



The POI Canadian Summit

**Driving Profitable
Growth North!**



Driving Sales with Teams in a Dynamic Retail Environment with an RGM Focus

Rob Schram (Cornerstone Capabilities)

Michael Dwyer (PepsiCo Canada)



The Role Of Rev Man



Macro

Marketing



Voice Of Our
Consumer

Sales



Voice Of Our
Customer

Finance



Voice Of Our
Shareholder

Manage Trade-Offs

Micro

Strat Plan

- 5Yr Strat Plan
- Category & Required Growth

Annual Plan

- Base – Price/Pack, Landscape
- Innovation
- Promotional Optimization

Alignment To Plan

- Modelling (incl. Retailer)
- Event ROI
- Reaction To Opportunities

Out Of Plan Adjustments

- Optimize Out Of Plan Spend
- Choice-full Resource Allocation

Balancing Topline & Bottom-Line Growth

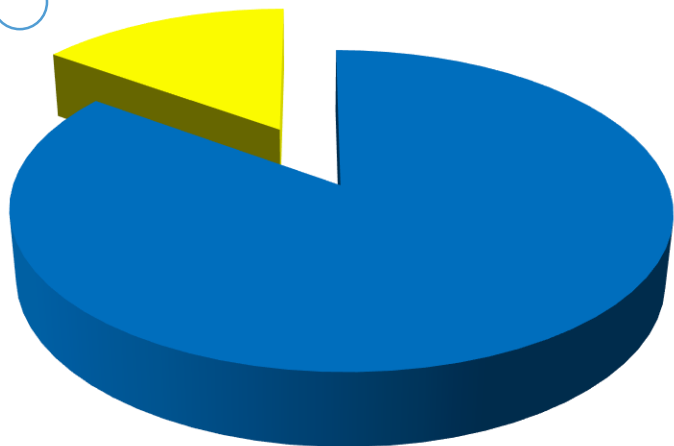


Market Overview - Canada



Highly Consolidated Retail

Top 5 Customers
=
~85 ACV



Limited Growth



~1.5% TL ACV
CAGr



Consumer Dynamics





Category Overview



Highly Developed

... But Under Pressure



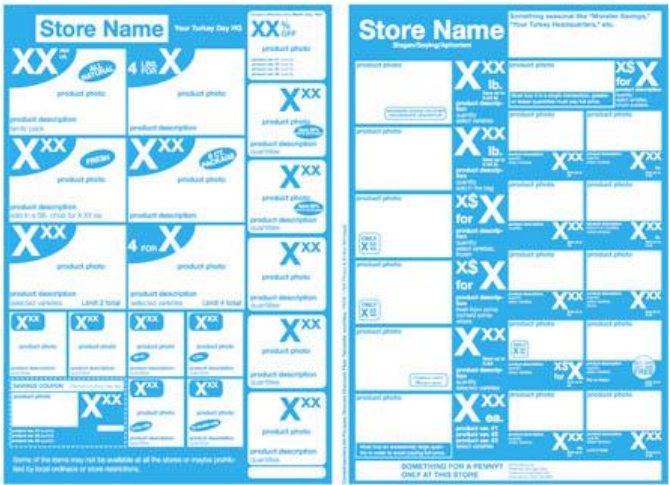
HHP



Trips

Heavily Promoted

Low Incrementality Of Additional Promotions



Pressured Pricing Realization



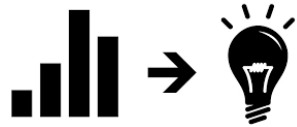
Limited Inflation

Margin Opportunity



Strategic Objective – Sustainable Growth In CPG

Consumer Led



insights



innovation

Joint Retailer Partnerships



Pack/Price & Architecture

Singles

Multi-pack

Stock Up

Take Home

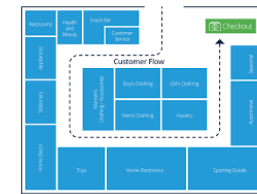
Multi-serve

Light User

Excel In Execution



planning



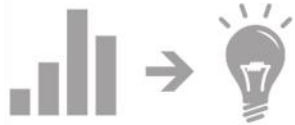
moment of choice



... Areas of focus



Consumer Led



insights



innovation

Joint Retailer Partnerships



Pack/Price & Architecture

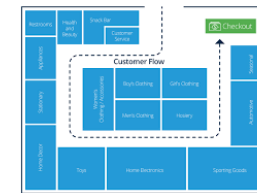
Singles
Multi-pack
Stock Up

Take Home
Multi-serve
Light User

Excel In Execution



planning



moment of choice



..The Market and Traditional CPG Objectives Do Not Appear Aligned

What The Market Is Indicating

Low Single Digit Growth

Highly Consolidated Retail Trade

Consumers Migrating To Discounters

Limited Inflation Potential

Traditional CPG Objectives

Revenue & Share

Balanced Growth

Balance Margin w/ Consumer Value

Pricing To Cover COGs

The implication on the Rev Man group is...

Build
The Plan
In a credible way

Track
What is happening
vs expectation

Test
All potential
opportunities

Pivot
And modify strategy
quickly when needed



..The Market and Traditional CPG Objectives Do Not Appear Aligned

Utilize Technology In New Way

Measure

Effectiveness Of
Every Single
Historical Event

Test

Market Scenarios
Before Deploying
(Minimize Risk)

Demonstrate

Credible
Effectiveness To
Secure Buy In

Monitor

Compliance &
Performance Vs
Expectation

Key Enabler :

Single Truth for key information across all functions and levels of the organization



This Required The Ability To Merge All Available Data

Retailer / Market Data

- Scans
- Pricing & Promo
- VPOs
- Distribution (Sales)
- CWW / WIV
- Weekly
- Historical
- Retailer P&L

Credible with Retailers

Internal Data

- Shipments
- Planned Pricing & Promo
- Net Price & COGs
- Fill Rate / In Stock
- Distribution (Shipped)
- WIV
- Hourly
- Historical & Forecast
- Internal P&L

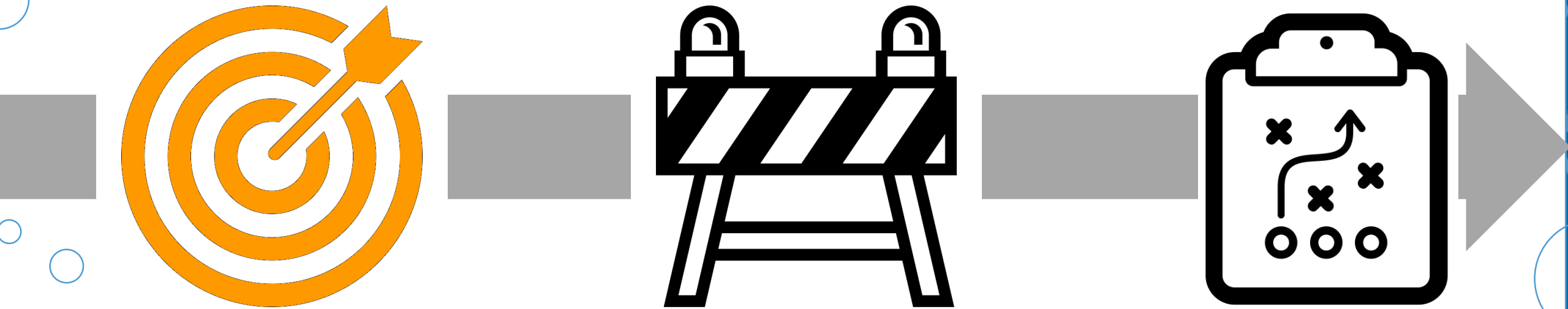
**Credible with
Manufactures**

Single Truth



- All Data Merged
- Consolidated P&Ls
- Standardized Reports
- Customized Reports
- Scenario Planning

**Dashboard Reporting
& Scenario Modelling**



Optimal Strategy

Potential Barriers

The Playbook



What Both Retailers & CPG Companies Seek

1

**Improvement In Trade
Spend/Investment
Management**

2

**Faster Alignment To Plan
& Target Setting**

3

**Accelerated Development
Of Talent**



Strategy & Planning Flow – Annual Promo Optimization



Spot Trends

Fishpond

**Rank every single event
executed for Retailers and
Company**

**Sort by ROI, incremental,
package, banner**

Test Potential Plans Align & Deploy Win-Win

Rangefinder

**Aggregate promo levels by
market or customer**

**Test potential strategies at
the package level
(choosing any variable)**

Measure Impact Flowback & Incremental

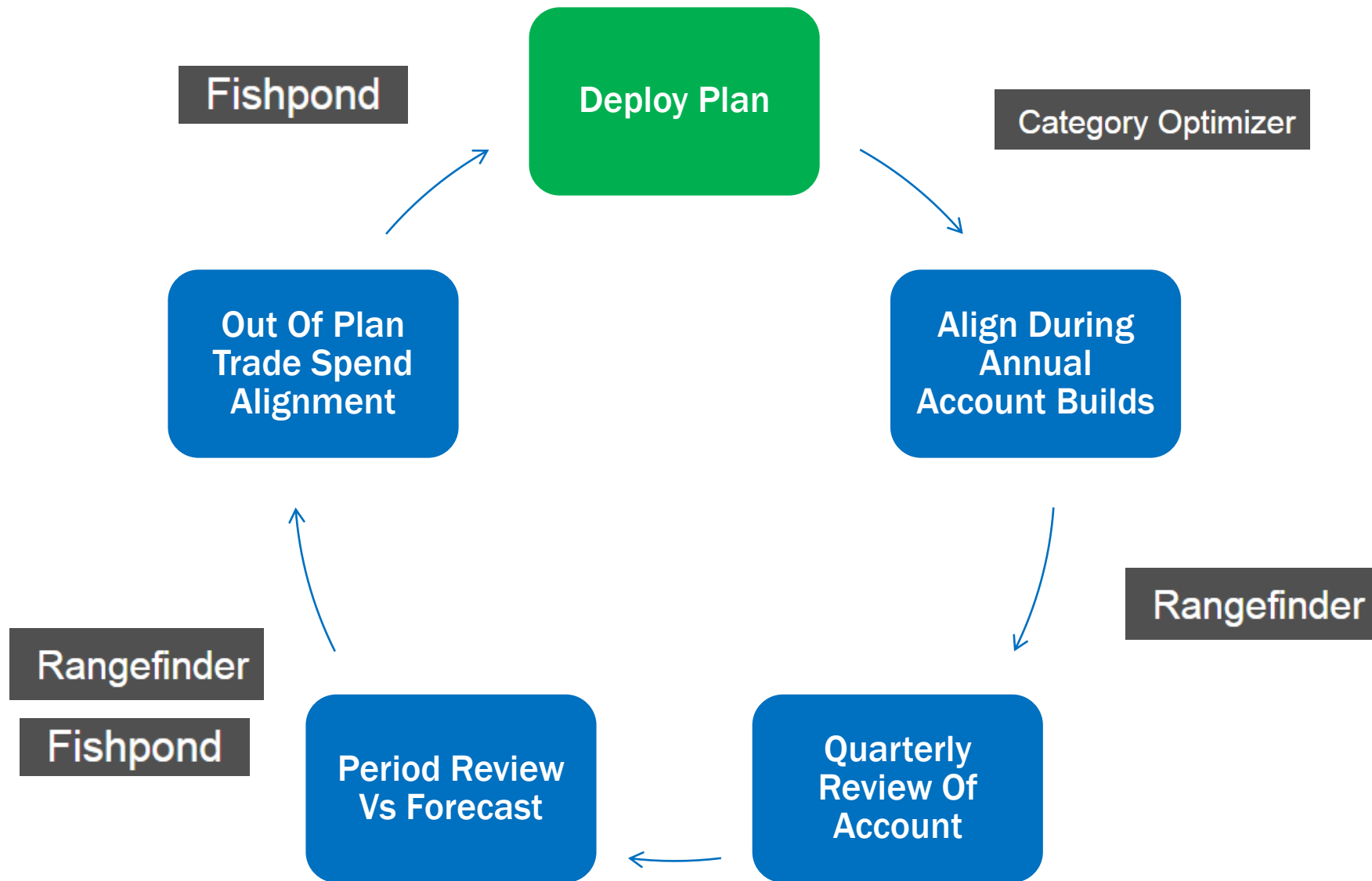
Category Optimizer

**Deploy new strategy in
“the market”**

**View cross package
elasticity & scenarios
test competitive
response**



In Year Planning Cycle



The Need:

***Deliver Sustainable & Profitable Net Revenue Growth
For Company & Retail Partners***



Balance Topline
Pricing (COGs) and Volume

Balance Mix
Item Vs Portfolio

Balance Profit
Company & Retailer

***We engaged in creative writing for the category and data discussed in this exercise
“ACME” sells many items, one SPINNERS***



Stack Rank Events By ROI & Profit



Select Products

× ACME SPINNER |

Select Market

National GDM

Favorites

KE Dec 3rd:

☒ YES [See Other User's Favorites](#)

Select Date Range

Actions



Fishpond

National GDM

September 11th, 2016 to September 9th, 2017 (52 Weeks)

Promo Filter

Flyer

Period:

/ Wk

Prior Year:

No

Text Fact

Mfc Inc Profit / V

Colour Fact

Trade Spend RC

49%

2,039%



ACME SPINNER

DISCOUNT BARN EAST

\$13,076

BIG BEES CENTRAL

\$22,409

GROCERS ALLIANCE CENTRAL

\$26,206

SHOP N SAVE CENTRAL

\$3,540

PREMIUM FOODS CENTRAL

\$29,640

SUPER SAVER FOODS CENTRAL

\$16,977

MARKET FRESH CENTRAL

\$7,002

GALLERY FRESH CENTRAL

\$4,442

GALLERY FRESH WEST

\$5,586

PROMENADE MKT WEST

\$41,126

PREMIUM FOODS WEST

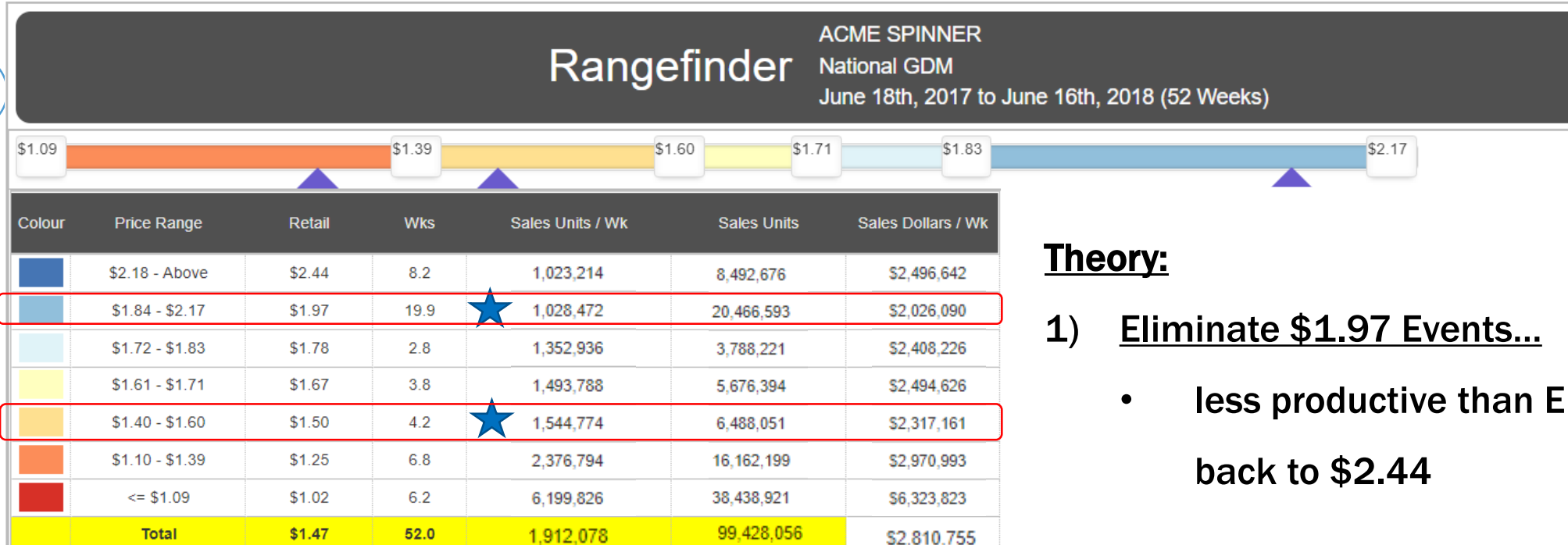
\$1,107

MARKET FRESH WEST

\$7,990



Case Study – Identify The Opportunity Across The Market



Theory:

1) Eliminate \$1.97 Events...

- less productive than E \$2.44... move all back to \$2.44

2) Eliminate \$1.50 Events...

- less productive than \$1.67, move all to \$1.25 (offset volume risk from above)



Validate Assumptions & Measure Flowback



Category Optimizer

National GDM
June 18th, 2017 to June 16th, 2018 (52 Weeks)

Name	Retail	Weeks	Units/Wk	Net Price	Mfc Profit	Mfc Profit/Wk	Retail \$ Sales	Retailer Profit/Wk
ACME SPINNER								
Regular Price	\$2.44	8.3	1,023,214	\$1.75	\$7,423,548	\$894,403	\$20,722,130	\$706,018
F1	\$1.97	19.9	1,028,472	\$1.55	\$13,796,771	\$693,305	\$40,319,188	\$431,958
F2	\$1.78	2.8	1,352,936	\$1.45	\$2,174,862	\$776,736	\$6,743,033	\$446,469
F3	\$1.67	3.8	1,403,788	\$1.50	\$3,329,258	\$876,121	\$8,908,439	\$238,644
F4	\$1.50	4.2	1,544,774	\$1.35	\$3,049,384	\$726,044	\$9,732,076	\$231,716
F5	\$1.25	6.8	2,376,794	\$1.25	\$5,980,014	\$879,414	\$20,202,749	\$0
F6	\$1.02	6.2	6,199,826	\$1.18	\$11,531,676	\$1,859,948	\$39,207,700	\$-991,972
Base Total	\$1.47	52.0	1,907,136	\$1.36	\$47,285,514	\$909,337	\$145,835,314	\$219,920
Regular Price	\$2.44	28.2	1,023,214	\$1.75	\$25,222,176	\$894,403	\$70,405,309	\$706,018
F1	\$0.00	0.0	0	\$0.00	\$0	\$0	\$0	\$0
F2	\$1.78	2.8	1,352,936	\$1.45	\$2,174,862	\$776,736	\$6,743,033	\$446,469
F3	\$1.67	3.8	1,403,788	\$1.50	\$3,329,258	\$876,121	\$8,908,439	\$238,644
F4	\$0.00	0.0	0	\$0.00	\$0	\$0	\$0	\$0
F5	\$1.25	11.0	2,376,794	\$1.25	\$9,673,552	\$879,414	\$32,680,918	\$0
F6	\$1.02	6.2	6,199,826	\$1.18	\$11,531,676	\$1,859,948	\$39,207,700	\$-991,972
Instore	\$0.00	0.0	0	\$0.00	\$0	\$0	\$0	\$0
Scenario...	\$1.54	52.0	1,972,325	\$1.38	\$51,931,524	\$998,683	\$157,945,398	\$306,085
Absolute C...	\$0.07	0.0	65,189	\$0.03	\$4,646,011	\$89,346	\$12,110,083	\$86,165
Gross % C...	4.7%	0.0%	3.4%	2.2%	9.8%	9.8%	8.3%	39.2%
TL ACME WIDGETS								
Scenario Total	\$2.67	52.0	4,126,476	\$2.81	\$240,038,892	\$4,616,133	\$573,725,620	\$-572,439
Net Absolute ...	\$0.01	0.0	55,223	\$-0.01	\$4,066,265	\$78,197	\$10,174,229	\$87,547
Net % Change	0.5%	0.0%	1.4%	-0.3%	1.7%	1.7%	1.8%	-13.3%

Actions

- 1 Eliminate 19.9 WIV \$1.97
Add back @ \$2.44 8.3→26.2
- 2 Eliminate 4.2 WIV \$1.50
- 3 Add back @ \$1.25 6.8→11

Outcome

Item Sales +\$12M
TL Category Sales +\$10M

Kangaroo Profit

Item Profit +\$4.6M
TL Profit +\$4.1M

Retailer Profit

Item Profit +\$86K
TL Profit +\$88K



Summary & Outcome



Accelerated Planning

Auto Generation Of Event Performance

Company & Retailer P&L

Scenario Modelling

- **Company**
- **Category**
- **Competitive**

Improvement In Trade Spend/Investment Management

Credible Solutions

Total Category Scope

All Available Data Incorporated

3rd Party Sourcing / Validation Drives Trust

Faster Alignment To Plan & Target Setting

Capability

Cross Package Subsidization

Measure True Incremental

All Levels / Functions Sharing Same Data Source

Accelerated Development Of Talent

Q & A