

COLLABORATIVE MARKETING SUCCESS VIA NEXT GENERATION TRADE AND REVENUE OPTIMIZATION!



**SPRING
SUMMIT 2018**

“Winning with TPx, Retail Execution,
and Advanced Analytics Capabilities
Across Channels”



Revenue Management

Observations on Driving Profitable Growth
in a Challenging Environment

April 12, 2018

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Observations on Driving Profitable Growth in a Challenging Environment



strategy&

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CPG companies face multiple headwinds to growth

Low growth in mature markets



Changing retail landscape



Evolving consumer preferences & profiles

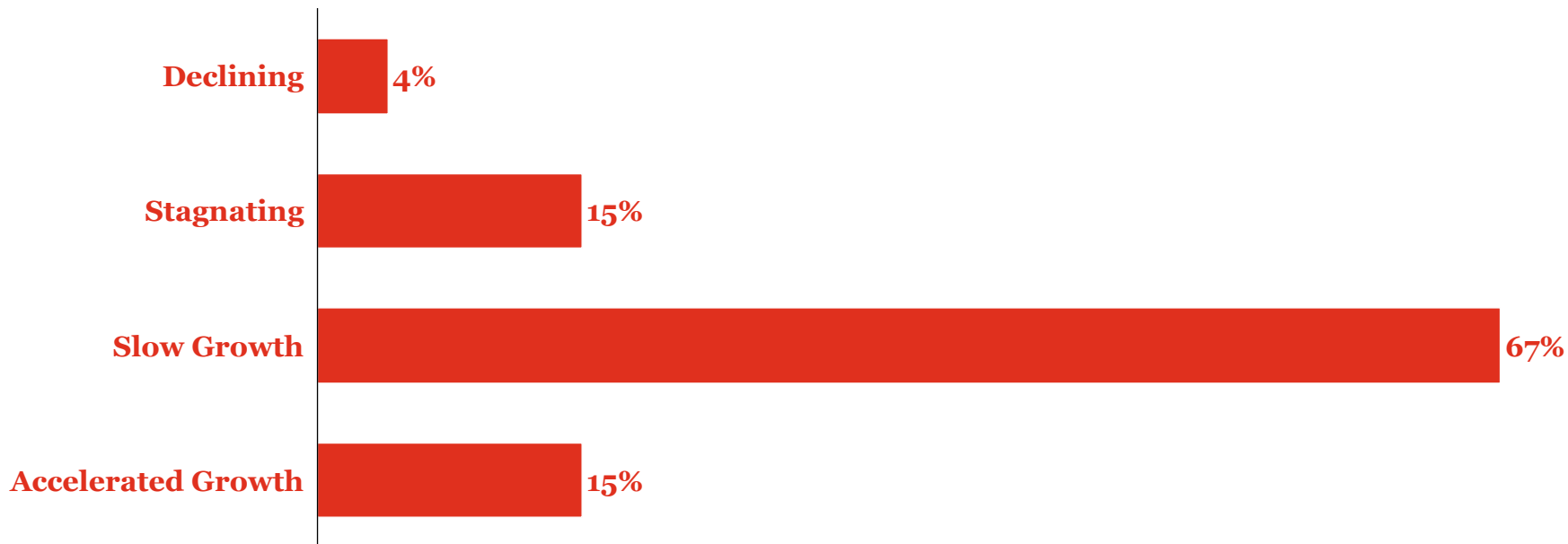


Intensifying competition



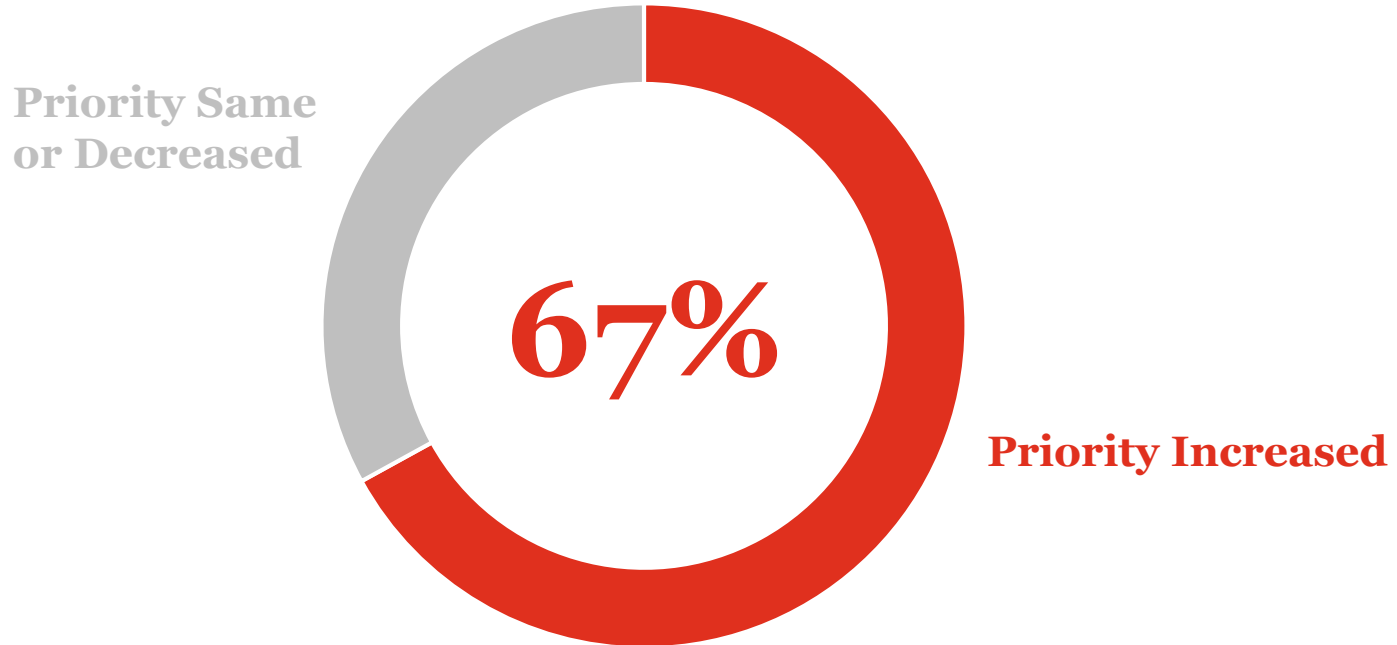
These challenges are expected to continue

What impact of the overall economy on your company do you expect in the next 2 years?

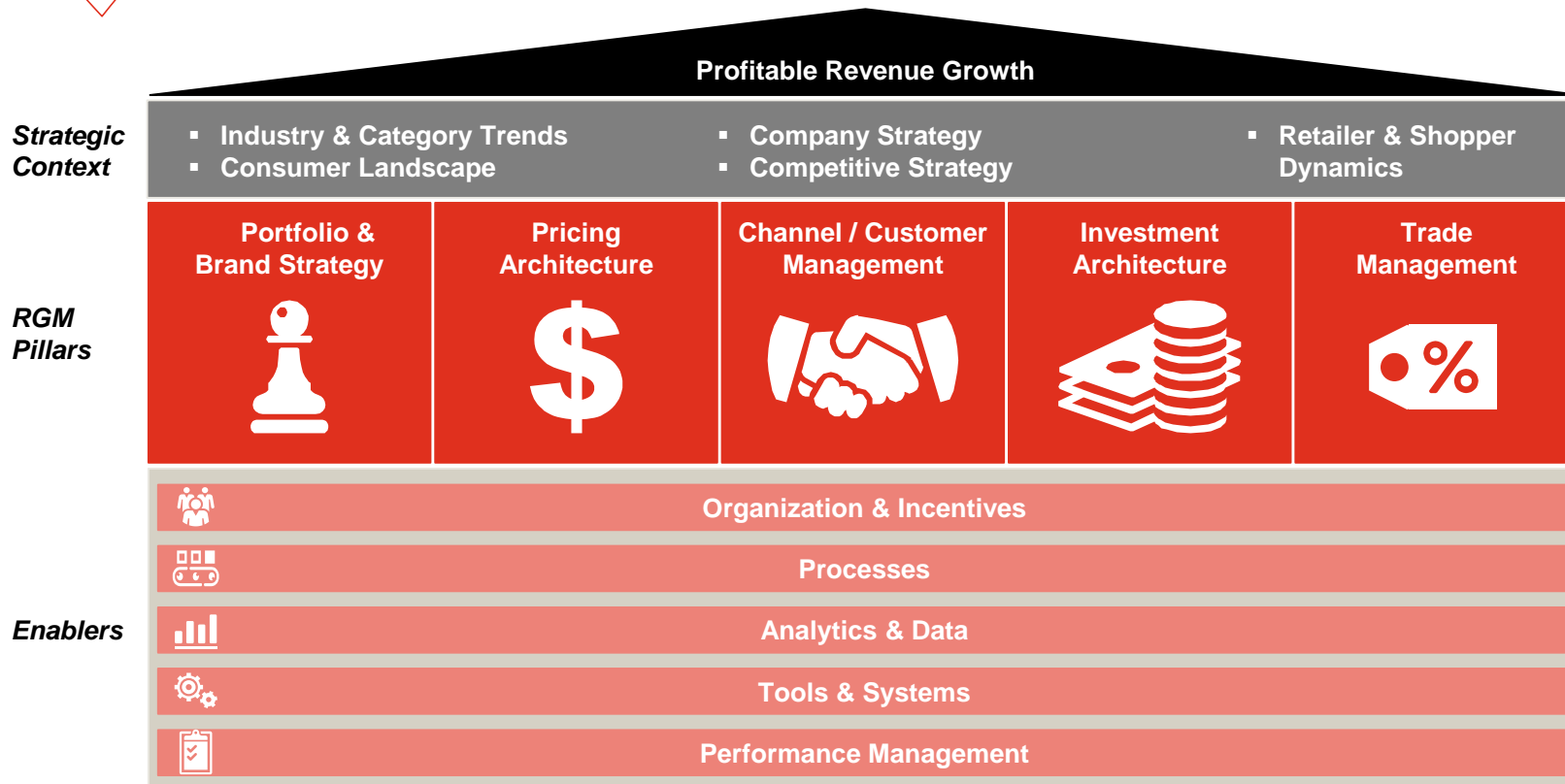


Revenue Management (RM) has increased in strategic priority and is seen as a key lever to address these challenges

How has the priority of Revenue Management changed over the last two years?

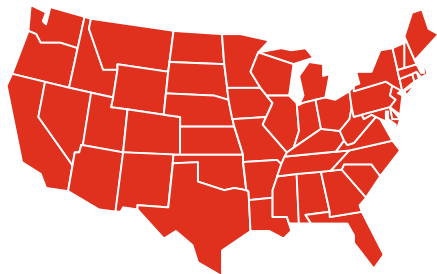


RM incorporates five key pillars and a set of enablers to accelerate and fuel profitable growth

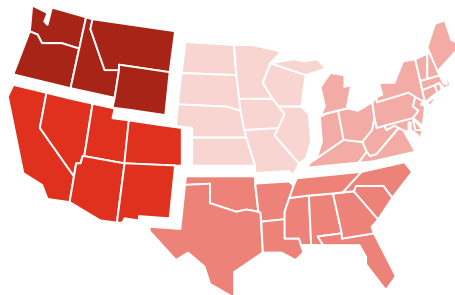


Leading companies have begun taking a more granular look in terms of customer and product to find pockets of untapped growth

National Customer View



Regional Customer View



Consumer Segments (RMA as Proxy)



“Promoted Groups”

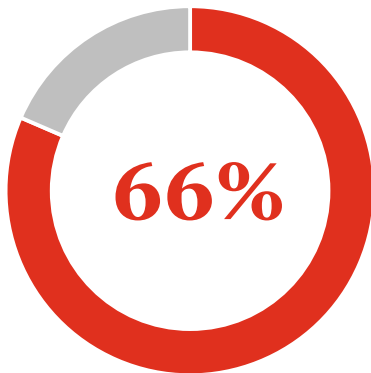


Specific Varieties

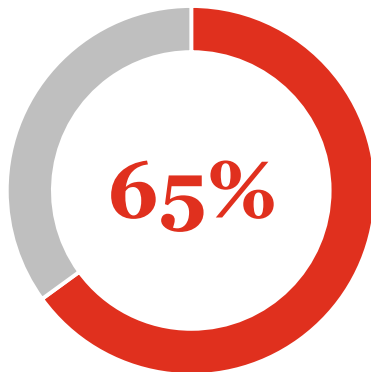


However, many lack price-pack architecture capabilities to understand new combinations of features, packaging, and price that will win with consumers

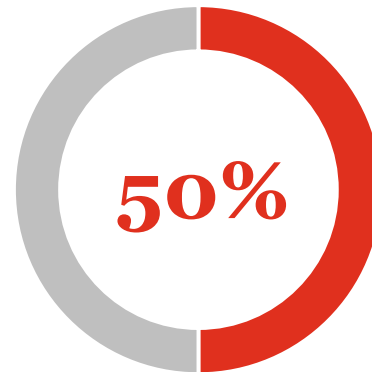
% of New Products that Fail



% of New Products that Never Launch

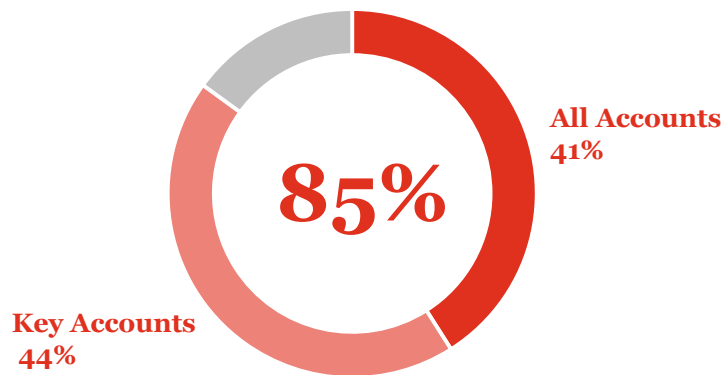


% of New Product Sales that Cannibalize

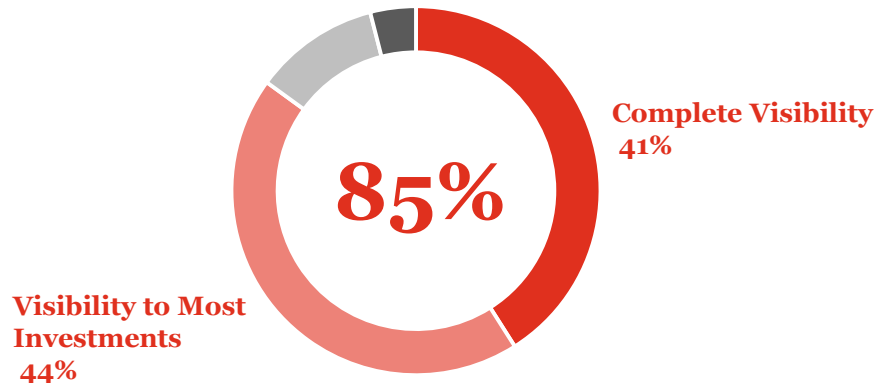


The majority of companies have developed Customer P&Ls, with visibility into most (if not all) customer investments

Customer P&Ls

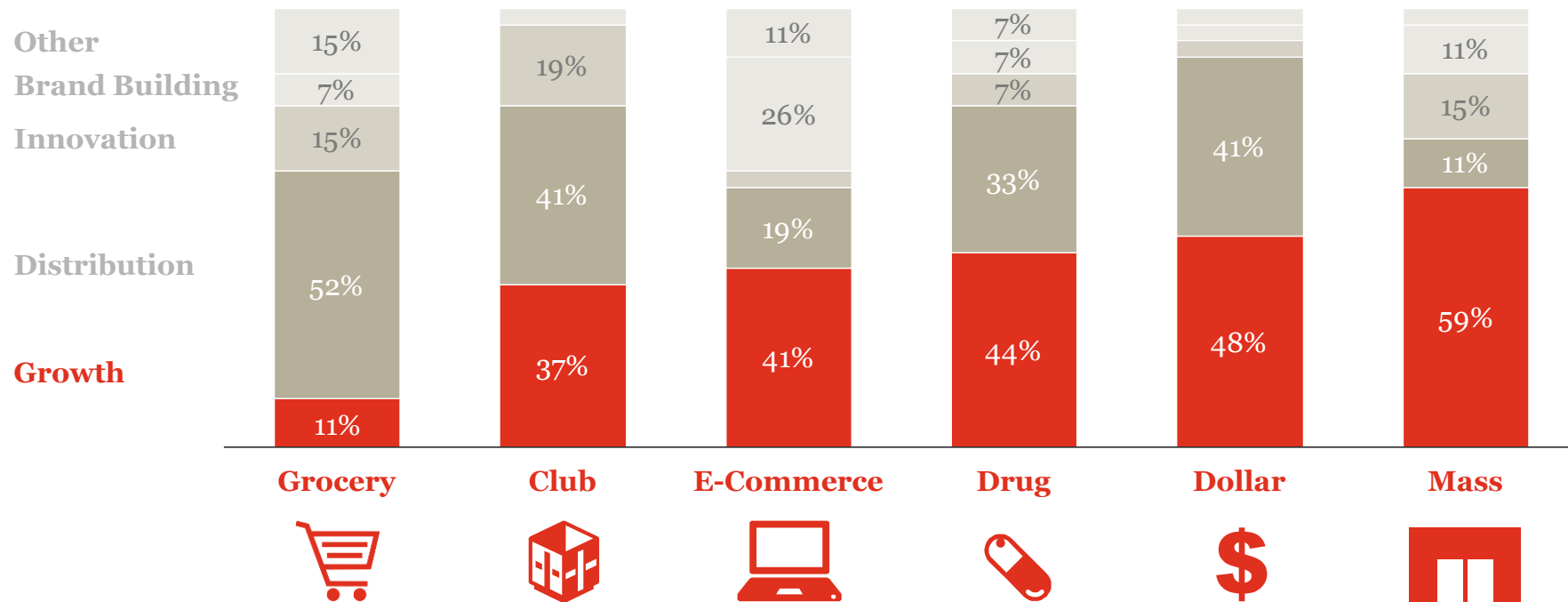


Visibility into Total Customer Investments



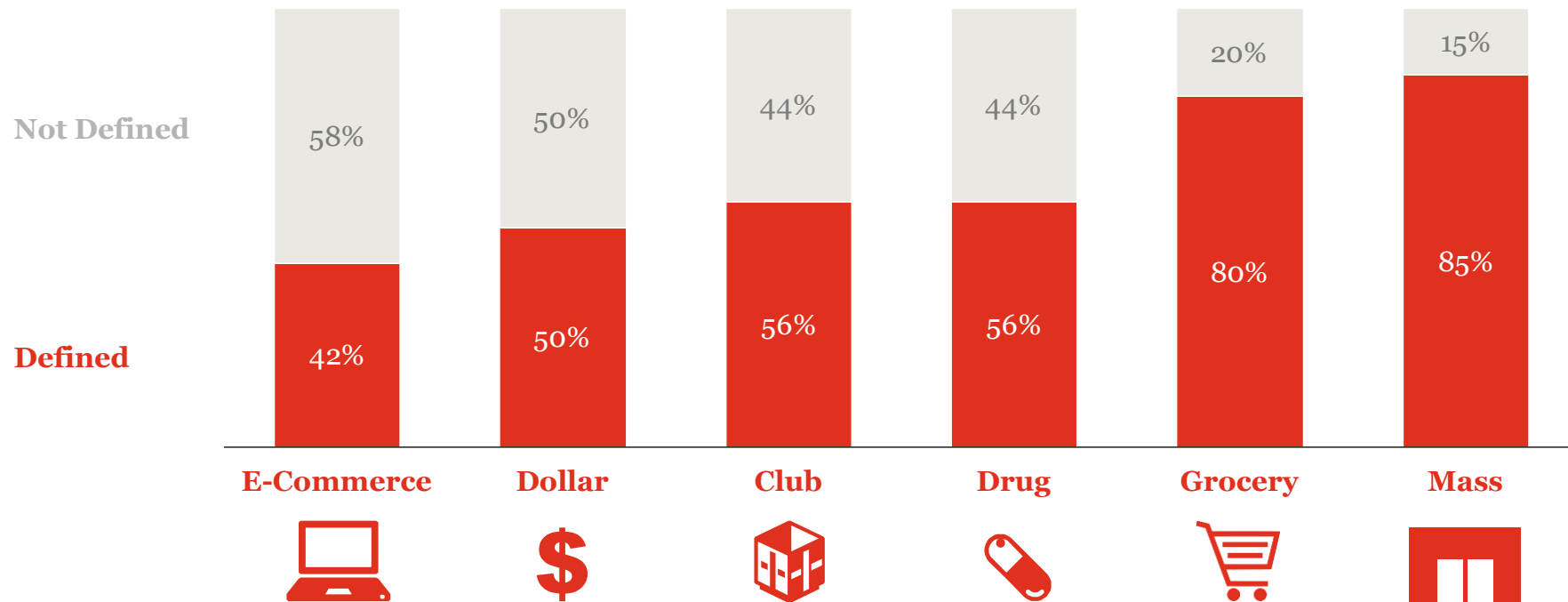
Despite a challenging environment, growth is being sought from all channels

What is your organization's top priority for each of the following channels?



However, well defined strategies are lacking for more emerging channels

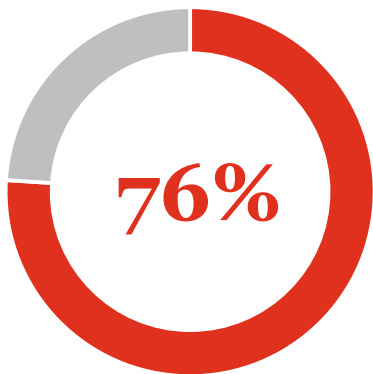
To what extent do you have well defined channel strategies for each channel?



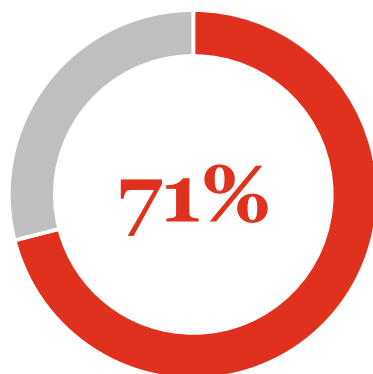


Companies are increasingly using performance-based accrual funding with activity-based criteria

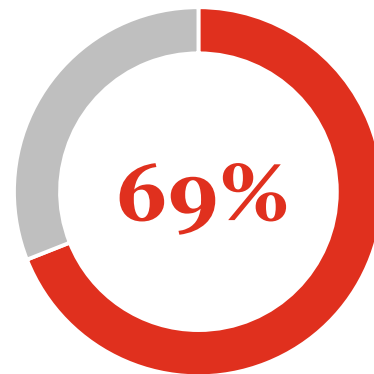
Accrual Funding



Performance-Based Funding

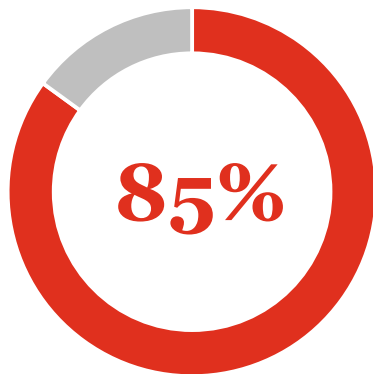


Activity-Based Criteria

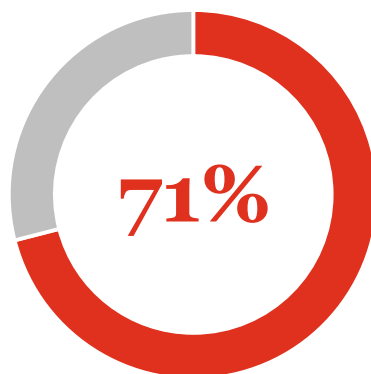


While foundational trade capabilities have increased ...

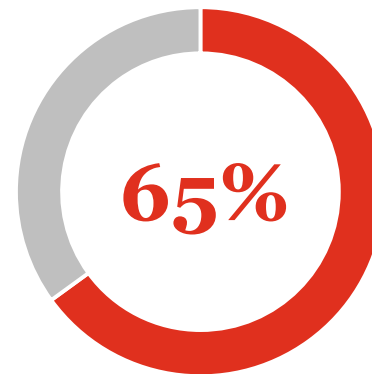
Full-Volume Planning



Funding / Checkbook Visibility

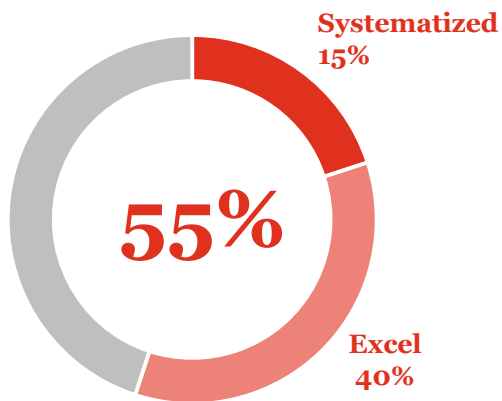


Base & Incremental Volume Planning

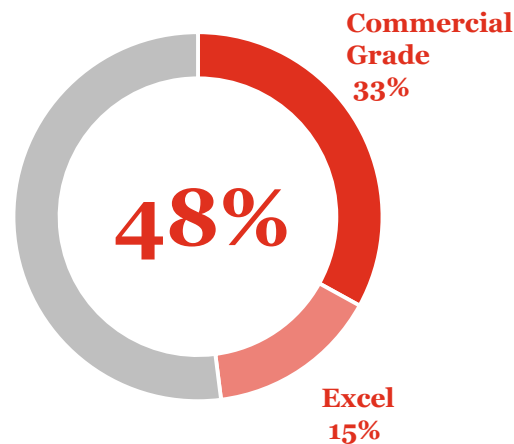


... opportunities exist to build out more advanced capabilities that can drive greater trade effectiveness

Post-Event Analysis

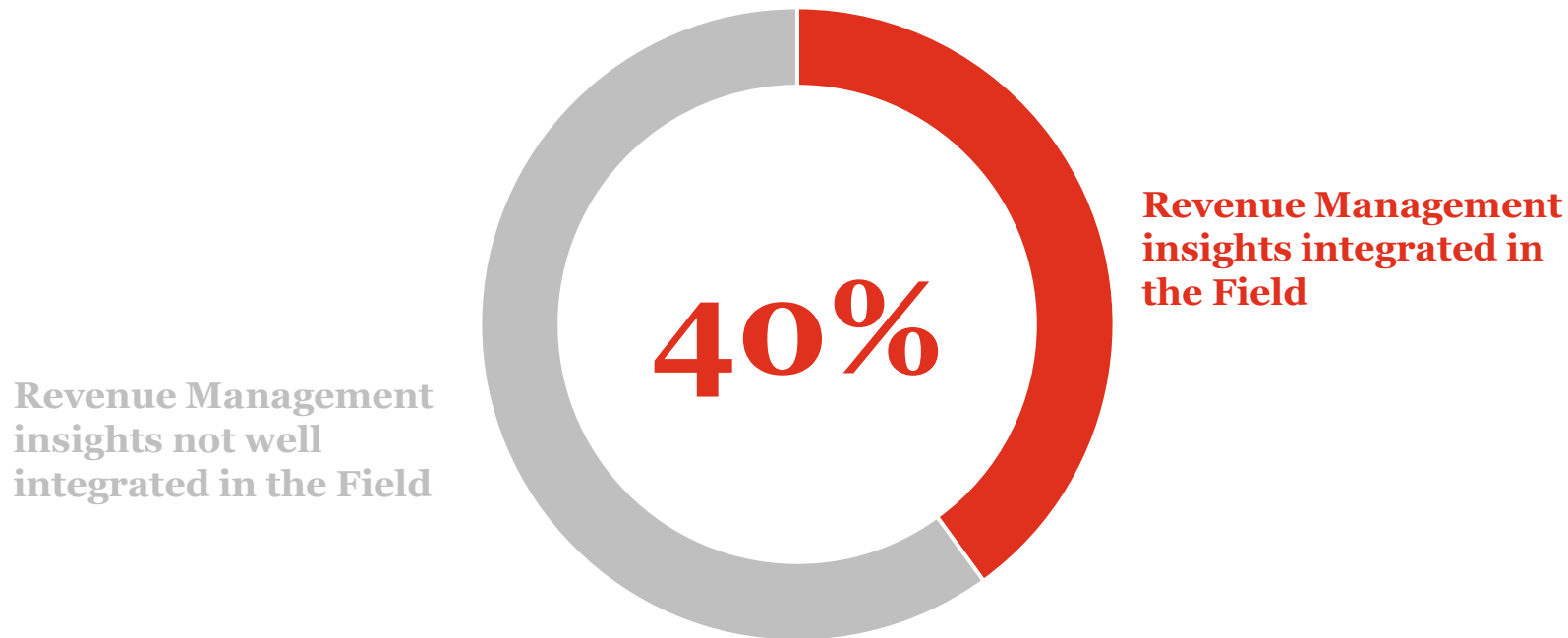


Predictive Analytics



Despite increases in certain capabilities, the ability to integrate insights from RM remains a challenge

To what extent do you integrate insights from Revenue Management in the Field?






The responsibilities of RM groups have continued to expand – especially in larger organizations

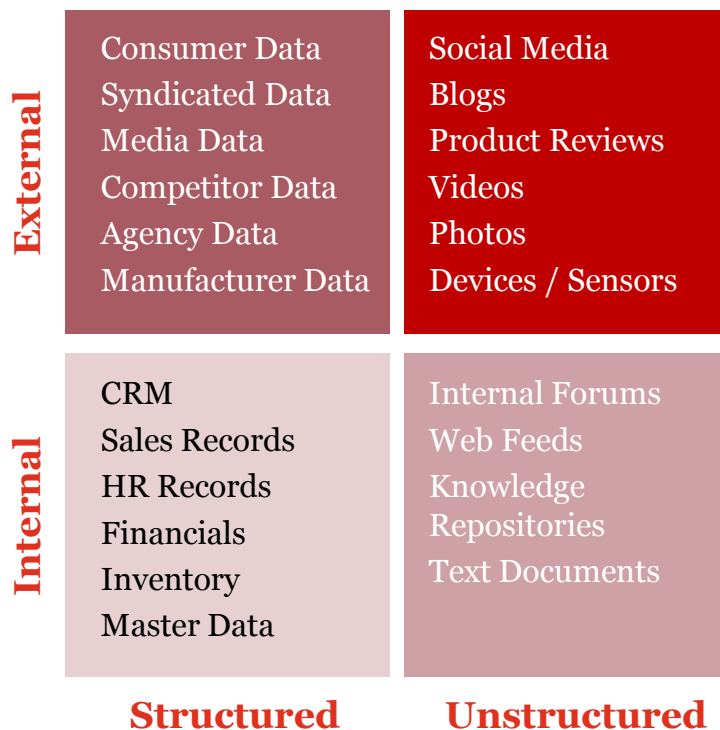
Which part of the organization is primarily responsible for the following?

Function	Revenue Mgmt.	Sales Planning	Sales Finance	Field Sales	Brand Teams	Other
Target Setting	26%	15%	30%	0%	11%	19%
Funding Allocations	33%	30%	19%	0%	4%	19%
Customer Planning	11%	44%	4%	37%	0%	4%
Predictive Analytics	50%	21%	4%	0%	4%	21%
Post-Event Analysis	28%	12%	28%	8%	0%	24%
Planning / Trade Tool Selection	38%	24%	17%	0%	0%	21%

 Represents group with highest % of responsibility for a given function

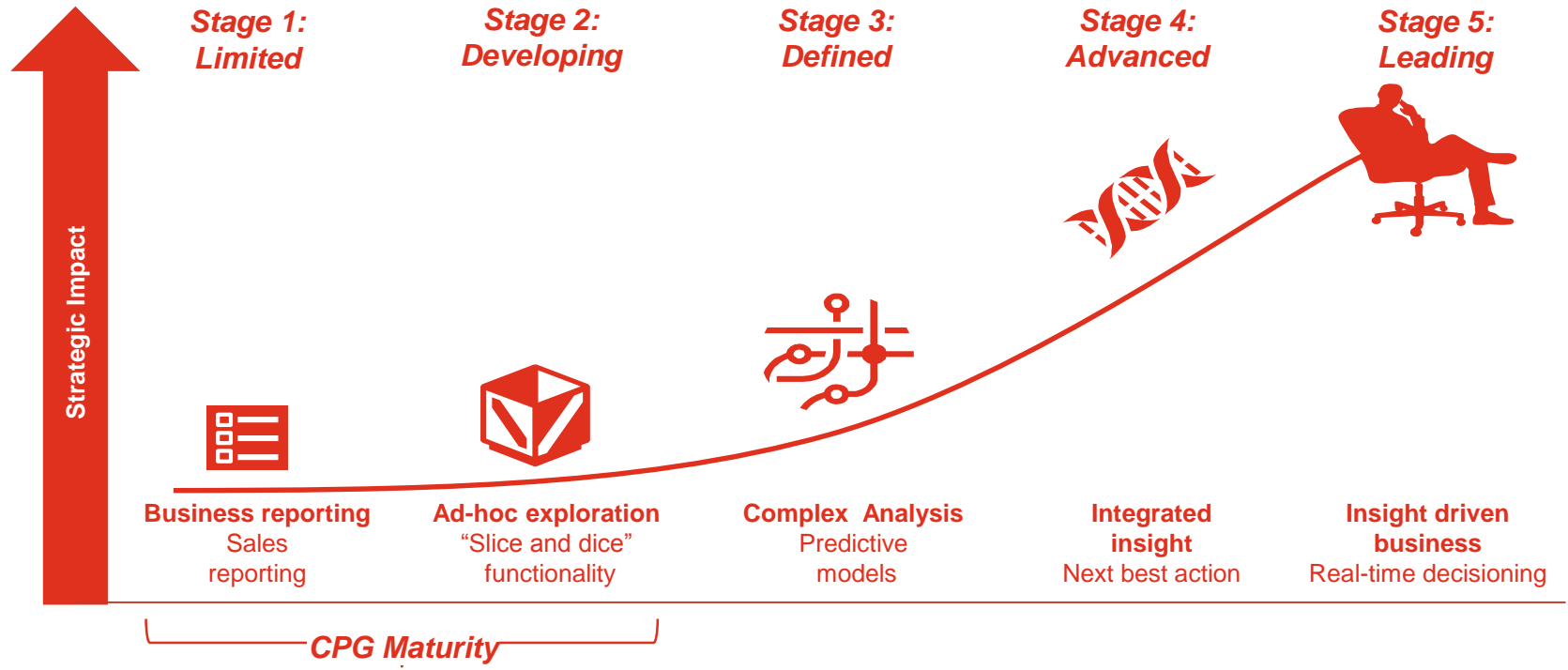
Available data continues to explode – while emerging digital sources get attention, there is still untapped potential in leveraging traditional sources

Data Landscape



Despite many advances in the analytics space, the CPG industry is still relatively immature

Stages of Analytics Maturity

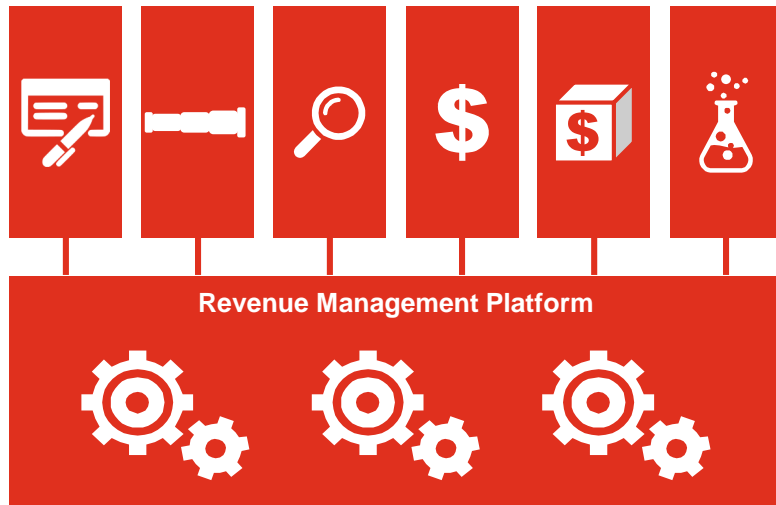


From a systems perspective, point solutions have prevailed – but there is an emerging desire for more integrated RM platforms

Revenue Management Point Solutions



Revenue Management Platform with Integrated Modules



Questions?