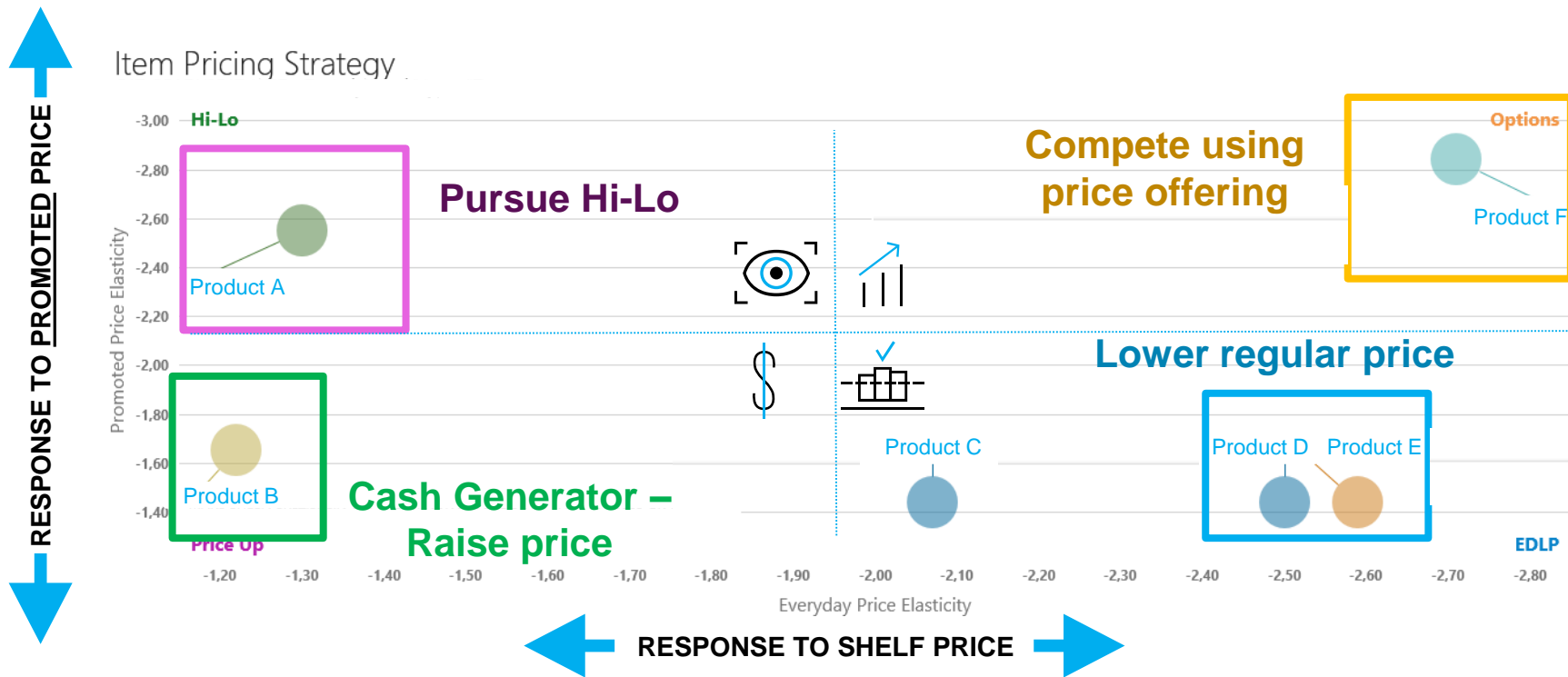
Leverage science to determine the roll of each item in the category



Source: Price Explorer, client example

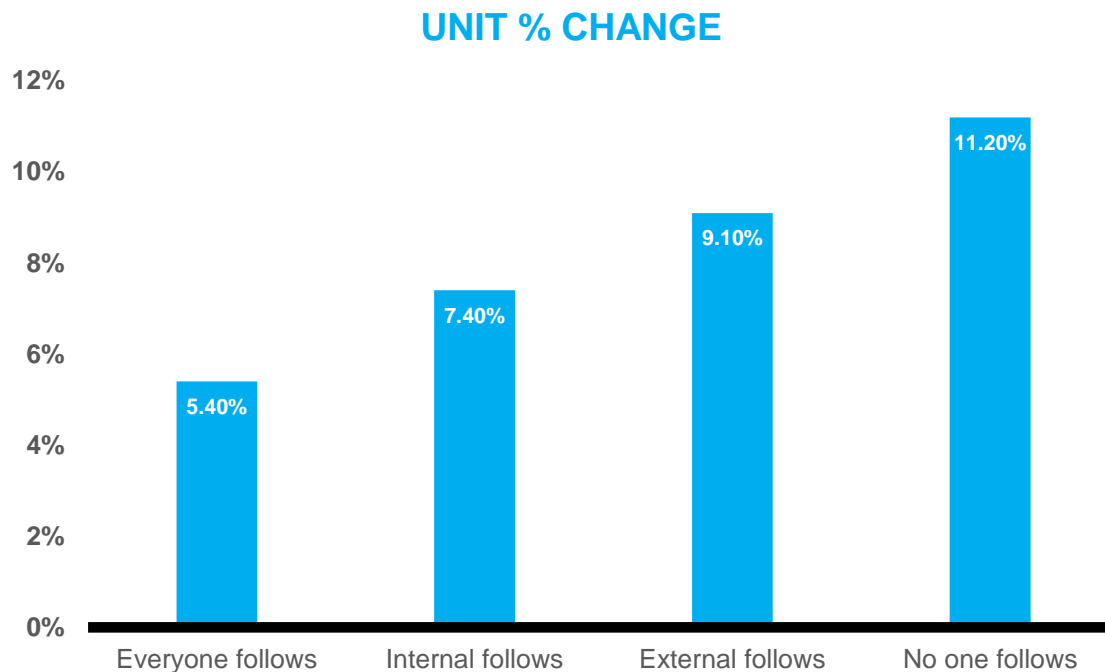
# PRODUCT MIX

Determine the roles products play in the category and in your portfolio



# REGULAR PRICE

Simulation volume impacts with potential competitive price actions



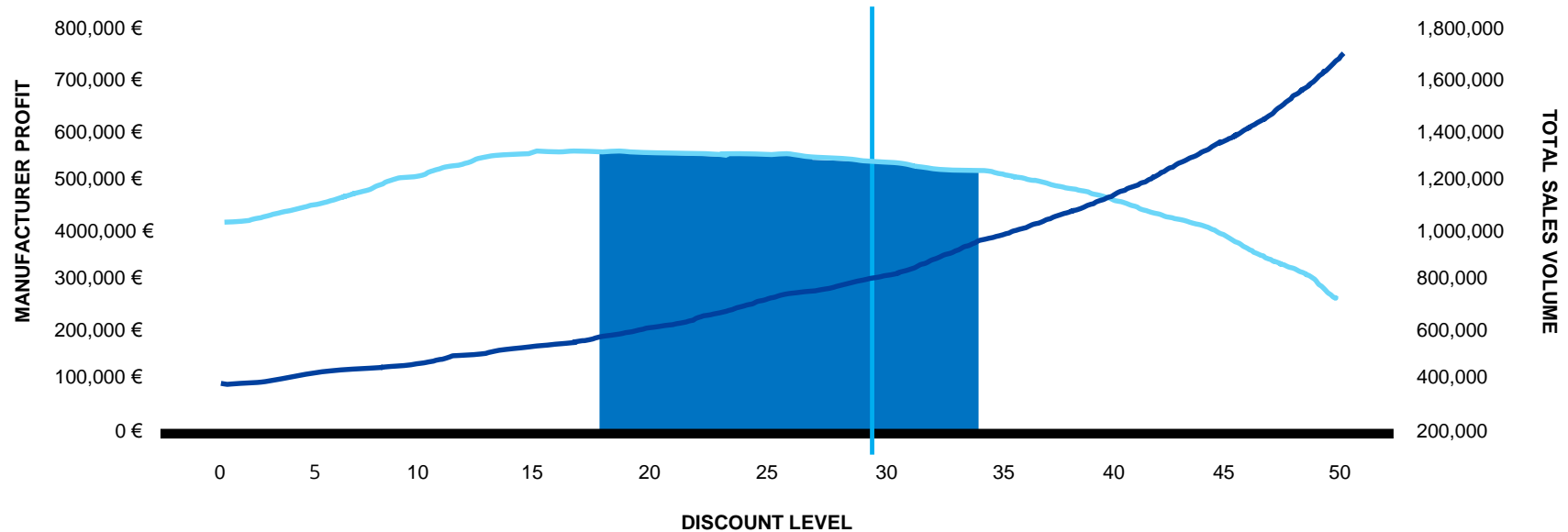
# REGULAR PRICE

Balancing volume, revenue with profit impacts

|                            | SCENARIO 1<br>No Price Increase | SCENARIO 2<br>Increase prices by 10% | SCENARIO 3<br>Match Competition | SCENARIO 4<br>Optimal Price Management |
|----------------------------|---------------------------------|--------------------------------------|---------------------------------|--|
| Chg in Brand Cost % (Wtd)  | 10%                             | 8%                                   | 11%                             | 8%                                     |
| Chg in Brand Price % (Wtd) | 0%                              | 8%                                   | 2%                              | 11%                                    |
| Chg in Brand Volume (%)    | 0%                              | -14%                                 | -1%                             | -8%                                    |
| Chg in Brand Revenue (%)   | 0%                              | -9%                                  | -7%                             | -5%                                    |
| Chg in Brand GM\$'s (%)    | -33%                            | -6%                                  | -29%                            | 1%                                     |

# PROMOTION STRATEGY

Optimize your promotional discount price





# EXECUTIVE SUMMARY

With proper execution, we can capture 83M in Profits



## HYPOTHESIS

### PRODUCT MIX

- Large size is a value differentiator with smaller serving size
- Medium size is most important to overall category
- Small size not driving expected trial, re-launch needed

### REGULAR PRICE

- Realign prize size architecture to reverse the trends of a declining large size business

### PROMOTION PRICE




- Promotional sales are cannibalizing everyday sales, cut trade spend by \$10M
- Deeper discounts on an infrequent basis appear to generate better response
- Heavy up frequency on small size using Feature ads which drive highest profits, purchase incidence



## STRATEGY



## OPPORTUNITY

|   |  |  |
|---|--|--|
| <br><b>Product Mix</b>          | <ul style="list-style-type: none"> <li>• Downsize family pack from 44oz to 38oz</li> <li>• Re-stage new small size packaging</li> </ul>  | <p><b>150M Revenue</b><br/><b>25M Profit</b></p> |
| <br><b>Pricing Architecture</b> | <ul style="list-style-type: none"> <li>• Price down Large size 5%</li> <li>• Price up medium size 5%</li> <li>• Price up small size 5%</li> </ul>                                    | <p><b>150M Revenue</b><br/><b>55M Profit</b></p> |
| <br><b>Promotion Principles</b> | <ul style="list-style-type: none"> <li>• Increase EDLP on large</li> <li>• Cut trade events on medium by 40%</li> <li>• Increase frequency on small size to improve trial</li> </ul> | <p><b>10M Revenue</b><br/><b>2M Profit</b></p>   |

# CASE STUDY: LARGE MULTI-NATIONAL FMCG MANUFACTURER



**FINANCE DIRECTOR  
RAISED AN  
UNEXPECTED  
PROBLEM:**

Shipments lagging  
behind forecast



**NEED TO QUICKLY  
UNDERSTAND:**

Will shelf price  
reduction increase sales  
to align with forecast?



**LUCKILY, THEY  
ALREADY HAD  
EVERYDAY ANALYTICS  
ON HAND:**

Within one day they knew  
which market would  
benefit from decrease



**AND MADE IT  
EASY TO  
EXECUTE:**

Sales teams had what  
they needed to go to  
retailers





# Q & A