



**Promotion Optimization Institute  
State of the Industry**

# **Transformation 2020**

**Understand the 7 Best Practices of  
Highly Effective CPG Organizations &  
What Steps They Are taking to Move to the Next  
Generation of Holistic Enterprise Planning**

**#CPGTransformation2020**

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“POI research reflects that CPG leadership can no longer use historical practices to grow a profitable business due to industry paradigm shifts. New strategy needs to be created & executed.”  
Pam Brown, CCO POI

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# POI State of the Industry Report

As with our previous surveys, the 2020 Promotion Optimization Institute (POI) TPx and Retail Execution Benchmarking Survey focused on the intersection of the people, processes, and technologies required to be a suitable collaboration partner in the promotion and distribution of consumer products.

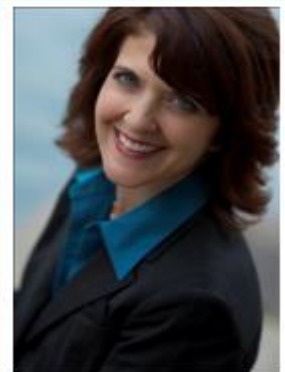
In 2019 POI shifted the State of the industry report from relaying tactical implementation tips to strategic leadership focal points. POI is evolving the report once again to better represent the state of our industry. POI is now providing a digitally visual document filled with the research you are used to, but in a more pleasing and digestible format. This report is sectioned into key capabilities and best practices so that you can select a section when you have 15 minutes to read or have an urgent need. We have also converted the document into PowerPoint, so your teams can insert the research and insights directly into their presentations. **By delivering impactful thought leadership headlines on the best practices of highly effective CPG companies that are faster to read, relevant, and actionable, we hope to support your organization's transformation in 2020.**

If you are investigating new solutions and want to know what's possible in the TPx, RGM, and RetX space, you can review capabilities and vendor offerings in the POI TPx and Retail Execution Vendor Panoramas at <http://poinstitute.com/about/poi-publications/>.

Please don't hesitate to reach out and connect on strategic or tactical aspects for which you need support. Having led manufacturer sales teams, sales operations & strategy, BI Analytics, IT projects across the global enterprise, and POI manufacturer, retailer and vendor advisory, I have a unique background to support your needs. At POI we also have a network of partners and can connect you with additional expertise as needed.

Sincerely,

*Pam Brown*



Pam Brown

Chief Commercial Officer,  
POI can be reached at:

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[\(707\)332-0450](tel:(707)332-0450)



# Promotion Optimization Institute

## State of the Industry Survey & Report

### Rationale behind the Survey:

POI seeks to serve its members by identifying strategic leadership focal points and streamlining critical leadership success factors on hot issues and emerging trends, while incorporating the 2020 benchmarking survey results. We look at both the successes and challenges in the promotion and distribution of consumer products and then analyze them at global events and through written research, share groups, webinars, and advisory services. The focal areas of this survey were selected based on the summation of our beliefs about where the challenges exist today and a desire to socialize the topics and recommendations with industry leadership.

\*Note that while most companies in the survey are constant year-over-year, the responders can change from one year to the next, influencing the research data.

### Attribution of the POI Survey Results and Report:

In seeking to serve our members, we have included a non-PDF version of the report on our site.

<https://poinstitute.com/about/poi-publications/>

This will enable your organization to utilize the report content with ease. When report information is used, it is critical for you & your organization to attribute POI and the POI 2020 State of the Industry report for the research and industry insights utilized.

# **Strategic Revenue Growth Management (SRM)**

**For the full POI State of the Industry Report:**

[http://bit.ly/POI\\_2020\\_SOIreport](http://bit.ly/POI_2020_SOIreport)

# 7 Best Practices of Highly Effective CPG Organizations

& What Steps They Are Taking to Move to the Next Generation of Holistic Enterprise Planning



**Disclaimer:** Headlines are not FDA approved and may cause dizziness, fatigue, body soreness, and the need for a long vacation. But, do not worry. POI has additional resources: summits, research, share groups, leadership engagements (TLC), and more to help guide you through the industry change that is taking place. The POI State of the Industry Report headlines should be considered a catalyst for additional thought and discussion. **POI and our partners are committed to helping you guide your organization to success. Again, the key is to begin the journey.**



# 7 Best Practices of Highly Effective CPG Organizations

**FOUNDATION:**  
Leadership,  
Strategy,  
Vision, and  
Commitment

- 1 Enterprise Data Ownership & Management
- 2 Strategic Revenue Growth Management
- 3 Trade Promotion Planning & Optimization Capabilities
- 4 Execution is Everything
- 5 Explore Emerging Capabilities
- 6 Change Transformation & Management
- 7 Upskill Talent and Capabilities

These 7 areas are not the only CPG best practice strategies. POI will delve into additional areas of excellence as we release more State of the Industry white papers in 2020.

# 2. Strategic Revenue Growth Management

The RGM planning diligence and profit focus has transformed episodic, once a year planning into an ongoing and dynamic planning practice deeply rooted in advanced analytics.

RGM governs at the center of the organization, working closely with functions such as brand management, finance, and sales to develop and implement strategies. The ultimate goal is transforming the siloed functions into an ongoing streamlined effort of balance across the Enterprise

## Imagine:

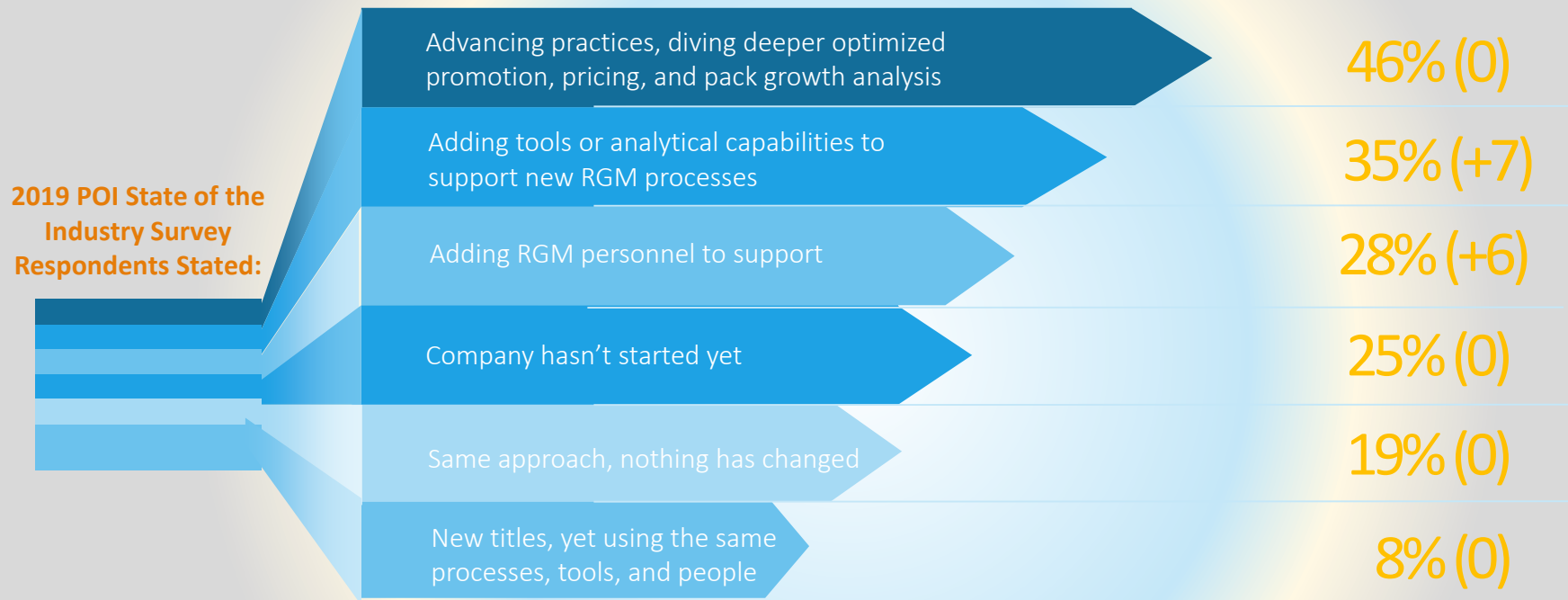
An organization aligned and focused on growing revenue through a balanced portfolio and delivering on the enterprises' strategic priorities with each action executed.



**RGM teams drive a holistic enterprise approach.**



# How is Your Organization Approaching Revenue Growth Management? (Please choose all that apply)



If your company is looking to build or advance RGM capabilities, join us at the Global POI Summits [poinstitute.com/events/](https://poinstitute.com/events/) to connect and dive deeper on the topic.

# Proper allocation, planning, and monitoring of trade spend is critical.


CPG companies spend between 11% and 27+% of revenues on Trade Promotions, which is often the second largest expense on the P&L, after cost of goods sold.

When POI survey respondents were asked what percentage of their company's annual revenue they spend on trade promotions, 22% (-4) spend between 11-15% and 49% (-11) spend less than 20%. In addition, 51% (+12) of respondent companies are spending upwards of 20% with 9% (-5) spending over 27% in trade.

RGM teams work with Sales teams to optimize pricing and promotions at an account level to maximize ROI.

27% (-3) of respondents noted that RGM teams are owners of the post event ROI analysis. Centralized HQ team ownership of 29% grew by 17%, and Sales ownership is currently 20% (+3).

efficiency



## RGM Teams Help to Shift the Focus & Drive Efficiency:

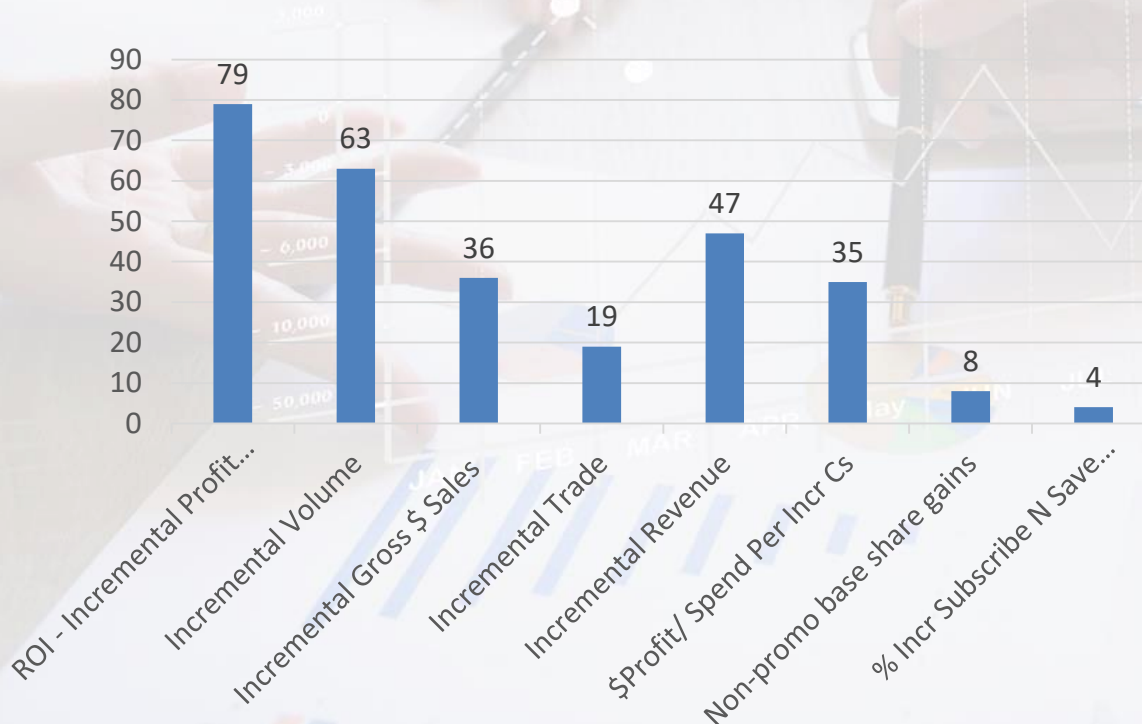
- ❖ Achieving more efficient volume through trade
- ❖ Reducing administrative burden and maximizing cross-functional work & insights
- ❖ Providing account teams with capabilities & practices to sell smarter

# KPI's to Measure Promotion Success:

POI State of the Industry survey respondents noted the most common KPI's to measure promotion success are:

ROI- incremental profit, incremental volume, incremental revenue, incremental gross dollar sales, and dollar profit per incremental case.

With the criticality of trade effectiveness, one can understand why more companies are investing in Revenue Management organizations.



**73% (+5) of POI survey respondents noted the amount of time that the entire process of creating a promotional plan from budgeting to execution to settlement is highly burdensome for the organization.**

RGM contributions to reduce planning burden is highly welcome amongst commercial teams.





# **POI Resources to Support Your Organization**

# Upcoming 2020 POI Summits



**Centering Commercial Capabilities to Deliver Sales & Revenue Growth, Drive Customer Engagement & Optimize the Consumer Experience.**

- Analytics & Optimization
- Data Management • Pricing • Revenue Growth Management • Trade Promotion
- eCommerce • Digital • Retail Execution



**SPRING SUMMIT 2020 | April 1-3, 2020 | JW Marriott Chicago**

**POI Summit opportunities...beyond the amazing networking and connections:**

**Delivering an RGM, TPx, and Analytics agenda developed with an immediate ROI for attendees**

When registering, be sure to reserve your place at specific peer connect sessions and deep dive workshops  
<http://bit.ly/POISpringSummit2019>. Contact Joanie at [jhampto@p-o-i.org](mailto:jhampto@p-o-i.org).

**POI Transformational Leadership Council:** A change-oriented community of business and technology leaders activating strategy and transformation (invitation only).

Included with CPG and Retailer registrations are 2 pre-conference workshops to engage CPG's and Retailers around the latest growth areas including RGM or Trade Optimization across physical and digital commerce.

**POI Lightning Talk Sessions** – The point of each lightning talk is not to give a detailed talk but rather to present briefly the latest and most interesting technological advancements.

**POI and CMS Full-Day RGM Share Group for Executives**  
Next meeting: April 2020 [More Information and Join Here](#)

## POI European Promotion Optimization Summit



**Successfully Navigating Growth in the New CPG and Retail World**  
**18-20, May, 2020 | Berlin, Germany**



European companies and divisions advance their go to market, RGM, promotion, and retail execution strategies for profitable growth <https://poinstitute.com/events/>

### The POI Canadian Summit

**Driving Profitable Growth North!**

**June 10-11, 2020 • Toronto, Ontario**

Best practices for the Canadian retail environment, solving unique challenges when creating and executing strategies for planning, executing, and achieving promotional ROI and sustainable growth <https://poinstitute.com/events/>

### POI FALL ANNUAL SUMMIT

**DALLAS • NOVEMBER 4-6, 2020**

**From Strategic to Tactical Engagement Throughout the POI Summit**

**Agenda Includes:** Vendor Lightning Rounds • Deep Dive Workshops • Exhibits & Meetings

Advance RGM, promotion, TPx, analytics and retail execution strategies for profitable growth

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<https://poinstitute.com/events/>





**Centering Commercial Capabilities to Deliver Sales & Revenue Growth,  
Drive Customer Engagement & Optimize the Consumer Experience.**

- Analytics & Optimization
- Data Management • Pricing • Revenue Growth Management • Trade Promotion
- eCommerce • Digital • Retail Execution



**April 1-3  
Chicago, IL**

**SPRING SUMMIT 2020 | April 1-3, 2020 | JW Marriott Chicago**

**The only RGM, TPx, and Analytics Focused Event Crafted with an immediate ROI for Attendees.**  
[Detailed Agenda](#)

**Reserve your place at the pre-conference Workshop, RGM Share Group and choice of Day 2, Deep Dive Workshops:**

**Contact Joanie Hampton at [jhampto@p-o-i.org](mailto:jhampto@p-o-i.org) to register**

**POI and CMS Full-Day RGM Share Group for Executives-Members only.** [More Information and Join Here](#)

**Pre-conference workshops** to engage CPG's and Retailers around the latest growth areas:

**Day 2 Deep Dive Workshops:** See banner below for workshop options: TPM, Analytics, Optimization, Digital etc.

**Vendor Lightning Talk Sessions:** Each vendor sponsor at the POI summit will briefly present their company's latest and most interesting technological advancements. Find out what's new and a good fit for your technology roadmap.

**POI SPRING ANNUAL SUMMIT | CHICAGO | APRIL 1-3, 2020**

**From Strategic to Tactical Engagement Throughout the POI Summit**

**Wednesday Pre-Conference**

- 8am POI Board Meeting
- 8am POI RGM Share Group (Members Only)
- 1pm Leadership Connect (Invitation Only)
- 3pm AI Enabled RGM Pre-Conference Workshop
- 6pm Network Reception

**Thursday Day 1 Summit**

- Executive Keynote
- Full Day of Presentations
- Vendor Lightning Rounds
- Exhibits & Meetings
- Networking Reception
- Dinners

**Friday Day 2 Summit**

- Executive Keynote
- Deep Dive Workshops
- Trade Promotion Management
- Revenue Growth Management
- Optimization/Analytics/Data Management
- Personalization & Digital Commerce
- Retailer Omni-channel Growth





# Continue to Strengthen Connections

## POI RGM Share Group

### New Share Group



**SHARING  
INFORMATION &  
BEST PRACTICES**

### REVENUE MANAGEMENT SHARE GROUP

#### PURPOSE

To provide members with a forum to discuss and share best practices, industry trends, emerging challenges and capabilities, as well as other relevant topics of interest.

#### HOW IT WORKS

This group meets twice per year (Spring and Fall) at easy in-and-out locations for one overnight. Meet 1-5pm on Day 1, followed by group dinner, then 8am-Noon on Day 2.

**AGENDAS** are driven by members and their priorities so that we are focused on the key topics and issues that are most relevant and valuable to the group.

**OUR LEGAL COUNSEL** will attend bi-annual meetings.

**BENCHMARKING** survey allows members to compare their approach with others (e.g. structure, size, reporting relationships, budget expenditures, tools, etc.)

**MEMBER QUESTIONS** of the group that come up throughout the year are fielded by the group facilitators and recapped back to the group anonymously.

**MEMBERSHIP FEE:** \$3,900 annually per member. This covers all meeting expenses (meeting room, food, AV, Wi-Fi, flipcharts, etc.). We do the room reservations. You just book your flight and pay for your sleeping room on arrival.

### Why Revenue Management?



#### INDUSTRY DEFINITION

Revenue Management is the application of disciplined analytics that predict consumer behavior at the micro-market level and optimize product availability and price to maximize revenue growth. The primary aim of Revenue Management is selling the right product to the right customer at the right time for the right price and with the right pack. The essence of this discipline is in understanding customers' perception of product value and accurately aligning product prices, placement and availability with each customer segment. -Wikipedia

#### REVENUE MANAGEMENT

##### TOPICS (anticipated)

- Revenue management analytics, e.g.
  - EDLP vs High/Low
  - Channel strategy
  - Pack strategy
  - Product mix
  - Promotion optimization
  - Sourcing and procurement
  - Value incentive curves
- Execution and sell-in considerations
- Strategic and tactical roadmaps
- Cross-functional collaboration
- Team structure and roles



For more information, contact:

**Ken Sullivan:** (203) 445-1975 x105  
Kensullyt@aol.com

or

**Mike Kantor:** (814) 318-7308  
Mkantor@p-o-i.org

#### HOW DOES THIS GROUP DIFFER FROM OTHERS?

- **Revenue Management** share group is primarily focused on:
  - Strategic revenue growth (beyond trade marketing)
  - Trade off of list price vs. trade marketing spend
  - On-deal / off-deal strategy
  - Analytics to make revenue management decisions
- **Trade Marketing** share group is primarily focused on:
  - Class of trade priorities
  - Trade promotion management
  - Funding and approval process
- **Sales Finance** share group is primarily focused on:
  - General ledger, P&L
  - Processes and policies (Unsalesables, S&OP, etc.)
  - Finance roles and Sales support



## Next Connect: POI Chicago Summit

# Strengthening Connections and Support

**In 2019 we added  
U.S., Canadian & European  
Manufacturer Share Groups**

**Future Connects:**

**Europe Mar 12<sup>th</sup>, June 18<sup>th</sup>**

**U.S./Canada Mar 13<sup>th</sup>, June 19<sup>th</sup>**

- Peer Connection
- Insight into Best Practices & Trends
- Peer Benchmarking
- Opportunities for Collaboration
- Resources

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## **POI MANUFACTURER CONNECT**

**Join the Quarterly Call hosted  
by POI with benefits including:**

- Peer Connection
- Insight into Best Practices and Trends
- Peer Benchmarking
- Opportunities for Collaboration
- Resources

A background image showing a group of people in a meeting. A woman on the left is looking at a laptop. A man in the center is also looking at the laptop. Another person on the right is partially visible, looking down. They are gathered around a table with a laptop and some papers.

# **Transformation Support**

## **Manufacturer & Retailer Advisory**

**POI Advisory supports the manufacturer & retailer front-end project development, so organizations can move to faster decision making and execution to deliver the organization's strategic priorities**

**Projects: Strategy Development, Transformation Planning, RFP Development & Execution, Systems & Process Project Planning, Organizational Structure, Change Management, Efficiency & Effectiveness, Strategy & Roadmaps, Communication & Socialization Plans**



## POI Certified Collaborative Marketer Program

Creating Leaders for CPG and Retail

### Certified Collaborative Marketer (CCM)<sup>TM</sup>

#### CCM Executive Training/Certification

- 90% Online delivery
- Executive Program held at St. Joseph's University in Philadelphia, WMU, ASU
- Learn Collaborative Cultures, Skills & Strategies
- Two-day live session, 16- week self directed study, 2-day final collaborative workshop



<https://poinstitute.com/certification-ccm/>

# Survey Methodology

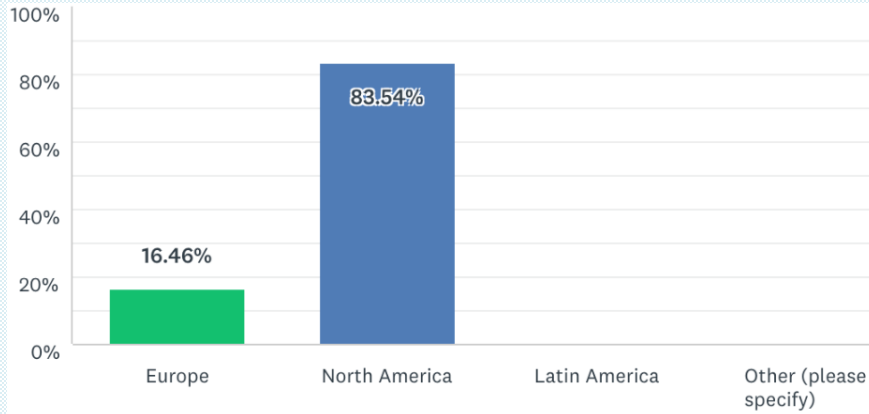
Based on multi-year survey results, POI analyzes the data, which is known as a longitudinal study. It isn't perfect because respondents change, or sometimes they aren't able to take the survey in subsequent years. Nevertheless, this actually provides a richer look at the market because, across the four years included in this study, we have been able to:

- Maintain consistency in survey respondents over the years. POI is engaged with several dozen people who continue to be at the same companies and have provided ongoing survey input from 2015-2020. This is one element of the longitudinal analysis.
- Continually track progress at 42 of the same companies that took the 2015/2016 survey. This provides company continuity over time.
- Bring in 39 new companies this year to lend a perspective to what we found last year. In some cases, the results are quite similar, and in other cases we noted the beginning of a trend.

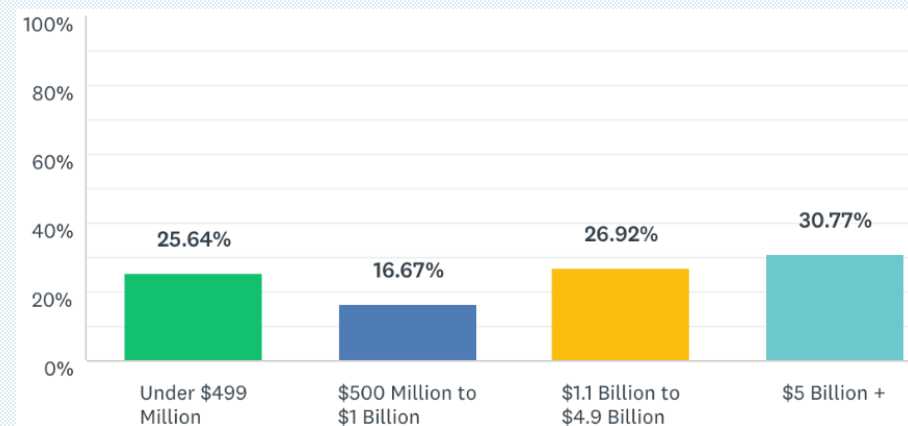
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# Descriptive Study & Participant Statistics

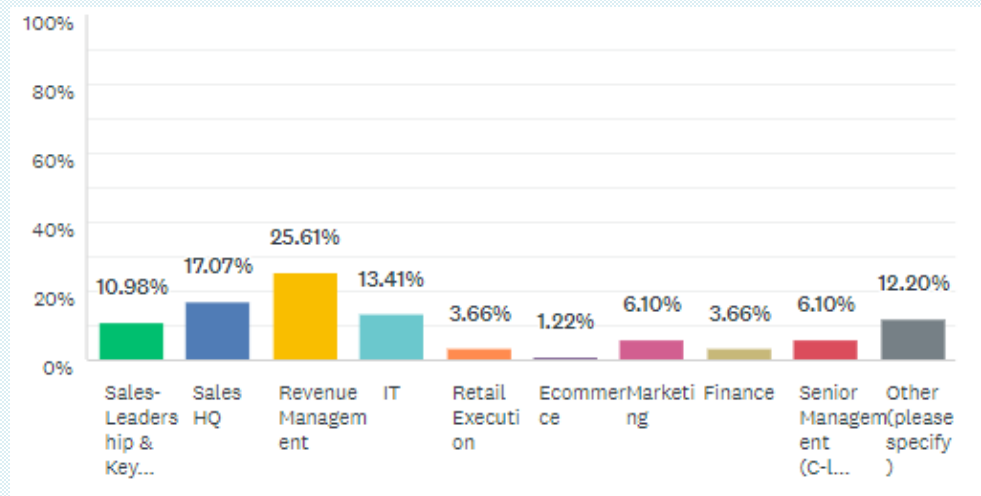
Location of Corporate HQ



Company Annual Revenue



Survey Respondent  
Area of Responsibility





# About the Author - Pam Brown

As Chief Commercial Officer, Pam creates and executes POI strategy, research, advisory, plus elevates practices and CPG and Retailer relationships.

Prior to joining POI, Pam was the Director of IT Governance for Del Monte Foods. In her role she led IT Governance and the PMO. In her previous role as the Director of Sales Operations, she led: Sales Strategy & Operations, Sales Systems and BI Analytics. She drove collaborative solutions and change across the organization based on corporate strategy and with the support of cross functional partnerships.

Prior to joining Del Monte, Pam worked for Unilever and quickly progressed through numerous sales positions of increasing responsibility. She then joined Kayser-Roth and became the Western Division Sales Director for all Retail CPG business west of the Mississippi. Pam has 28 years of Sales & Systems experience and demonstrates a passion for creating a competitive advantage through high-performing teams. Pam earned her BA in Business Administration from the University of California at Riverside.

She also serves in a broad array of community and industry leadership roles, including the Network of Executive Women & Deloitte Advisory – Women to Watch Program.

Outside the industry, she is a wife of 27 years, mother of three children, globally award winning children's author, and coaches youth soccer.

[pambrown@p-o-i.org](mailto:pambrown@p-o-i.org)

## About the Promotion Optimization Institute

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)<sup>™</sup> program, share groups, 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. Our POI executive advisory boards keep us apprised of industry needs and help us provide desired outcomes for members, sponsors, and academia. For more information visit: [www.poinstitute.com](http://www.poinstitute.com) or contact:

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