Achieving Mutual Growth through Data Centered Collaboration

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PROMOTION OPTIMIZATION INSTITUTE

"And the 2016 Survey Says" – Five Key Differentiators that are Improving Promotional Outcomes

Dale Hagemeyer, Partner, Promotion Optimization Institute
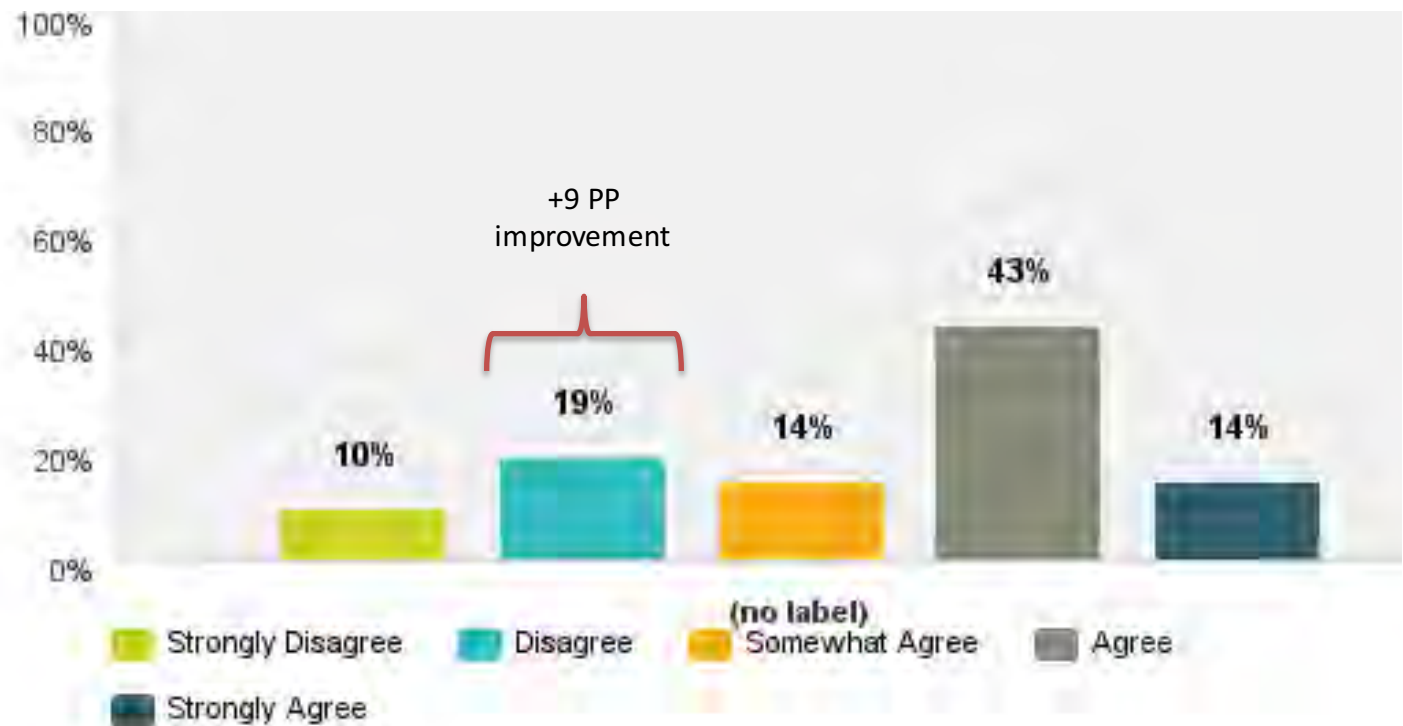
Differentiator 1
Ability to Develop a Business Case

Ability to Develop a Business Case

- Classic test versus control group. Select partner markets and test.

- Sensitivity analysis. Focus on a couple key outcomes needing improvement.

- Include a breakeven timeframe.

- Don't omit soft costs like turnover, user motivation, work/life balance, absenteeism

- Consider full costs of current solution including shared FTEs, IT resources, fixes, device repairs, etc.

Q7: You have challenges justifying or building a business case for investment to deepen your trade promotion (TPx) capabilities.
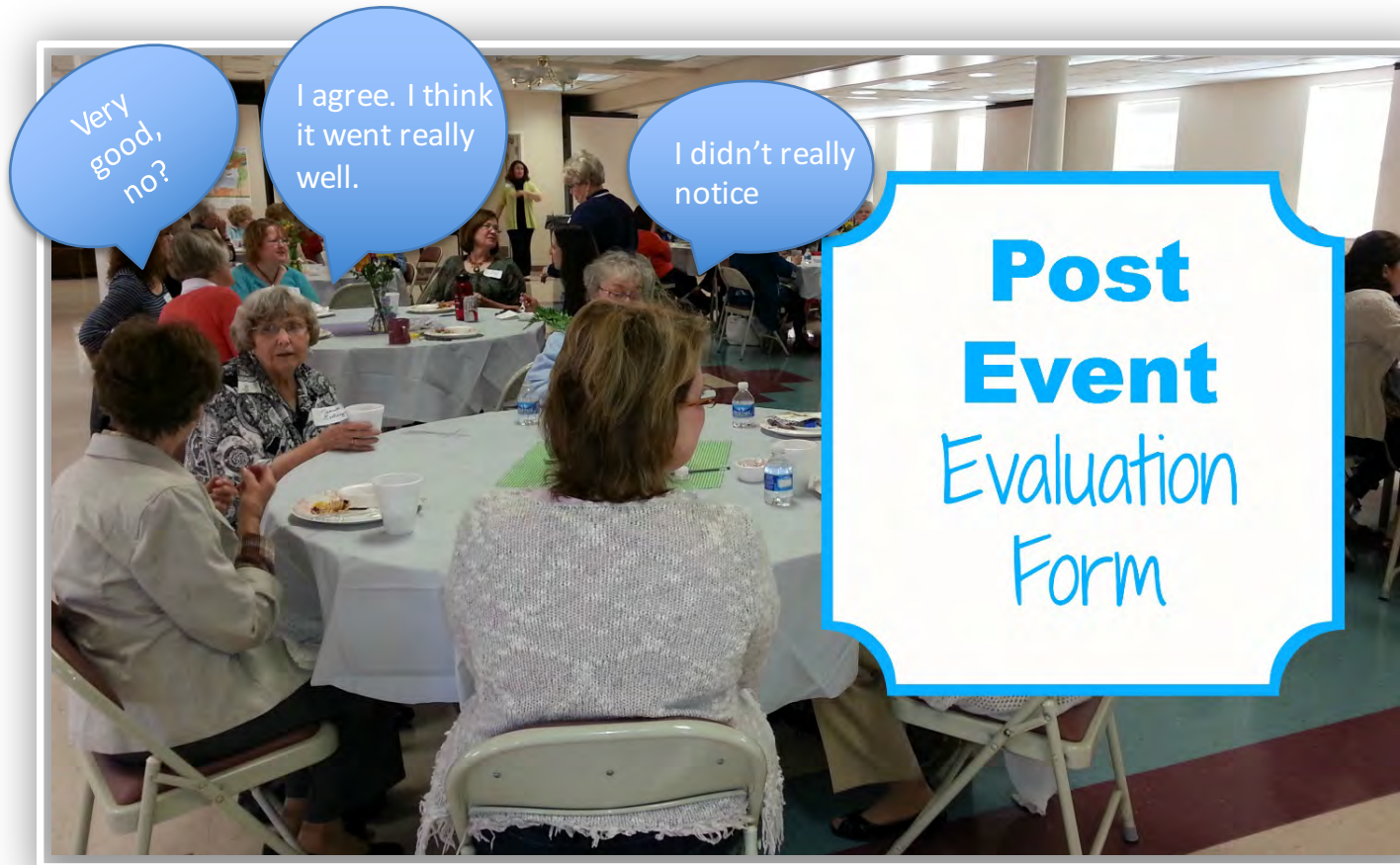

+9 PP improvement

10% 19% 14% 43% 14%

Strongly Disagree · Disagree · (no label) Somewhat Agree · Agree · Strongly Agree

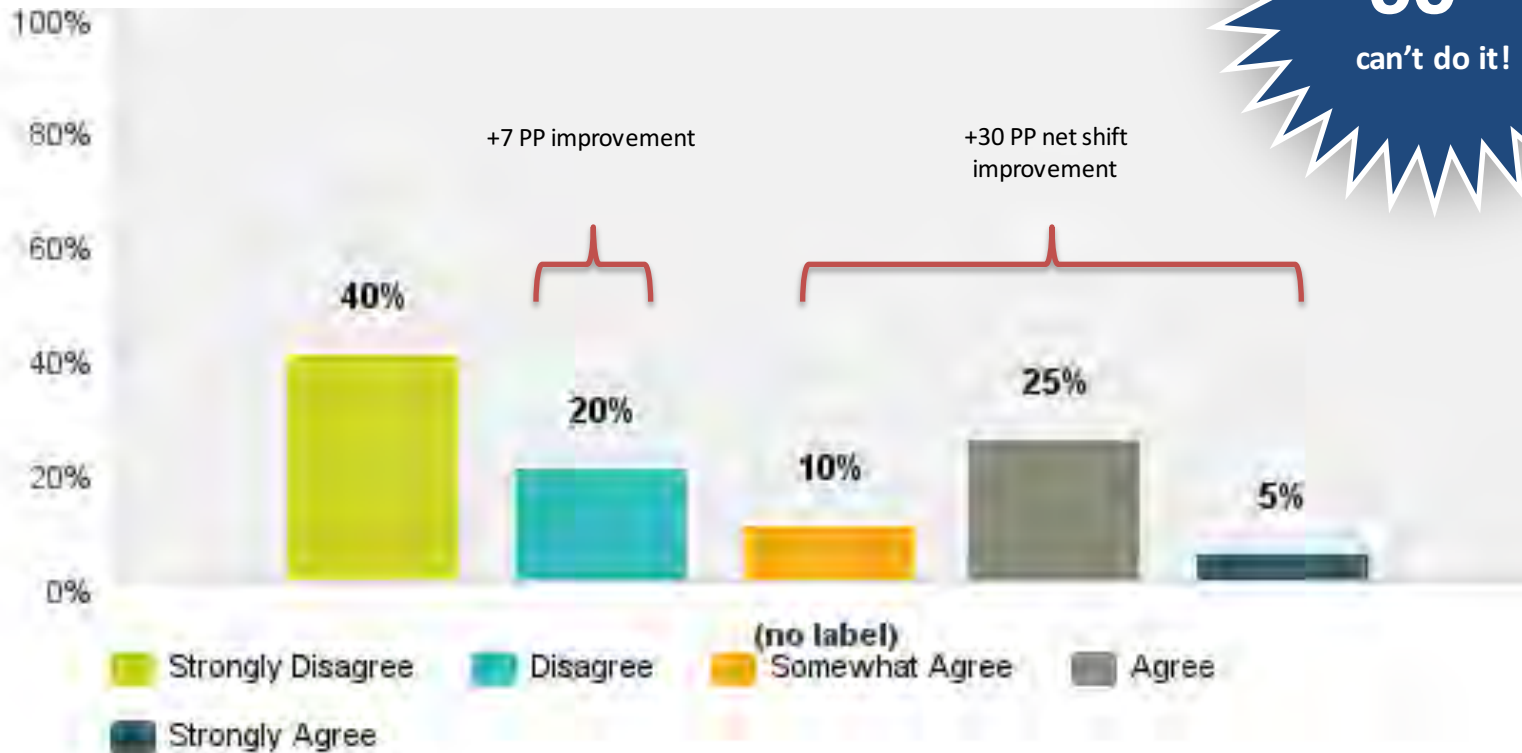Source: POI Research. "2016 TPx and Retail Execution Survey".

- Typically it is top 3 events at top 5 accounts

- Requires data integration

- Automation and ease of use are key

- Must be seamless part of TPx suite.

Automated Post Event Analytics

Q16: Your post event analysis process is automated so that reports are automatically populated and you can view as many promotions as you want as often as you want.

But still, **60%** can't do it!

+7 PP improvement

+30 PP net shift improvement

- 40% — Strongly Disagree
- 20% — Disagree
- 10% — (no label) Somewhat Agree
- 25% — Agree
- 5% — Strongly Agree

Source: POI Research. "2016 TPx and Retail Execution Survey".

Differentiator 3
Focus on simplifying entire trade management process

- Similarity across toolset

- Single navigation point

- Discrete functions allow easy in and out

- Alerts

- Workflow

- Ability to bring insights into each sub-process is key

Plan

Execute

Optimize

Monitor

Strategize

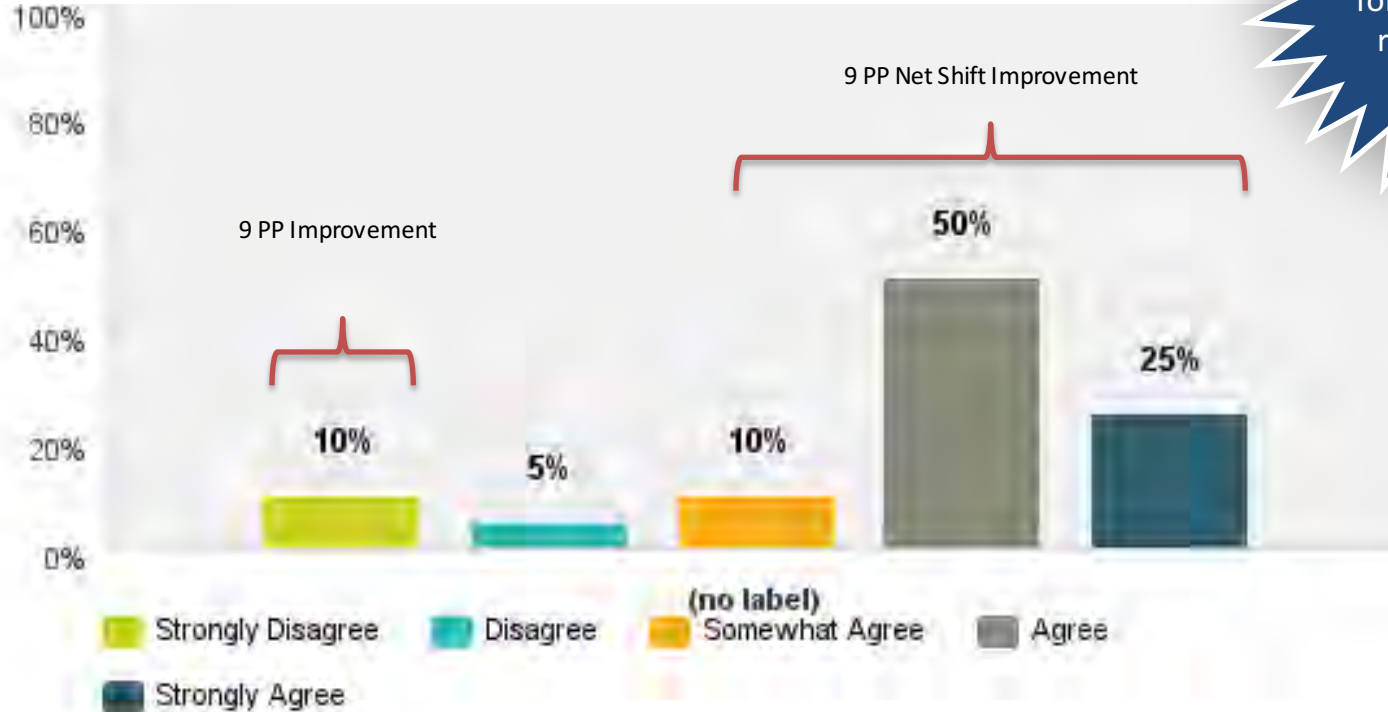**TPx Environment**

Settle

Evaluate
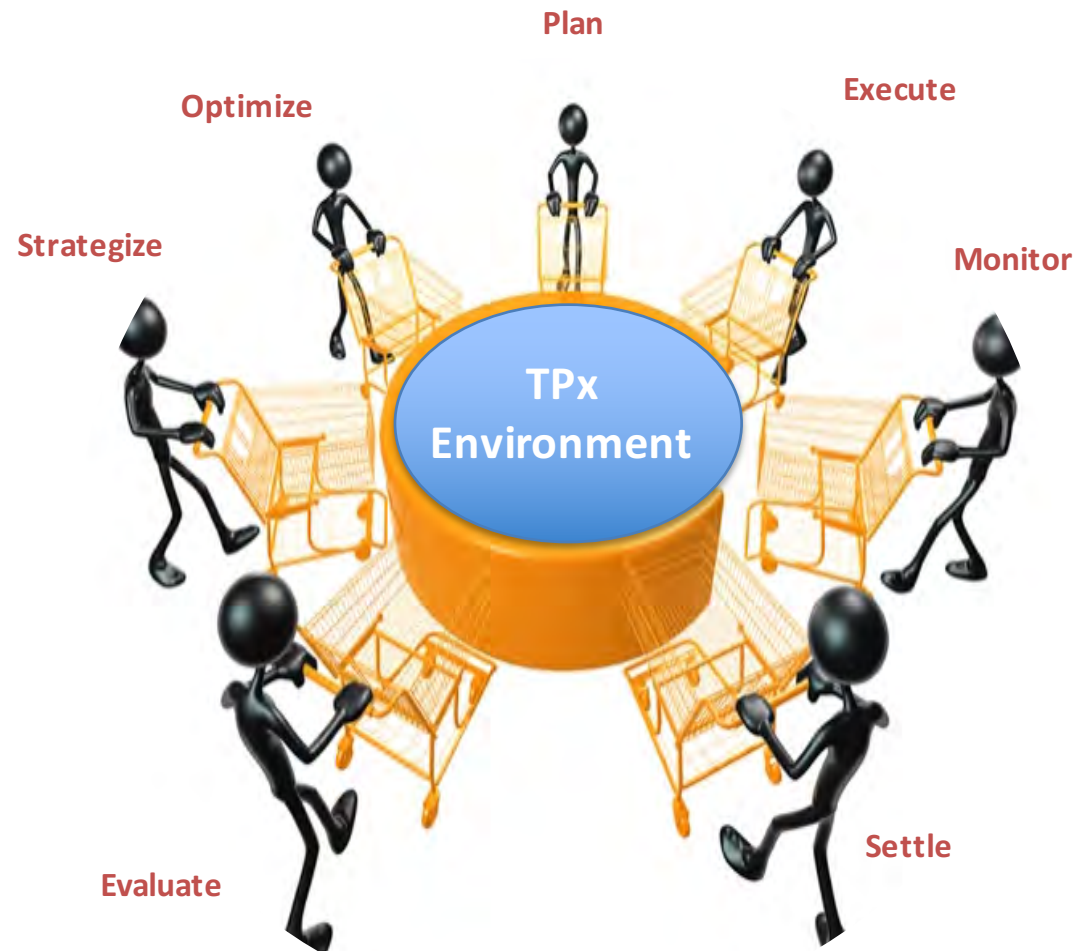
Focus on the Entire Process

Q17: You believe that the entire process of creating a promotional plan from budgeting to planning to execution to settlement to post event analytics takes a burdensome amount of time.

Nevertheless, it is still a problem for about 75% of respondents.

9 PP Net Shift Improvement

9 PP Improvement

100%	
80%	
60%	50%
40%	
20%	10% 5% 10% 25%
0%	

- Strongly Disagree
- Disagree
- (no label) Somewhat Agree
- Agree
- Strongly Agree

Source: POI Research. "2016 TPx and Retail Execution Survey".

Differentiator 4

Ability to use predictive modeling to simulate promotional outcomes

- Change the nature of the collaboration discussion
- Stop copying events from year to year
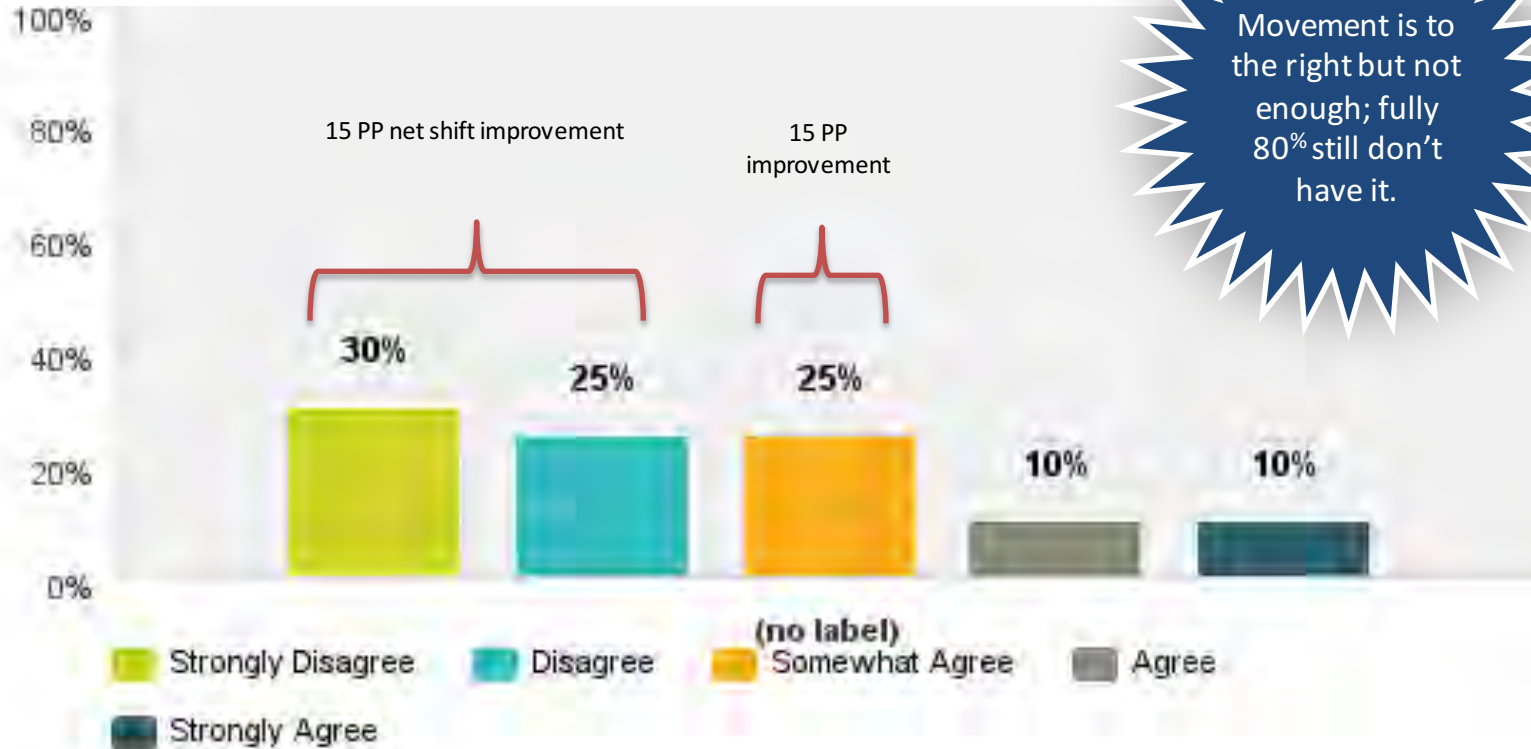
Ability to *bring* insights into each sub-process is key

KEEP CALM AND START OPTIMIZING

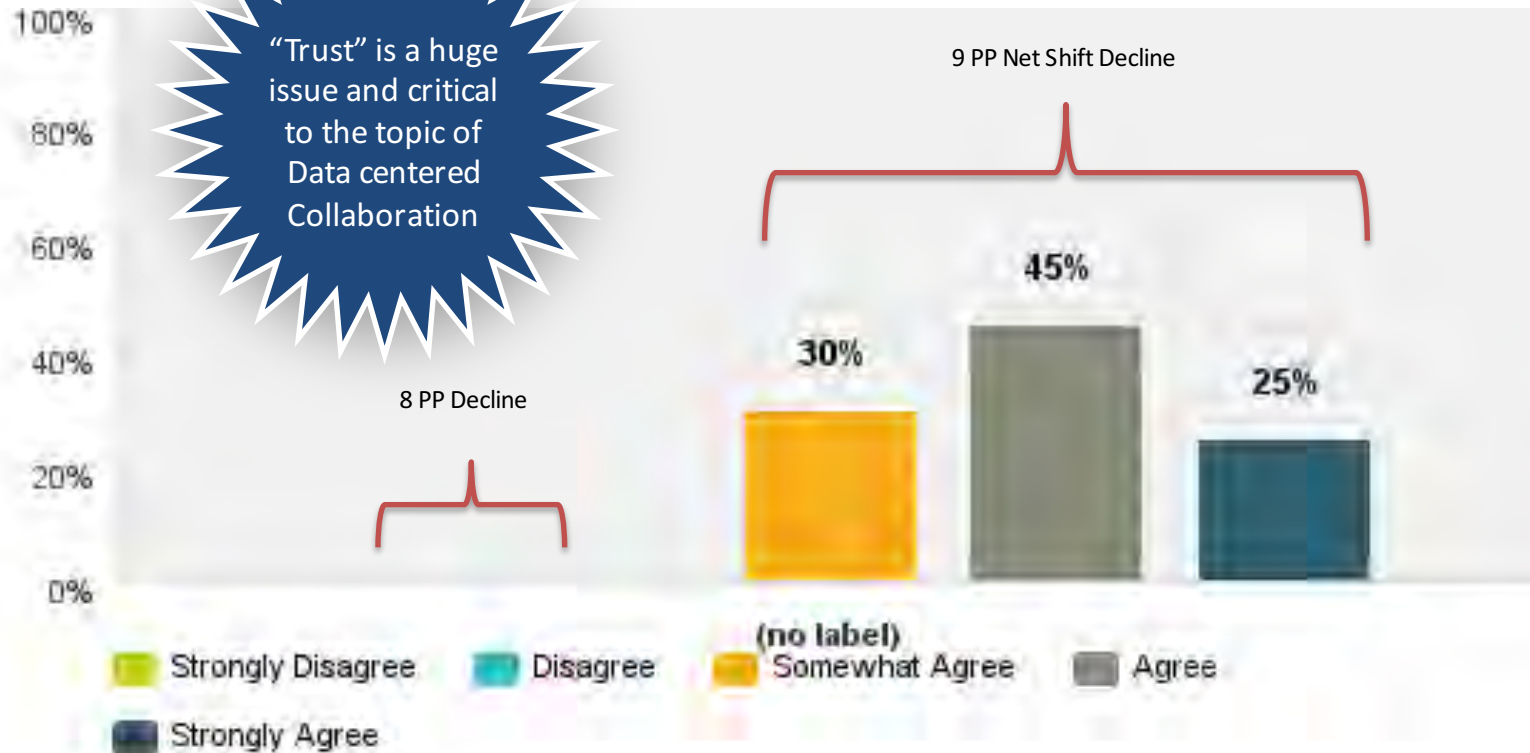Achieving Mutual Growth through Data Centered Collaboration

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Q18: You have trade promotion optimization (TPO), which is to say, the use of predictive models to determine promotional outcomes, in the hands of your field users today.

Movement is to the right but not enough; fully 80% still don't have it.

100%

80%

60%

40%

20%

0%

15 PP net shift improvement

15 PP improvement

30%

25%

25%

10%

10%

Strongly Disagree   Disagree   (no label) Somewhat Agree   Agree

Strongly Agree

Source: POI Research. "2016 TPx and Retail Execution Survey".

Optimization through Predictive Modeling

Q11: You have challenges getting users to trust what they see in the TPx solution, whether it is the calculated profit from a past promotion, a prediction of a future outcome, or something else.

"Trust" is a huge issue and critical to the topic of Data centered Collaboration

9 PP Net Shift Decline

8 PP Decline

30%

45%

25%

Strongly Disagree   Disagree   (no label) Somewhat Agree   Agree

Strongly Agree

Source: POI Research. "2016 TPx and Retail Execution Survey".

- **Once you have predictive capabilities and people trust the outputs, the survey data indicates:**

  - A 15.5% positive correlation coefficient between having TPO and lower trade spend

  - Only an 8.7% correlation coefficient between company size and having TPO. Ergo, it is obtainable for all company sizes.

  - A 27.5% correlation coefficient between company size and trade spend. Ergo, the big guys need it most of all.

It is only directional but indeed encouraging!

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- Critical both for initial deployments as well as subsequent onboarding

- There is a reason why we speak of "disruptive technologies"

- See POI Change Management document on website for more details on doing it right

PROFITS   SALES

"What if we don't change at all ... and something magical just happens?"

Effective Change Management

Q21: Change management has been an issue among your users.
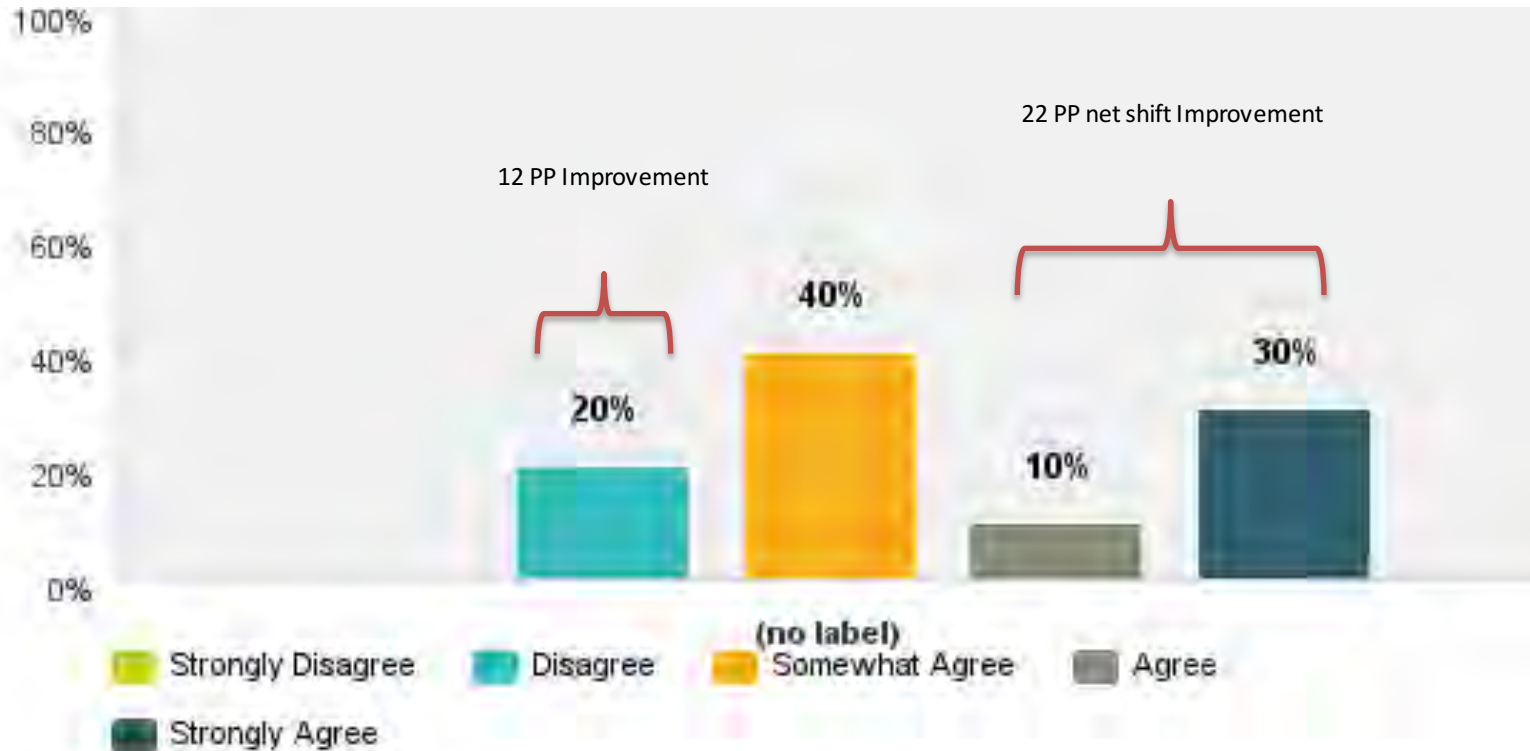
Source: POI Research. "2016 TPx and Retail Execution Survey".

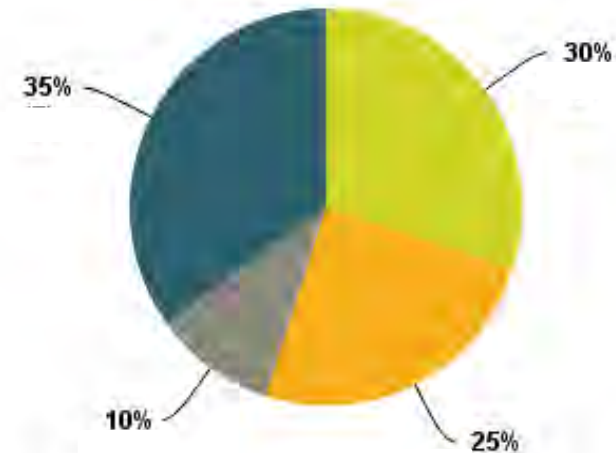# ...And some areas where we recommend focusing - functionality

Functionality is more important than technology delivery mechanism

- Don't fall for "cloud hype". The cloud *is* the wave of the future but functionality needs supersede all.

- Same for "custom build platform hype". You pay twice as much for half the functionality.

- No difference between public and private cloud anyway.

"Functionality... in the cloud"

Q23: What is your preferred means of providing TPx technology

35%

30%

10%

25%

On Premises (behind your firewall) | Public Cloud | Private Cloud
Some combination depending on geography | No Preference

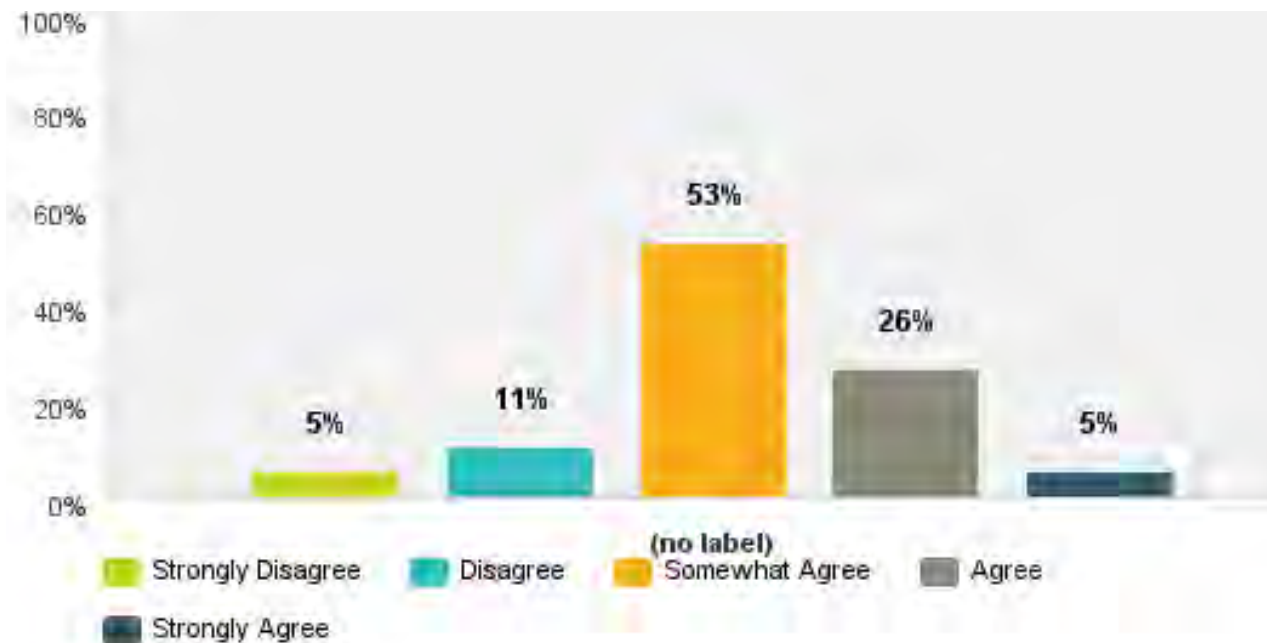Source: POI Research. "2016 TPx and Retail Execution Survey".

More areas where we recommend focusing – demanding best practices

Obtaining best practices from your technology and/or services provider is critical

- Check the roster of exactly who will be working on your project.
- Spend time on business process design commensurate with your needs
- Ask for suggestions as you go along.

Q20: When you implemented your TPx solution, your vendor/service provider helped you with best practices.
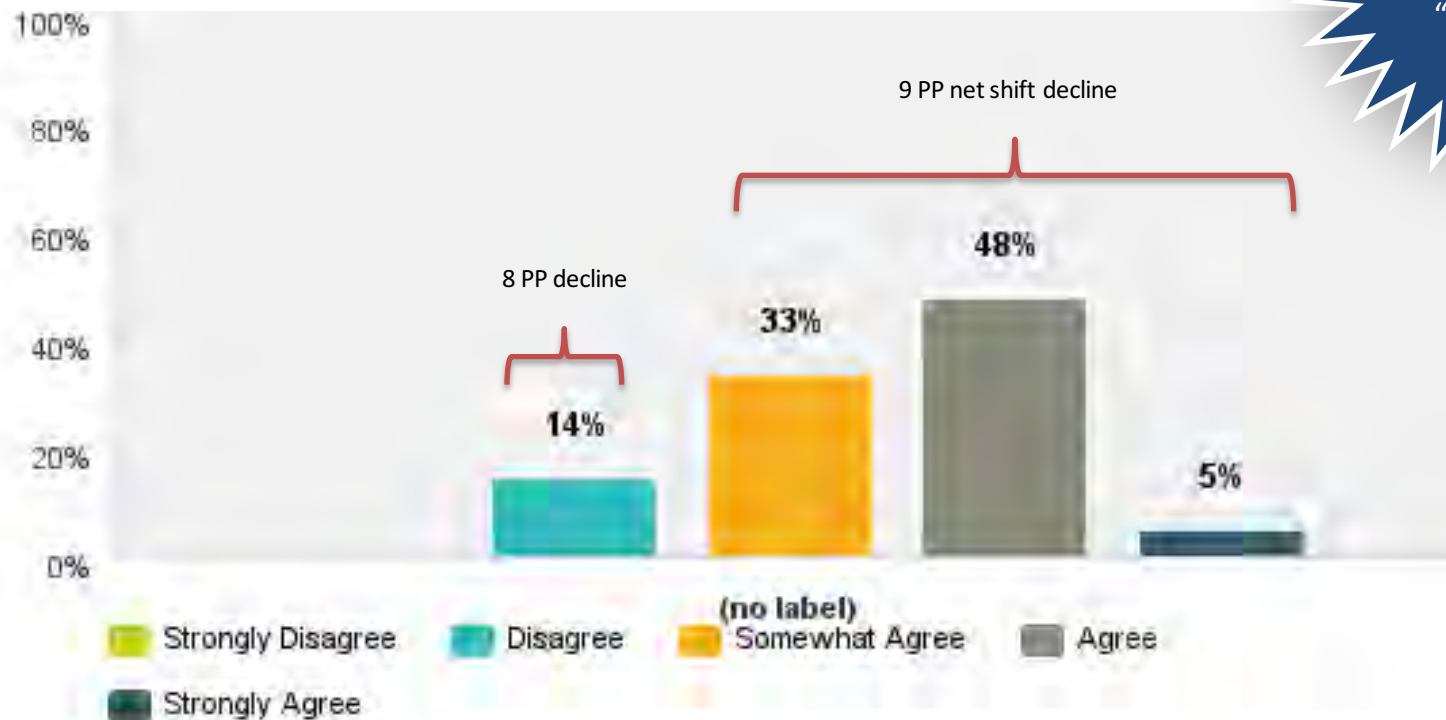

- Strongly Disagree — 5%
- Disagree — 11%
- (no label) Somewhat Agree — 53%
- Agree — 26%
- Strongly Agree — 5%

Source: POI Research. "2015 TPx and Retail Execution Survey".

More areas where we recommend focusing – finding the right people

Q8: You have challenges finding qualified personnel who can use and understand existing solutions.

A whopping **86%** have this "personnel" issue!

Source: POI Research. "2016 TPx and Retail Execution Survey".

Improving ability to find qualified personnel

Common heuristics:

- Course of study, GPA, etc.
- Previous experience
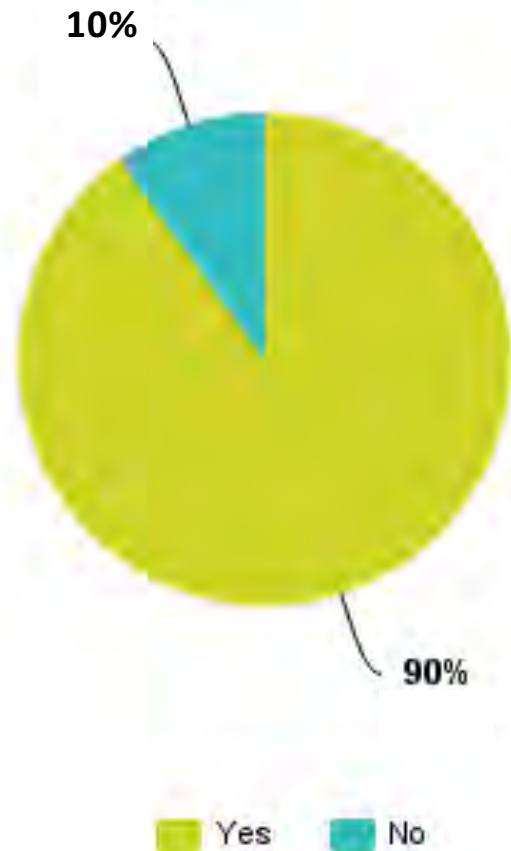- Referral(s)

Shortcomings:

- Can't check references
- Can't really test people on the solutions in question
- In general, how do you assess talent?
- Does your HR department have a clue, seriously?

Final areas where we recommend focusing – reduce reliance on spreadsheets

Q25: Do you augment TPx functionality with spreadsheets to meet your needs?

10%

90%

Yes   No

Don't hitch the success of your season to spreadsheets. Completeness matters!

Source: POI Research. "2016 TPx and Retail Execution Survey".

In Summary

Elements of a winning approach:

- Master the business case

- Automate post event analytics

- Focus on users and the entire TPx process

- Change the game through optimization

- Be relentless on change management

Also:

- Prioritize functionality far above delivery mechanism

- Seek for best practices; in fact, demand them!

- Focus on hiring and retaining the "right people"

- Strive for completeness of TPx solution

Be part of the dialog

- POI Chicago Event in April, 2017
- Please take the survey currently under way: surveymonkey.com/r/POI2016survey
- Reach out to me: dhagemeyer@p-o-i.org
- Stop me this week for a chat!