

Collaborative Marketing Driven by Advanced Analytics Summit

Ensuring Your Successful TPx
and Retail Execution Journey



Pricing Smarter Profitable Growth in Mature Categories





6 Keys to Success

01. Stop Organizational
Spin

03. Making Better
Portfolio Decisions

05. Value Based Pricing

02. Finding
Inefficiencies

04. Competition
Do's and Don'ts

06. Implementation



01.

Stop Organizational Spin



02.

Finding Inefficiencies

Finding Inefficiencies

From



To

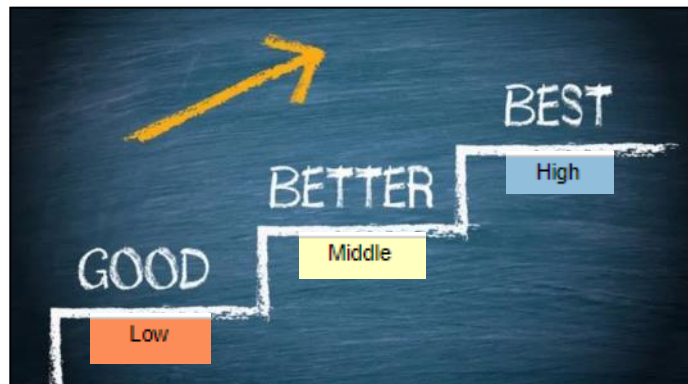


Relying on the

“Discounting Drug”

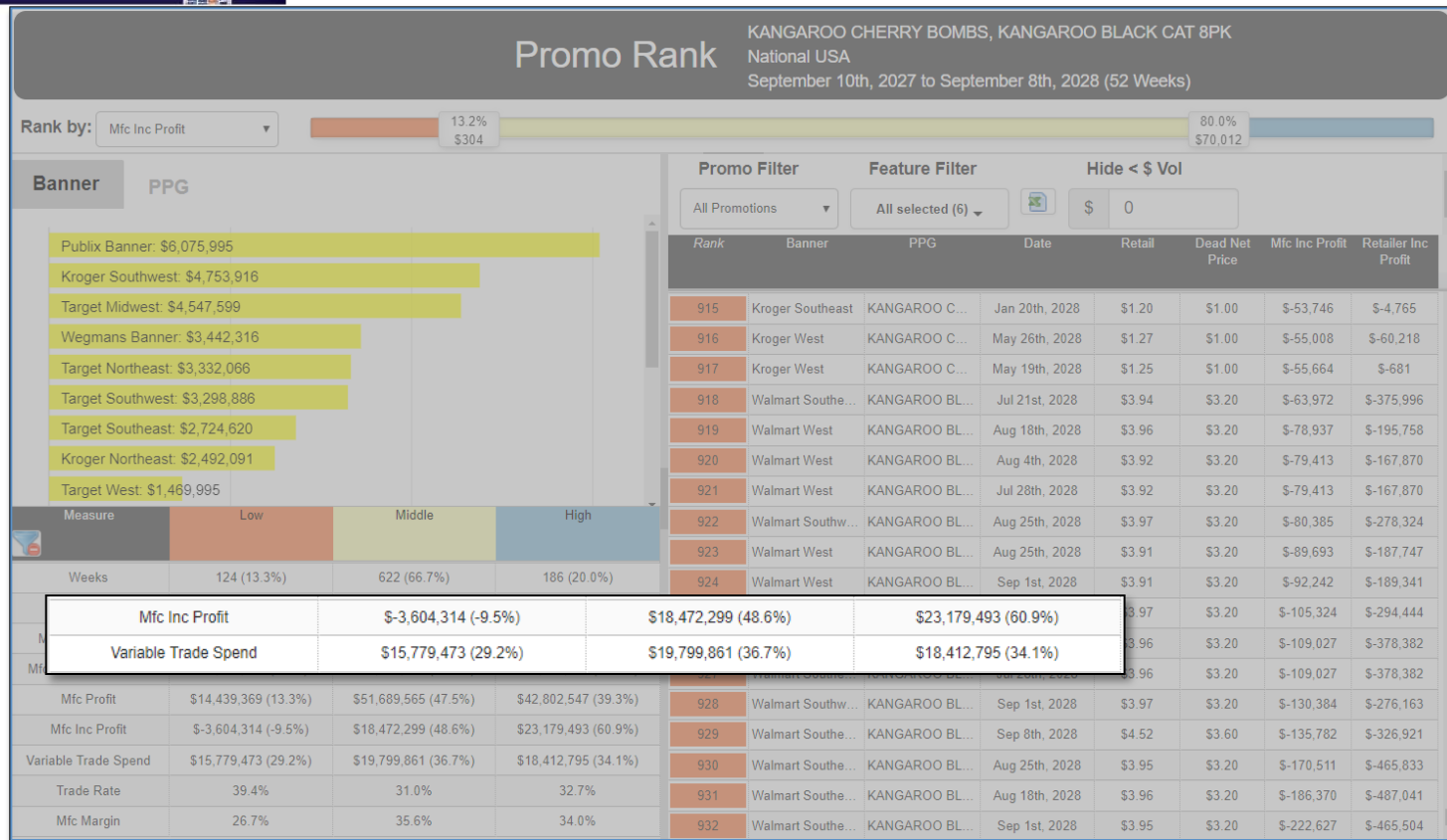


Focusing on profitable
activities



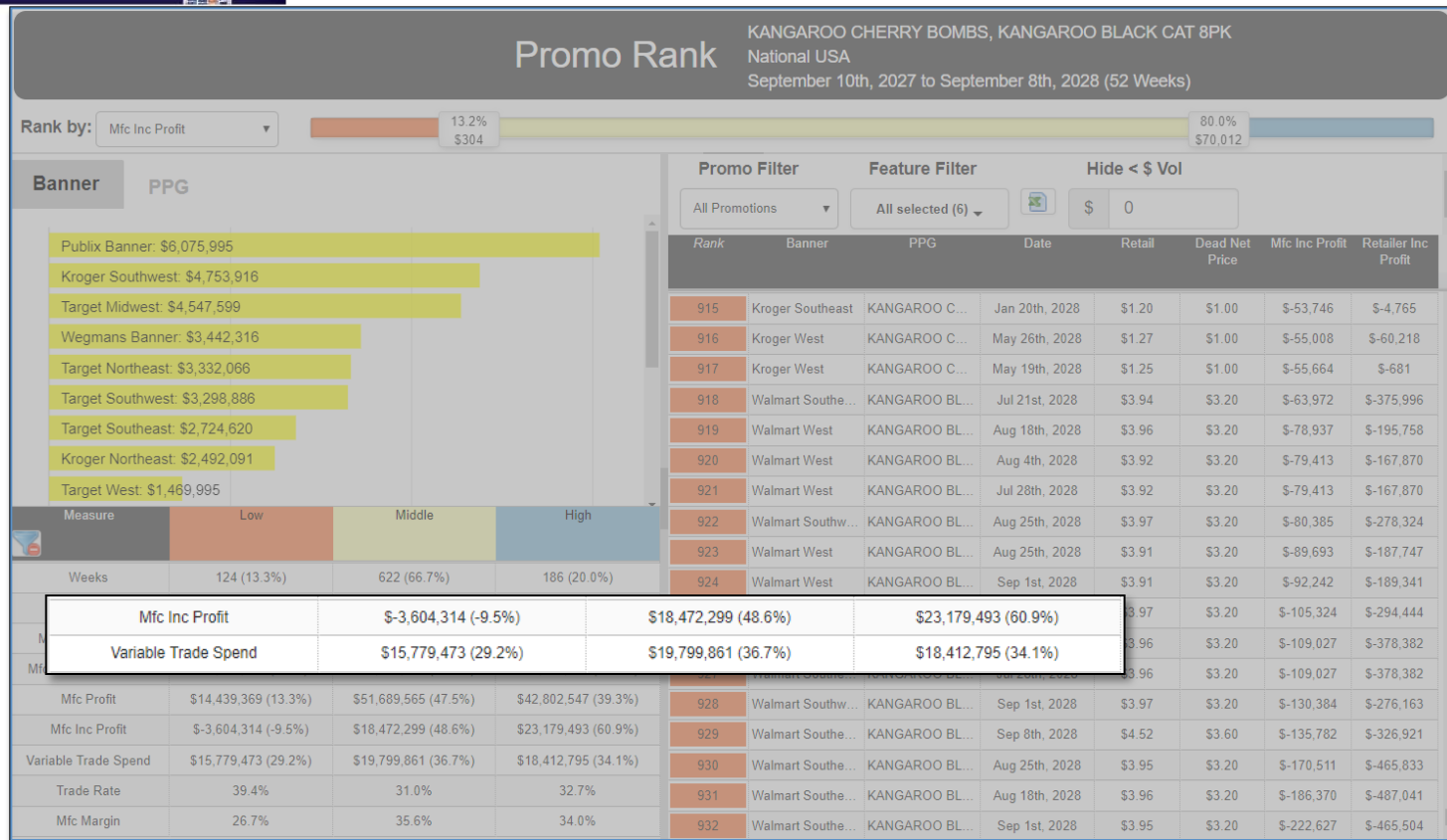


Example: Finding Inefficiencies





Example: Finding Inefficiencies





Truths & Myths



- Breaking through a price threshold will kill your business
 - Thresholds tend to yield 5-7% additional risk but usually only when crossing 99c barriers



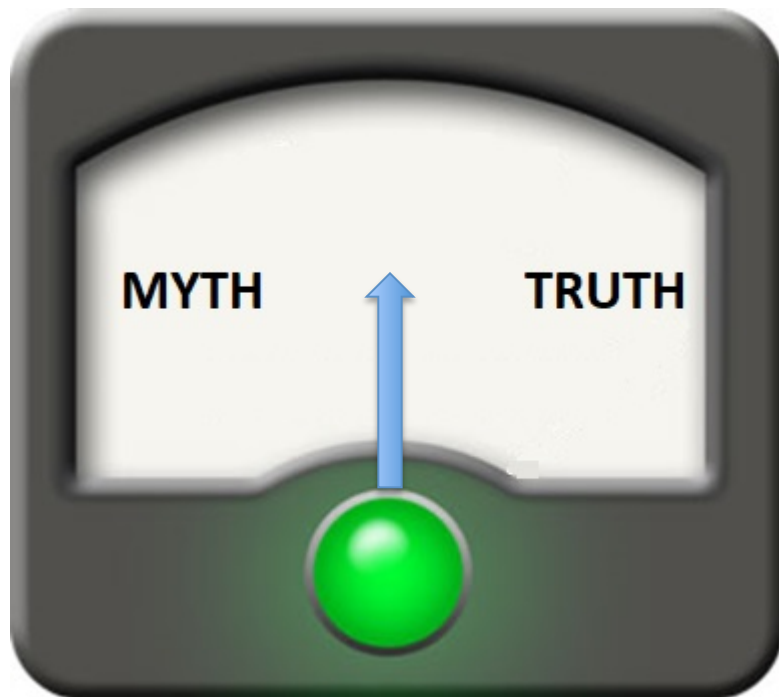
Truths & Myths



- Deal depth is a key driver of promoted sales
 - Extremely shallow discounts (i.e. \$0.20 off on a \$3.00 item can work a “little” bit)
 - Communicate at least \$1 off to yield larger lifts (where products allow)
 - Focus in on consumer-friendly price-points (\$0.99, \$1.99, \$2.99)
 - When a brand is heavily promoted, opportunities often exist to raise regular prices and make promotions even more effective



Truths & Myths



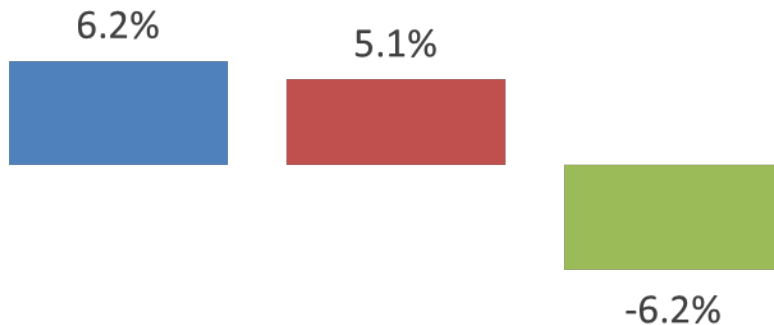
- Aggressive price points are BAD!
 - Commercial Investment required is a key driver
 - Retailer margin compression to achieve price point may yield favorable manufacturer profit
 - Category dynamics play a role
 - Holding power of product
 - Category expandability
 - Lift comparison (aggressive vs. shallow discount)



Case Example #1 – Remove Bad Spend

- High margin business with high promotion frequency
- Organizational view was to promote more and more given high margin ring
- Evaluation of ROI revealed worst spend in company
- 3 years of reducing poor trade investments while reinvesting in strong shopper programs has delivered consistently strong volume & revenue growth

3 year CAGR since change



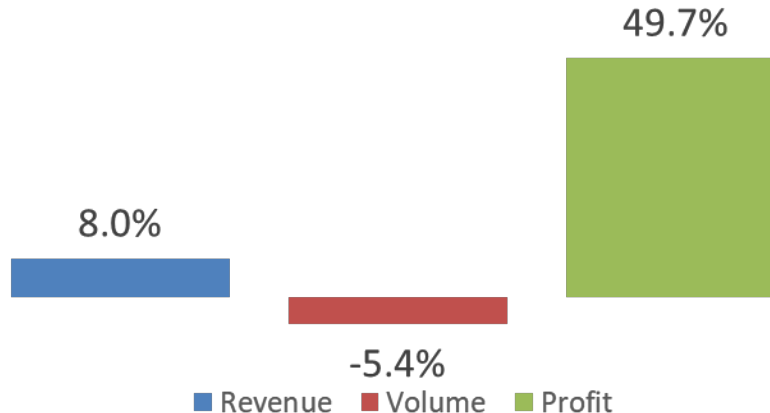
■ Revenue ■ Volume ■ Trade Spend



Case Example #2 – Promo Depth

- Investing to unprofitable levels to hold/gain share
- Many competitors effectively leveraging high/low strategy to win
- Increased both RSP & FSP to maintain/increase depth of discount
- Some volume erosion/share loss with significant profit gains

Year over Year Results





03.

Making Better Portfolio Decisions

Product Mix Management



Multiple criteria

- Industry trends
- Profitability
- Manufacturer margin
- Existing promo reliance
- Distribution
- Innovate with purpose

Differentiated targets

- Price realization
- Volume growth
- Distribution gains



Retailer Mix Management



Multiple criteria

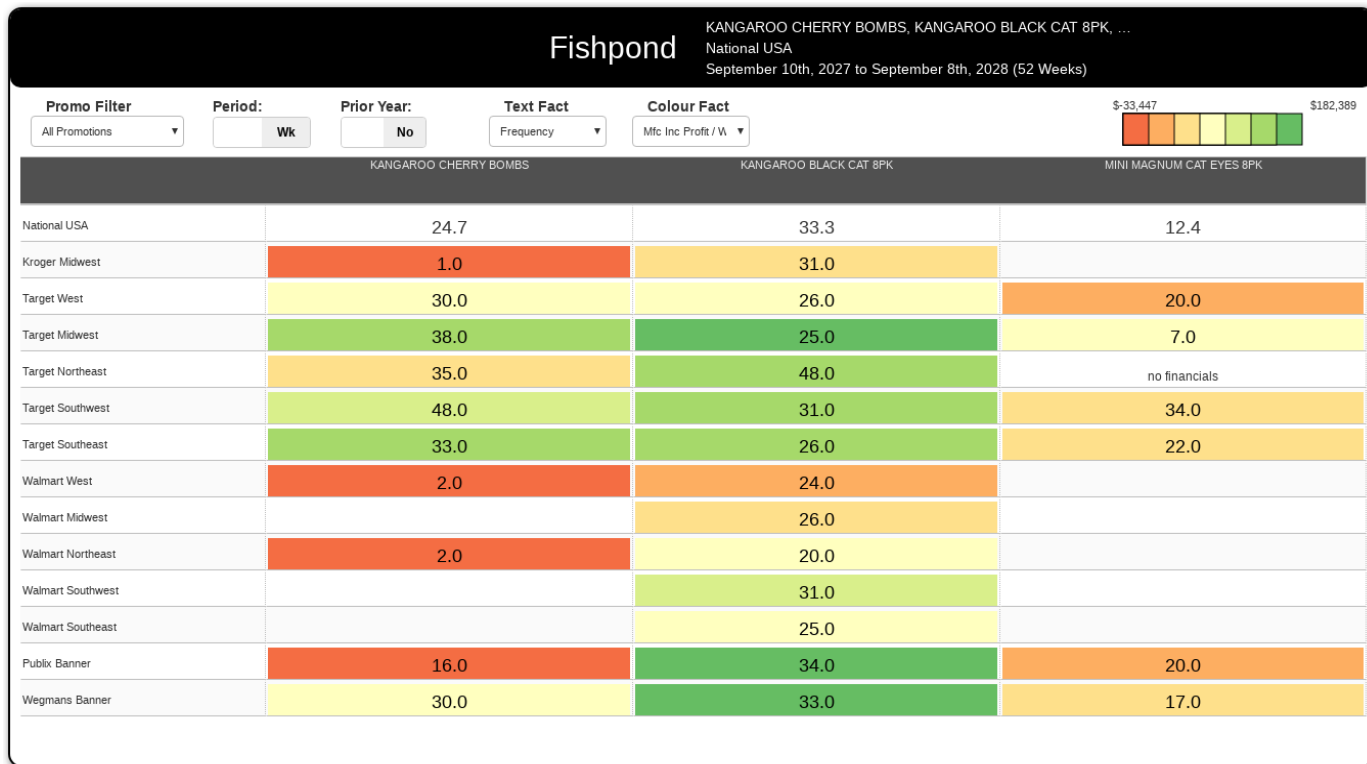
- Profit/week
- Manufacturer margin
- Growth opportunities
- Brand image

Differentiated targets

- Price realization
- Volume growth



Making Better Portfolio Decisions



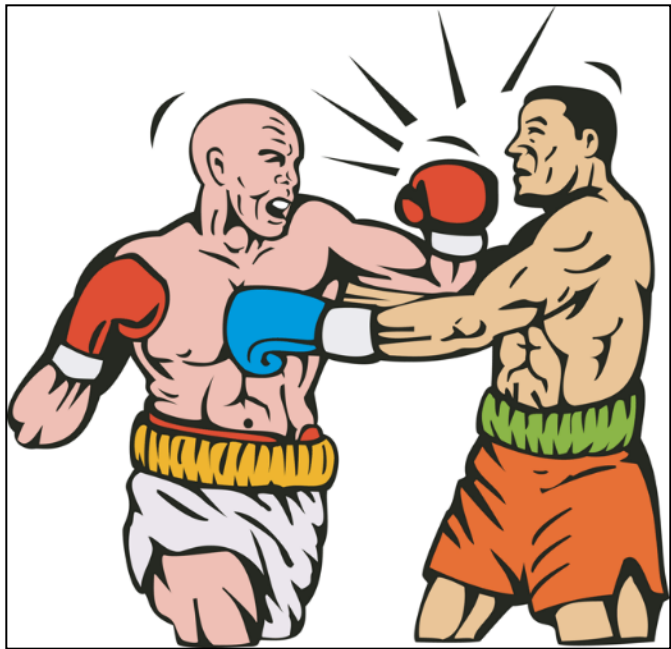


04.

Competition Do's and Don'ts



Competition Do's and Don'ts



Run your own play!

- Focus on your shoppers and retailer partners more than competitors
- Use regular price to determine brand position
- Use promo strategy to drive overall value of brand in market

Value Based Pricing



Value Based Pricing



- Shift focus away from cost + desired margin pricing
- Don't be afraid to take price without a commodity story
- Work with retailers on growing profit dollars through your brands



06.

Implementation

Implementation

How to get an organization to sing from the same song sheet



- Goals
- Processes
- Management engagement
- Simple scorecards
 - aligned with strategy
- People performance reviews

TPM
CERTIFICATION
TECHNIQUE
CUSTOMER
EDUCATION
TRADE
ROI
DATA
MERCHANDISING
PRICING
COLLABORATION
PROMOTIONS
PRACTICES
PROFITABILITY
STRATEGY
MARKETING
TPM
CPC
RELEVANCE
TARGETING
CAMPAIGN
PROFESSIONAL

RETAILER'S PERSPECTIVE

OPTIMIZATION

RETAILER
CUSTOMER
TECHNIQUE
CERTIFICATION
EDUCATION
TRADE
ROI
DATA
MERCHANDISING
PRICING
COLLABORATION
PROMOTIONS
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