Collaborative Marketing Driven by Advanced Analytics Summit

Ensuring Your Successful TPx and Retail Execution Journey

POI
PROMOTION OPTIMIZATION INSTITUTE

Commercial ROI

Building a More Integrated Approach Across DME and TPM

Today's agenda

1. PwC Strategy& Perspective and Case Study	2. Interactive Discussion with Q&A

- Marketing disruption
- The opportunity for a more integrated approach to DME and trade
- Implications for organization, process, technology and KPIs
- Client case study

- Fix the foundation opportunities and challenges
- Impact of ecommerce
- Impact of data, analytics and personalized experiences

Marketing disruption is accelerating – and PwC is changing the way it works with clients to help them lead the way

PwC is disrupting the Marketing eco-system.

Marketing is a priority platform for PwC, globally

Marketing Professionals

Acquisitions & Talent

Industry Solutions

MarTech and Adtech Alliances

Strategy Through Execution

Global Integration & Delivery at Scale

Marketing Transformation

Full Integration with Analytics & Digital

Opportunity to reimagine brand-retailer collaboration along the path to purchase
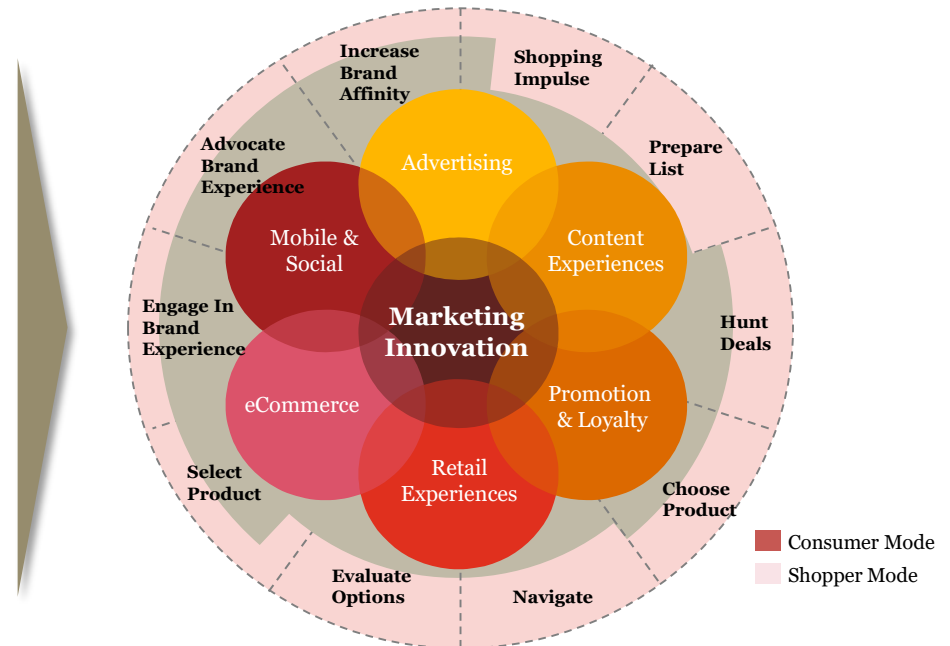
Key Trends

Consumers are demanding engagement with brands across multiple channels

Customers are demanding new forms of collaboration and investment

Technology & Data is driving convergence of advertising and commerce

Companies are seeking greater transparency and ROI

Integrated Consumer/Shopper Experience

Increase Brand Affinity

Shopping Impulse

Advocate Brand Experience

Prepare List

Advertising

Mobile & Social

Content Experiences

Engage In Brand Experience

Marketing Innovation

Hunt Deals

eCommerce

Promotion & Loyalty

Select Product

Retail Experiences

Choose Product

Evaluate Options
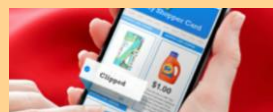
Navigate

Consumer Mode
Shopper Mode

Need for a broader "commercial" lens across all investments

Trade

Promotional Pricing

Retailer-Specific Coupons

Retailer-Specific Media

Media

Linear Media

Digital Media

Place-Based Media

Other DME

Shopper Marketing

Coupons & Sampling

Seasonal Packaging

This requires taking a fresh look at the key building blocks for planning, execution and performance management...

Key Building Blocks Across Planning Through Execution Cycle

Organization

- Work done in brand vs. sales vs. central teams (e.g., marketing ops, analytics)
- Work done internally vs. by external agencies

Processes

- Driving clear RACI for key activities
- Building more consistent approaches to execution to drive first time quality, faster execution and better staff utilization
- Enabling greater upstream collaboration around big ideas to maximize impact

Technology

- Leveraging investment in platforms like SAP and Salesforce.com
- Prioritizing business requirements
- Integrating across platforms in the tech stack for differentiated capabilities

Analytics

- Applying a consistent approach for tagging trade events and DME tactics
- Building a holistic view of ROI across a campaign for all tactics
- Supporting zero-based budgeting to assess the value of investment priorities

...while focusing digital investments to drive greater innovation in the brand-retailer collaboration model

	From	To
Consumer		
Advertising	• National media campaigns during seasonal drive periods	• Targeting offers and calls to action at the right shoppers in stores' catchment areas
Content Experiences	• Content as bolt-on to promotions	• Curated brand experiences for both daily rituals and occasions
Mobile & Social	• Driving app discovery and engagement for brands' and retailers' own apps	• Stronger collaboration for mobile experience design for key occasions
Shopper		
Promotions & Loyalty	• Campaign activation with retailers' loyalty programs, with limited connection to brand equity	• Loyalty programs that leverage gamification and mobile first experience design
Retail Experiences	• Ad hoc promotional events, sampling programs and off-shelf merchandising	• More immersive, integrated experiences extend impact beyond one-off promotions
eCommerce	• Focus on the basics (e.g., product pages, reviews, search)	• Targeting high value shopper segments to drive customer lifetime value

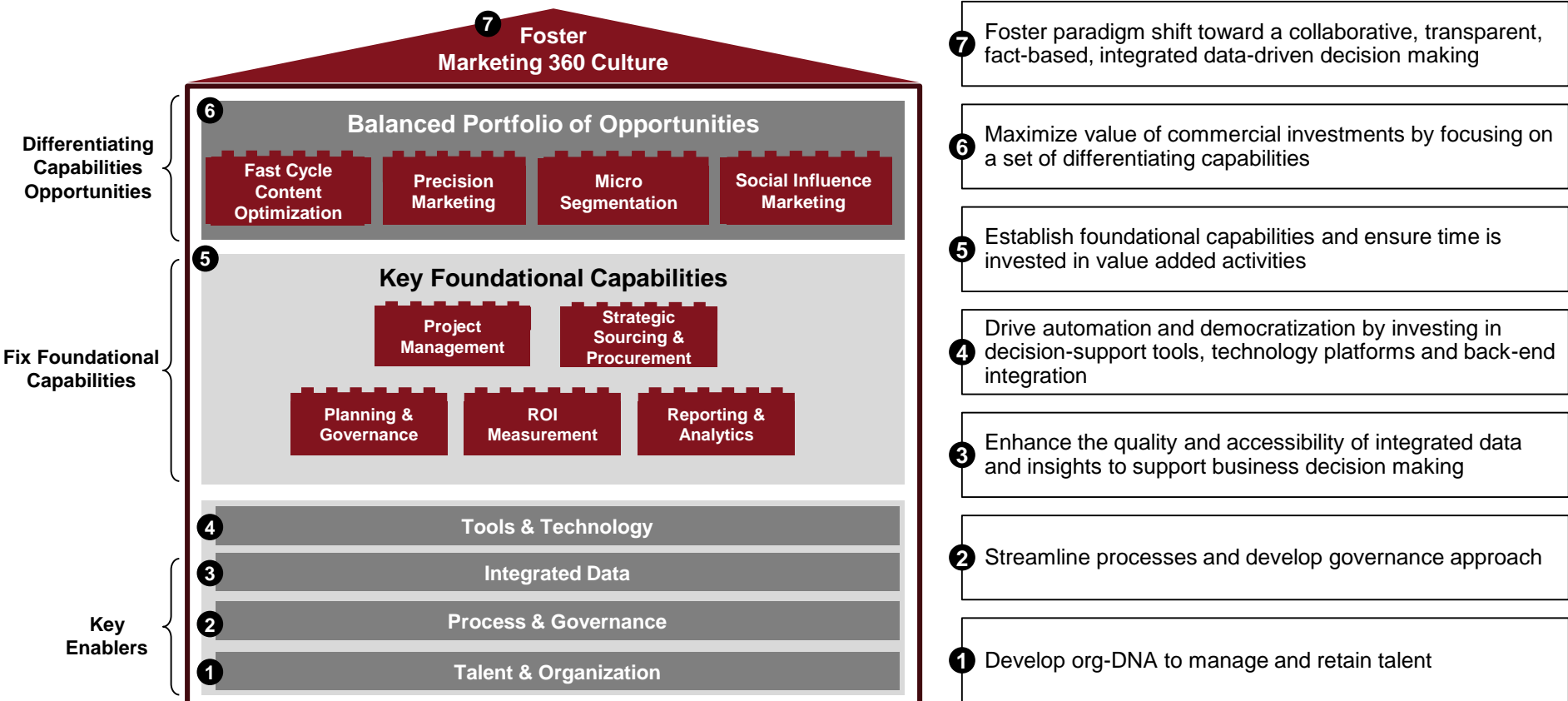# *Client case study: food manufacturer*

Client Situation

- Global food manufacturer undergoing a broad ERP transformation across the organization

- **Leveraged the ERP program to rethink how to develop both foundational and differentiated capabilities across sales and marketing for all trade and DME spending**

- Focus for PwC Strategy&:

  – Assess current capabilities and define priorities for future capability development

  – Define requirements and build out implementation roadmap

  – Accelerate design and implementation

PwC Strategy& Focus

- Conduct Capability Assessment

  – Conduct interviews with key stakeholders

  – Gather insights from data collection

  – Assess current capabilities against best-in-class

  – Align on desired state capabilities and priorities for investment to close gaps

- Identify & Prioritize Opportunities

  – Identity long-list of value improvement opportunities

  – Prioritize opportunities and get stakeholder alignment

  – Estimate value potential by opportunity and associated cost to implement (one-time + ongoing)

- Develop Implementation Roadmap

  – Identify key technology requirements and fit/gap

  – Sequence prioritized opportunities and build implementation and change management plan

- Drive Implementation

  – Design and build out new systems

  – Pilot new KPIs

We developed a vision to build both foundational and differentiating capabilities

Commercial Investment Value Framework

Differentiating Capabilities Opportunities

7 Foster Marketing 360 Culture

6 Balanced Portfolio of Opportunities
- Fast Cycle Content Optimization
- Precision Marketing
- Micro Segmentation
- Social Influence Marketing

Fix Foundational Capabilities

5 Key Foundational Capabilities
- Project Management
- Strategic Sourcing & Procurement
- Planning & Governance
- ROI Measurement
- Reporting & Analytics

Key Enablers

4 Tools & Technology
3 Integrated Data
2 Process & Governance
1 Talent & Organization

7 Foster paradigm shift toward a collaborative, transparent, fact-based, integrated data-driven decision making

6 Maximize value of commercial investments by focusing on a set of differentiating capabilities

5 Establish foundational capabilities and ensure time is invested in value added activities

4 Drive automation and democratization by investing in decision-support tools, technology platforms and back-end integration

3 Enhance the quality and accessibility of integrated data and insights to support business decision making

2 Streamline processes and develop governance approach

1 Develop org-DNA to manage and retain talent

Capability assessment identified a series of pain points

Key Themes & Pain Points

1 *Planning process is reactive and iterative*

- DME capabilities build bottoms up plan before targets are communicated by finance
- Continuous rebasing of plan up until start of current year due to the culture of being precise
- Decision making is lengthy but execution of decisions is very short

2 *Limited use of ROI to guide DME investments outside paid media*

- ROI is not fully utilized across entire DME investment spectrum
- Cutting programs to meet changing targets is often an "eyeball test" rather than a ROI based decision
- Brand teams are currently not set up to monitor and track returns on executed campaigns

3 *Limited visibility across brands/ functions/ teams*

- Sharing learnings between brand teams is not a cultural norm
- DME investment plan is not built with input/ coordination from other key stakeholders (e.g., trade team)
- There is no centralized repository to share competitive analysis, reports, and gather planning input across brand teams

4 *Analytics and reports are manually intensive and frequently ad hoc*

- Monthly Brand P&Ls and other reports across organization require high level of manual effort to develop
- Majority of reports are Excel and PPT based with limited use of online reporting capabilities
- Ad hoc reporting requests are routinely required from several teams

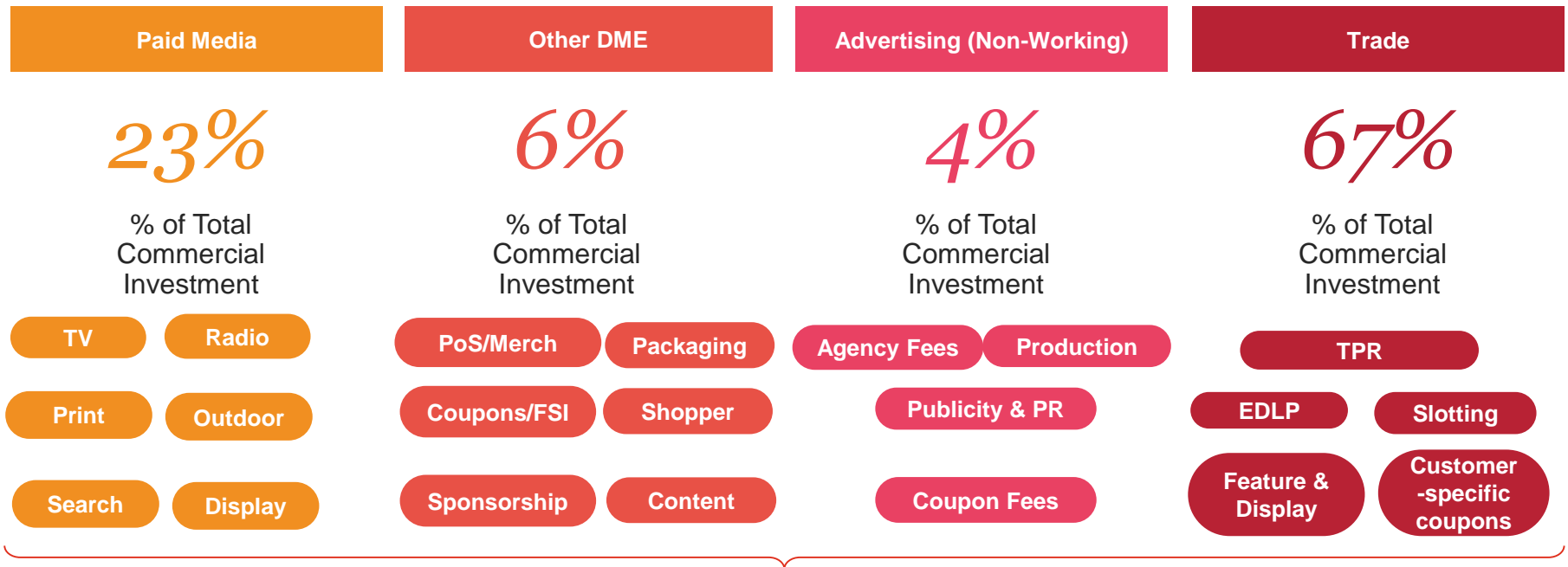**5** *DME tool is not set up to support current business needs*

- Current planning system has an accounting lens; finance also dedicates large proportion of time on accounting activities vs driving business decisions
- Limited ability to drive management decisions with current system and use of customized spreadsheets

6 *Unclear governance structure around DME planning process*

- Process lacks consistent playbook for execution – e.g. are insights, trade-offs, other factors being considered for investment decisions
- Unclear governing body to track end-to-end planning process

We identified the relevant DME and trade spend to isolate opportunities that would drive near term improvement

DME Spend Baseline + Key Levers

Paid Media	Other DME	Advertising (Non-Working)	Trade
23%	**6%**	**4%**	**67%**
% of Total Commercial Investment	% of Total Commercial Investment	% of Total Commercial Investment	% of Total Commercial Investment

Paid Media: TV, Radio, Print, Outdoor, Search, Display

Other DME: PoS/Merch, Packaging, Coupons/FSI, Shopper, Sponsorship, Content

Advertising (Non-Working): Agency Fees, Production, Publicity & PR, Coupon Fees

Trade: TPR, EDLP, Slotting, Feature & Display, Customer-specific coupons

Stop investing in negative ROI activities

Reinvest savings in best performing activities

Push agencies to work in new ways to manage non-working spend

Client is currently designing and implementing Wave 1 with our support

DME + TPM Capability Building Journey

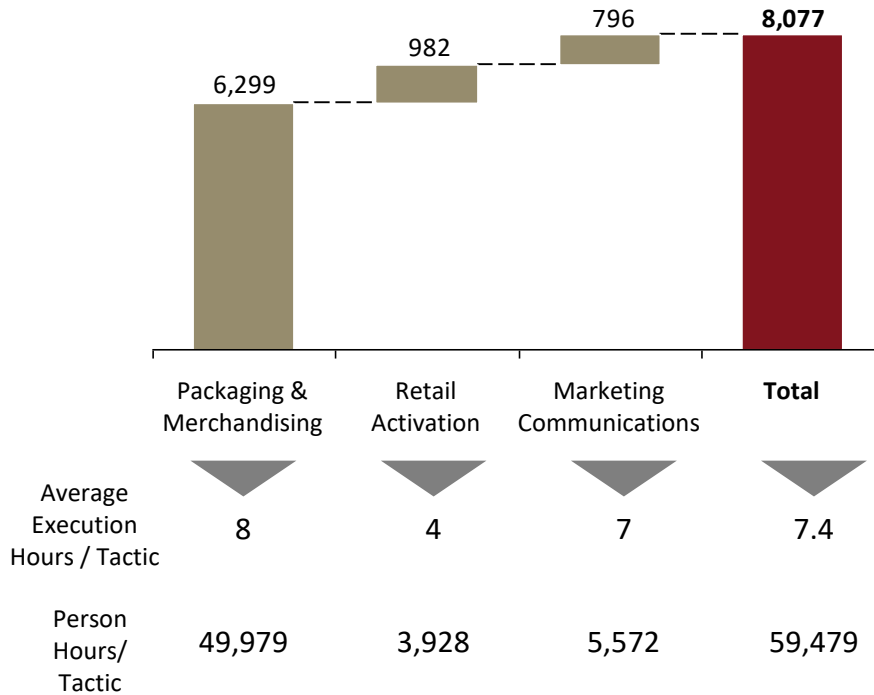|	Wave 1 (0-9 Months)	Wave 2 (9-18 Months)	Wave 3 (18-36 Months)
	How do we deploy existing resources against priority initiatives and build momentum against the value case?	How do we deepen value case via additional initiatives and enablement of differentiated capabilities?	How can we further reinforce a data-driven culture via ongoing "releases" for key capabilities?

PwC Strategy&'s Role

Wave 1:
- Conduct capability assessment
- Develop strategic priorities, build roadmap and value case
- Build detailed design and support building of foundational capabilities

Wave 2:
- Build detailed design and support building of capabilities of differentiating capabilities
- Support realization of value case and track progress

Legend: Selective Bets | Initiative Timeline

Initiative 1: An enhanced Marketing Operations function shifted where work was done and drove execution excellence

Purchase Requisitions (Proxy for tactics)

	Packaging & Merchandising	Retail Activation	Marketing Communications	Total
Average Execution Hours / Tactic	8	4	7	7.4
Person Hours/ Tactic	49,979	3,928	5,572	59,479

Activities for Marketing Ops Focus

- Oversight and Resource Management (Manager)
- Project Oversight w/ Internal Teams and External Vendors / Agencies
- Vendor / Agency Engagement
- Marketing Vehicle Setup & Execution
- Budget Entry & Tracking
- PR/PO Management
- SOW Management
- System Entry & Update
- Sales Entry & Routinized Analysis
- KPI Support / Enablement (Near Term)
- KPI Analysis and Insight Generation (Long Term)

Benefits of Marketing Ops

Reduced Errors/ First Time Quality	Increased Utilization	Faster Decision Making	Holistic/ Tactic Agnostic POV

Initiative 2: A set of KPIs were prioritized to more systemically track efficiency and effectiveness of DME spend

	Budgeting	**Planning & Execution**	**Post-Event Analysis**	
Activity	Analyze financial information	Creation of campaign, event or a tactic	Post Campaign Evaluation	Post Innovation Launch Scenario
Business Decisions Driver	• Need for financial information of budgeted activities • Understand the performance of previous campaign or tactics	• Track campaigns and allocations of marketing spend • Breakdown of $ spent from a campaign down to a tactic.	• Evaluate incremental sales effects of marketing investment and the ROI	• Assess impact on desired customer behaviors (e.g., gain placement) and consumer behaviors
KPI	• Program P&L • Tactic Size (Investment in each Tactic)	• Tactic Size • Break-even lift for total campaign across tactics • Single and multi-tactic lift guidelines	• Program P&L • Revenue Lift % $ • Profit ROI	• Trial • Repeat • Cost/Trial • Sell-through • Velocity per ACV • Merch Effectiveness

Initiative 3: Integrated DME + TPM Systems

Campaign Planning	Campaign Execution	Performance Management

Efficiency

Reduced time spent by brand teams on system entry, creating PRs and managing vendors

Halving number of hand-offs across cross-functional teams

Faster cycle time to insights

Live planning , reducing number of times send email with Excel and PowerPoint back and forth

Transparency of committed funds

Effectiveness

Brand teams spend more time on strategic activities, reducing attrition and fostering talent development

Greater cross-functional collaboration earlier in cycle

Repeated reps, applying more consistent approach for execution

Use of KPIs to redeploy DME and trade funds to highest ROI

Use of guidelines and historical analysis, including key success factors to boost tactic effectiveness

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Interactive discussion and Q&A

Fix the foundation opportunities and challenges

- Where do you see the most upside from taking a more integrated approach across trade and DME?
- Where do you see greater value to focus in the near term vs. later in the roadmap?

Impact of ecommerce

- How can trade and DME be leveraged together to accelerate click-and-collect opportunities?
- To tap into subscription plays?

Impact of data, analytics and personalized experiences

- How can trade and DME be leveraged to forge stronger 1:1 relationships (i.e., on-ramp for CRM)?
- Which data signals are most valuable to further target trade and DME investments?
- What's required to scale these efforts effectively?

Questions?

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Strategy & Impact