



## THE POI NORTHEAST REGIONAL SUMMIT

Achieving Growth Through RGM,  
Retail Execution, eCommerce,  
and Analytics Excellence



# Achieving End-to-End Success From HQ Strategy to Field Execution



# What is Success?

## Benchmarking Industry Progress

The annual POI Industry Survey research helps you and your company improve promotion effectiveness & efficiency, retail execution and will reveal business successes and challenges.

The survey is broken down into two distinct yet related business processes: Trade Promotion Management (TPx) and Retail Execution.





# Driving Toward Success Together

Manufacturers & Retailers are looking to benefit from improved capabilities

They are looking to better optimize trade investments

Manufacturers & Retailers desire to improve volume planning and forecasting. New technologies will help them to predict and shape demand

Retailers and Manufacturers will need to work together to maintain margins for both parties while increasing promotion effectiveness and ROI

# CPG Industry Challenges:

## Market Disruption:

### Omni-channel shift in how people shop

- Historically brick and mortar could control & influence the in-store experience
- Today the online the consumer has more control with search, personal preferences, filters & can review & chose brands

Levels the playing field for small niche brands





# Challenges= Risk & Opportunity

Millennial Shopper  
Consumer Demands

Digital Transformation

Low margin & cost focus =  
Balancing Act

Data Management

CONVENIENCE

Seeking Value

Subscription Services

Small Niche Brands

Nimble, fast innovation, "consumer experience"...

Mobile orders &  
delivery

local, sustainable, trustworthy

Prepared food vs.  
ingredients



# Thought Provoking Game Changers

- With the shifting CPG landscape **there will be no new normal.** The good news is that our world is innovating fast. We use new technological advances every day to make life easier. This leads us to have to **take a continuous improvement approach to practices, technology, and skills** at work and in our personal lives. Innovation means constant activation.
- Many retailers and manufacturers are continuing to organizationally structure themselves based on old paradigms. Our number one focus is the consumer, yet roles, processes, and systems are still internally focused, not optimal, and in many cases broken. **Organizations need to step back and create a “Holistic Enterprise,” de-siloed approach.**

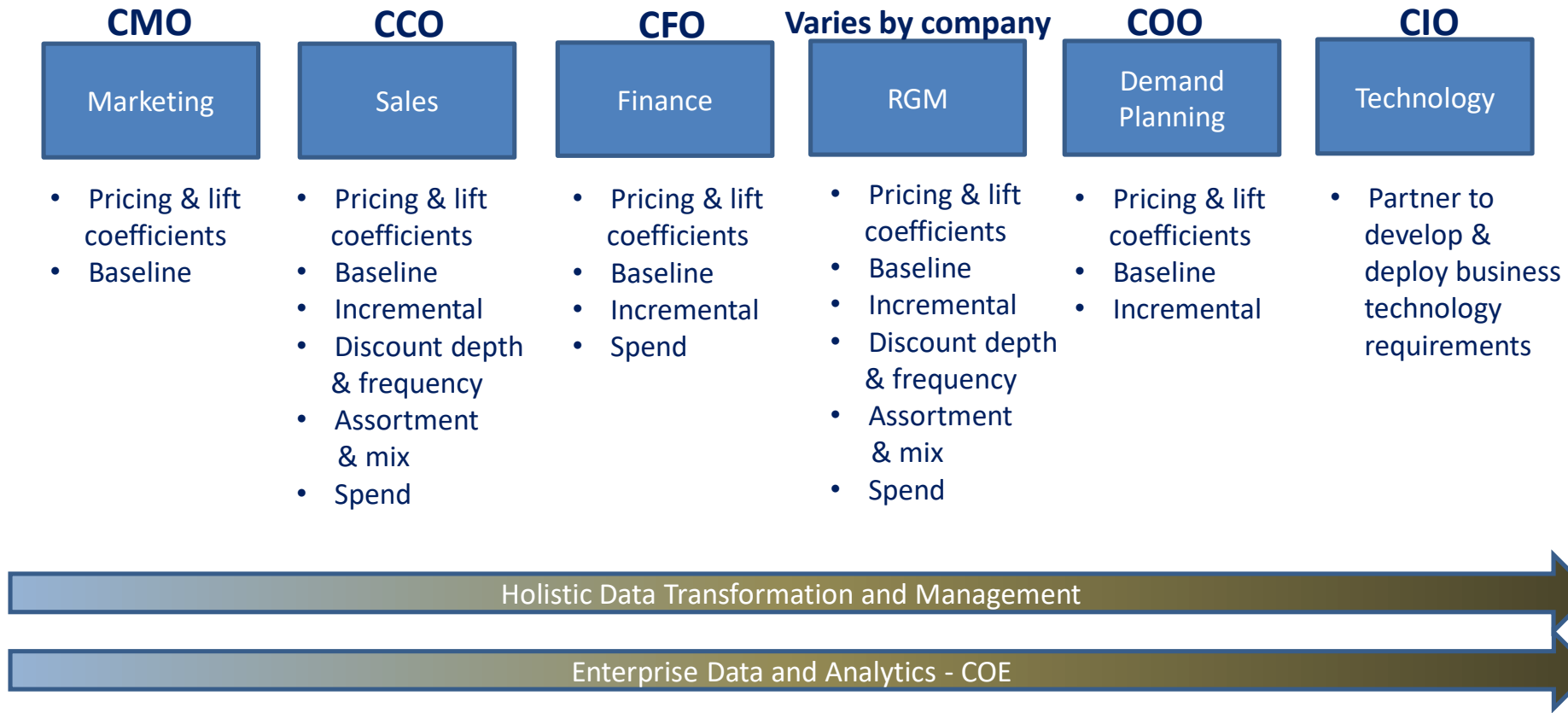


# Thought Provoking Game Changers

- Purchase power of the Millennials is surpassing that of the Boomers and they are digitally engaged. ***To offer our consumer personalized offers in the new paradigm, data is critical.***
- The lack of ***linkage between digital and traditional promotion is substantial***. Integration of consumer and loyalty shopper data is helping to see who our target consumer is and cater store & mobile layouts, offers, promotions, etc. based on these preferences. Ensure your company is on a journey to 'full integration.
- Artificial Intelligence (AI) is all around us. ***AI is here today***, and it's not bleeding edge. AI can analyze large amounts of data quickly, as well as detect patterns, opportunities, issues, evaluate options, and generate recommendations. ***How are you building AI into your strategy?***

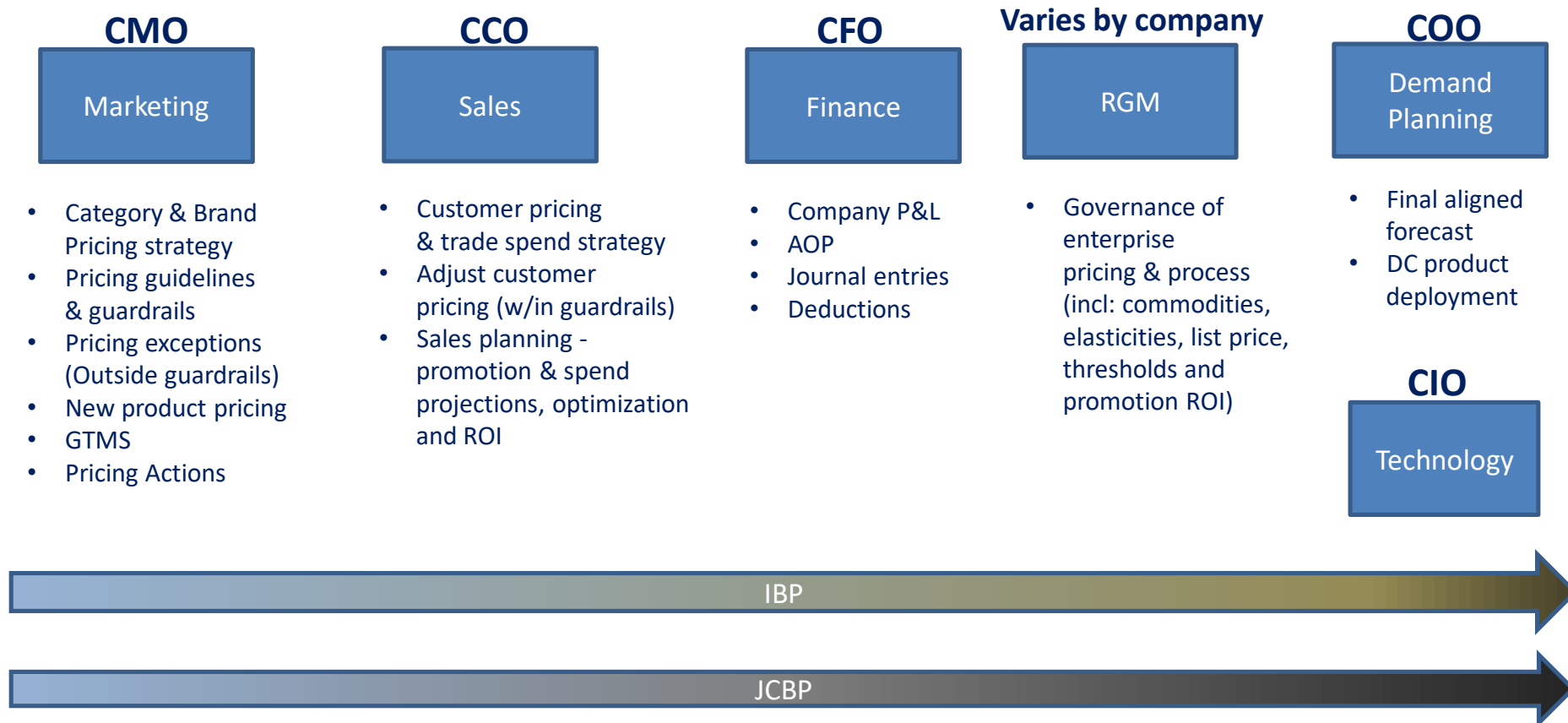
# Holistic Transformation:

Duplicative work effort is exerted across the organization & hinders “one version” of the truth



# Strategy, Process & Execution Ownership

Each area will be positively impacted as capabilities streamline data & processes to obtain the “one version of the truth” clients desire to achieve



# Enterprise wide “One Version of the Truth”

## Drives Transparency and Consistent Process & Accuracy

### Client Organizations must parallel path the following:

- Execute change management through leadership, communication, super users, incentives by role etc.
- Transform targets to include profitability
- Enterprise Incentive structure vs. BU centered objectives---  
Transformation requires unity of incentives

### Benefits:

- One Baseline
- Uniform coefficients
- Standard data and usage
- From static to ongoing/dynamic planning



# 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.**

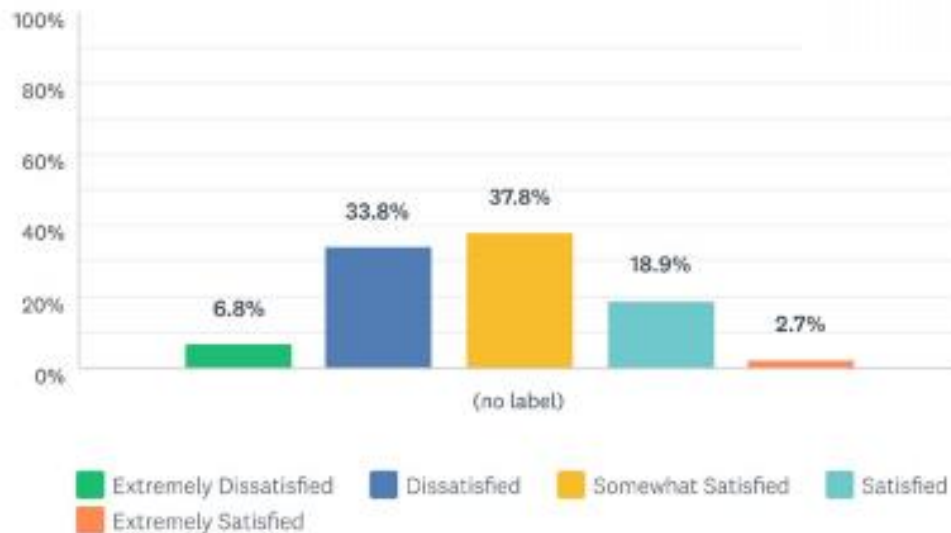
**RGM governs at the center of Enterprise cross-functional planning, pricing and forecasting work-- Transforming all the siloed functions into an ongoing streamlined effort of balance across the Enterprise.**



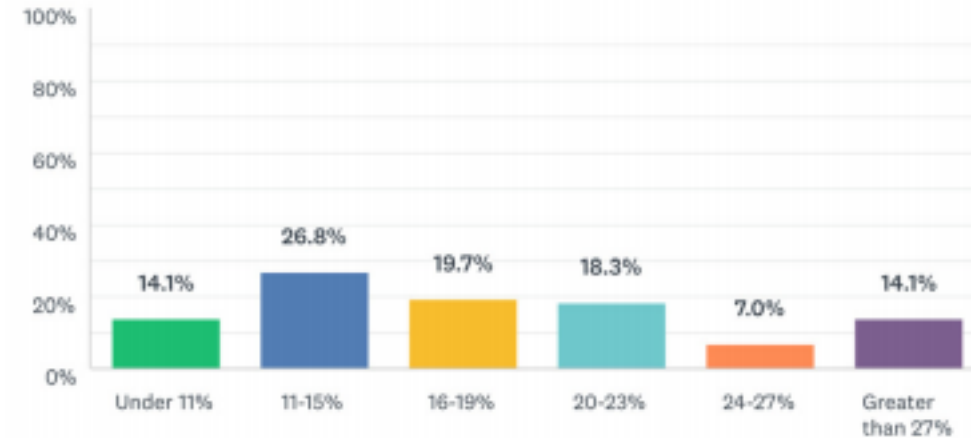
# Trade Promotion “Dis”Satisfaction

**RGM teams work with  
Sales teams to optimize  
pricing and promotions  
to improve ROI**

**Satisfied with ability to manage  
trade promotions:**



**% of Revenues Spent on Trade:**



CPG companies spend  
between 11-27% of revenues  
on trade promotions

40.6% are dissatisfied, while  
59.4% at least somewhat  
satisfied (+6% vs. YAGO)

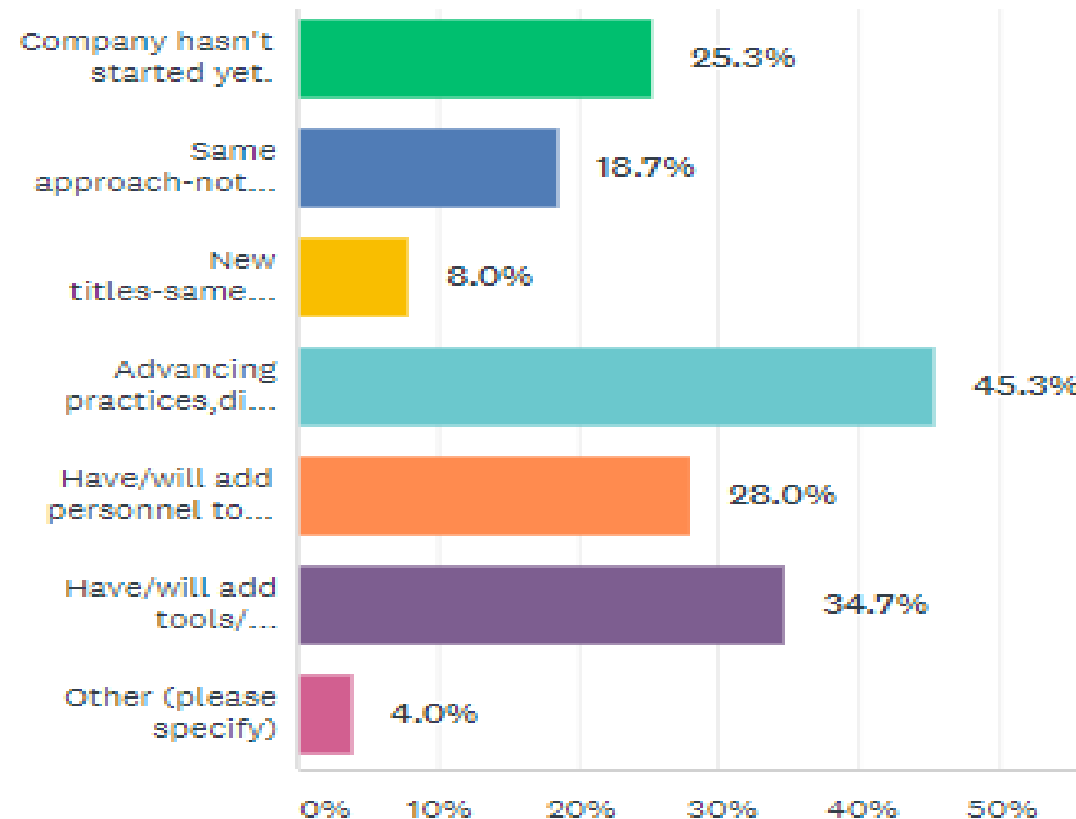
# Approaching RGM

**When respondents were asked,  
how are you approaching RGM?**

45.3% of companies will be  
advancing their RGM  
practices (Note 25% of  
companies haven't started  
RGM practices yet)

28% of these companies will  
be adding personnel

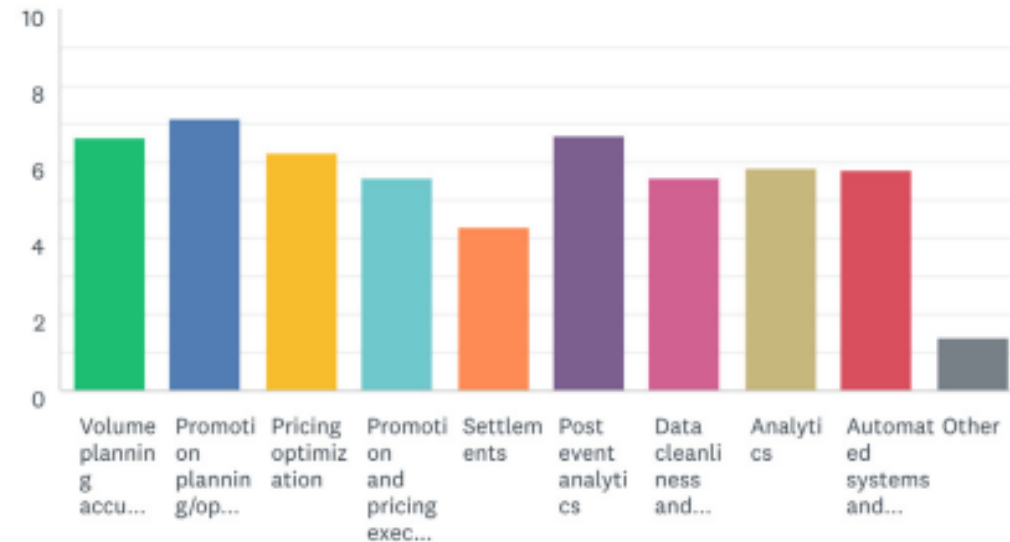
34.7% will be advancing  
technical resources with  
tools and advanced  
capabilities



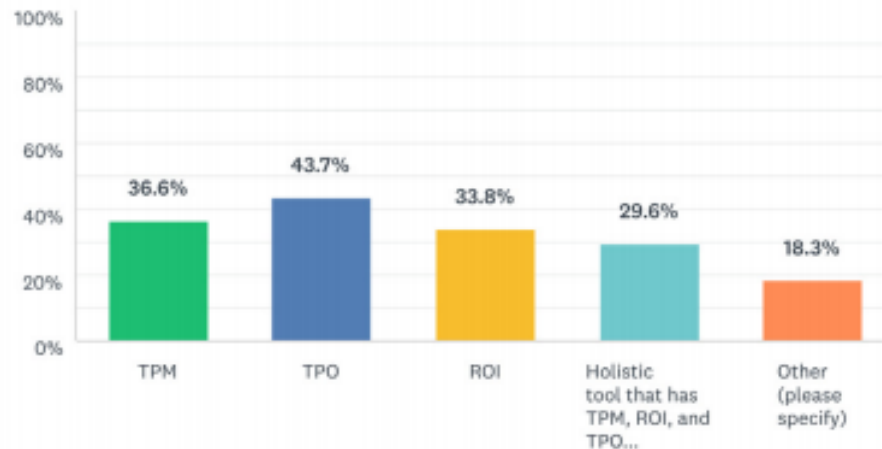
# Capabilities to Drive Promotion Success

Many companies are deploying new systems in 2019 to drive effectiveness

Promotion planning effectiveness (What-if & ROI), volume planning accuracy and post event analytics are top improvement categories.



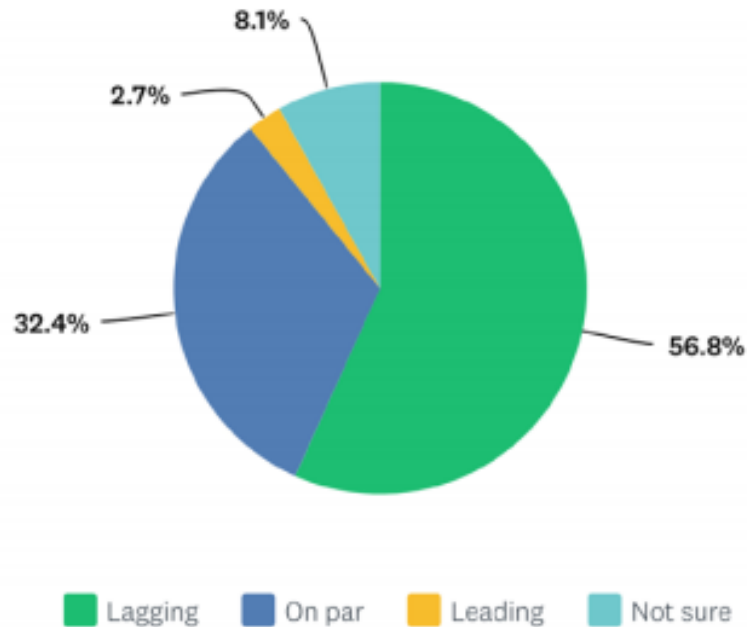
**TPx technologies our company will deploy in 2019:**



36.6% New TPM Systems  
33.8% New Singular ROI platform  
62% TPO (43.7%+ 18.3% AO)  
29.6% Holistic planning tool (TPM/TPO/ROI)

# Digital Capabilities

**Based on your definition of digital marketing and how you perceive the market, how would you rate your capabilities at the intersection of digital and trade promotion?**



As companies focus on digital offers and the consumer begins creating digital history, category dynamics will be impacted.

**56.8% of companies feel they are lagging**  
**32.4% feel they are on par with the market**  
**2.7% feel they are leading**  
**8.1% are not sure**

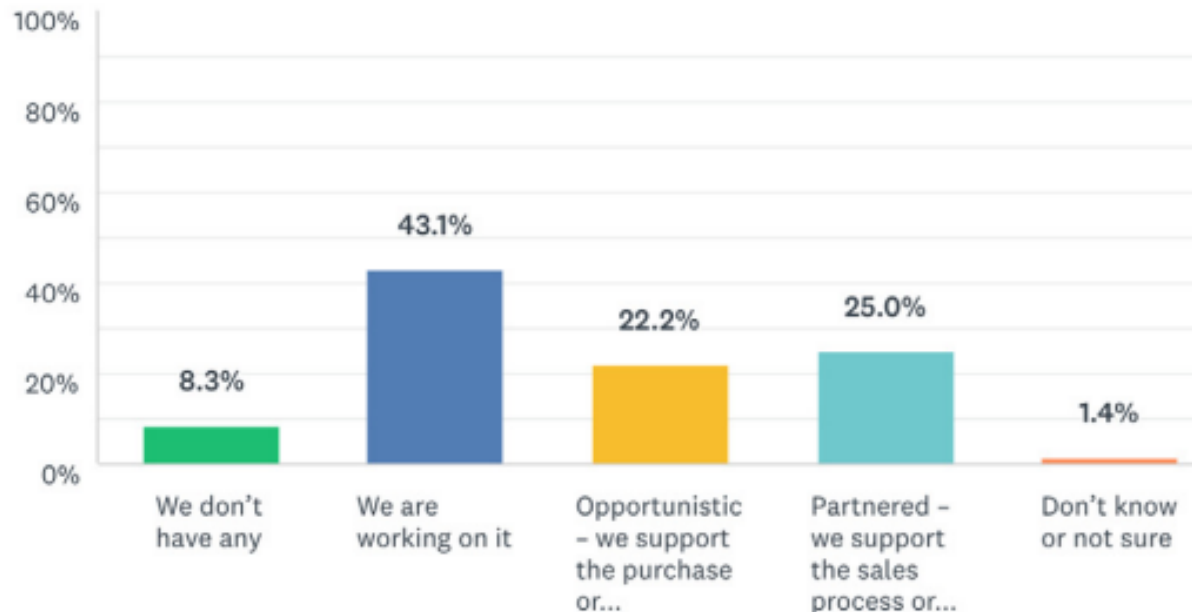
Smaller, newer niche brands are connecting with the consumer and gaining loyalty. Studies show that users are more likely to trade-up to high end brands from the niche brands who are nimble, perceived as trustworthy and are digitally marketing

Companies that enter the digital game early will reap the benefit of ongoing sales

# Ecommerce Capabilities

When survey respondents were asked the question how they would describe their organization's current e-commerce capabilities

## Describe Your Organization's eCommerce Capabilities:



8.3% of companies don't have capabilities yet

90.3% of organizations are taking some action

43.1% of the companies are working on it; resources are allocated

25% partner & support the sales process

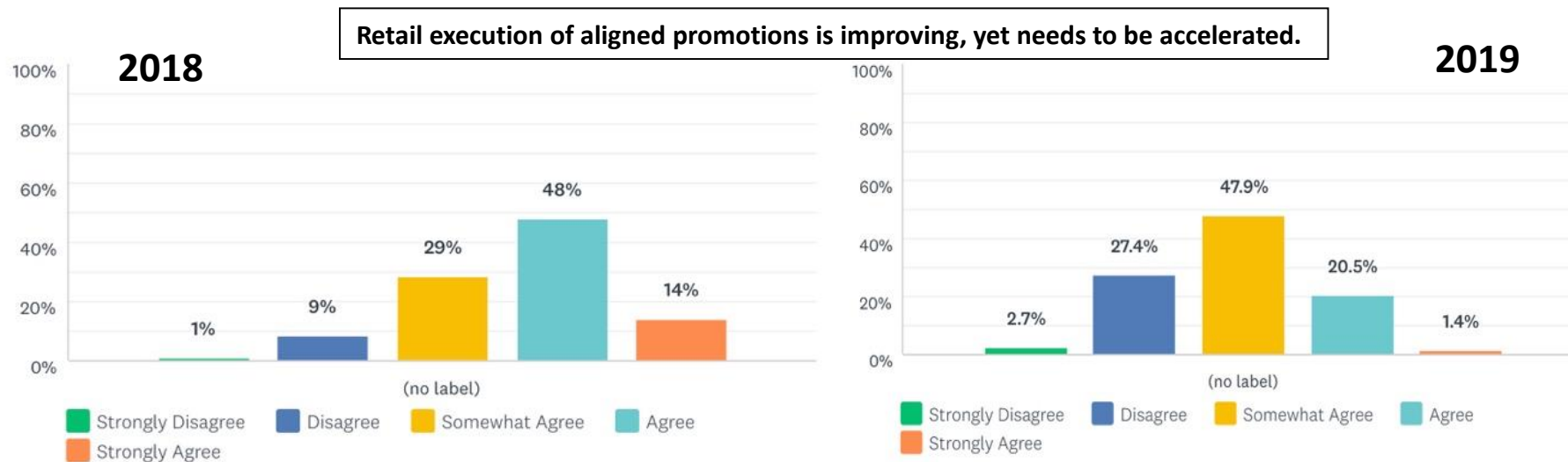
22.2% opportunistic and limited ecommerce

# RetX: Ability to Execute at Aligned Programs

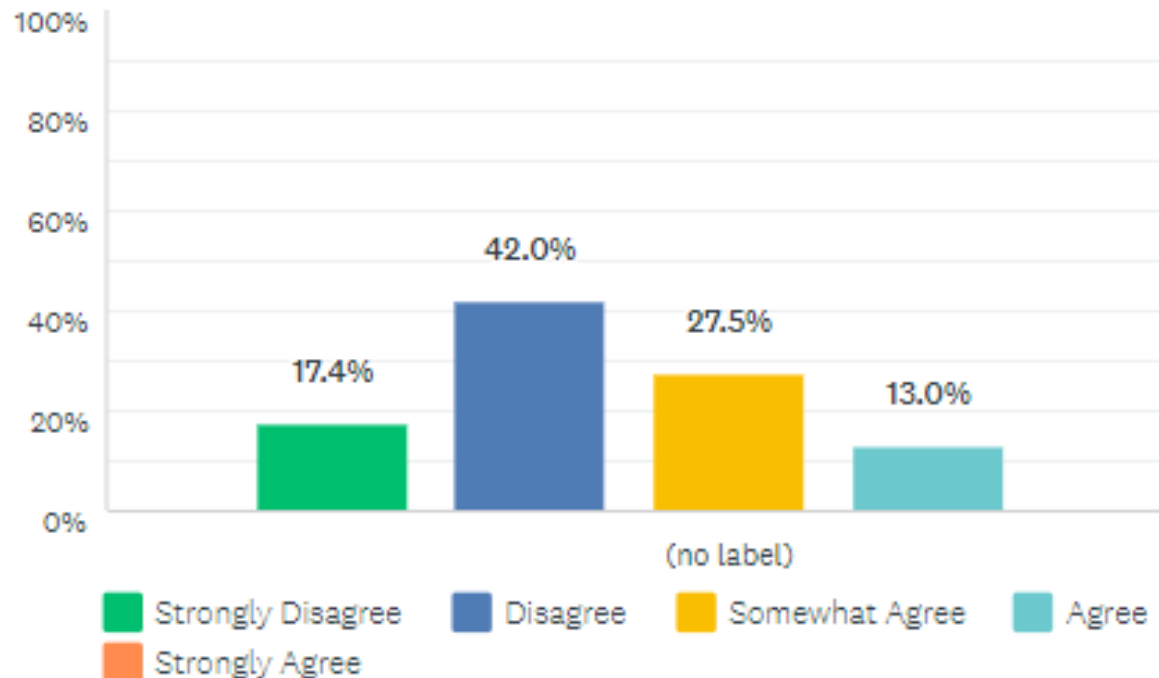
Both manufacturers and retailers spend an exorbitant amount of time planning and negotiating through the deals process. Yet, at the end of the day, execution is everything.

**When retailer aligned promotions are not executed as planned at store level, both teams fail to gain the expected results.**

69.9% of respondents agree that their companies are struggling to have retailer aligned promotions executed at store level (vs. 91% YAGO). 30.1% disagree and note they are able to execute well (up 20.1% vs. YAGO).



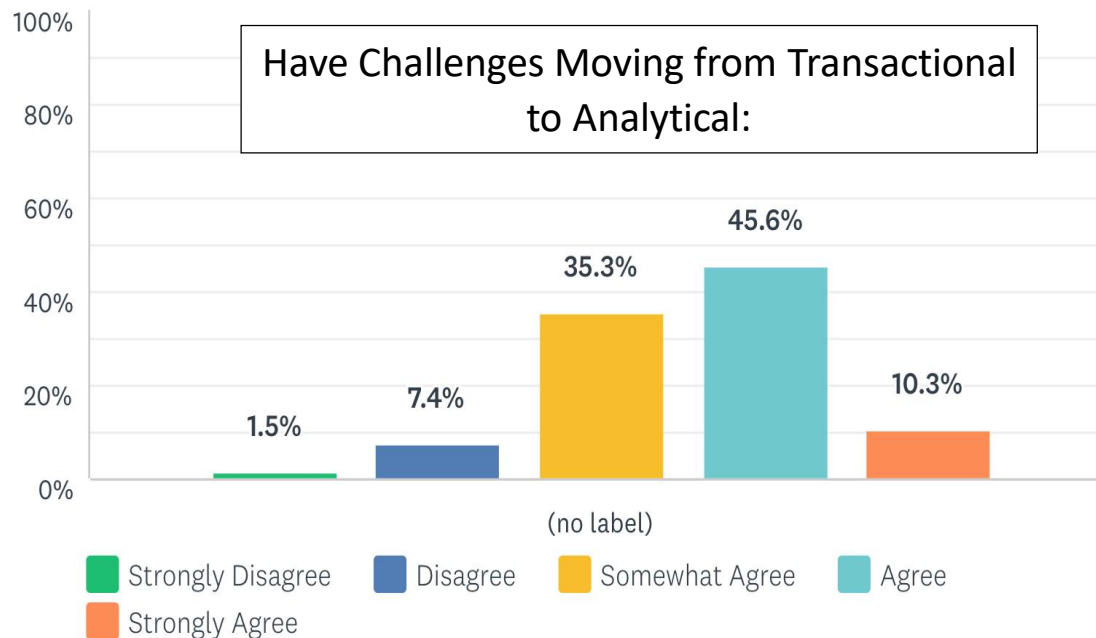
**Your retail execution solution has sufficient off-line capabilities to handle complex pricing requirements on the mobile device or keep mobile users informed of daily progress without connecting to the server.**



Only 40.5% of respondents say that their off-line needs are being met, which leaves 59.5% of execution teams struggling. This is an important functionality gap to close.

91.2% of respondents (1.2% increase vs. 2018) say they have challenges moving capabilities from transactional to analytical.

**Many Retail Execution solutions being used today do not enable field-based users to make required decisions at the store level.** Only 28.5% (up 12%) agree/strongly agree that they have the tools they need to make appropriate decisions.



Among office-based users, only 32.9% agree/strongly agree (up 10.9%) that their analytical needs are being met. Retail analytics is foundational to providing insights around the execution reality in the field.

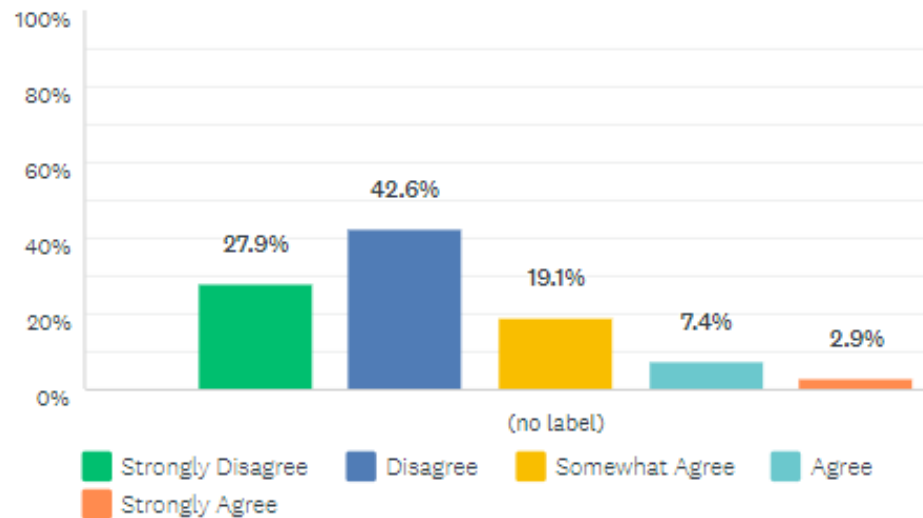
# RetX: Integrate to Drive Promotion Effectiveness

**Your TPx solution is integrated to your retail execution solution. For example, if you change a first ship date or merchandising activity in TPx, it automatically gets pushed to your retail execution solution.**

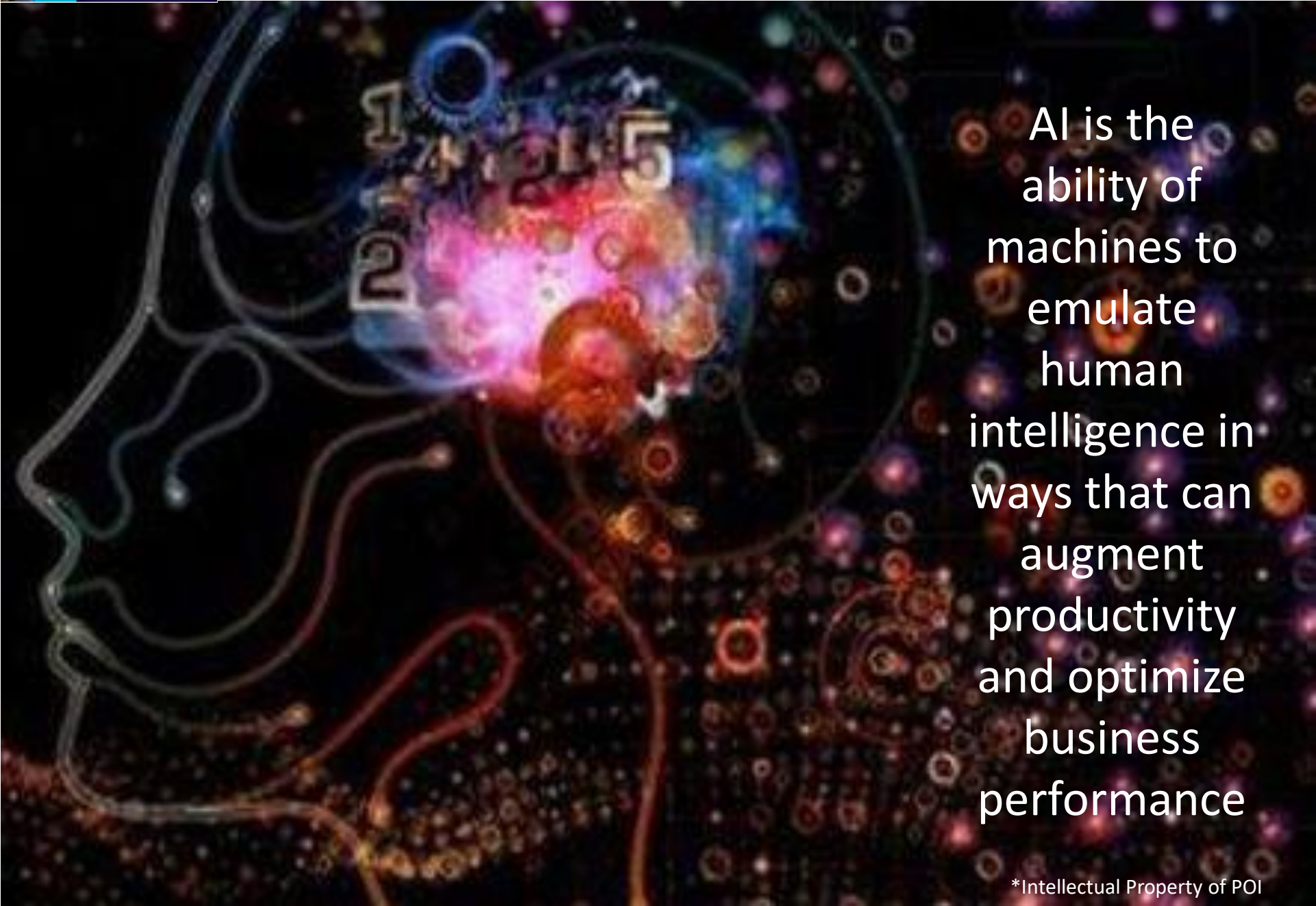
**70.5% of TPx solutions are not currently integrated to the RetX solution.**

Yet, the vendors have the API connectors & capabilities to do so.

Many of the Retail Execution systems are implemented with limited IT involvement. Two areas that do require IT resources & commitment are the ECC and TPM integrations.



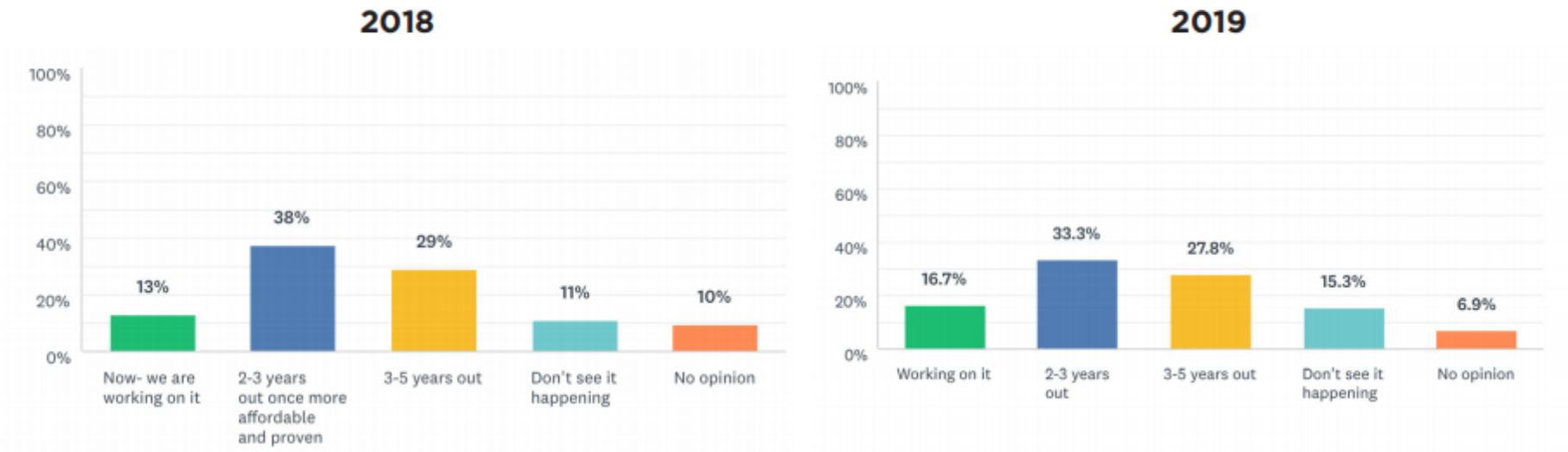
# Definition of CPG Artificial Intelligence



AI is the  
ability of  
machines to  
emulate  
human  
intelligence in  
ways that can  
augment  
productivity  
and optimize  
business  
performance

# AI Perceptions vs. Reality

**“When do you see the role of artificial intelligence (AI) starting in the promotion cycle? By this, we mean the ability of a tool to learn over time, recognize patterns that humans cannot, and predict outcomes based on direction that you give to it.”**



**In 2019, 16.7% (+3.7% vs. YAGO) of survey respondents are already working to incorporate AI capabilities. Europe, China and Japan have been early adopters of AI and have seen early benefits and efficiency improvements.**

# CPG Applications of AI



AI is here today

01

Demand Forecast

02

Trade Promotion  
Effectiveness

03

Digital Consumer  
Offers

04

Pricing

05

Deductions Clearing

06

Retail Execution

07

Process Automation



# The Time is Now

POI is a firm believer that  
**partnerships between retailers and  
manufacturers need to be fully maximized**  
to stem the negative impact of the industry change.

There will always be winners and losers as paradigms shift.

What is known is that

**winners will** be the ones who  
**lay new strategy, partner, and think differently.**

They will be the ones who have the courage to

**try something different.**

**Reaction is not a strategy. As leaders, we need to  
proactively lean into the change required.**





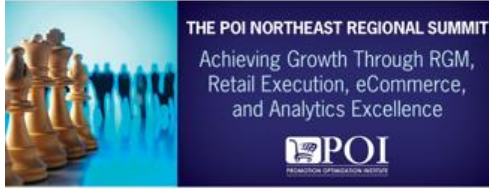
# 2019 POI State of the Industry Report

POI shifted the state of the industry report from relaying tactical implementation tips to strategic leadership focal points. The report streamlines critical leadership headlines on hot issues and emerging trends, while incorporating the 2019 benchmarking survey results.

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

## **Strategic Leadership Focal Points:**

1. **Manufacturer and Retailer Collaboration**
2. **Holistic Enterprise – Breaking Down the Silos**
3. **Strategic Revenue Growth Management (SRM)**
4. **Trade Promotion Planning and Optimization Capabilities**
5. **Retail Execution**
6. **Digital & eCommerce Strategy & Capabilities**
7. **Artificial Intelligence (AI)**
8. **Cloud Perception versus Cloud Reality**
9. **Change Transformation**
10. **Best Practices**



# Other Report Topics:

- Is your post event automated and who is on point for the analysis?
- What are the most important TPx KPI's
- Does your company have trouble getting used to trust the system?
- What is the role of digital marketing capacities & what is the linkage to trade promotions?
- What are the top issues that keep your company from moving from TPM to TPO?
- What are the top two issues keeping your company from exceptional retail execution?
- Does your company have challenges moving retail execution user capabilities from transactional to analytical?
- Do you have retail activity optimization driving which stores to visit, the sequence and what to do while there?
- & much more....



# Continued Benchmarking:

**Please take 15 minutes to complete  
the 2019/20  
confidential survey.**

<https://www.surveymonkey.com/r/POIsurvey2019>

**Results to be published spring 2020 & revealed at  
POI's Chicago Summit**



# We Are Better Together

You were not meant to take this journey alone....

Come join the POI Manufacturer Connect



## 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



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Contact Joanie Hampton at [jhampto@p-o-i.org](mailto:jhampto@p-o-i.org) to join. Space is limited to the first 30 manufacturers to RSVP.