Promotion Optimization Institute's State of the Industry

Building Efficient CPG Industry Growth For 2024 and Beyond

By Leveraging Enterprise Planning, Revenue Management, and Execution Technologies as Essential Strategic Priorities

#POI SOI 2024 Building Efficient CPG Industry Growth

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"Companies must integrate efficiency and automation into growth strategies to enhance profitability, outpace competition, and withstand global and economic changes" -Pam Brown, CCO, POI

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POI State of the Industry 2023 Report

As with our previous surveys, the 2023 Promotion Optimization Institute (POI) Enterprise Planning (EPx), Revenue Management, and In-Store Retail Execution (RetX) Benchmarking Survey focused on the intersection of the people, process, and technologies required to be a suitable collaboration partner in the promotion and distribution of consumer products.

Leading CPG Industry Retailers and Manufacturers prioritize building organizational resiliency by investing in holistic enterprise planning, omnichannel balance, revenue management, supply chain, and finding areas of efficiency with people, processes, and systems. As we begin 2024, the economy continues to be uncertain, and organizations are investing in automated capabilities that increase visibility, strategic insights, and decision-making, enhance revenue and return on investment, and reduce costs. CPG leaders must build strategies to ensure efficiency and growth for their organizations.

If you are investigating new Holistic Enterprise Planning solutions and want to know what's possible across EPx (TPM-What-if Scenarios-ROI), RGM/TPO, and the RetX space, you can review capabilities and vendor offerings in the POI EPx and Retail Execution Vendor Panoramas at: <u>https://poinstitute.com/membership</u>

Please don't hesitate to reach out and connect on strategic or tactical aspects for which you need support. I have experience leading sales teams, sales operations, strategy, BI Analytics, IT projects, and advising manufacturers, retailers, and vendors globally. At POI, we also have a network of partners and can connect you with expertise and resources as needed.



Pam Brown

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Promotion Optimization Institute State of the Industry Survey & Report

Rationale Behind the Survey:

POI seeks to serve its members by identifying strategic leadership focal points and streamlining critical leadership success factors on hot issues and emerging trends while incorporating the 2023 benchmarking survey results. We look at the successes and challenges in promoting and distributing consumer products and then analyze them at global events and through written research, share groups, webinars, and advisory services. The focal areas of this survey were selected based on the summation of our beliefs about where the challenges exist today and a desire to socialize the topics and recommendations with CPG industry leadership.

*Note that while most companies in the survey are constant year-over-year, the responders can change from one year to the next, influencing the research data.

Attribution of the POI Survey Results and Report:

We have included a non-PDF version of the report on our POI Member portal to serve our members. <u>https://poinstitute.com/membership</u>

This non-PDF version of the report will enable your organization to utilize report content efficiently. When POI State of the Industry report information is used, it is critical for you and your organization to attribute POI and the POI 2024 State of the Industry report for the research, thought leadership, and industry insights utilized.

Manufacturer Connect

This report includes industry insights gained from the 2023 State of the Industry Surveys, POI 1:1 manufacturer interactions, and the POI Manufacturer Connect Share Group.

The POI Manufacturer Connect has consistently met every 6-8 weeks over the past five years. This community is essential to navigating the CPG Industry, consumer behavior, omnichannel strategies, global economic changes, and new technologies.

This report and the insights delivered will help you understand how your peers are building strategies to address the complexities of the rapidly changing retail landscape and how they plan to Build Efficient CPG Industry Growth For 2024 and Beyond.

For more information on joining the POI Manufacturer Connect please contact Joanie Malin, jmalin@p-o-i.org



Inflation

Forbes released their 2024 Economic Forecast on Dec 27, 2023, which stated that the recession is now unlikely, though it's certainly a possibility. The article reflect that leading indicators are mostly green right now, and the economy continues to grow. (Forbes Economic Forecast Dec. 27 2023)

For the last two years global leaders have been watching economic predictions, treading through increased inflation, and also experiencing stable capital and consumer spending. Winds of recession have been blowing and yet predictions have been continuously delayed as post pandemic behavior doesn't match historical inflationary spending and labor trends.

The Forbes article poses a potential softer landing, yet also relays that *Despite the generally favorable leading indicators, the sharp increase in interest rates (and reduction of the money supply) that we have had over the last two years should still trigger an economic slowdown. Growth will be positive but lower than the long-run average. Unemployment will probably rise by a little but go not terribly high. Inflation will continue declining to about the two-percent target set by the Federal Reserve. The Fed will not feel strongly that it needs to cut interest rates, though they have stopped contemplating further increases. By mid-2024 they will probably bring short-term interest rates down to a neutral level.*

The Time Is Now To Ensure Your Organization Has Strategies In Place To Build Efficient Growth and Respond Agily To Changing Economic Conditions For U.S. based companies entering an election year this increases uncertainty in an already uncertain environment. As the global economy slows, tighter consumer spending will help support disinflation.

For Consumer Goods Companies it will be important to anticipate 2024 spending patterns based on your brand portfolio and automate enterprise planning and retail execution to deliver your revenue growth strategies.

The POI State of the Industry report will help your organization understand how peer CPG companies are activating for essential growth in 2024.

POI Manufacturer Connect Insights on Planning, Spending & Inflation Trends:

- Consumers are allocating funds towards food and essential categories and spending less on discretionary items as they reprioritize and drive efficiency in their lives.
- Retailers are promoting private label as consumer budgets tighten, and branded manufacturers are optimizing and implementing defense strategies.
- Consumers are all-outlet and online shopping to find the best deals. Yet, less than a quarter of CPG organizations have developed a robust omnichannel strategy.
- Manufacturers are evaluating and optimizing their brand portfolio to understand volume and profitability efficiency metrics as they build mix and depth of promotion recommendations.
- Retailers and manufacturers continue to navigate new consumer buying behavior as they optimize trade investment and promotion levels. Both partners are focused on enhancing convenience and a frictionless experience for consumers.
- Revenue Growth management (RGM) capabilities are increasing across all tiers of CPG manufacturers. RGM is utilized across organizations to drive efficiency and effectiveness of Price, Pack, Mix, Promotion, Trade Architecture, cost, and overarching strategy.
- Companies are increasing their focus on Integrated Business Planning and improving enterprise forecasts and execution, ensuring the right product is delivered to the right place at the right time, with enhanced efficiency for profitable growth.

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CPG Industry Outlook:

The CPG industry is resilient, yet leaders must create agile strategies, manage costs, and drive efficiency for both short and long-term success and resilience.

As we head into 2024, we continue to have an uncertain global economy and social unrest that is increasingly driven by inflation, international wars, labor issues/talent turnover, and ever-changing consumers who continue to face financial pressure. Even as green economic indicators are predicted, slowing inflation doesn't guarantee price decreases across the CPG industry.

Companies are evaluating brand portfolios to maximize efficiency across innovation, marketing, enterprise planning, operations, supply chain, and retail execution. Automation is foundational to digitally transforming organizations.

Many organizations have been slow to execute end-to-end digital transformations as they are complex, foundational data infrastructure has yet to be established, and some broad cross-functional processes and workstreams must be addressed. Most organizational leaders have focused on surgical, less complex and risky projects. Al analytics will be a catalyst for digital transformations, and CPG organizations need to begin the journey.

CPG industry leaders must create optimized, agile strategies that drive efficient growth and are continually re-evaluated and adjusted based on market conditions. This will enable companies to engage in the right opportunities to grow their business and place the right bets.

POI State of the Industry Survey responders note that they will be investing in technologies that automate and transform their organizations, resulting in cost savings, improved cross-functional process & visibility, and efficient growth.

Preparing for Growth



Create an Organization That Can Respond Agily

- Consumer Supply
- Retailer Ir
- Internal organization



Redefine Enterprise Strategies for Efficient Growth

Including product assortment, marketing and trade strategy, supply chain, work-from-home practices, M&A, Divestitures, etc.



Share and Learn From Industry Peers

- Manufacturers/Retailers
- Trade Associations (i.e., POI)



Redevelop an Enterprise Execution Plan

Internal and consultative resources focused on delivering strategic priorities.



Establish Internal & External Collaboration

- Consumer Supply
- Retailer Internal organization

How do these relationships and partners need to be enhanced?



Prioritize I.T. Investment Plans

Digital, Enterprise Planning, Supply Chain, Optimization & Advanced Analytics (Intelligent Enterprise Data & Analytics Driven AI/ML Models), Ecommerce, and D2C.

POI 2024 State of the Industry Overview Insights:

Enterprise planning & revenue management capabilities are essential to CPG organizations building efficient growth for 2024 & beyond.

These insights will be expanded upon throughout the report.

68%

of the respondents agree that their companies face difficulties in executing promotions as planned.

48%

of companies received an increase in net sales with their TPx implementation.

To transform trade efficiency our company needs to improve:

- Post event analytics
- Volume planning accuracy
- Promo planning what-if scenarios
- Accurate systems & capabilities

44%

state proper data cleansing, harmonizing and staging the data is holding them back from delivering trade promotion optimization and analytics.

54%

of companies will be embarking on new TPM systems.

46%

will deploy what-if promotion evaluation capabilities.

42% will deploy post event analysis tool.

31%

will embark on automated pricing capabilities.

27%

Will implement a holistic tool that has TPM, ROI, and what-if scenarios in one platform.

80%

of companies state their headquarter support teams don't have the necessary capabilities to support pricing, trade allocations, and go-to-market strategies.

40%

of companies searching for new Foodservice capabilities do so to handle complex pricing.

61%

of companies are held back from exceptional retail execution due to data and insights not being fully leveraged.

48%

respond they are lacking retail execution technology.

44%

of companies are spending between 11-15% of annual revenue on trade promotions.

To move the needle on RGM efficiency our company needs to improve:

- 92% of respondents stated pricing
- 90% overall strategy
- 86% trade promotions analytics and optimization
- 83% define growth drivers

48%

agree there are challenges moving retail execution user capabilities from transactional to analytical.

C-Suite Focus: (Managing Risk, Setting Strategic Direction & Building Culture)

Create a culture that works to balance risk management & a growth mindset. Build this business ideology into the fiber of the organization & decision-making processes.



Cost Management

Ongoing evaluation of sourcing, cost of goods & pricing, total cost-to-serve, and recession-proofing the business. Pilot new technologies to de-risk capital investments.



Holistic Enterprise Planning, Enhanced Forecasting & RGM Capability Advancements

End-to-end planning maximizing cross-functional insights to deliver strategic objectives and efficiencies to enable Joint Customer Business Planning. Increased focus on Integrated Business Planning to improve coordination of the expected demand and supply forecast.



Digital Supply Chain

Focused on resiliency and agility, not only efficiency. Enhancing inventory management and distribution. Develop partnerships to improve the fulfillment experience.



Omnichannel Balance & Execution Excellence

Includes RGM practice development, winning the digital shelf, retail media, evaluating and updating go-to-market strategies (GTMS), and Direct-to-consumer (D2C). Ensure a frictionless, seamless consumer experience, especially between the physical store and digital online. Focus on convenience: Auto replenishment subscriptions and faster/easier delivery options.



Customer Experience

360-degree view of the consumer, including personalization & the entire consumer journey. Incorporates consumer buying behavior changes, impact on specific brands/categories, and mobile-driven store and set designs.



Employee

Safety, personal & mental health, work-life balance, diversity, wage equity, and social goals. Create a new culture of the future for the organization. Includes recruitment and retention. Adjust critical resources and talent to support a defined growth plan.



Historical Organizational Priorities:

- Disruptive Innovation (including increased ready prepared meals)
- Right Brand Portfolio & Assortment (Omnichannel lens & balance)
- Competition: Defend against new agile challenger brands & increase in Retailer private label
- Acquisitions, mergers, and divestitures
- Sustainability & clearly communicated brand values

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Build a Foundation for Future Efficient Growth and Gain the Ability to Meet Consumer Needs and Desires:

Establishing a data driven culture (People, process and systems)

Increase automation and scalability, move capabilities to the cloud

Construct a flexible, yet secure, technical infrastructure

Incorporate AI/ML and digital capabilities across people, process and systems to increase efficiency and transform strategy Enables an Organization to Achieve



Omnichannel Balance & Execution Excellence

Includes RGM practice development, winning the digital shelf, retail media, evaluating and updating go-to-market strategies (GTMS), and Direct-to-consumer (D2C). Encompasses multi-faceted marketing and promotions (spend is blurring). Ensure a frictionless, seamless consumer experience, especially between the physical store and digital online. Focus on convenience: Auto replenishment subscriptions and faster/easier delivery options.



Customer Experience

360-degree view of the consumer, including personalization & the entire consumer journey. Incorporates consumer buying behavior changes, impact on specific brands/categories, and mobile-driven store and set designs.

Today's CPG Manufacturer and Retail Organizations are Looking to Transform and Achieve Efficient Growth

The number one focus is the consumer, yet models and systems have been internally focused and not optimal.

Organizations need to step back and create a "Holistic Enterprise" de-siloed approach.

Based on one foundational data model.

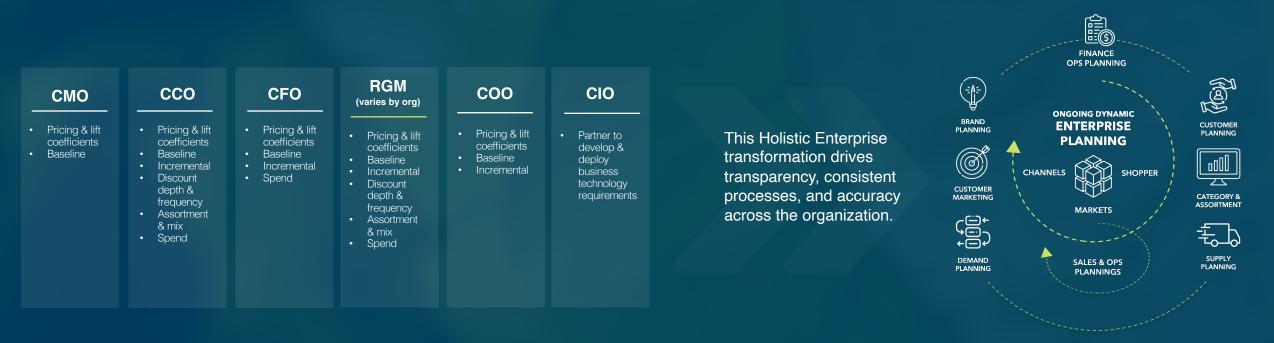
To make faster decisions, meet consumer needs, and capture the value across the enterprise.

Insights and Intelligence are the currency of collaboration.



Transforming From Business Unit Silos to an Agile Planning and Execution Enterprise

Organizations must step back and create a "Holistic Ongoing & Dynamic Enterprise" de-siloed approach to make faster decisions, meet consumer needs, capture value, and gain efficiency across the business units.



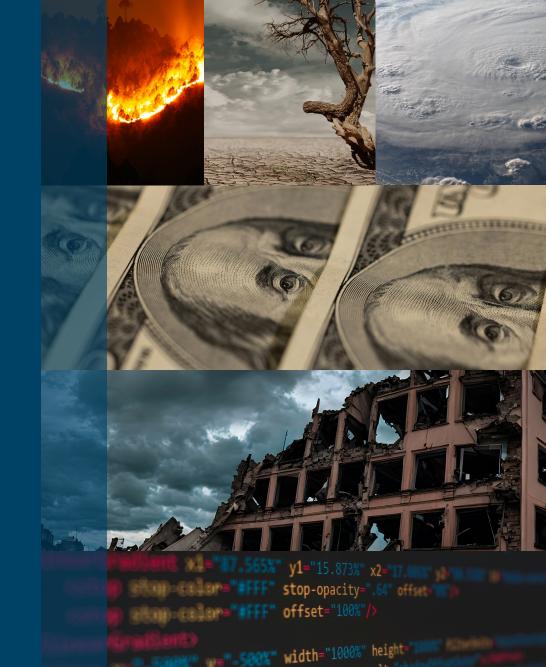
POI recommends establishing an enterprise data and analytics foundation that utilizes intelligent AI. This foundation should include data management, enterprise analytics & reporting, executive dashboards, and the generation of critical insights and actions needed for common denominators such as baseline and lift coefficients, as noted in the image above. The Holistic Ongoing Dynamic Enterprise approach allows for cross-organizational work to be done with consistent foundational data and approach. This approach enables manufacturers to provide the multifaceted options required by retailers while also balancing product availability, supply chain effects, profitability, and ultimately, delivering the right product at the right time, and with the right offer to the consumer.

Building Resiliency & Contingency Planning For the Unexpected

As our global CPG industry, supply chains, and world economies are more connected than ever before, organizations need to prepare their data, systems, processes, and utilities to withstand disruptions and threats. Organizations need to build redundancy and resiliency.

World news predicts that catastrophic events and disruptions will become less predictable and yet more frequent. We have seen war, resource constraints, climate change, social justice, cyber threats, inflation, and geopolitical unrest impact 2023, and we expect organizations will experience similar, if not greater, impacts in the future.

Organizations need to build resiliency and contingency plans now for the unexpected in order to maintain business and meet consumer needs if unexpected impact occurs.



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While transforming and de-siloing your organization takes strategy, leadership, and courage...

Companies must coordinate end-to-end activities with data-driven planning, operations, reporting, and visibility across the value chain to compete in a consumer-focused world and meet the expectations of personalized promotions, increased on-shelf availability, greater value, and purposeful engagement.

What Manufacturers Are Trying to Solve With Holistic Enterprise Planning Capabilities:



Automation – Reduce Burden

- Planning (AOP/HQ/Sales & Demand Planning)
- Baselines
- Enterprise Reports
- Analytics/ROI/TPO
- RetX Perfect Store, Image Recognition & Connectivity
- 360 Consumer Insights



Gain Efficiency

- Inflation & Cost
 Management including
 Total Spend (Trade +)
- Supply Chain
- Omnichannel Balance, including Pricing
- Enterprise planning
- Customer Experience
- Price/ Pack Architecture
- Assortment
- Volume Forecasts



Enterprise Visibility

- Enterprise Dashboards & Reporting
- Total Spend
- Enterprise Planning
- In-flight & In-store Execution
- Omnichannel Factors/Impacts
- Price Elasticities
- Price/Pack Architecture
- Assortment
- Volume Forecasts
- Supply Chain



Improve Process

- Data Management
- Enterprise Spend & Volume Planning
- Set Monthly Cross-Functional Connects
- IBP and JCBP

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- TPx/RetX Connectivity for In-flight Monitoring
- RetX Perfect Store
- Insights Consolidation and Socialization



One Version Of The Truth

Baselines

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- Lift Coefficients
- Enterprise Reporting and Financials
- Spend & Volume
 Forecast Calls
- Unified Approach De-risks Decisions

Holistic Enterprise Planning

POI Manufacturer Connect Insights on Enterprise Planning Pain Points/Opportunities



Data isn't organized, cleansed, or staged. There isn't an owner of the data within the organization.



Organizations need to be able to trust the analytics.

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Organizations need to have business answers quickly and accurately and understand the "whys."



Incorporation, visibility, and reporting on all funding aspects: digital, retail media, shopper marketing, ecommerce, trade promotion, and D2C. (Organization roll-ups generated out of data lake and visualized through enterprise reporting).



Enterprise teams need to utilize holistic enterprise planning common denominators across the cross-functional teams, which will help drive cohesiveness in the data, results, and "one version of the truth."



A lot of manufacturing companies are still using outdated TPM or TPO technology that lacks comprehensive EPx planning capabilities. This results in a higher administrative workload, less effective reporting, and the inability to generate insights or recommendations for the next best action. Analyzing data and deriving insights requires a lot of effort from a team of experts, making the process time-consuming.

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Building blocks and drivers need to be visible at the time of sales planning through cross-functional use of new Enterprise Planning capabilities. This will benefit the Integrated Business Planning process and improve the forecast.



Revenue Growth Management and headquarter dashboards and reporting are needed to analyze the next best action to drive efficiency and effectiveness across the organization.



To balance the business, leaders require visibility of full gross to net P&L management.

Planning Evolution from TPM » TPx » EPx » Future



Improved ROI

Through post event analytics and other promotion and pricing efficiencies.



Optimization/RGM (AI/ML)

Enterprise promotion, pricing, trade architecture/ segmentation, mix management, and assortment. (Not just the KAM lens)



R Improved Visibility

Enterprise visibility across the functions. Goal is one version of the truth.



User Interface (UI)

Robust yet intuitive platforms with improved visualizations, interactive calendar planning, fewer clicks, dashboard, and reporting.



Global Pressure: Pandemic recovery, social strains, war, raw material costs, tariffs, higher fuel costs, & labor shortages.

- Manufacturers look to automate capabilities to provide visibility, insights, cost savings, and next best action to take based on current industry dynamics.
- Understanding consumer sentiment is critical. How brands need to be represented, promoted, and resonate during troubled times is critical to supporting our consumers through global dilemmas and pressures.
- Manufacturers need to advance Revenue Management practices, including promotion, pricing, and mix scenarios. Price pack architecture analysis is a key workstream for innovation and brand efficiency. New insights must be presented to the retailers so they have options depending on how the market and consumers are behaving at the moment. Companies with optimization capabilities have been able to demonstrate increased levels of responsiveness and partnership with retailers.

Manufacturers who have not implemented optimization or RGM practices are now seeking to incorporate these capabilities into their enterprise planning portfolio to increase efficiency and effectiveness throughout the organization.

Solution Providers are continuing to develop exceptional capability advancement to support Holistic Enterprise Planning in these dynamic times.

Journey to Improve Efficiency and Effectiveness of Holistic Enterprise Planning & Trade

Data		~~···O		\$	
ТРМ	Insights	Prediction	Trade Optimization	Strategic RGM	RGM
Transactional TPM Basic ROI & Planning Capabilities Financial Control Forecasting/Demand	 Pre & Post Promotion ROI Analysis Base Vs. Uplift – ROI Analysis of Promotion Tactics 	 Advanced Baseline Modelling Promotion Predictions – Multi Casual Modeling Pre & Post Effects Cannibalization Effects 	 Constraint-based Optimization Optimal Annual Plan Simulation and Prediction Category-level Analytics and Modeling 	 Utilization of the 5 pillars of RGM Holistic Enterprise Approach to Data "One Version of the Truth" Real Time Insights Profit Focused Consumer is the Channel 	 Prescriptive Planning Revenue Mindset Adopted Across the Enterprise Intelligent Optimization of RGM Levers Al-directed Mathematical Analysis and Introspection Strategic War Gaming



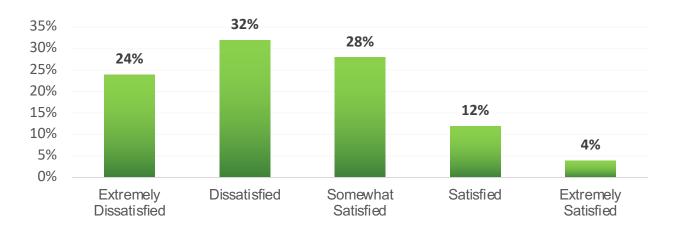
When respondents were asked if they were satisfied with their ability to manage trade promotions, **56%** were dissatisfied/extremely dissatisfied, while **44%** were at least somewhat satisfied.

As a shopper, digital, ecommerce, D2C, and other modern trade elements grow, it is essential to have trade management capabilities that can evaluate the opportunities (individually and total portfolio), appropriate a balanced enterprise funding allocation, and evaluate execution results.

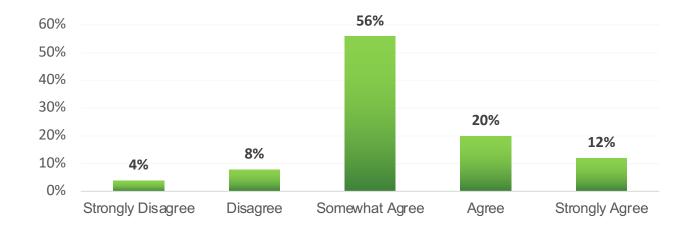
Today **88%** of POI survey respondent companies struggle to manage modern trade.

Enabling trade management capabilities & processes is critical as spending is blurring and expanding across internal departments and industry channels.

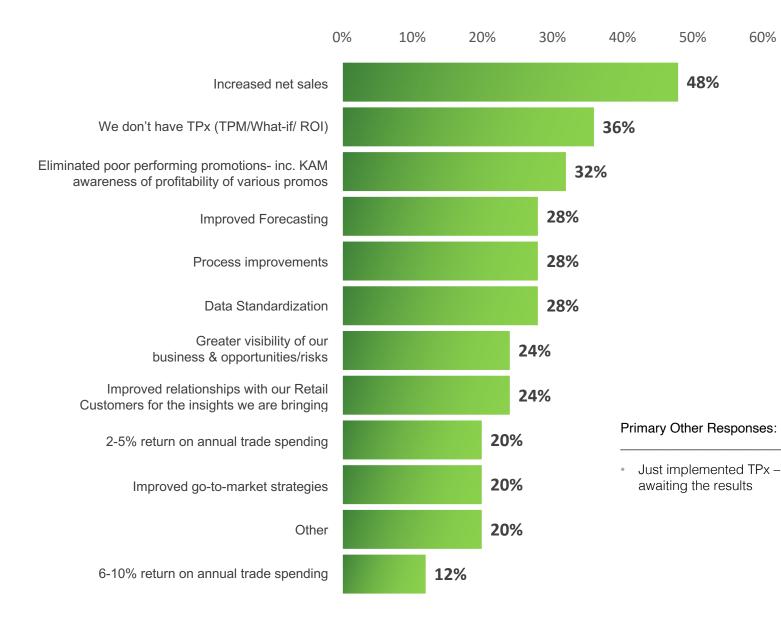
You are satisfied with your ability to manage trade promotions.



Your company is struggling with how to manage modern trade and incorporate digital, shopper, ecommerce, D2C, etc.



What savings, efficiencies, & effectiveness have been realized from TPx? (Includes: TPM – What if Scenarios – ROI Analysis)



POI research indicates that TPx capabilities have generated transformative benefits for organizations, with **48%** experiencing an increase in Net Sales.

Additional top TPx benefits realized are the elimination of poor-performing promotions (**32%**). Improved forecasting, process, and data standardization have each been achieved by **28%** of organizations.

Twenty-four percent of respondents reported that the insights generated had positive impacts on their business, including increased visibility of opportunities and risks, as well as stronger relationships with retail partners.

Based on the survey results, **20%** of the respondents report a **2-5%** annual return on trade spending, while **12%** of companies see a **6-10%** return. It is worth noting that many companies do not simply "return" the trade to their bottom line. In conversations with manufacturers, it has been discovered that they optimize the trade and then reinvest it back into the business.

Thirty-six percent of companies don't have TPx capabilities, enabling more seamless and automated planning for their users.

While it is best practice to set project KPIs to manage the delivery value of a project to an organization, many companies struggle with setting, tracking, and managing actual % improvements. Respondents may know they have delivered a return but don't know the actual %.

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To transform trade efficiency and effectiveness our company needs to improve: (Select all that apply)

2023/24 POI State of the Industry Survey Respondents Stated:

2023/2024 vs 22/2023 vs 21/2022

Post Event Analytics (ROI)	1	4 2
Volume Planning Accuracy	2	2 7
Promotion Planning/Optimization (What-if Scenarios)	3	3 1
Automated Systems and Capabilities	4	5 4
Data Cleanliness & Management	5	1 3
Using holistic baselines, lifts, elasticities etc. across org	6	
Analytics	7	6 6

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POI Industry Trend & Insights:

Post-event analytics ranks as the top priority in 2024 as teams ensure trade spending returns acceptable ROI for both manufacturers and retailers.

Volume planning forecast accuracy has increased dramatically as organizations focus on supply meeting demand. Having the right product in the right place at the right time is critical.

Promotion planning and optimization are critical for accurate forecast planning and achieving accretive ROI.

The pandemic highlighted the importance of **automated systems and capabilities** to provide agility and insights to organizations, enabling them to keep up with evolving consumer behavior and better support retailer partnerships.

Data Cleanliness and management continue to be important as organizations understand that advanced models need high-quality data.

Cross-functional **use of holistic baselines**, **lifts**, **and elasticities throughout an organization** can lead to a unified approach for analytics and reporting.

While **analytics** ranks #7, it is not the least of the priorities. For most companies, the earlier options are worked in parallel with analytics to deliver planning and operations excellence.

While **Pricing Optimization** was a top priority for manufacturers from 2020-23, this workstream has dropped below the top seven priorities to increase efficiency and effectiveness of trade in POI's 2024 peer benchmarking research.



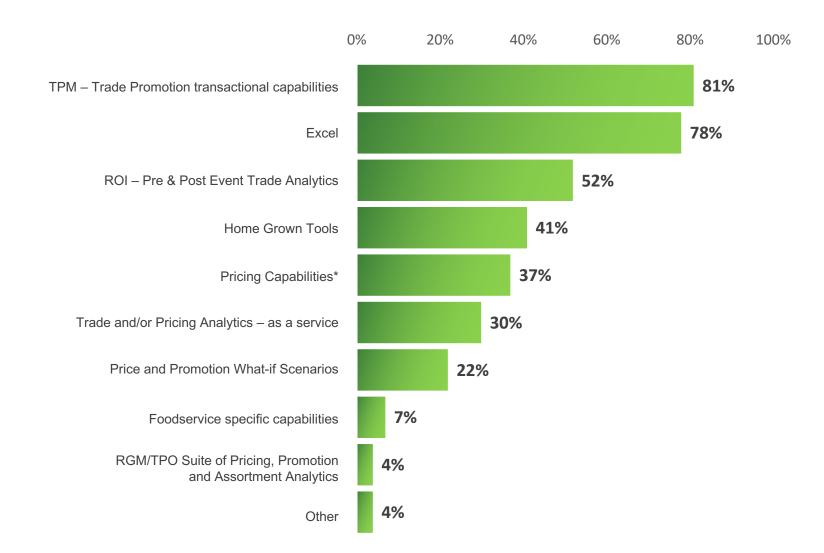
Multiple automated capabilities are available to improve efficiency and effectiveness of trade:

Most vendors today have the ability to deploy planning capabilities in one seamless holistic TPx planning platform including trade promotion management (TPM), what-if scenarios, and postevent ROI analysis.

With recent dynamic industry changes, RGM capabilities have been increasingly utilized by companies to uncover efficiencies, especially around promotion, pricing, and mix effectiveness, which have become a critical priority.

TPx and RGM capabilities combine to create the Holistic Enterprise Planning Ecosystem (EPx).

Which of the following Enterprise Planning (EPx) technologies does your company currently use to manage & drive efficiency of trade? (Select all that apply)



* (Standalone vs. RGM suite) Price Pack Architecture, ladders, curves, price elasticity evaluation, pricing trends and progression, etc.

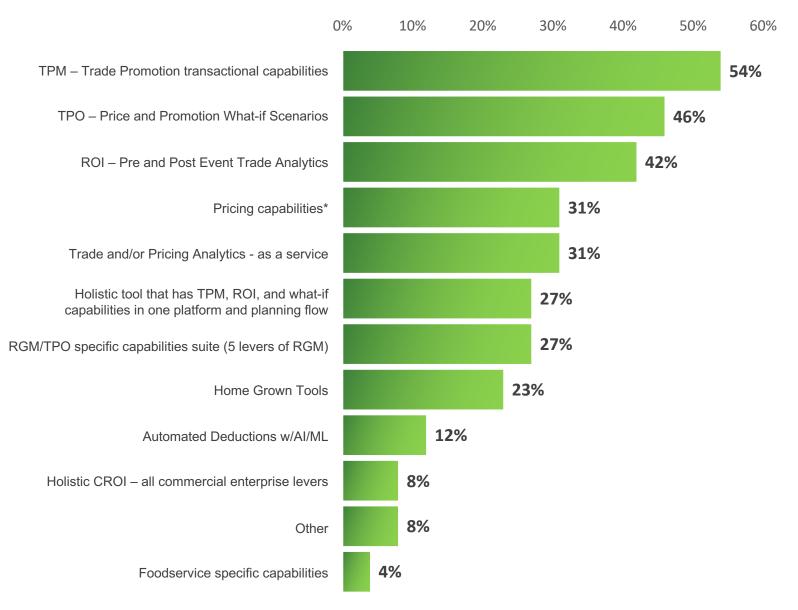


POI survey respondents noted that **54%** of their organizations will be deploying new TPM systems. Note that **81%** of companies already have TPM systems, and survey data doesn't denote if these are Excel-based teams moving to TPM for the first time or if this is a TPM-to-TPM redeployment.

Forty-six percent of organizations will begin utilizing what-if scenarios, and **42%** will activate post-event ROI analysis, while **27%** of companies plan to implement TPM, ROI, and the ability to create what-if scenarios in one holistic planning platform.

Thirty-one percent of companies plan to implement trade &/or pricing analysis -as a service. An equivalent number of respondents note they are looking to deploy stand-alone pricing capabilities, including price pack architecture, price elasticity modeling, trends, etc.

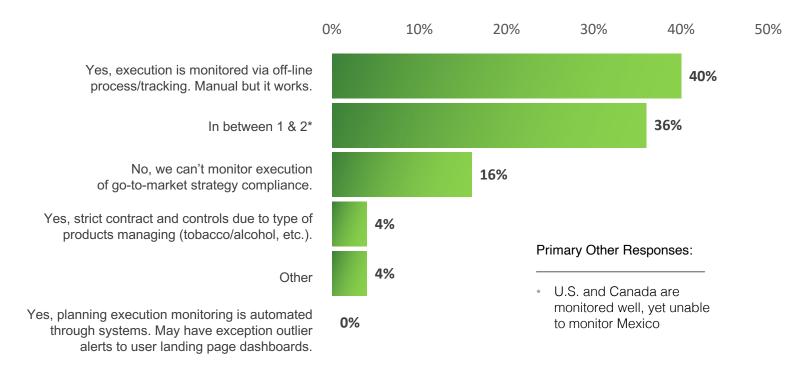
Which of the following technologies will your company be embarking to deploy in 2023/24? (Select all that apply)



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* (Standalone vs. RGM suite) Price Pack Architecture, ladders, curves, price elasticity evaluation, pricing trends and progression, etc.

Does your HQ planning team have the ability to monitor/manage go-to-market strategy compliance?



Based on the latest POI State of the Industry Survey, when asked if their HQ planning teams have the ability to monitor and manage go-to-market strategy compliance, **40%** stated they monitor compliance in manual offline trackers, **36%** have some automated guardrails but still utilize manual review, and **16%** are not monitoring compliance. Monitoring execution is critical to improving performance over time.

In addition, **80%** of respondents state that their headquarter support teams do not have the necessary capabilities to optimize pricing, trade allocations, and go-to-market strategies.



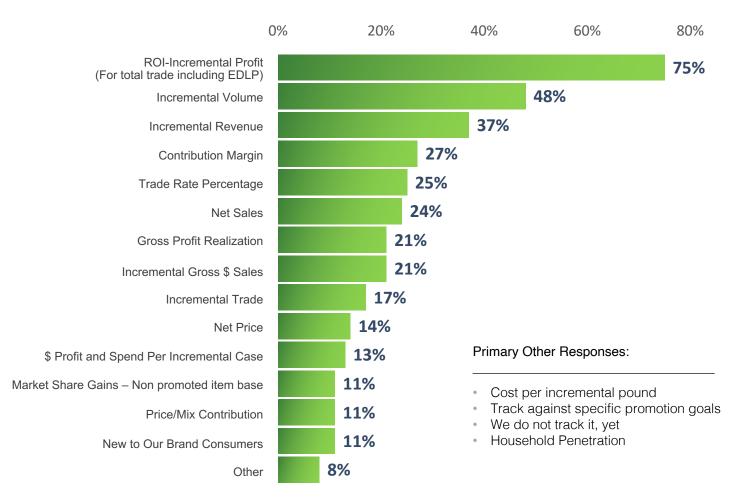
HQ Planning Capabilities...

have historically taken the back seat to sales planning capabilities. The panorama of vendor capabilities and what is available via EPx platforms has substantially changed in the last four years.

Based on the state of the industry and the need for greater optimization, HQ capabilities are beginning to be prioritized and delivered by the vendor community. Yet, many companies are on older technology platforms, which may not have robust headquarter or RGM capabilities.

See the POI 2023 EPx Vendor Panorama report to dive deeper into specific vendor capabilities poinstitute.com.

What are the most important KPIs your company uses to measure promotion success? (Select all that apply)



64% of POI respondents found creating a promotional plan, from budgeting to execution and settlements, highly burdensome.

Commercial teams highly appreciate their RGM partners' contributions to reducing the planning burden.

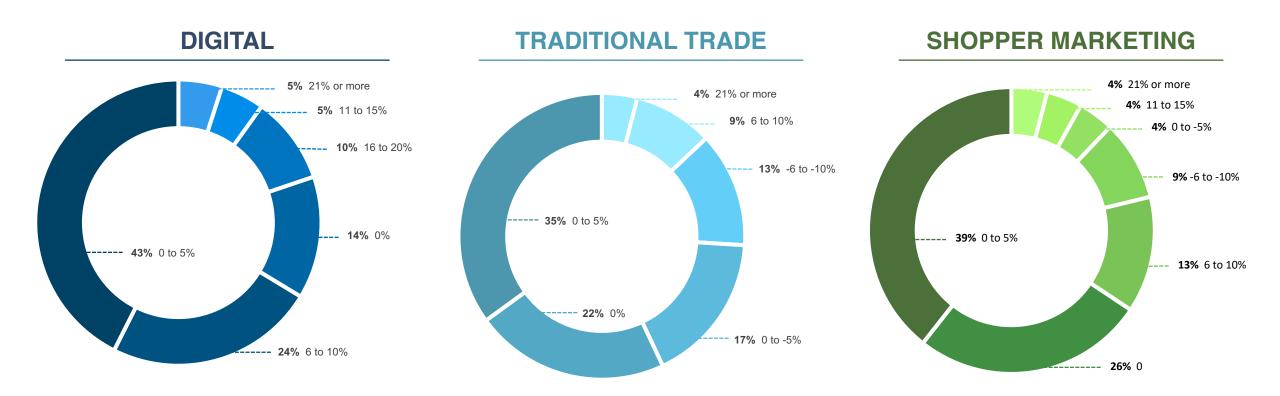


CPG manufacturers typically run thousands of promotions every year. Most companies employ Return on Investment (ROI) analysis after the event to evaluate the performance of these promotions and capture trade efficiency insights.

Unsurprisingly, the essential key performance indicators RGM teams utilize are similar to those used to measure promotion success. This is because promotion trade spending is a significant expense for manufacturers and the second greatest expenditure on the Profit and Loss (P&L) for the organization.

Many companies aspire to understand their holistic spend by tracking KPIs such as market share gains, new-tobrand customers, household penetration and digital marketing ROAS, yet these remain aspirational goals for many organizations.

How fund types are shifting as we enter 2024 execution:



When POI survey respondents were asked about the % change between Traditional Trade, Digital, and Shopper Marketing fund types, the survey revealed that the overall change in traditional trade was either flat or +/- 5% for 74% of the respondents. Yet, many respondents reduced trade: 17% of respondents reduced trade by 0 to -5%, and 13% reduced -6 to -10%. On the flip side, 13% of the organizations invested more in traditional trade. Shopper Marketing is becoming more diverse as we head into 2024. Twenty-six percent of respondents have no change, 43% are +/-5%, yet 13% are increasing 6-10% and another 9% are decreasing funding -6 to -10%.

In 2024, there will be an enhanced focus on digital and online shopping, and as a result, most organizations are investing digitally to support changing consumer behavior. While digital investments across the board are up substantially, the increase is typically over a small historical investment basis.

Advancing Planning, Optimization & Revenue Management

When transitioning from TPM to RGM, holistic enterprise planning with AI reduces burdensome aspects of planning and maximizes resources.

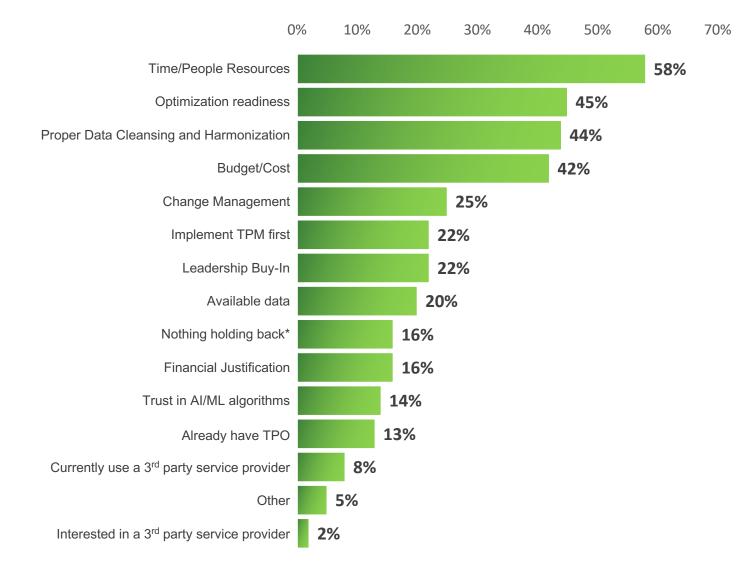
Intelligent enterprise planning and retail execution platforms provide recommendations for the best plan, reducing your organization's analytical work and administrative burden. This allows planners and sales teams to focus on being more strategic, building relationships with retailers, meeting specific consumer needs, and ultimately selling more.

Earlier on page 23, we mentioned the savings, efficiencies, and effectiveness that companies have realized from TPx capabilities. Multiple providers message 10X the return on RGM capabilities in year one. One of my favorite quotes from POI's Dallas summit is, "Just begin."

It is important for organizations to cleanse, harmonize, and stage data. Many companies desire advanced analytics, artificial intelligence, and digital transformation. At the foundation of all of these aspirations is data.

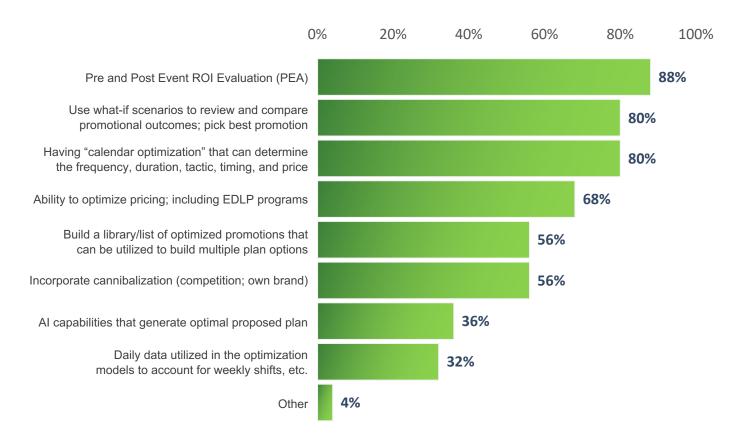
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What is holding your organization back from moving capabilities from TPM transactional capabilities to the RGM pillars of advanced trade promotion optimization & analytics? (Select all that apply)



*we will be investigating TPO solutions

When optimizing promotions through predictive models, which of these are important to you? (Select all that apply)



As more organizations become profit, efficiency, and digitally focused with the consumer at the center of all decisions, the desire to optimize pricing, promotions, tactics, etc., leads organizations down the path of implementing capabilities, process, and enabling...

PROMOTION OPTIMIZATION

In the past, many companies lacked the ability to conduct "what-if" promotion scenarios in their TPM (Trade Promotion Management) system. Additionally, their TPM platforms were often separate from other systems, making them harder to use. Nowadays, most vendors offer a single platform that allows for holistic enterprise planning, with TPM, what-if scenarios, and postevent ROI analysis all available in one place. This improves the user experience and adoption.

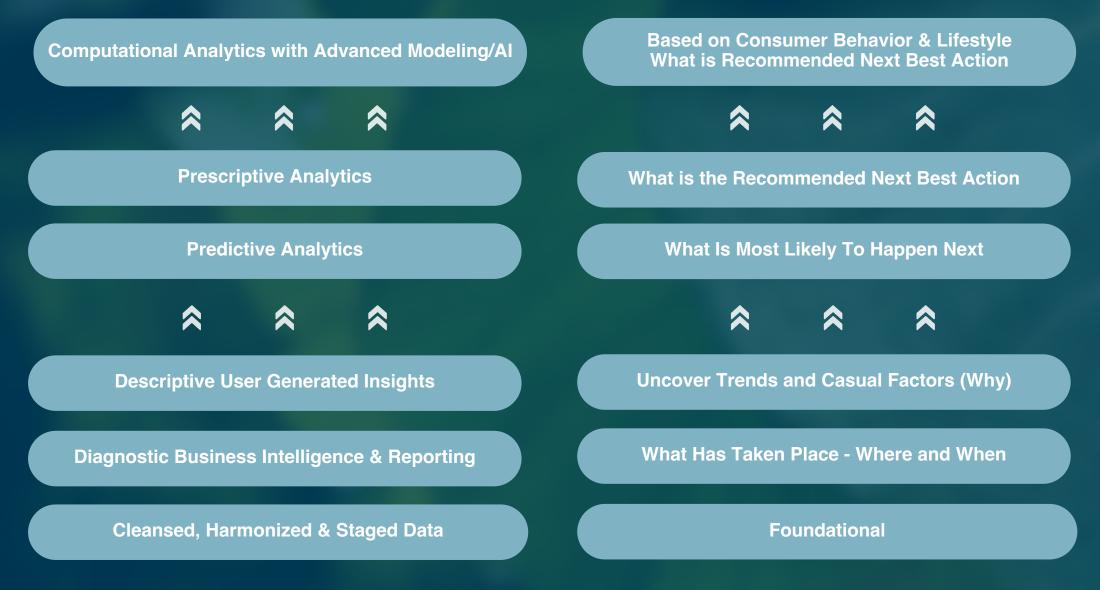
According to the POI survey, **88%** of companies want the ability to evaluate pre and post-event ROI. 80% of organizations prioritize optimizing promotions through what-if scenarios and full "calendar optimization" to find the most effective promotions.

Pricing optimization, including EDLP programs, is important to **68%** of companies.

Advanced modeling utilizing Al-directed mathematical analysis and introspection is crucial for the future of optimization and revenue management. This non-ML-based AI technology drives sophisticated non-linear optimizations that account for context and causality. The models are designed to learn and infer from experience continuously. This advanced analytics technology has the potential to benefit various business areas such as marketing, innovation, sales, finance, supply/operations, and consumer & product strategies. Additionally, it can improve enterprise efficiencies across the full value chain.

ADVANCED ANALYTICS EVOLUTION

Advancing Analytics to Understand the Next Best Action



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Proper Allocationn, Planning, & Monitoring of Trade Spend is Critical

Historically, CPG companies have spent between 11% and 27+% of revenues on trade promotions...

Current POI peer benchmarking reflects the following:

22% are spending below 11%

44% spend between 11-15%

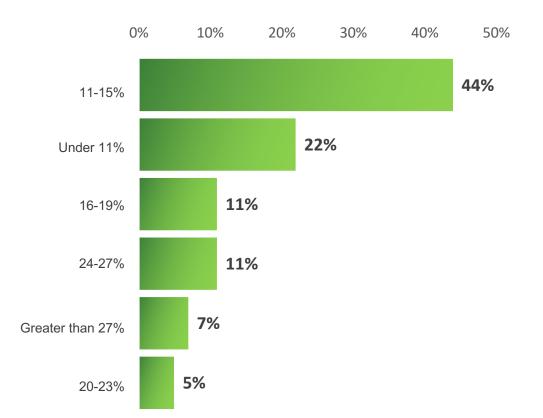
11% spend between 16-19%

16% spend between 20 and 27%

7% are spending over 27%

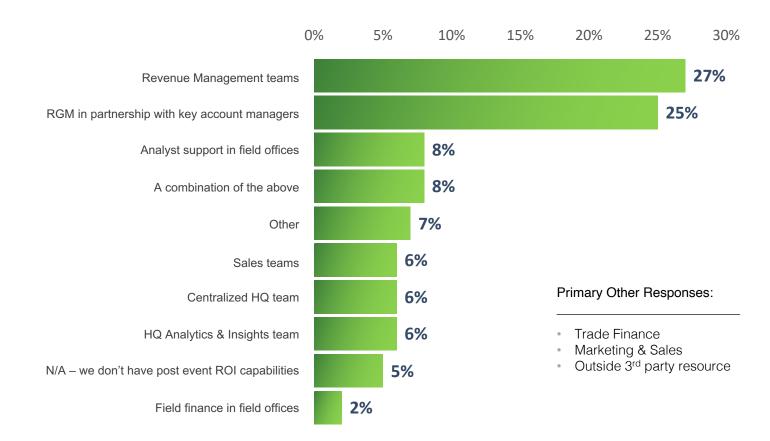
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What percentage of your annual revenues do you spend on trade promotions?



Trade is often the second largest expense on the P&L, after cost of goods sold, so it is critical factor as company's focus on efficiency.

When manufacturers were asked who completes pre and post promotion ROI evaluations...





Pre and Post Event ROI Analysis-Who's doing the work?

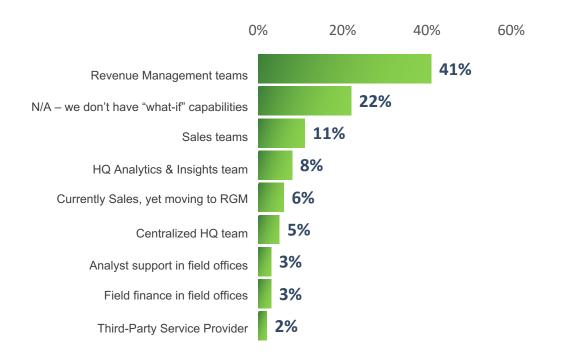
- 27% of RGM teams are owners of ROI event analysis
- **25%** of RGM teams are working with key account sales managers
 - **8%** of evaluations are completed by analysts in the field offices
- 6% of Sales teams own the ROI analysis.

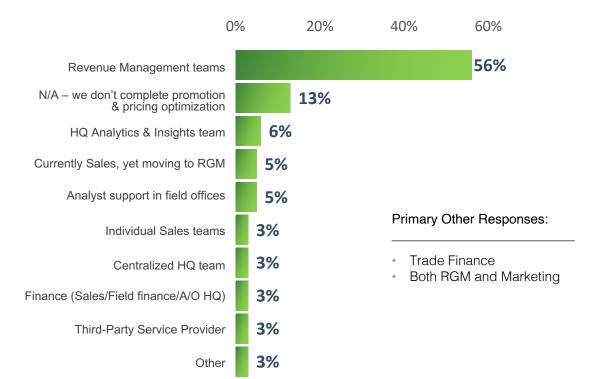
Who performs the work?

Like pre and post promotion evaluation work, RGM teams are heavily involved in creating "what-if" scenarios and optimizing trade promotion and pricing strategies. The latest TPx platforms are designed to automate ROI analysis and what-if scenarios, which ultimately leads to more efficient and effective sales planning. As organizations adopt new TPx technologies, sales and other cross-functional partners can participate in these simple yet highly effective processes. Additionally, HQ teams can take advantage of these capabilities as they develop retailer go-to-market strategies.

Your planning capabilities include "what-if" promotion scenario planning. Who performs this work? (Please pick the primary team that executes the work)

Your organization completes advanced trade promotion and pricing optimization. Who performs this work? (Please pick the primary team that executes the work)





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Holistic Enterprise Planning

People and Process Success Factors

25% of POI survey respondents note that they have not moved to a server-based TPx solution (use Excel to manage promotions) due to a lack of standardized process, **33%** due to cost, **33%** due to integration issues, and **38%** because the project hasn't been internally prioritized. In addition, **75%** of respondents noted that when they implemented their TPx solution, their vendor and/or services team provided best practices.



Change management is a critical factor in implementing new processes and platforms for organizational transformation. Project teams must understand the best practices provided by vendors to ensure that the existing processes of the company do not act as an obstacle to progress and capability enablement and are not followed blindly. Organizations must overcome the "way we have always done it" mindset. We assume that the 25% of companies that did not receive best practices guidance faced challenges in user adoption, process, and tool effectiveness, which ultimately impacted user experience and project ROI.



Imagine having an annual operating plan that is optimized and automated, allowing for quick internal evaluation, management, and adjustment as needed. This includes automating and optimizing trade allocations, everyday pricing, go-to-market strategies, promotion plans, and other aspects of the plan.

The administrative burden would be eliminated, and your team would be able to transform from tactical to strategic. By enabling these capabilities, your organization would be able to swiftly respond to opportunities or navigate through uncertainty.

If your company is looking to advance Enterprise Planning capabilities, please refer to the 2023 EPx Vendor Panorama, <u>https://poinstitute.com</u>, to dive deeper on the topic and understand vendor capabilities.

Common Traits of Companies

that drive efficient growth during challenging economic times

- Deploy automated capabilities to increase visibility, productivity, and reduce costs. (Includes investigating areas where AI automation can be implemented)
- Invest in their revenue management practice. (Systems, process & people)
- They move thoughtfully yet faster and press into productivity to lower costs while pursuing efficient growth.
- Many retailers and manufacturers divest peripheral brands to free up capital for secondary acquisition of disruptive brands that are closer to their core growth strategy.
- Invest in top talent to strengthen internal growth and the company's future.

POI maintains that these traits are critical to enabling a company to agilely respond to economic and industry conditions while achieving **efficient growth** for their organizations.

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Promotion Optimization Institute, LLC

POI 2023 Enterprise Planning Vendor Panorama

(This document supersedes the 2022 POI EPx Vendor Panorama)

Your Guide to EPx Vendor Capabilities (TPM, What-if, ROI, RGM/TPO, Foodservice & Pricing)

Current and relevant insights to help you on your Enterprise Planning journey

Revenue Growth Management

RGM Teams Lead a Holistic Ongoing & Dynamic Enterprise Approach

With economic uncertainty and increasing pressure on retailers, manufacturers, and consumers, companies with established RGM teams have increased visibility, agility, and competitive advantage compared to those companies without the practice.

RGM touches each of the cross-functions and provides central governance for the organization, working closely with functions such as marketing, finance, headquarter customer marketing, supply-chain, and sales to develop and implement growth, savings & profitability strategies, ultimately transforming the siloed functions into an ongoing streamlined effort to balance goals and needs across the Enterprise.

By leveraging advanced analytics, RGM teams balance pricing, product mix, and trade investments. Embedding an RGM mindset throughout the organizational hierarchy remains a priority, especially in the consumer packaged goods (CPG) industry.

Given evolving consumer behaviors, agility in reviewing, analyzing, and disseminating insights across the organization is crucial for effective strategy adaptation.



Enterprise Planning Goal

Have the right messaging, the right product, at the right price, with the right promotion, in the right location, and at the right time for the consumer.

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An organization committed to growing efficient revenue through a balanced portfolio while prioritizing and achieving the enterprise's strategic goals with every initiative.

This is facilitated by the adaptability of a Revenue Growth Management (RGM) team that is capable of swiftly addressing consumer, retailer, and enterprise demands during crises or external influences.

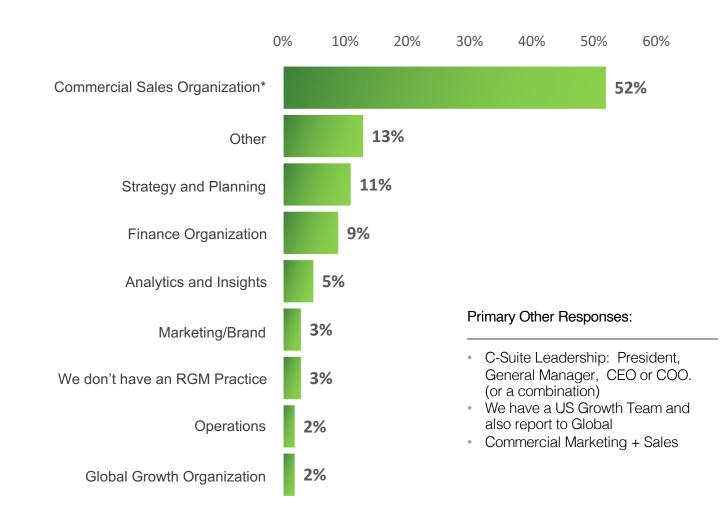


52% of RGM teams report into the Commercial Organization.

The next largest category is "other," with most responses indicating that the RGM practice reports to C-suite executives outside of sales, such as the President, General Manager, CEO, or COO.

Some "other" responses report to a combination of C-suite executives.

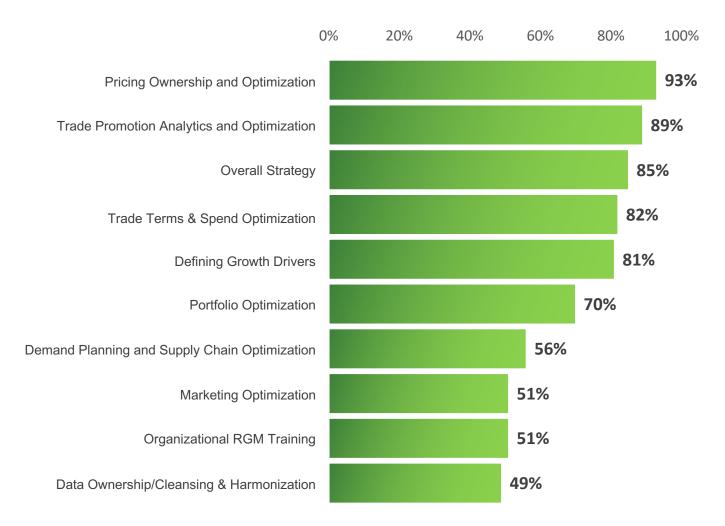
Your RGM Practice Reports Into:



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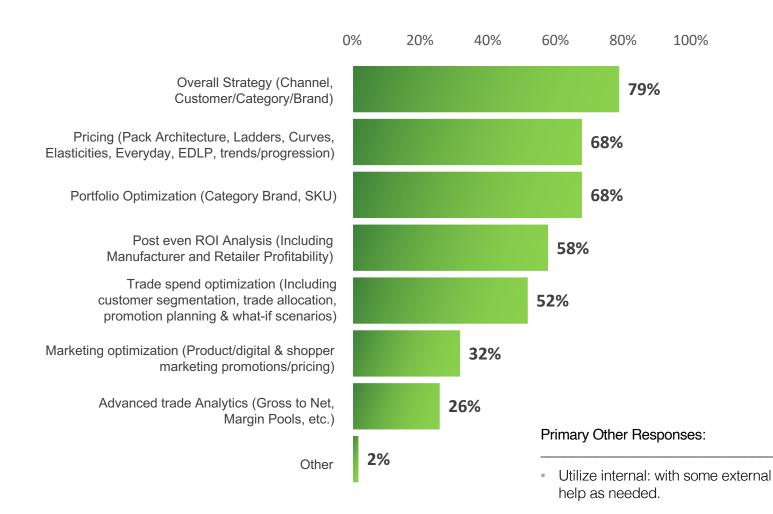
*Included Headquarter Customer Marketing/Customer Development/Trade Marketing

For your organization, the RGM practice includes the following: (Select all that apply)





Which of the following capabilities do you complete with internal teams vs. external vendor solution/consultant/service? (Select all that apply)





POI research reveals that many organizations are able to complete essential work with internal teams:

Seventy-nine percent of survey respondents noted they are completing their overall strategy with internal teams.

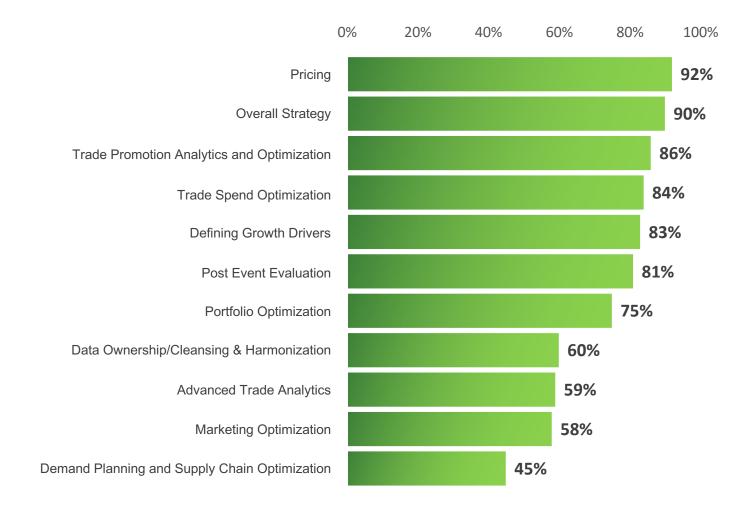
Sixty-eight percent are navigating the uncharted pricing environment internally, as well as portfolio optimization and analysis.

Fifty-eight percent of organizations are completing post-event ROI analysis with internal teams.

POI observes a correlation between companies bringing RGM work inhouse utilizing in-market automated capabilities and the increase in available RGM suites that have entered the market in the last three years.

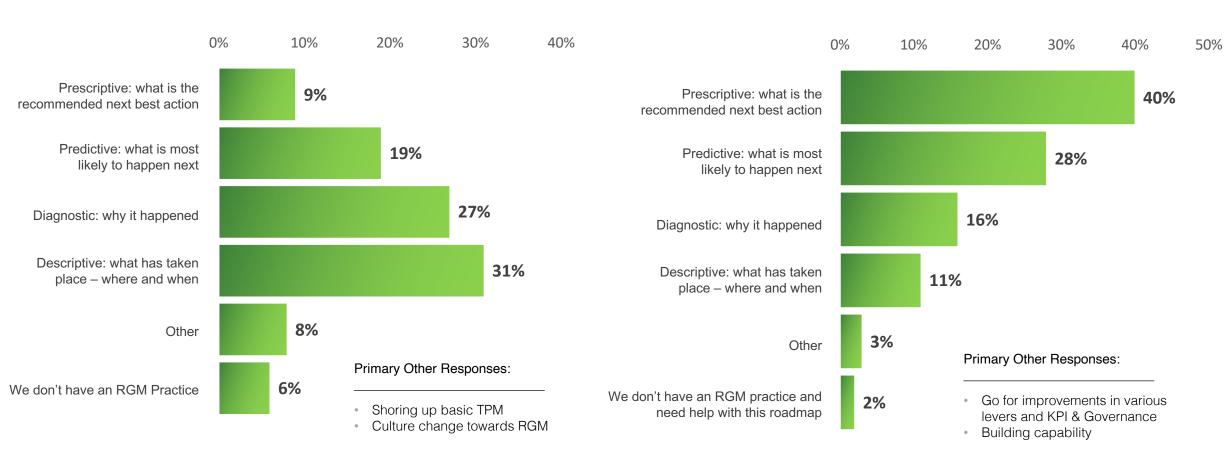


To move the needle on RGM efficiency and Effectiveness, our company needs to improve? (Select all that apply)



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Revenue Growth Practice Maturity



What is the maturity of your current RGM practice:

In 2024, CPG Manufacturers are looking to take their RGM practices from highly descriptive and diagnostic to more predictive and prescriptive.

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What level of RGM maturity is your goal for 2024?



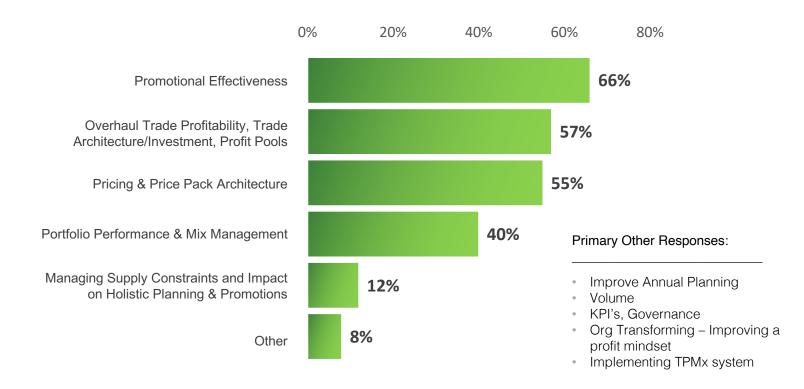
Manufacturers have carried out significant analyses on pricing, promotions, and trade in the past three years

As retailers evaluate categories and brand presence on store shelves, they are considering recent supply chain challenges to determine the best combination of essential brands and SKUs for efficient growth and profitability.

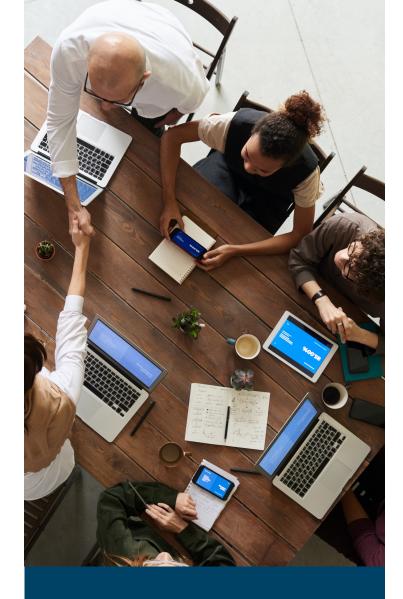
Manufacturers initiating databased SKU and category rationalization discussions will be considered valuable retail partners.

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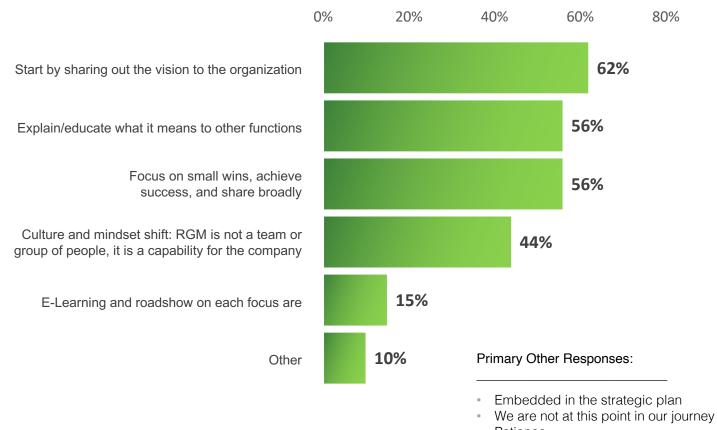
What are the primary areas of focus for your organization's Revenue Growth Management (RGM) practice in the coming year? (Select all near-term priorities that apply)



The key to improving RGM efficiency and effectiveness is also the primary focus for RGM teams in 2024. Based on POI Connect Share group discussions, pricing, price pack architecture, ROI post-event analysis, and trade optimization are active workstreams for the POI community. RGM insights can significantly impact a company's overall strategy and improve its efficiency and effectiveness, yet POI's industry survey and manufacturer connections indicate that impacting corporate strategy remains aspirational and not a focus for most companies in the near term.



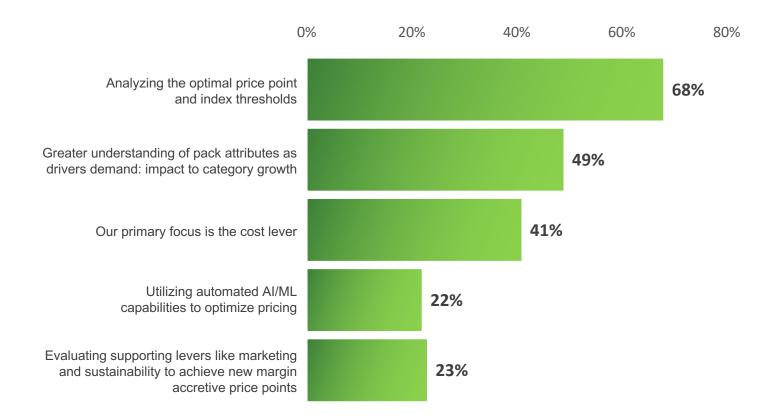
How did your organization overcome RGM challenges and cross-functional partner buy-in? (Select all that apply)



- Patience
- We have not overcome these challenges yet



How is your company evolving its pricing practices?



In 2024, CPG companies are prioritizing the analysis of optimal price points and index thresholds, as well as pack attributes, to drive demand. The focus on cost continues to be essential.

There is an opportunity to automate RGM analysis with artificial intelligence to achieve more efficiency and growth. This will help to scale essential RGM pricing, promotion, and mix analysis, and gain faster insights.

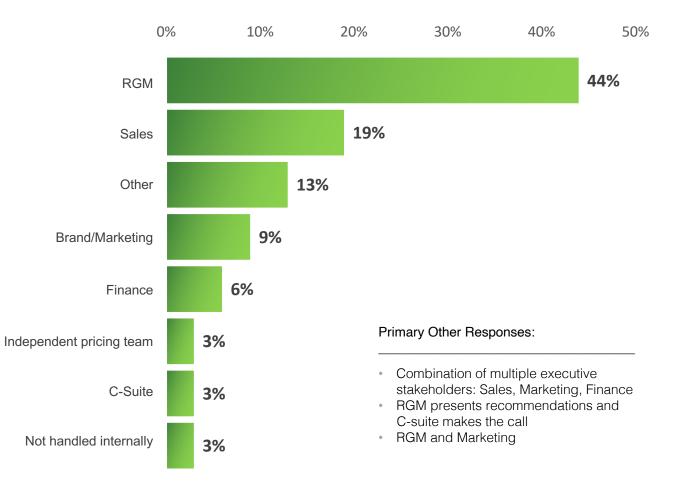


The CPG industry has been in uncharted waters relative to taking price over the last three years.

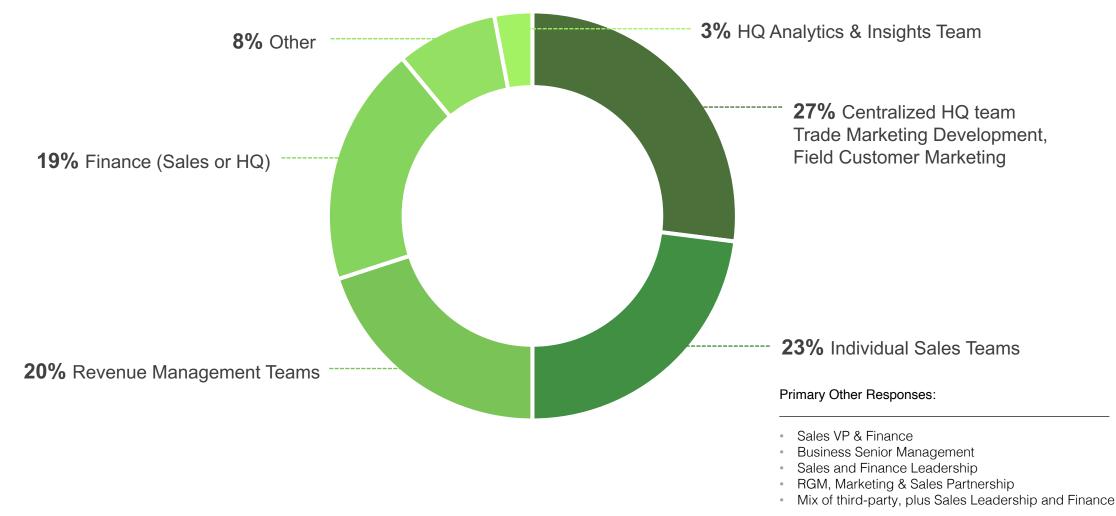
Prior to the pandemic, companies relied on their Marketing, Trade Marketing, and Customer Marketing teams, often with the help of outside consultants, to lead infrequent pricing initiatives.

The number of senior executive stakeholders participating in pricing decisions has increased during, through, and after the pandemic.

What department in your organization is responsible for making strategic pricing decisions? (Select the best choice)



Who makes the decisions around trade investment allocation in your organization?

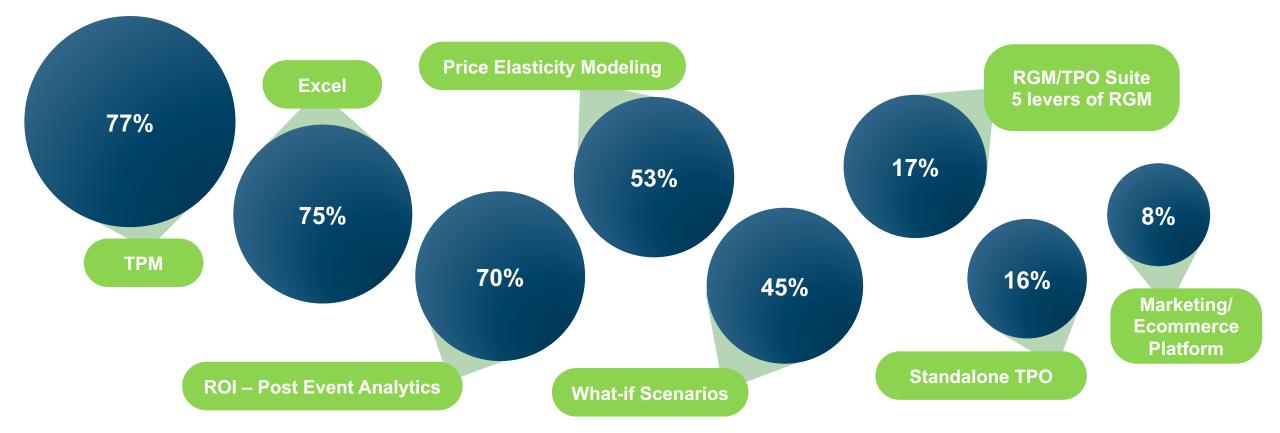


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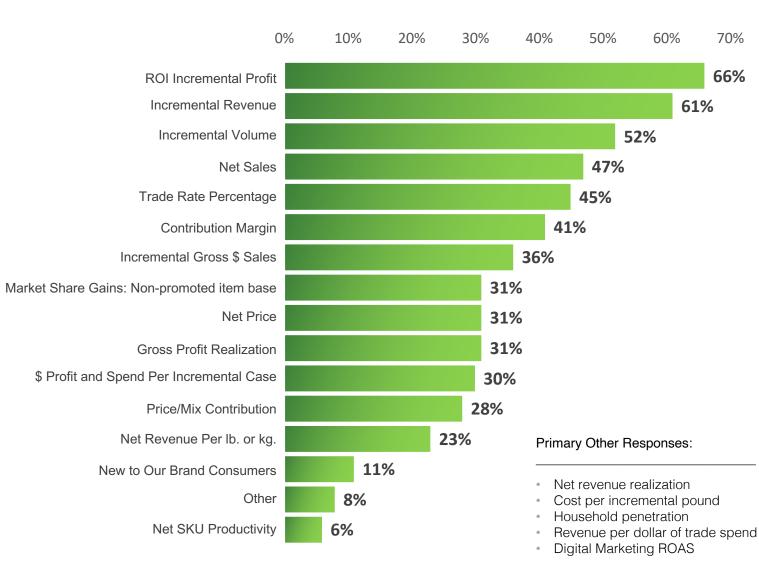
Which of the following enterprise planning technologies does your company currently use to manage and drive funding efficiency? (Select all that apply)

Today's solutions are highly configurable. The user experience and layouts are based on the client's specific KPI's and needs.

2023/2024 POI State of the Industry Survey Respondents Stated They Utilize:



What are the top RGM Key Performance Indicators (KPIs) your team utilizes?





Whether you have an experienced RGM team or are new to the practice, utilizing KPIs to manage the business is essential.

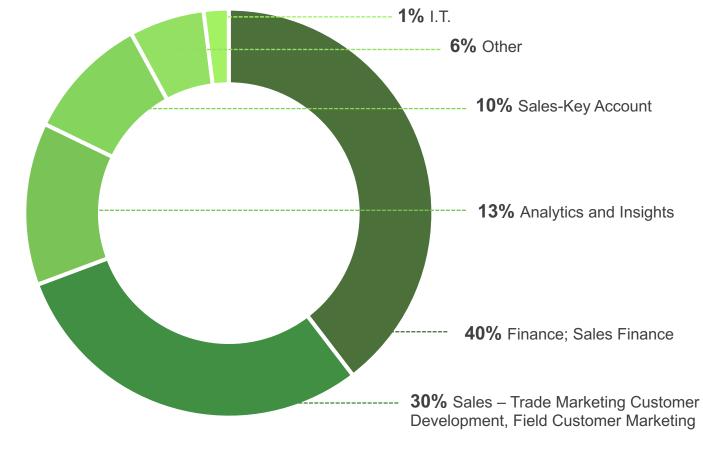
POI Peer benchmarking provides insights into the top KPIs used by other RGM leaders to identify and drive efficient growth for their organizations.



If you are establishing a Revenue Growth Management practice, ensure you search for a seasoned leader to head the department. These leaders should have finance, sales, and analytics acumen and also must exhibit "people" leadership due to the cross-functional nature of the work and need to drive organizational alignments. RGM leadership talent is in high demand, as many organizations are building teams in 2024. Expect to invest in your RGM team and practice.

If you have an established RGM practice, evaluate the needs and career path for each individual and establish a growth plan that is in alignment with the individual's values. Some RGM leaders value special projects, flexibility, leadership opportunities, etc., over pure income increases. You may need to incentivize both to keep the best RGM talent.

What is the primary background of your organization's RGM Full-Time Employees?

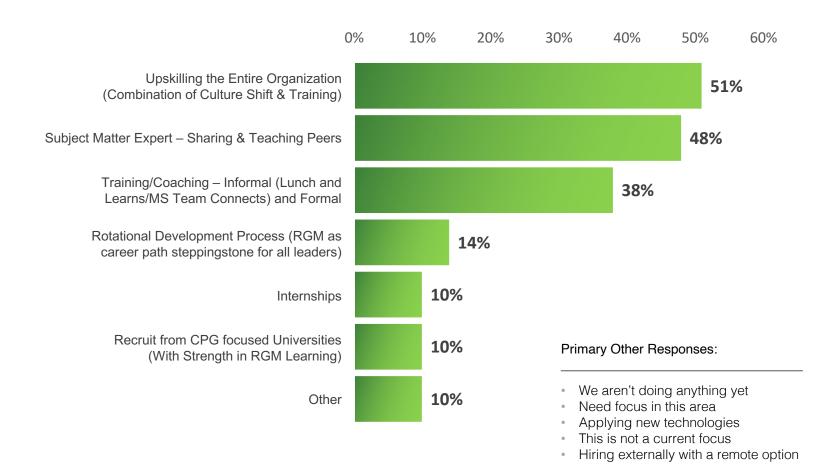


Primary Other Responses:

• Mix of Sales Finance and Analytics

- Mix of different organizations sales, RGM, finance
- Cross-functional resources no dedicated RGM FTE

How are you developing internal RGM bench strength for your organization? (Select all that apply)

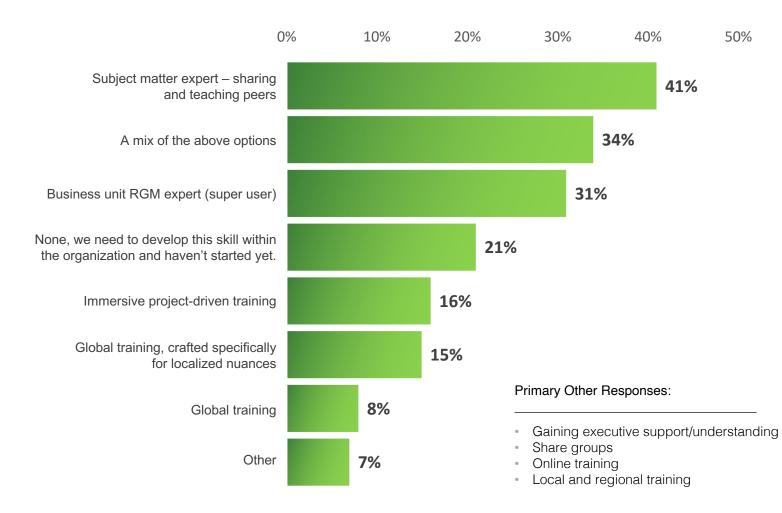


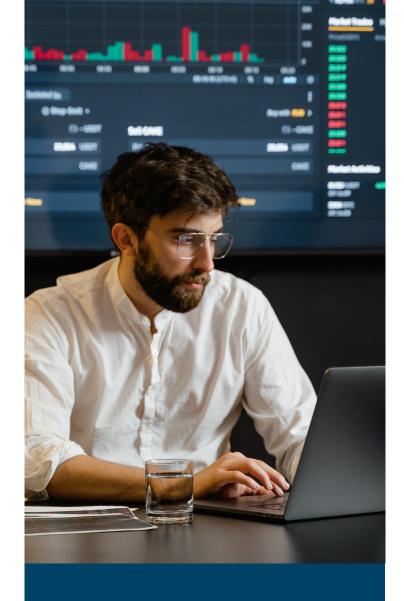


Whether you are initiating a new RGM practice or evolving an established organization, developing an RGM mindset and internal RGM bench strength and knowledge is essential.

POI research reveals that 94% of companies are actively developing internal RGM bench strength.

What is your RGM training approach to upskill the enterprise? (Select all that apply)





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Revenue Growth		PHASE 1: NEW RGM Operational	PHASE 2: INTERMEDIATE RGM Cross-functionally Champion, Expand, Imbed, Incent	PHASE 3: ADVANCED RGM Strategic End-End Value Chain
Management Framework and	ORGANIZATION/ PEOPLE Build a Center of Excellence	CoE/global team: Dir/VP level 1-3 FTE Regional teams: Mgr/Dir level 1-2 FTE/region Local market teams: Mgr/Dir level 1-4 FTE/market	CoE/global team: Sr Mgr/Dir/VP level 3-6 FTE Regional teams: Mgr/Dir/VP level 2-3 FTE/region Local market teams: Analyst/Mgr/Dir/VP level 1-8 FTE/market	CoE/global team: Dir/VP level 5+ FTE Regional teams: Mgr/Dir/VP level 2-3 FTE/region Local market teams: Analyst/Mgr/Dir/VP level 1-8+ FTE/market
Practice Evolution		Ś		
Many manufacturers ask how to start or evolve an RGM practice. POI has broken down the RGM evolution into a framework of three phases based on POI Manufacturer Connects and share group input. It is critical to focus on embedding the people and process aspects across the organization in addition to the technology enablers. Achieving a RGM mindset across the Enterprise is the ultimate goal. The most successful organizations build an Enterprise mindset into the culture of the organization. Whether you are getting started today or have an established RGM practice, there are POI resources and solution provider best practices to help you on your journey.	BUSINESS PROCESS Develop and socialize a clear strategy and roadmap, including the process of embedding an RGM mindset across the organization.	Develop a clear strategy. Build capability roadmap. Proof of concept. Focused on quick wins in key countries, customers, and brands. Gain Senior leadership support. Identify key metrics. Drive Joint Value Creation. Communicate enterprise revenue management vision. Engage key stakeholders across the organization and socialize early benefits & wins by business unit. Set the stage for broader deployment.	Begin to scale RGM capabilities across a broader sub-segment of the organization. Integration of RGM mindset into working business processes. Top-down drive from senior leadership on business priorities linked to RGM (e.g., drive profitability). End-to-end alignment on key organizational metrics enabled by RGM (e.g., gross Profit, Gross Margin, Cash Flow, etc.) Standardize basic RGM tools across customers/markets.	Continue to scale RGM capabilities to capture the full enterprise and broaden the RGM mindset into additional business processes. Linkages between marketing, finance, sales, demand planning, and supply chain are realized. Automation of capabilities across the full enterprise are gaining efficiencies that are communicated broadly, and processes are evaluated as the work has become less tactical and more strategic. Need to evaluate process as the "work changes."
	ANALYSIS & REPORTS Turning data into actionable analytics and insights	Pricing DiagnosticsPrice LaddersPrice Pack CurvesPricing Trends/ProgressionPromotion DiagnosticsTrade Promo ROIPromotion what-if scenariosImproved inputs into S&OP PlanningAssortmentSKU Profitability/Priorities (Power Rankings)	Utilize more Advanced Analytics/Tools/Capabilities: Price Elasticity Trade Promotion Optimization (TPO) Mix Analysis Purchase Structures Market Segmentation Trade Analysis (Gross to Net, Margin Pools, etc.) Channel Management Advanced Scientific S&OP Planning Cost to Serve	Advanced Consumer Segmentation: Link RGM analytics to consumer landscape with insights & research (Shopper, Occasions, Trip Mission, etc.) to uncover retail and shopper dynamics Deduce industry and category trends and develop category growth stories for customers Trade architecture Evaluate innovation potential and execution Competitive strategy & war-gaming Personalized consumer offers Farm to Table – Value Chain Forecasting
	SYSTEM & CAPABILITIES	Excel Tableau Begin investigating automated capabilities (Reach out to POI for the EPx Vendor Panorama)	Automated RGM capabilities* (RGM suite and/or TPx with RGM capabilities). Ensure models are updated on a regular basis. Provide adequate training for each role.	Utilize predictive and prescriptive analytics (*Phase 2 & 3 combined depending on the vendor or capability of choice and manufacturer roadmap & phasing approach).
	RGM LEVERS	Price Strategy & Promo Strategy Architecture & Management	<u>유 이 가</u> Mix/Assortment <u>표 이 자</u> Management Manage ROI& Trade Optim	ement, Portfolio & Brand Strategy

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Data- The RGM practice typically isn't the Enterprise data owner, yet core work is dependent on a quality data foundation

Regardless of whether your organization's RGM team is new or advanced, RGM leaders must demonstrate exemplary servant leadership.

The ability to gain cross-functional alignment requires active listening, communication, reflection, and intuition to connect the dots. RGM leaders must use storytelling to communicate business unit and organizational benefits, impact, and roadmap and bridge siloed needs through negotiation.

The leader who can effectively combine analytics with soft skills will be able to lead an organization, demonstrate value to all stakeholders, and maximize investments in people, processes, and technology.



Integrated Enterprise Planning

Integrating people, processes, and capabilities

Connecting enterprise market research & strategy with sales, financial, and operational plans...



- **Cross-functional insights** are captured, discussed, and incorporated into the data model as the enterprise plan is developed. This process fosters collaboration and buy-in across business units, ensuring that every team's input is gathered, and valuable data and insights are captured.
- **Organizational stakeholders** align and own the "One Plan" and their respective business units' next best actions to execute the enterprise plan.
- The holistic plan improves enterprise and business unit communication, decision-making, visibility, and responsiveness.
- An ongoing, dynamic, collaborative, and rolling planning process that analyzes changing market conditions, course corrects the "One Plan," and re-aligns the organization to attain the enterprise's strategic objectives.
- Establish KPIs and individual incentives to drive accountability and results.

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Additional IBP Benefits

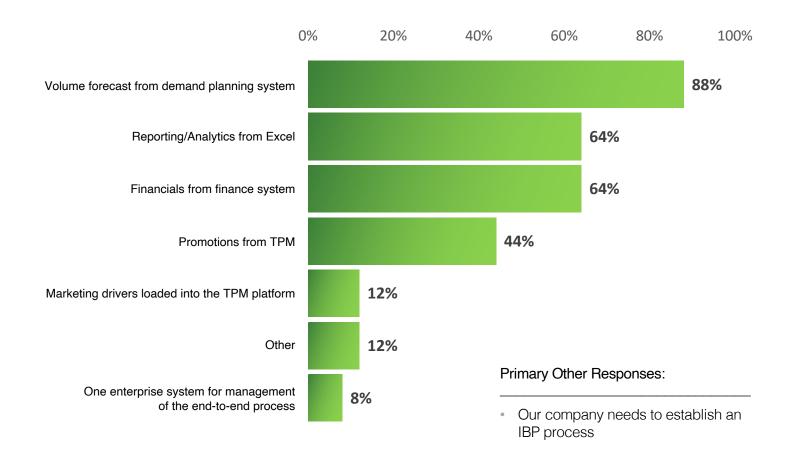
A successful IBP process balances the organization's available resources, constraints, and financial goals to improve the forecast, enhance profitability, and efficient growth.

- Enterprise planning efficiency
- Aligns enterprise strategy with sales, financial, and operational plans
- Ownership of the One-Plan, targets, and departmental action plans to achieve company goals
- Optimization of the organization's end-to-end value chain
- Ability to respond to supply chain and/or other disruptions
- · Faster, more information decision-making

Optimally, the IBP process improves retailer fulfillment, innovation success, and overall customer and consumer satisfaction.



What sources of data input are being used for integrated business planning (IBP)? (Select all that apply)



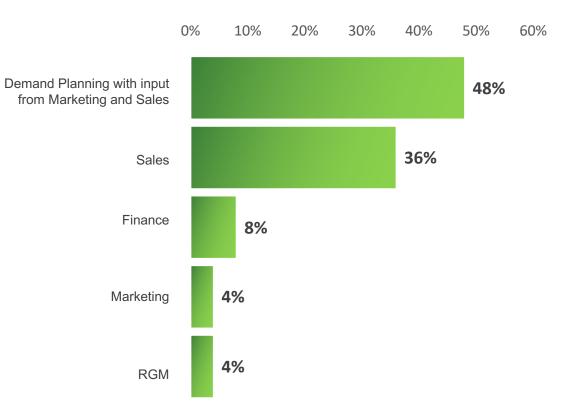


For many manufacturers, the IBP process uses numerous disparate sources of information.

This is an opportunity to streamline data sources, automate key workstreams, and utilize enterprise planning inputs to support the IBP process and gain cross-functional insights and drivers.



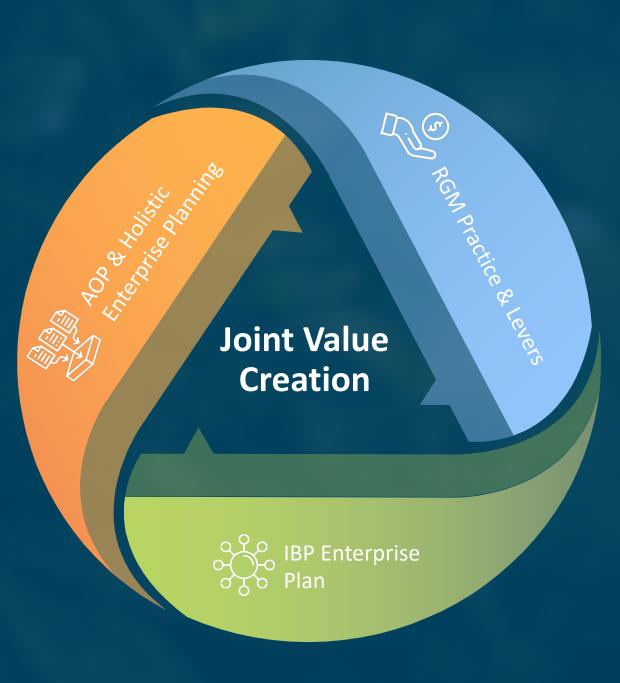
Which department owns the final volume forecast? Please note ownership vs. noting the multiple teams who provide inputs into the forecast.



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Holistic Enterprise Planning, RGM, and IBP Deliver:

- Efficient Growth & Profitable Business Impact
- Automated & Connected Commercial Planning
- A Competitive Advantage & Strategic
 Differentiator



Advancing Intelligent Planning and Analytics

Intelligent automation can perform routine predictable tasks and enables an organization re-deploy resources to more strategic work. Intelligent automation can work 24 hours a day providing enhanced service hours and scalability.

How are you building AI into your enterprise strategy?

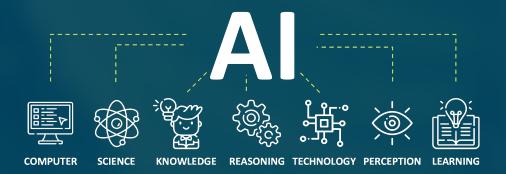
This is a strategic question that every retailer, manufacturer, technology vendor, and consultant partner should be asking.

Fourteen percent of POI survey respondents note that their organizations are working to incorporate AI capabilities in the TPx promotion cycle. **36%** responded that their organizations are 2-3 years out from enabling AI capabilities. The latest TPx platforms available in the market use AI to deliver baselines, calculate real-time uplifts, and project plan volumes.

Some vendors also employ machine learning systems that gather competitive intelligence by scraping the internet and combining it with your company's consumer behavior data. This helps determine price elasticities and predict customer trends.

In 2024, **4%** of the respondents are already working on integrating AI capabilities to impact retail execution, while **13%** believe their organizations will embrace AI in RetX when it becomes more affordable and proven in 2-3 years.

There are current examples of AI utilization in retail execution, just as there are with promotions, deductions, inventory management, and more. Many retail execution vendors are currently incorporating AI into their solutions. AI can greatly improve worker productivity and enhance decision-making at the store level. It is crucial for organizations to understand the importance of having offline capabilities, which can bridge the gap where there is limited bandwidth.

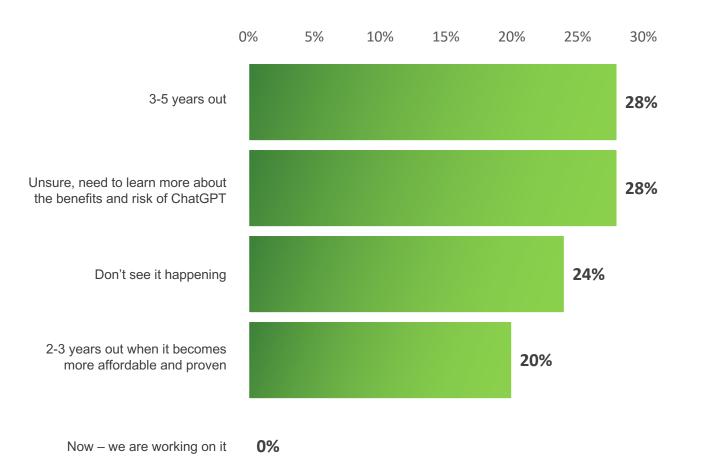


POI Recommendations:

If you're considering implementing new Enterprise planning and optimization capabilities, it's important to assess how AI can enhance efficiency across people, processes, and systems.

Systems are an investment, and you don't want to look back 3 years from now and wish you had considered the potential of what AI can do for your organization.

When do you see ChatGPT impacting holistic enterprise planning?



Opportunity: Determine how non-technical users can use ChatGPT to enhance their roles.

POI research reveals that ChatGPT capabilities and usage are an opportunity for the CPG industry:

Twenty-eight percent of survey respondents noted they see ChatGPT impacting holistic enterprise planning in 3 to 5 years.

Another twenty-eight percent are unsure and need to learn more about the benefits and risks of ChatGPT.

Twenty-four percent of respondents don't see Chat GPT impacting holistic enterprise planning.

Twenty percent of respondents see ChatGPT impacting in 2 to 3 years when it becomes more affordable and proven.

At POI Dallas 2023, attendees saw ChatGPT capabilities in action and beginning to positively impact RGM analysis. While this is a very new technology, and users must validate system recommendations, POI foresees ChatGPT and other AI capabilities positively supporting the planning process in the future.

Al with Purpose

Additional CPG Industry Uses of Artificial Intelligence Across Holistic Enterprise Planning & Execution:



Product Strategy: Optimize new innovation, product offerings & mix.



Personalized Content: With online, content is king. Create marketing assets & targeted campaigns tailored to an individual or group's specific needs and desires to generate engagement.



Pricing Strategy: Optimization of innovation, everyday on-shelf, and promoted pricing. Utilize scenario planning to develop pricing strategies that maximize profits, volume and consumer engagement across channels, retailers, and brands.



Enterprise Forecast: Artificial intelligence utilizes predictive and prescriptive capabilities to anticipate the enterprise forecast through advanced modeling of inputs to project enterprise revenue and volume. Evaluation can include: AOP volume/spend/targets, baseline, incremental lift, driver inputs like promotion timing, depth of discount, duration, etc. Leading organizations also incorporate supply constraints into the AI modeling. AI greatly impacts an organization's ability to get to the desired "One Forecast" and "One Version of the Truth" and positively impacts the integrated business planning process (IBP).



Claims/Deductions: Empowering the process with AI can automate an estimated 80% of manual trade and non-trade claims/deductions processing. Issues and trends can be identified, prioritized, and cleared quickly. Enables deduction specialists to focus on the issues that require deeper investigation. It is estimated AI automation reduces deduction resolution timing by 50%.



Retail Execution Planning: From account scoring, route planning, retail activity planning (RAO), guided selling, distributor opportunities, telesales prioritization, perfect store recommendations, and addressing both OLA (online availability)and OSA (on-shelf availability).



Chat Bots: Gather online questions and data from customers and systematically recommend answers and solutions. Prepare data for secondary human assistance to expedite solutions when necessary. Employees have time to focus on issues that require personalized attention.

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Customer Satisfaction: Through scanning of social media posts, reviews, ratings, and other customer data, brands gather insights on how customers are engaging with and perceive their brand, as well as the competitive marketplace.



Optimizing Supply Chain: Including sourcing, procurement of raw material pricing, transportation optimization, and predicting inventory location and product movement throughput.

The market landscape and consumer behavior are evolving rapidly,

prompting organizations to explore the potential of Artificial Intelligence to gain a competitive advantage. By leveraging AI, companies can quickly identify and respond to customer demands, enhance the overall customer experience, optimize their product offerings, increase market share, automate internal processes, reduce costs, improve revenue generation, and mitigate risks, all while achieving efficient growth.

Advancing Enterprise Planning with Al

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Historically, traditional trade management was labor intensive, with a salesperson's time spent on baseline and promotion analysis and development. Offline Excel what-if and pre-post event ROI analysis were manual, less than accurate, not to mention time-consuming. Many systems lacked solid reporting, and most didn't deliver upon enterprise visibility of trade or an accurate forecast. None of the historical trade promotion systems could successfully bring together digital, marketing, ecommerce, or other elements of our blurring enterprise spend.



With today's Holistic Enterprise Planning SaaS capabilities, we are beginning to utilize fully digitalized platforms that can serve the cross-functional organization. These highly automated enterprise platforms perform complex advanced modeling with AI/ML to deliver baselines, calculate real-time uplift, and project plan volume. This is essential to an accurate sales forecast, yet also critical for the holistic organization that needs one version of the truth around baselines. Pre-and post-event ROI analysis and what-if promotion scenario capabilities are automated and embedded as part of the sales planning evaluation process.



While many solutions offer enterprise planning, a leading few solution providers can deliver an end-to-end, full value chain approach bringing capabilities from farm to fork.

Enterprise reporting and dashboards have advanced, and many of the platforms have extensive social capabilities to keep teams connected around changes to the plan. In-flight monitoring is advancing across the platforms. As companies connect their trade planning and retail execution systems, teams can manage unexpected challenges with agility and respond to consumer and retailer needs more effectively.

The platforms available in 2024 will help the enterprise develop effective and accurate Plans, quickly support the Integrated Business Planning and Joint Customer Business planning efforts, and enable organizations to reduce tactical work in favor of more strategic priorities. If your company is looking to advance Enterprise Planning (including RGM) or Retail Execution capabilities, please refer to the 2023 Vendor Panoramas, <u>https://poinstitute.com</u>, to dive deeper on the topic and understand current vendor capabilities.

Advanced Modeling

Based on POI's Enterprise Planning Vendor Panorama research, most Enterprise planning and Retail Execution solution providers are utilizing statistical models and are entering into machine learning/AI modeling.

Select leading vendors can handle highly nonlinear mappings with a high degree of interdependencies.

Uniquely, breakthrough mathematical analytics technology is now available with results that are interpreted for context and causality by AI and deliver sophisticated nonlinear optimization and proposed go-to-market strategies in natural language for a glass box view into the drivers of the recommendation.

If your company is looking to advance Enterprise Planning or Retail Execution capabilities and desire to learn more about the topic, please refer to the 2023 EPx & RetX Vendor Panoramas, <u>https://poinstitute.com</u>, to dive deeper into the topic and to understand each vendor's modeling approach.



Evolution of Analytical Modeling Techniques

The type of model matters - Advanced modeling increases the understanding (why?), accuracy, and actionability of RGM recommendations:



Basic Statistics

- Use: Finding and explaining basic relationships between variables in a data set.
- Examples: Regression analysis, Sensitivity analysis, Extrapolation and interpolation

Black-Box Machine Learning & Deep Learning

- Use: Identifying linear patterns and trends in data, often providing minimal explanatory value. The "what", not the 'why".
- Examples: Neural networks, Random Forests, SVM, Nearest Neighbor, Neural Net and other Deep Learning Technologies

Glass-Box, Explanatory Machine Learning

- Use: Transparently explains the exact relationship between variables in a data set, revealing the underlying structure of how variables interact. Can handle highly nonlinear mappings and high-degree of interdependencies.
- Example: Proprietary models.

Al-directed Mathematical Analysis and Introspection

- Use: Non-ML-based AI drives sophisticated non-linear optimizations interpreted for context and causality. Models continually learn and infer from experience.
- Example: Proprietary models.

Necessary technologies to execute true optimization (not regression-model based predictions), while maximizing accuracy and actionability of recommendations.

Accuracy & Actionability of Output



Computational Sophistication

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The Intelligent Enterprise



A dynamic future...

Incorporates a cross-enterprise analytical capability that leverages advanced technologies to understand your business and marketplace, perform advanced optimization, and systematically elevate the decision-making capabilities of the organization. Intelligent capabilities can be utilized as the central hub for Enterprise analytics, optimization, and market execution and can be the catalyst for unifying and coordinating the actions of Corporate Strategy, Marketing, Innovation, Sales, Finance, and Supply/Operations.



The way of the future is to sense things and quickly capture the learning...

to impact decision-making for both manufacturers and retailers and ultimately offer consumers the right product, at the right time, and with the right personalized offer.



The path forward is a blend of art and science.

The combination of skilled employee knowledge and intelligent systems with advanced analytical and automated execution capabilities will provide a competitive advantage for organizations who will be able to agily adapt to new consumer behavior and market conditions.

Integrating intelligent systems across an enterprise ecosystem can support cross-functional AOP top-down planning, pricing, innovation, go-tomarket strategy development, promotion optimization & planning, forecasting, deductions, supply chain optimization, and advanced analytics across the company.

As organizations integrate systems of intelligence, roles and the work that is accomplished will naturally change.

This enterprise transformation can serve as a catalyst for breaking down internal silos. However, it is essential for organizations to implement change management throughout the process.



Foodservice Trends:

While inflation is slowing in many markets, price sensitivity remains, and consumers are still seeking less expensive options. Restaurants are encouraging patrons back to dine with them by messaging the convenience and service benefits, as many families return to in-office work and have less time for meal prep than in recent years.

Consumers are increasingly concerned about the environmental impact of the food industry. Foodservice manufacturers can capitalize on this trend by implementing sustainable practices, such as reducing food waste, using eco-friendly packaging, and supporting local and organic sourcing.

Technology can play a significant role in streamlining operations and improving efficiency for foodservice manufacturers. Embracing automation, data analytics, and digital platforms can help optimize production processes and enhance supply chain management.

- Streamlined Menus: To offset rising costs, restaurants will continue to simplify their menus while focusing on higher-margin beverages and snacks.
- **Technology Integration:** The use of technology will increase to address labor challenges, with handheld devices in full-service restaurants and self-service kiosks in quick-service restaurants.
- **Growth in Quick Service Restaurants:** Quick-service restaurants are thriving as consumers seek quick and convenient dining options, driven by the shift away from traditional meal patterns.
- **Delivery Services:** Delivery platforms like DoorDash and Uber Eats are experiencing significant growth, driven by the willingness of Gen Z and Gen Alpha to pay for convenience.
- Focus on Experience and Experimentation: When dining out, consumers are increasingly seeking unique and tailored dining experiences, where they can experiment with global flavors and feel entertained.
- Healthy Choices: Demand continues to grow for healthier and more sustainable food choices, leading to a surge in plant-based meat substitutes, dairy alternatives, and innovative plant-based ingredients.



Foodservice – Using data and technology to drive business efficiency

The Foodservice industry is working through challenges and maximizing opportunities.

Challenges:

- Managing rising costs while maintaining profitability.
- Addressing the ongoing labor shortage.
- Manufacturers will face increased pressure from distributors on private-label product offers.
- Supply chain disruptions may continue to pose challenges related to transportation, logistics, and sourcing of raw materials.

Opportunities:

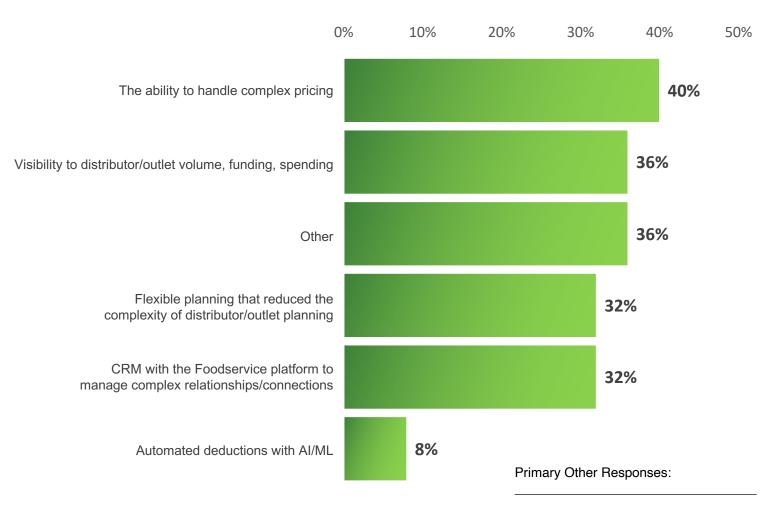
- As relationships become more fragmented, there is a growing need for integrated CRM solutions and third-party data that can assist manufacturers in effectively profiling and segmenting their customers. This approach generates insights and helps connect consumers to usage occasions where they can experience your brands.
- Al adoption is critical, but clarity on how it can be effectively used in foodservice is needed. For example, manufacturers can explore Al applications for program creation, settlements, and improved data flow between systems.
- Leveraging data, such as claims and transactional data, can help manufacturers understand customer buying behavior and make better selling and targeting decisions.
- Manufacturers and operators can collaborate to establish a destination that provides exclusive and exceptional experiences to customers. These experiences can include innovative menus, exciting demonstrations, and an environment that leaves guests delighted, thus prompting them to spend more time and money with your brand or location. For instance, a wine café that facilitates a chance to learn about wine pairing while taking part in a cooking demonstration.

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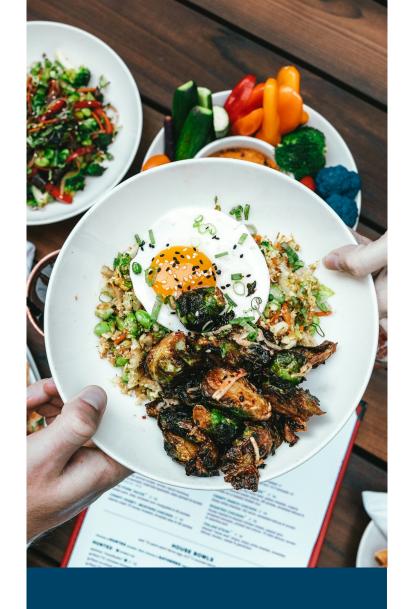
TELUS Consumer Goods Formerly Blacksmith Applications



When you are searching for new foodservice capabilities, which of the following do you look for?



• N/A – Not applicable



Retail Execution

What is Retail Execution and How is it Changing?

Retail Execution (RetX) refers to the activities that take place in a retail store, such as merchandising, promotional selling, and order replenishment. It is the final stage of the sales process for in-store purchases, representing the last opportunity for Consumer Packaged Goods (CPG) companies to attract and retain the attention of their customers and ultimately close the sale. The main goal of retail execution is to bring the brand strategy to life and boost sales.

Consumer goods companies must leverage data, derive insights, and expedite quality decision-making to ensure that their products, go-to-market strategies, promotions, and pricing meet the consumer's needs and desired retail experience, as consumers have omnichannel purchasing power.

Even though a well-implemented in-store strategy can set the customer experience apart, poor retail execution can lead to 25% of lost sales.

The retail landscape has changed significantly...

Over the past few years, shopper behavior has dramatically changed. The need for a consistent brand experience is greater than ever, with consumers interacting through digital channels like never before.

The demand for direct-to-consumer (D2C) sales, omnichannel solutions, and digital presence is expected to increase in the upcoming years. It has been acknowledged that the future of retail execution is not solely limited to physical stores but also involves interactions with customers across all channels.

Consumers desire to be connected and engaged with their favorite brands.

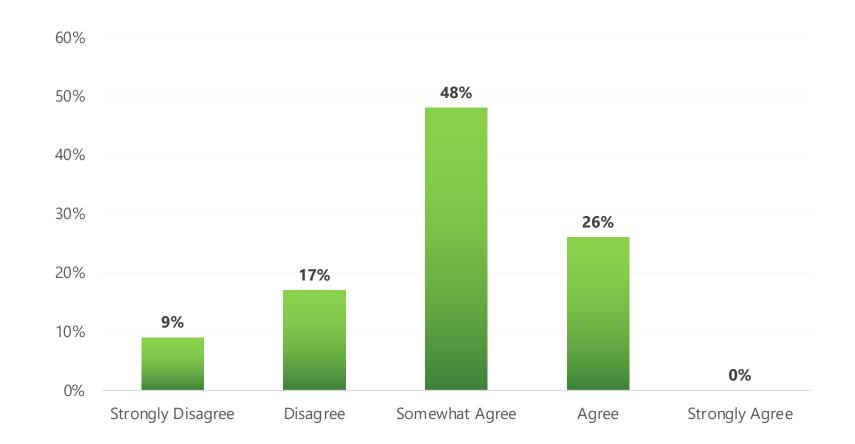
Manufacturers invest a substantial amount of time and resources around planning across the enterprise, yet POI survey responses reveal that last-mile in-store execution is a significant opportunity.

According to the survey, **48%** of companies somewhat agree they are satisfied with their field sales ability to execute at the store level, while **17%** disagree and are not satisfied with sales ability to impact in-store execution. Additionally, **9%** of companies strongly disagree that field sales teams are able to execute at the store level.

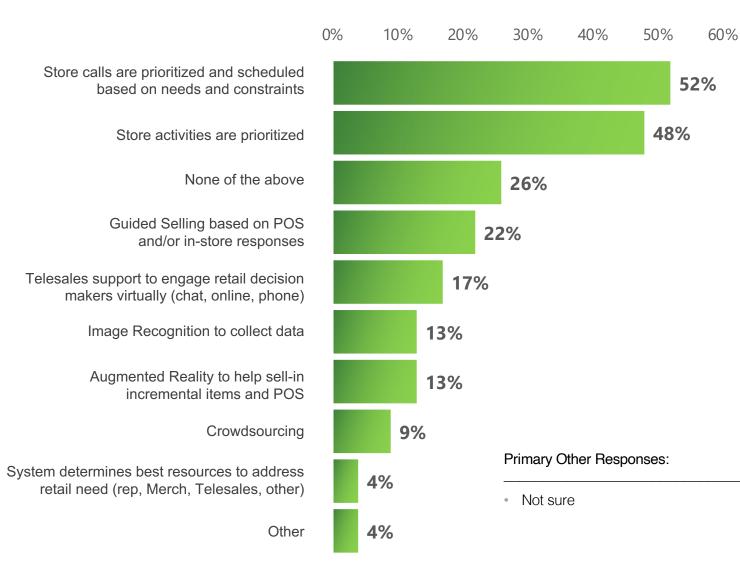
Only **26%** of the respondents agreed that field sales teams have the capability to execute at the store level. **None of them strongly agreed.** This points towards a significant chance for CPG manufacturers to enhance the success of execution and increase retailer satisfaction in the store, which is the point closest to the consumer.

As brick-and-mortar stores are transforming, reinventing themselves, and evaluating efficiency for their growth, successful execution of current offerings, new innovation, pricing, and effective promotions is essential.

Your company is satisfied with field sales ability to execute at store level...



Your organization has the following capabilities to gain efficiencies in Retail Execution: (Select all that apply)



According to POI's survey, **52%** of companies prioritize and schedule retail execution calls based on needs and constraints.

Forty-eight percent prioritize the sales representative's store activities.

Guided selling is used by **22%** of organizations to standardize sales processes and lead reps through a prescribed call process.

Telesales gained momentum through the pandemic, and **17%** of companies use virtual calls to reach untapped retailers and markets.

Only **13%** of companies use Image Recognition (IR) technology. Implementing IR can significantly improve call efficiency and effectiveness. POI expects IR adoption to increase as manufacturers look to maximize execution results and call speed.

Furthermore, **26%** of companies surveyed reported having no in-store retail execution capabilities (RetX). This lack of RetX can hinder an organization's ability to achieve its goals and affect its growth. Implementing RetX capabilities can help companies realize their plans and achieve more efficient and profitable growth.



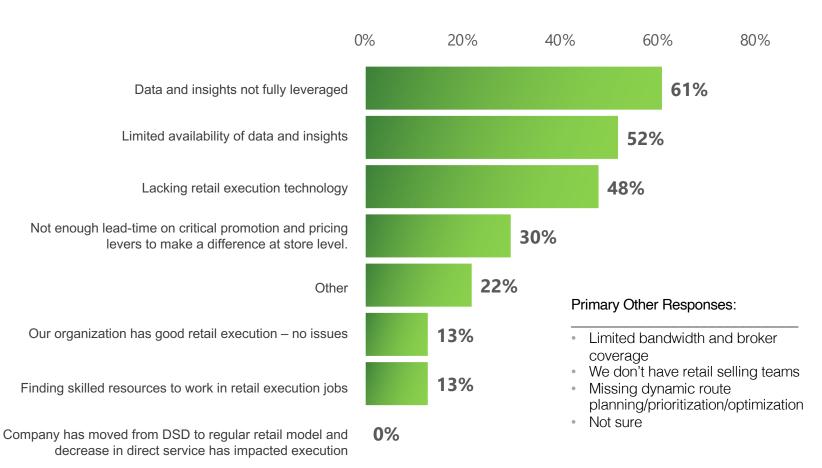
Companies must harness real-time data to cater to evolving consumer behavior and personalized needs.

Sales representatives require the ability to generate orders and in-store recommendations based on the available supply, the most effective and efficient promotions, and the in-store conditions.

By connecting headquarter business units, account managers, RGM practitioners, and RetX sales teams through automated data and execution capabilities, the enterprise gains broad visibility and in-flight monitoring of go-to-market strategies and executed plans. It also allows cross-functional teams to address any issues or negative conditions quickly.

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Top Issues Keeping Your Organization From Having Exceptional Retail Execution: (Select all that apply)



If your company is looking to advance RetX capabilities, please refer to the POI RetX Vendor Panorama, <u>https://poinstitute.com/</u>, to dive deeper into the topic and understand current vendor capabilities.



The CPG industry has been using the phrase "Data to Insights to Action" for many years to describe the process of turning data into actionable insights.

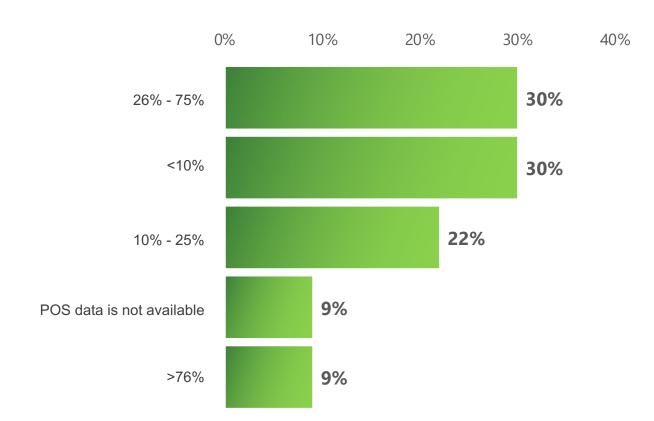
According to POI's survey, only **9%** of the respondents do not have point of sale (POS) data available. **31%** of the respondents have POS data for less than **10%** of their retailers, while 21% have data for **10-25%** of their retailers.

Thirty percent of the respondents have POS data available for **26-75%** of their retailers.

Finally, only **9%** of the respondents have POS data for more than **76%** of their retailers.

When available, securing real-time data can help bridge this gap, improve execution, and positively impact the relationship between the manufacturer and retailer by providing in-flight monitoring to cross-functional teams.

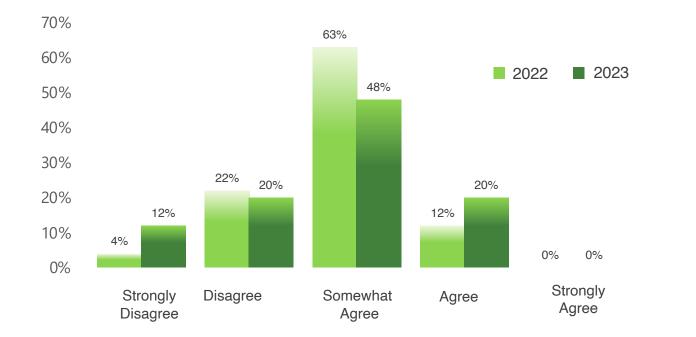
For what % of your retailers do you have timely (daily or more frequently) POS data?



In a separate survey question, **70%** of RetX sales teams noted that they don't have the insights required to take appropriate actions at the store level.

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Your company struggles to get retailer aligned promotions executed in-store...



Promotion Planning and execution have been in a phase of disruption as retailers and manufacturers determine and align on how to promote with inflation, cost increases, and changing consumer dynamics.

In-Store Execution of Planned Promotions

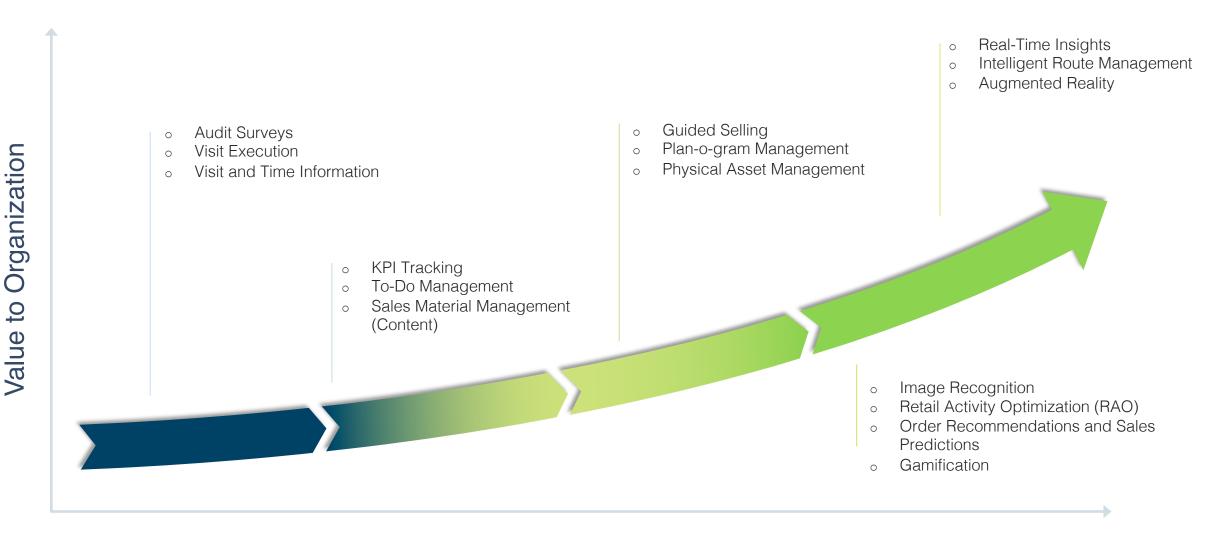
Manufacturers and retailers invest a significant amount of time and effort in planning and negotiating deals. However, successfully executing these plans is crucial for achieving the desired outcomes. When promotions that are aligned with retailers are not executed as planned at the store level, both parties fail to achieve the expected results.

Research by POI suggests that companies still struggle with compliance and in-store execution, with **68%** of the respondents agreeing that their companies face difficulties in executing promotions as planned. The gap between planning and execution has been a persistent issue in the CPG industry. Given the significant investments made in planning, it is imperative to focus on closing the execution gap.

According to POI's survey, only **8%** of companies have automated in-flight capabilities to monitor the execution of their plans and make necessary adjustments. Monitoring inflight promotions is crucial for both manufacturers and retailers. It was found that **48%** of companies rely on sales ability to manage through reporting, while **16%** use manual communication to close the in-flight monitoring process. However, this takes a lot of time away from more strategic work and selling time. The most concerning observation was that **28%** of respondent teams do not execute any inflight monitoring at all.

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In-Store Capabilities That Advance Retail Execution



Level of Advanced Capability

Additional Capabilities to Consider When Assessing Retail Sales Execution Needs

Retail Activity Optimization and Guided Selling

are the way of the future of retail execution. These capabilities help field reps be effective instore. Maximizing the value from the locations they visit and the activities they perform is a great way to drive revenue and execution. Guided selling, while related to Retail Activity Optimization, is a specific functionality for reps that sell and place orders based on ranking the opportunities by value and suggesting the next best action. Sales users are guided to the right product, discount or bundle, menu tie-in, and at what price. It also enables manufacturers to apply their unique sales process to the flow and expected outcomes of the sales call.

Direct-to-consumer (D2C)

capabilities became a priority due to the global pandemic. According to the latest POI survey, more than **26%** of survey respondents have incorporated a D2C strategy. For many categories, the main reason for D2C is the acquisition (and monetization) of first-party data. D2C data can provide insights to drive retail selling opportunities and operational efficiencies. Though direct-to-consumer has not traditionally been a part of retail execution or considered in our State of the Industry survey and report, retail execution is about more than just how your brand is executed and performing in a brick-and-mortar retail location.

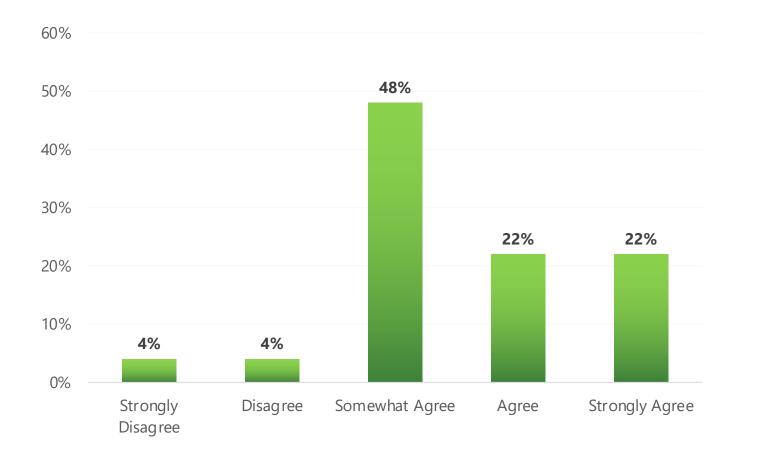
Artificial intelligence (AI) and machine learning

are being increasingly used in the retail industry. Some of the emerging RetX capabilities utilizing AI include hybrid coverage models that prioritize the type of service, location, and activity (such as rep visit, merchandiser, broker, or virtual). Al can suggest distribution and general ordering and also provide recommendations for foodservice RetX, like menu and beverage suggestions. It can even use facial recognition to analyze decision-makers' sentiment during sales engagements. Additionally, self-service capabilities allow retailers to execute components of the retail call beyond placing an order. Finally, image recognition with augmented reality (AR) can be used to provide insights without having to take/process a picture. Artificial Intelligence can be used to improve back office and in-store preparation, identification, and prioritization of sales opportunities. The pandemic was a catalyst for intelligent contactless routes to market, including ordering, image recognition, and digital payments. In the new reality, there are many instances where manufacturers and retailers are taking a hybrid "intelligent" sales approach to retail execution to manage labor and costs and gain a competitive advantage.

Gamification

is a great way to motivate the enterprise. Successful retail execution requires a team effort, including marketing, sales planning, supply chain, and field sales teams. Gamification provides a means to generate a focus across the enterprise and have fun at work. POI sees this as an opportunity to leverage the vendor capabilities outlined in this report to connect the enterprise through meaningful KPIs in an engaging, competitive, and motivational way to drive continual improvement.

Your company has challenges moving retail execution user capabilities from being transactional to more analytical...





Retail execution sales teams in the CPG industry have been facing labor challenges for many years. With technology advancing, many of the long-serving route specialists don't trust the technology. They are familiar with their routes, stores, and key decision-makers in the field, and it is critical to demonstrate that the new technology is an "enabler" to enhance their success. Gamification and incentives can help break down change management technology issues.

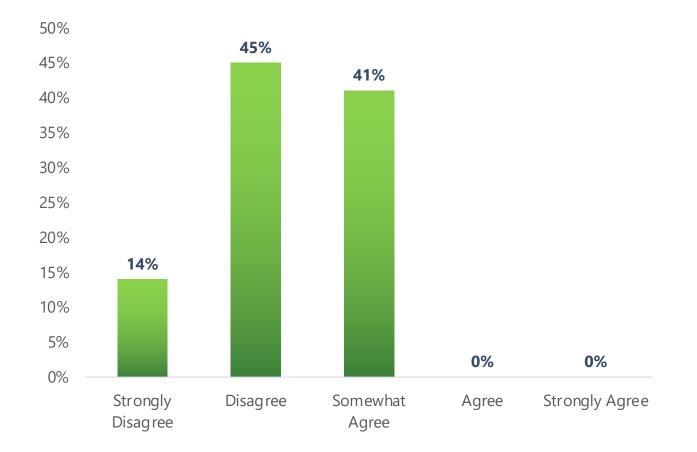
According to POI's survey, **48%** of the respondents somewhat agree that there are challenges in moving retail execution user capabilities from being transactional to more analytical. **22%** of the respondents agree or strongly agree with the challenges, while only **8%** feel they have successfully transitioned to analytical field execution.



Many manufacturers seek new retail execution software to increase their sales. It is not surprising because a survey shows that **59%** of respondents do not have sell more capabilities, and only **41%** somewhat agree that they have such capabilities.

If you want to improve your sales, 2024 is a great year to consider implementing sell more capabilities. Top retail execution vendors offer features like retail activity optimization and guided selling, which can significantly improve the efficiency and ROI of each retail instore call.

Your Company's Retail Sales Execution ROI is Enabled by Sell More Capabilities...



POI RetX Survey Respondents Reflect on Recent Capabilities Advancements + POI Perspective by Capability:

RetX Survey Question	CPG Industry 2024 Data	POI Perspective	sequence, when there
Which routes to market does your company or division/geography utilize?	 87% say they deliver to customer warehouse with you or a broker doing instore execution. 78% say they sell through distributors. 48% say direct store delivery (DSD) with DEX capabilities 26% say direct to consumer 4% say they sell from the truck (van sales) 	Having an omni-channel route to market will be important to reach consumers where they are shopping in the moment.	Guided Se
Your company has had challenges working through third parties, such as brokers, while having the quality of execution as well as visibility into market conditions.	13% Strongly Agree26% Agree43% Somewhat Agree18% Agree	Brokers are facing the same challenges as manufacturers with direct sales forces and retailers, labor shortages. It is not surprising to see there are more challenges in this space, until the labor market stabilizes POI expects this trend to continue. Like others with frontline labor issues, brokers will need to improve the job conditions and utilize technology to simplify the steps to in-store execution to acquire and retain top talent.	Augmentee
Image Recognition	 63% say they do not use image recognition at all 18% say they use limited image recognition – less than 10% of retail calls 14% say 10-50% of retail calls use image recognition 5% say that more than 75% of retail calls use image recognition 	Cost and speed are said to be key retail execution opportunities. Having Image Recognition to capture store conditions quickly could help the 63% that don't have this capability. It is important that retail execution vendors continue to invest in innovation around image recognition. The key is the technology offering has to be fast, offline enabled, has to provide corrective action now, and has to report to HQ so that the ROI of changes can be measured.	Telesales
Gamification	70% say they do not have gamification17% say they do have gamification13% say they have planned enhancement	70% still don't have gamification capabilities and don't have it as a planned enhancement. POI feels anything that motivates the frontline and makes the job more fun will be a benefit to companies in hiring and retaining frontline employees. Gamification also entices more selling and better execution as the competition heats up.	

RetX Survey Question	CPG Industry 2024 Data	POI Perspective
Retail Activity Optimization (what stores to visit, what sequence, and what to do when there)	 82% say they do not have retail activity optimization 9% say they do have retail activity optimization 9% say they have planned enhancement 	POI sees Retail Activity Optimization as a great way to help field reps make the most of everything they are doing in the trade. Getting the most out of the locations they visit and the activities they perform is a great way to drive revenue and execution.
Guided Selling	65% say they do not have guided selling31% say they do have guided selling4% say they have planned enhancement	Guided selling, while related to Retail Activity Optimization is specific functionality for reps that sell and place orders. Guided selling allows manufacturers to prescribe their company's unique call flow and standardize the sales process. 65% don't currently have this capability. This is a great area for vendor partners to show innovation and truly partner with their customers to drive sales growth.
Augmented Reality	 78% say they do not have augmented reality 13% say they do have augmented reality 9% say they have planned enhancement 	While augmented reality feels futuristic, ordering household goods, clothes, and food online felt futuristic a few short years ago. POI will keep the pulse on this technology and CPG engagement.
Crowdsourcing	78% say they do not use crowdsourcing18% say they do use crowdsourcing4% say they plan to do so in the next 12 months	Crowd sourcing is an innovative way for manufacturers to supplement existing field teams. With only 17% of respondents currently using this type of service, manufacturers may be missing the opportunity to understand current retail realities including promotion execution, competitive pricing & new innovation, and changes to consumer behavior.
Telesales	 39% say they are not sure if their company has telesales capabilities 30% say that their company does not have telesales - Retailer engagement is via inperson rep visit 17% say that their company does have telesales and that retailers can contact the manufacturer by phone, email, and chat 14% say that their company does have telessales and that teams will reach out to retailers with news, information and 	Telesales capabilities broadened through the pandemic and we continue to see increased advancement to serve retailers with tele-contact. For manufacturers this is a less costly way to service remote stores that may be lacking consistent coverage. It can be utilized surgically for incremental promotions or recalls. Building connections to in-store personnel and their needs is always good.

promotion opportunities

POI RetX Survey Respondents Note There Are Execution, Analytical & Integration Opportunities:



POI Retail Execution Recommendations

Now more than ever, manufacturers and retailers have access to consumer data, including their interests and buying habits. Data can be utilized to drive execution and create promotion bundles and cross-category meal solutions that help consumers with their shopping, enrich the shopping experience, and improve their daily lives. POI sees a new version of retail execution evolving that includes a digital experience based on consumer data insights that marries up with in-store execution within the physical stores.

Today's consumers expect to be engaged with their favorite brands throughout their lives. It is essential to connect your brand's digital experience and extend personalized interactions to brick-and-mortar stores. This will enable your fans to engage quickly with your brands through streaming videos or other interactive shopping experiences. In-store connections, whether they revolve around nutrition facts, gardening ideas, or shades of facial concealer, help to build brand longevity and maintain engagement with consumers.

Innovative solutions can be implemented to enhance the experience of sales representatives working in the field. This can include features such as image recognition, gamification, retail activity optimization, social capabilities, and guided selling to motivate and direct employees. Notably, these features can also offer your organization a competitive edge in the challenging labor market.

It's important to remember that attracting top talent is not solely about higher wages, but also about building a positive culture, providing top-notch training, utilizing leading-edge technology, and streamlining operations to make the job more efficient. Focus on metrics and key performance indicators (KPI's) that are critical to your organization's strategy and growth. Use your RetX capabilities to execute, track, and provide holistic visibility to the actual performance of your brands.

Across the globe, not all things are equal. POI finds that many of the largest CPG companies in the world don't just use a one-size-fits-all mentality for Retail Execution software. The largest CPGs look to ensure that they have the right fit for each of their markets. This often leads them to have 3-5 different vendor partners globally. Ensure you are finding a solution that provides the right fit for each of your markets. Think about cost, necessary features, and available regional support.

The POI survey reflects that 58% of organizations don't connect retail execution systems with TPx planning capabilities. This limits enterprise visibility to actual retail shelf conditions, in-flight monitoring, and promotion & shelf compliance.





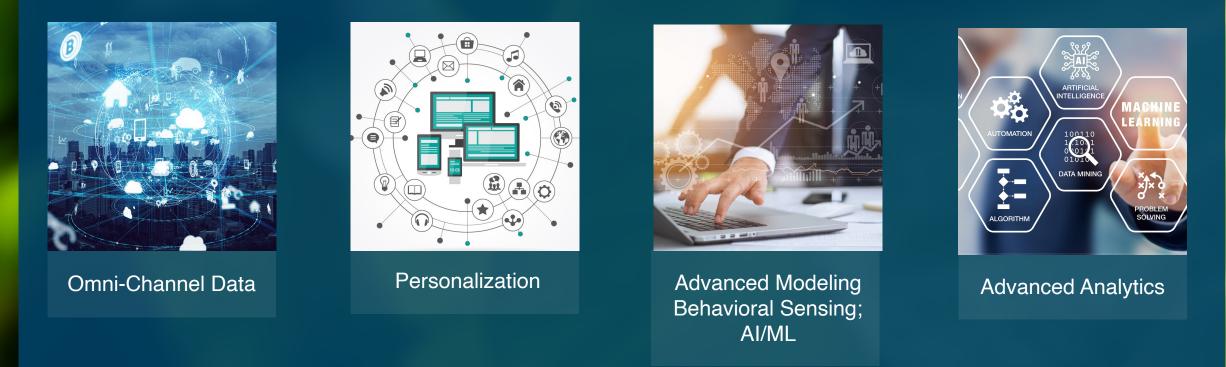
Your Guide to RetX Vendor Capabilities

Current and relevant insights to help you on your In-Store Retail Execution journey

Promotion Optimization Institute, LLC

2023 Vendor Panorama for Consumer Goods Retail Sales Execution Capability & Solution Advancements

Data Foundation Enables:

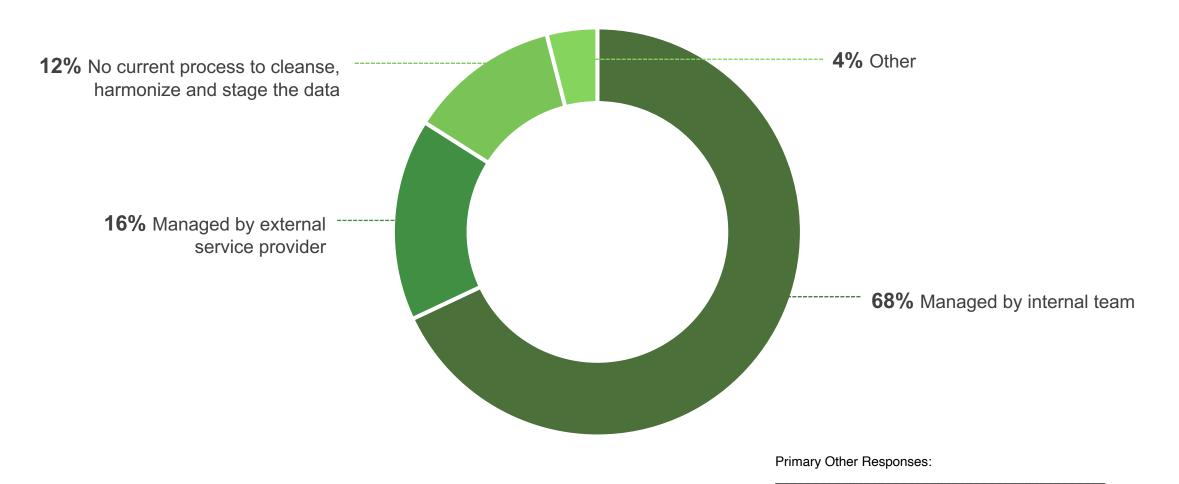


Organizations today face the challenge of managing complex data, which presents both a challenge & an opportunity...

To make the most of the vast amount of consumer data available, organizations need to consolidate data and develop automated capabilities and processes to analyze it effectively. By doing so, organizations can offer personalized recommendations and targeted content to enhance the customer experience.

It is important to note that operationalizing data is not a one-time project but rather a continuous journey. Organizations need to consolidate data and develop automated capabilities and processes to analyze it effectively to make the most of the vast amount of consumer data available.

How is your company currently handling data cleansing, harmonizing, and staging to prepare data for enterprise planning utilization?



[·] Both internal (commercial sales, etc.) and external service provider

Meeting Consumer, Retailer, & Organizational Needs Through Data & Insights



The digital revolution increased data availability, but accessing store-level data, maintaining data quality, and analyzing data is challenging. Teams struggle to generate timely insights. The goal is to fully utilize data for insights and action, not just to "have" data.



Historical CPG data sources, with up to a month delay in timing, can't proactively support the portfolio, channel, and retailer pricing decisions needed to maximize total enterprise strategic priorities and revenue growth. Data needs to reflect what is happening with the brand...at retail...in the moment.



Collaboration and innovation with our retail partners will be the key to maintaining the strength of brick-and-mortar retailers amidst the ongoing dynamic changes. With changes in consumer purchasing behavior, it is vital to extract insights and understand the reasons behind them through data analytics.

Data is foundational to retailer partnerships and realizing mutually profitable growth.

The good news is that a few leading enterprise planning solution providers have advanced analytic technologies in the market that enable robust analytics insights in real time.

Manufacturers can provide better insights to their retail partners when they have access to store-level data. It is important to use AI capabilities to analyze this complex data, which can provide automated insights and eliminate the burden of manual analysis.

When manufacturers were asked if they have challenges with retailers freely sharing foundational data (POS, Daily, Shopper, etc.) with them **88%** agree that they have challenges obtaining data. While these data sources are critical to analysis, **72%** of companies have data quality issues with external sources and data anomalies that, when left unfixed, can lead to inaccurate analysis and results.

The goal for organizations is to have data-driven "intelligence" and insights based on "one version of the truth."

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First Party Retail Data, Personalization & Insights...

Consumer goods companies need to have the capability to optimize trade dollars in both traditional retail markets as well as digital channels.

Retailers and manufacturers are trying out various consumer drivers and retail levers to create a personalized shopping experience. As a result, they may choose to redirect some trade dollars to support retail media and in-store digital capabilities.

POI predicts that retail partners and manufacturers will keep testing these retail levers at retail stores to gain insights into which ones work best for connecting with consumers, increasing market share, and achieving essential growth.

Automated prescriptive capabilities that offer personalized recommendations will be a competitive advantage as teams can quickly scale consumer analysis and next best actions.

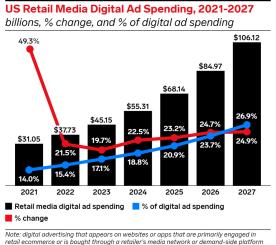
As history has shown, having high levels of quality data is excellent, but unless the data is harnessed and insights can be drawn out of the data quickly, nothing is gained for the effort and investment. For retailers and manufacturers to create personalization and targeted consumer offers, first-party data will be essential.

Manufacturers can gain valuable insights into consumer behavior by obtaining data on how, when, and why they purchase their products. This information can help manufacturers determine what innovative products to create, and how to price and distribute them in a way that meets consumer needs.

Retailers can also benefit from providing or selling firstparty consumer data. Not only can it create a new revenue stream, but it can also help their manufacturer partners deliver better recommendations that benefit everyone involved.

Retail Media Networks

Retail Media Networks (RMSs) have taken digital advertising by storm & continue to expand.



retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon Walmart, and Bay; examples of retail media networks include Amazons DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps Source: eMarketer, March 2023

Watch for the expansion of retail media networks to IN STORE tactics...

- Most RMN spending (81.5%) will still be on-site, but a growing amount of spend is moving off-site (\$11.04B) and in-store (\$370M) spending as advertisers realize the scope of audiences shopping "instore" are larger than many TV audiences today.
- Over half (57%) of retail media ad agency professionals think shoppable video content will be the next frontier of retail media, according to April 2023 Path to Purchase Institute data.
- Advertisers want more engaging ad formats. Retail media networks will continue to expand into connected TV and in-store media formats like digital screens placed throughout the store
- **Walmart** has introduced audio ad spots to Walmart Radio, giving advertisers the ability to purchase ads by region or by store so they can more accurately target consumers.
- **Hy-Vee** is using digital displays installed in aisles, across meat and seafood counters, and in food courts to enable ad partners to reach shoppers in-store.

Retail Media cannot be owned by one team exclusively within a CPG organization

To operate efficiently and deliver the most impact retail media should be co-owned by sales, marketing and media/digital teams. These teams need to work together to make sure each of their goals are met via retail media campaigns. The challenge is measurement, since each team will likely have different KPIs.

Brands want to understand the incremental value of retail media

A couple of years ago, there were only a handful of retail media networks. Today, there are 20-30 Retail Media networks in the marketplace. This creates a resource problem and makes it VERY challenging to measure the effectiveness of campaigns across different networks.

acosta group

Thank you to the Acosta Group, who provided POI with Retail Media Insights and Trends; used with permission.

Manufacturers are elevating the importance of retail media and are expanding the # of RMNs they invest in

CPGs are having to make incredibly difficult decisions on where to best spend their dollars.



Source: Acosta Group Retail Confidential, Proprietary Retailer Survey Fall 2023



Thank you to the Acosta Group, who provided POI with Retail Media Insights and Trends; used with permission.

So many retail media networks...where to invest?

2023 US/CPG Retail Media Network Rankings

Amazon Ads is the most mature and developed platform and number one across RMN attributes.

- Walmart Connect, Roundel (Target), and Kroger Precision Marketing constituted the next tier, showing that maturity matters in how RMNs stack up.
- Lower-ranked RMNs are generally **newer to the space** and are working to close capability gaps, with several launched in 2021 or later.
- Don't forget the regional RMNs. Often the regional players don't have the large tech investment needed to make as broad of an impact but are partnering with CitrusAd or Criteo to build it out. An example is when CitrusAd consolidated some of the smaller regional grocers they managed under a network called "Grocery One," which allows a larger combined audience across regional grocery.
- Both Hy-Vee and Meijer are leading the regional pack by bringing in partners and strong talent, leading to growth.

2023 US CPG Retail Media Network Rankings

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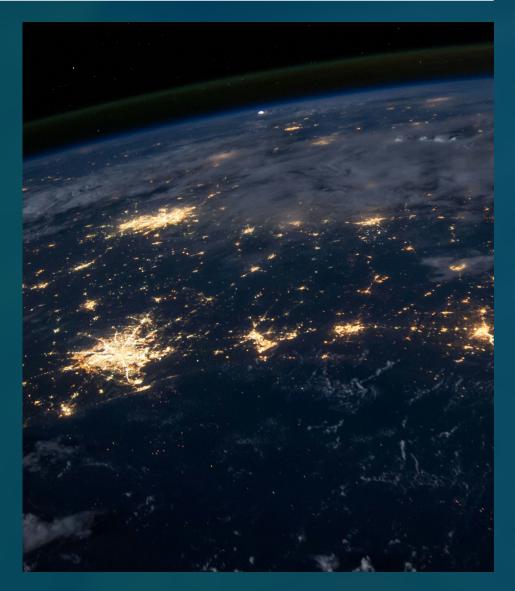
Digital Transformation

Digital transformation enables an omnichannel shopping experience for customers, products and brands accessible online 24/7 around the globe, integrating cutting-edge technologies for an immersed, personalized virtual shopping experience.

Advanced models and analytics deliver the ability to sense things and quickly capture the learning to impact decisionmaking, plus adapt to new consumer behavior and market conditions.

Social selling and superior customer service can be delivered as the consumer has one profile utilized across the Enterprise.

Utilization of emerging capabilities like AI/ML, extended reality (Virtual & Augmented), touchless interactions, and robotics/chatbots are the foundation for the personal digital experience at scale.





Digital Marketing Progress

In previous years, POI's State of the Industry findings reflected that many companies believe they are behind their peers in the area of digital marketing efforts.

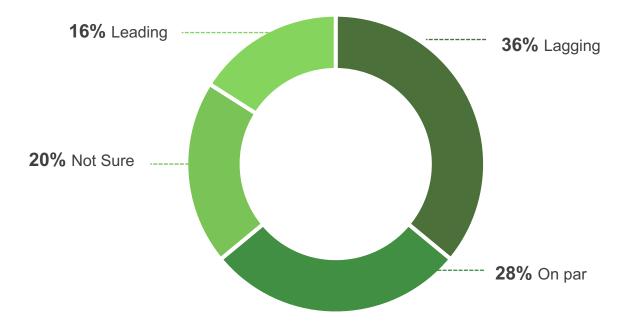
As we head into 2024, **36%** of survey respondents noted a "lagging" response around their digital marketing efforts.

Twenty-eight percent of respondents noted they are on par with peer-set digital marketing efforts.

Meanwhile, **16%** of respondents stated they are leading digital efforts in the CPG industry. Interestingly, the percentage of those who feel they are leading digital efforts doubled in 2023 compared to the previous year.

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Do you feel like your company's digital marketing efforts are on par with the market and your peer set?



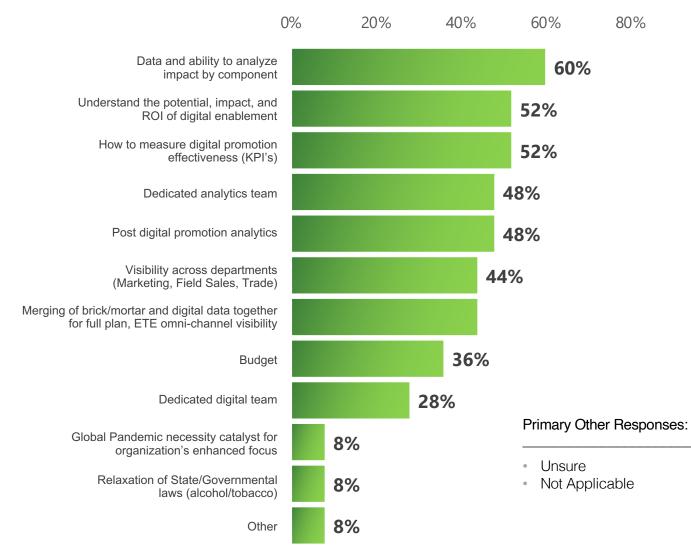
When respondents asked: "How would you characterize your current linkage between digital promotions and traditional trade promotions?"

According to POI's survey, 27% of companies reported that they do not have any connection between digital and trade promotions. While some teams have limited visibility and coordination, it is noteworthy that only 4% work in a coordinated manner. This is due to the traditional organizational structure of working in silos.

In most organizations, there must be more linkage between traditional trade promotion and digital promotion teams. Each group analyzes, creates, and executes programs they deem best fit for the brands. Both teams have full-time jobs executing their respective promotional plans. With retail media coming into play, this connection is even more critical.

Organizations need to bridge visibility and connectedness across the two teams. The teams need help to see how the "total company promotional plan" fits together and unite the best practices applied.

What is necessary to take your organization to the next level with respect to digital promotion capabilities? (Please check all that apply)



Respondents note the following aspects are necessary to take their digital practice to the next level:

A digital practice starts with gaining necessary digital budgets (36%).

As digital practices build, **28%** of respondents note a need for a dedicated digital team, and **48%** reflect a need for dedicated analysts.

To understand the potential impact and ROI of digital enablement (52%), the team needs digital ROI evaluation capabilities.

These teams are determining how to best measure digital program effectiveness/KPIs (52%). In conjunction, they are determining data availability and analyzing impact by component (60%).

44% of respondents note merging brick-andmortar and digital data together for full plan, end-to-end omnichannel visibility.

POI sees this merger of data and visibility as critical to advancing enterprise profitability and strategy.

The industry's digital transformation is driving the need for consumer behavior modeling, advanced analytical capabilities like AI/ML, BOTS, etc., plus new or upskilled roles to manage the new capabilities.

Omnichannel

A Balanced Approach for Growth

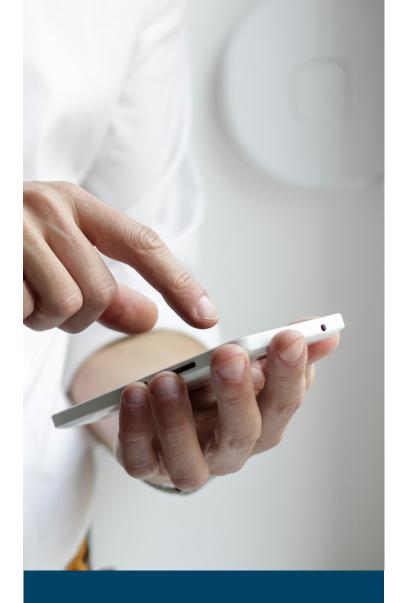
Both retailers and manufacturers need an omnichannel strategy. What we find is that a balanced approach is best, but the specific approach depends on the product category. As organizations build out their strategy and brands are represented in numerous channels, the organization must ensure a "frictionless" and seamless customer experience.

What is concerning is that **76%** of CPG companies don't have an omnichannel strategy.

Also, most companies establish ecommerce initiatives but do not necessarily have an omnichannel strategy. POI recommends you set a holistic omnichannel strategy along with a 3–5 year roadmap so that your organization has a bright future.

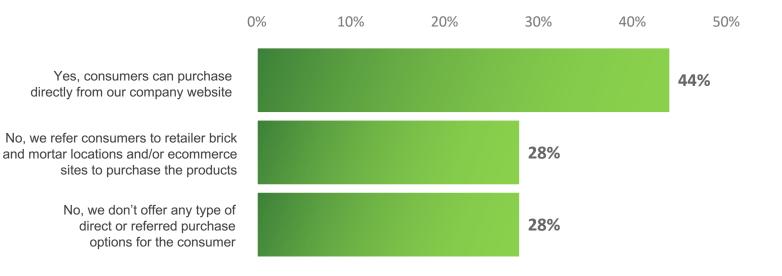
As a company's omnichannel business expands, the impact of its pricing and promotions becomes more significant, thus requiring additional oversight. To meet the omnichannel needs of an organization, it is essential to enable pricing, promotion, channel optimization, go-to-market strategies, RGM oversight, and MDM content management capabilities. These capabilities help businesses to be more agile and vigilant while ensuring that operations align with overall organizational goals.





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Does your company have Direct to Consumer offerings on your company website where products can be immediately purchased?



When developing your omnichannel strategy, it's important to consider how you can use direct-toconsumer (D2C) channels for your products, bundles, and new innovations.

Direct interaction with consumers through direct commerce presents a tremendous opportunity to increase customer satisfaction, gain valuable data insights, and influence upselling and cross-selling.

However, it's essential to maintain a balance with existing partners who may have concerns about your DTC offerings. It's crucial to address their concerns and ensure that you are not jeopardizing your current partnerships.

Ecommerce

50%

How would you describe your current ecommerce capabilities? (Choose all that apply)



Recent consumer data is the foundation to understanding what the consumer is looking for and how innovation, pricing, promotions, product bundles, channel differentiation, and new store formats can be delivered for online and in-store growth.

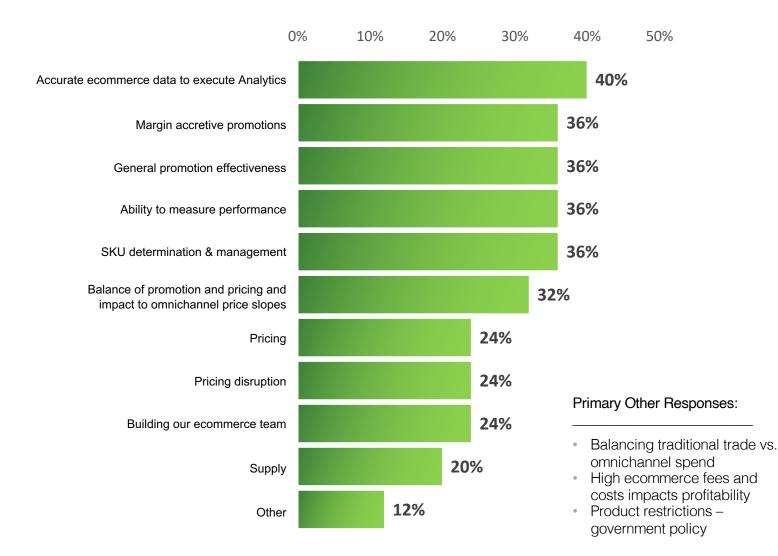
According to the POI survey, when companies were asked to describe their organization's current ecommerce capabilities, **4%** of companies indicated they don't have capabilities. **8%** of companies have a clearly defined strategy, while **40%** are actively working on building ecommerce capabilities. **28%** have some dedicated resources for ecommerce.

A quarter of respondents (24%) indicated they are opportunistic and don't have a clear strategy or a dedicated ecommerce team to manage the workload. This approach may be due to the challenges faced by these teams. Another 16% of companies consider themselves partnered, supporting the sales process and/or selling through existing partner channels. 12% utilize internal shared teams including marketing, sales, and an ecommerce specific broker.

As companies explore channel expansion opportunities in emerging markets, channel conflict remains a concern that impacts enterprise decision-making.

In-store services are key to drawing the consumer within the traditional four walls. Yet, the "experience" needs to be inspirational for the consumer to take the time to enter the brick-and-mortar door. Entering the store is a value/time decision for the consumer, especially since consumers have become used to online convenience shopping through the pandemic.

What have been your ecommerce challenges?





In the past, ecommerce planning was typically not entered into Trade Promotion Management (TPM) systems. However, modern EPx platforms now support ecommerce tactics, hierarchy, and planning level flexibility, as well as configurability of reporting to facilitate ecommerce planning.

When ecommerce, RGM, marketing, sales, finance, and supply teams have access to omnichannel planning through enterprise reporting, it becomes easier to address key ecommerce and supply challenges, and to achieve the total enterprise forecast.

Change Transformation

Change Transformation Best Practice Headlines:

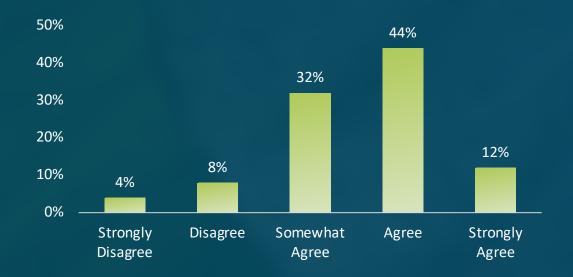
- Have a visibly supportive executive-level sponsor.
- Establish a cross-functional executive steering committee.
- Take a before, during, and after change approach.
- Utilize super-users for workshops, UAT, socialization, and training.
- Communicate and and socialize all aspects of the project.
- Use incentives to motivate change and tie them to specific behavioral and project results.
- Lead ongoing training for specific user roles.

Effective change transformation is critical to improving all aspects of work within a CPG manufacturer and retailer. As people are dynamic and essential to our organizations, we must support them through the ongoing change taking place.

Organizations are no longer experiencing change in isolated events, but rather in a continuous and recurring wave-like manner.

CPG manufacturers and retailers need effective change management to navigate the waves of change and improve organizational dynamics and results.

Change management has been an issue among TPx users.



Based on the POI State of the Industry Survey, **88%** of respondents agree that change management has been an issue with TPx users.

"There will always be winners and losers as paradigms shift. What is known is that winners will be the ones who are agile, lay out new strategies, partner, and think and act differently. They will be the ones who have the courage to try something different. Resiliency and the ability to respond is a competitive advantage. Reaction is not a strategy. As with any challenge, there is opportunity. As leaders, we need to proactively lean into the change required."

Then, efficient growth can be achieved...

- Pam Brown, CCO, Promotion Optimization Institute

Survey Methodology

Based on multi-year survey results, POI analyzes the data, which is known as a longitudinal study. It isn't perfect because respondents change, or sometimes they aren't able to take the survey in subsequent years.

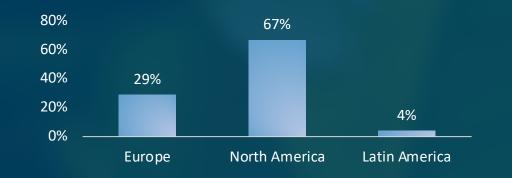
Nevertheless, this provides a richer look at the market because, across the four years included in this study, we have been able to:

- Maintain consistency in survey respondents over the years. POI is engaged with several dozen people who continue to be at the same companies and have provided ongoing survey input from 2015-2023. This is one element of the longitudinal analysis.
- Continually track progress at the 42 companies that participated in the inaugural 2015 survey. This provides company continuity over time.
- Tracks continuity of over 97 companies that have taken the survey in the last 6 years, spanning 2018 2023.
- Bring in 11 new companies this year to lend a perspective to what we found last year. In some cases, the results are quite similar, and in other cases we noted the beginning of a trend.
- Capture the feedback of over a 130+ CPG companies in the industry.

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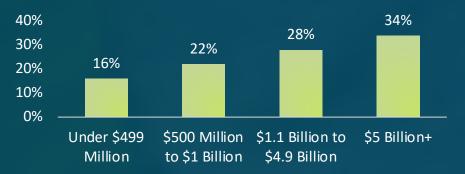


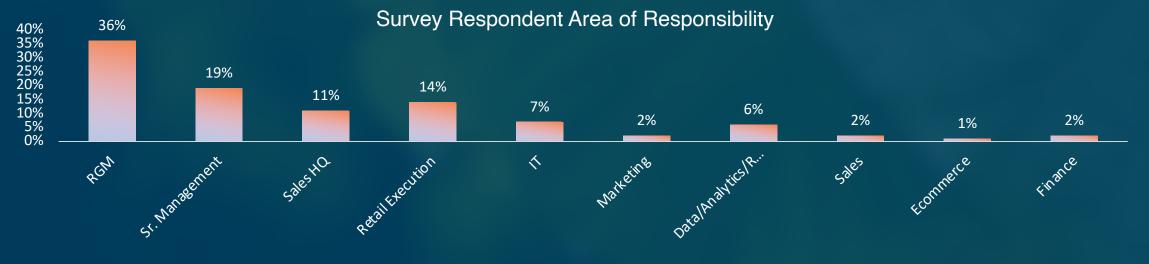
Descriptive Study & Participant Statistics



Location of Corporate HQ







About the Author

As Chief Commercial Officer, Pam creates and executes POI strategy, research, advisory, plus elevates practices and CPG and Retailer relationships.

Prior to joining POI, Pam was the Director of IT Governance for Del Monte Foods. In her role she led IT Governance and the PMO. In her previous role as the Director of Sales Operations, she led: Sales Strategy & Operations, Sales Systems and BI Analytics. She drove collaborative solutions and change across the organization based on corporate strategy and with the support of cross functional partnerships.

Prior to joining Del Monte, Pam worked for Unilever and quickly progressed through numerous sales positions of increasing responsibility. She then joined Kayser-Roth and became the Western Division Sales Director for all Retail CPG business west of the Mississippi. Pam has 30 years of Sales & Systems experience and demonstrates a passion for creating a competitive advantage through high-performing teams. Pam earned her BA in Business Administration from the University of California at Riverside.

She also serves in a broad array of community and industry leadership roles, including the NextUp & Deloitte's Advisory Board– Rising Leaders Program.



Pam Brown

Chief Commercial Officer, POI can be reached at <u>pambrown@p-o-i.org</u> (707)-332-0450

About the Designer

As many of you know POI invested in our marketing department in 2023. Madelyn Grau is leading our marketing department, and as a result, we have seen enhanced communication (Transformed our weekly POI Pulse), marketing of POI events, webinars, white papers, research reports and more.

Madelyn has been essential in the creation of POI's 2024 State of the Industry Report. The year-over-year improvement in the look and feel of the report is transformative. Our goal is to continue to upscale the report so you can easily utilize POI's research content in your leadership presentations, business cases, and strategic enterprise planning decisions.

If you haven't seen the new POI Pulse Communication....please check it out. You can find details around the upcoming POI events, webinars, research and more.

Click below to receive POI's Pulse Communication and access all POI has to offer to help you on your journey:



https://lp.constantcontactpages.com/su/ASWziSS/poipulse



Madelyn Grau Director, Marketing & Design

About the Promotion Optimization Institute

POI brings together manufacturers, retailers, solution providers, analysts, academics, and other industry leaders with the specific objective of collaboratively improving enterprise planning, trade management, RGM, pricing, advanced analytics & optimization, retail execution, digital transformation, omnichannel strategy, data management, ecommerce, and the distribution of consumer goods. Members of POI share cross-functional best practices in both structured and informal settings. Additionally, members benefit through our industry alliances, the Certified Collaborative Marketer (CCM)[™] program, share groups, and industry-leading summits around the globe. POI aims to instill a financial and metrics-based discipline not typically found in other trade groups. The goal of our innovative approach is collaborative holistic enterprise planning. The focus is on the consumer/shopper through sales, marketing, and merchandising strategies. Our POI executive advisory boards keep us apprised of industry needs and help us provide desired outcomes for members, sponsors, and academia.

For more information, visit: <u>www.poinstitute.com</u> or contact:

Michael Kantor Founder & CEO Promotion Optimization Institute (POI) 914-319-7309 <u>mkantor@p-o-i.org</u> Pam Brown, Partner & CCO Promotion Optimization Institute (POI) 707-332-0450 <u>pambrown@p-o-i.org</u>

Learn More About POI

See how we serve the CPG industry Maximize your organization's potential

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POI Offerings to Support Your Organization Today & Through the Future of Work:

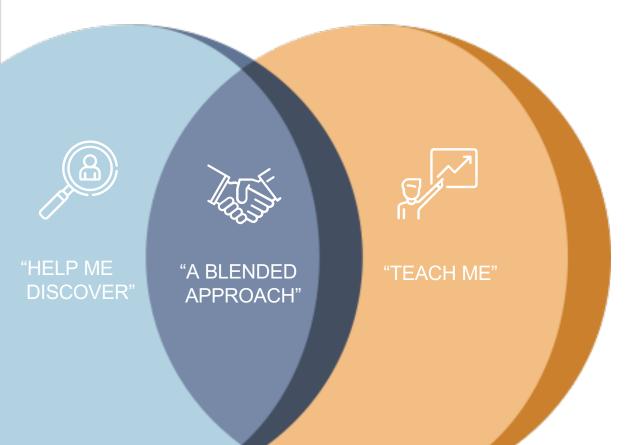
- **Certified Collaborative Marketer (CCM)[™] Program** Upskill talent in your organization through POI's certification for next generation CPG and Retail professionals.
- POI Summits Advance commercial capabilities, hear peer-set strategies, learn modern approaches, explore vendor capabilities & services, and optimize the perfect store retail experience. Includes pre & post summit workshops to dig deeper into practical use cases.
- Transformational Leadership Council (TLC) Cost pressures, inflation, board demands, omnichannel shifts, increased consumer expectations, new brand competition, innovation, DTC, aging technology, digital and organizational structures. Discuss how leadership teams prioritize "first things first" business plans and set a strategy for growth. Work through issues/opportunities created by the evolution of the new commercial ecosystem.
- **POI Share Groups** Gain peer connection & collaboration, insight into best practices & trends, peer benchmarking, workshops, and access to POI resources.
- POI Manufacturer & Retailer Advisory Supports manufacturer and retailer front-end project development so organizations can move to faster decision making and execution and deliver the organization's strategic priorities.

Engaging with peer-set partners and collaborate during your journey. You have the ability to plug your organization into CPG industry focused support.



POI LEADS & SERVES CPG INDUSTRY ENTERPRISE PLANNING

- Strategy is Executed Throughout POI Events, Activities, & Research Reports.
- Holistic Enterprise Planning, Analytics & Optimization, Pricing, RGM, Trade Promotion, Retail Execution, Data Management, ecommerce, Digital and more.



Create and improve roadmaps for planning & effectiveness, pricing, advanced analytics & optimization, RGM, retail execution, and collaborative marketing.

Connect with industry peers on best practices to achieve profitable growth in challenging times. (People/Process/Systems)

Build capabilities to advance utilization of data, insights, analytics, revenue management, on-shelf availability, digital, ecommerce and enterprise planning

Improve Holistic Enterprise Engagement: Marketing Sales, Finance, Revenue Management, Customer Marketing, Demand Planning process and practices.

Understand which innovative capabilities and technologies are driving "intelligence", growth, efficiency, and effectiveness.

POI Summits, Research, Content & Connection

COLLABORATIVE



PO

Strengthen Cross-Functional Knowledge, Skillsets and Better Drive Mutually Beneficial Alignments Across Your Organization

CCM Executive Training/Certification:

- 100% Online delivery
- Included with POI Membership
- Executive Program held virtually, or at St. Joseph's University, Western Michigan University, and others
- Learn Collaborative Cultures, Analytics & Optimization, RGM, Pricing, Omni-Channel planning, CatMan, Digital, and many more skills & strategies
- One day virtual kick-off, 6-week self directed study, exercises, and final collaborative project

https://poinstitute.com/certification-ccm





Achieving RGM Excellence & ROI by Cascading Your Strategies into Execution

Friday April 14, 2023 11:00AM EDT/8:00AM PST Hosted by: POI Sponsored by: Decision Point



Promotion Optimization Institute, LLC

2022 Vendor Panorama for Retail Sales Execution and Monitoring in Consumer Goods



Promotion Optimization Institute, LLC POI 2023 Enterprise Planning Vendor Panorama



SAD

POI



Unlocking New Growth, Efficiency,

and Intelligence with nomous Value Chain Optimization and

ecision Making

The RGM Treasure Hunt

Optimizing Profitable Revenue Growth

trade promotions (TPx) in changing market conditions.

Wednesday March 29, 2023 11:00AM EDT/8:00AM PST

Hosted by: POI Sponsored by: SAP

Strategies for effective revenue growth management and

A Guide to building capabilities for winning the RGM Treasure Hunt in Your Organization



New Share

Group

CONNECT, LEARN, INSPIRE

Promotion Optimization Institute's State of the Industry

Building Efficient CPG Industry Growth For 2024 and Beyond

By Leveraging Enterprise Planning, Revenue Management, and Execution Technologies as Essential Strategic Priorities

#POI SOI 2024 Building Efficient CPG Industry Growth

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Join the Quarterly Call hosted by POI with benefits including • Peer Connection • Insight into Best Practices & Trends • Peer Benchmarking • Opportunities for Collaboration • Resources



Contact Joanie Malin at <u>imalin@p-o-i.org</u> Space is limited





POI 2024 In-Person/Virtual Hybrid Summit Opportunities



Advancing Commercial Capabilities

Produced in partnership with Universidad Iberoamericana (IBERO)

PO

POI

POI 2024 Latin American Symposium Mexico City, Mexico | March 13-15



Transforming Success

The Power of Holistic Enterprise Planning through Revenue Optimization, Advanced Analytics and Retail Execution

POI 2024 Spring Hybrid Summit Chicago IL | April 15-17





Revitalizing the Approach

Strengthen Joint Customer Initiatives and Enhance Retail Performance through Holistic Enterprise Planning, Advanced Analytics, and Revenue Management

POI 2024 Canadian Summit

Toronto Canada | June 12-13



Driving Innovation

Unleash Efficiency and Revenue Growth via Holistic Enterprise Planning, Advanced Analytics, and Retail Execution

POI 2023 European Summit



Advance Your Strategy

Enhance Strategic Approaches for Holistic Enterprise Planning, Revenue Optimization, Advanced Analytics, and Retail Execution

POI 2024 Fall Hybrid Summit
Dallas TX | November 13-15



Strengthening Connections

POI Manufacturer Connect Share Group

U.S. / Canadian & European

- Peer Connection
- Insights Into Best Practices & Trends
- Peer Benchmarking
- Opportunities for Collaboration

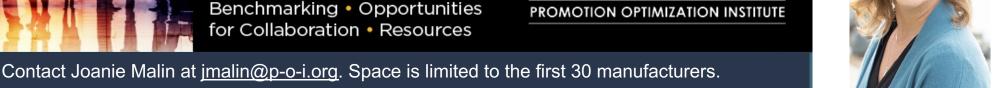
- Serving 500+ manufacturers
- Meet every 6-8 weeks
 - Don't do this journey alone!



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









Continue To Strengthen Connections







REVENUE MANAGEMENT SHARE GROUP

PURPOSE

To provide members with a forum to discuss and share best practices, industry trends, emerging challenges and capabilities, as well as other relevant topics of interest.

HOW IT WORKS

This group meets twice per year (Spring and Fall) at easy in-and-out locations for one overnight. Meet 1-5pm on Day 1, followed by group dinner, then 8am-Noon on Day 2.

AGENDA8 are driven by members and their priorities so that we are focused on the key topics and issues that are most relevant and valuable to the group.

OUR LEGAL COUNSEL will attend bi-annual meetings.

BENCHMARKING survey allows members to compare their approach with others (e.g. structure, size, reporting relationships, budget expenditures, tools, etc.)

MEMBER QUESTIONS of the group that come up throughout the year are fielded by the group facilitators and recapped back to the group anonymously.

MEMBER 8HIP FEE: \$3,900 annually per member. This covers all meeting expenses (meeting room, tood, AV, WI-FI, flipcharts, etc). We do the room reservations. You just book your flight and pay for your sleeping room on arrival.

Why Revenue Management?

INDUSTRY DEFINITION



Revenue Management is the application of disciplined analytics. that predict consumer behavior at the micro-market level and optimize product availability and price to maximize revenue growth. The primary aim of Revenue Management is selling the right product to the right customer at the right time for the right price and with the right pack. The essence of this discipline is in understanding customers' perception of product value and accurately aligning product prices, placement and availability with each customer segment. -Wikipedia

REVENUE MANAGEMENT TOPIC 8 (anticipated)

 Revenue management analytics, e.a.

- EDLP vs High/Low .
- · Channel strategy
- Pack strategy
- Product mix
- Promotion optimization · Sourcing and procurement
- Value incentive curves
- Execution and sel-in considerations.
- Strategic and tactical roadmaps
- Cross-functional collaboration
- Team structure and roles

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General ledger, P&L

- Finance roles and Sales support









HOW DOE8 THIS GROUP DIFFER FROM OTHER 87

- · Revenue Management share group is primarily focused on: Strategic revenue growth (beyond trade marketing)
 - Trade off of list price vs. trade marketing spend
 - On-deal / off-deal strategy
 - Analytics to make revenue management decisions
- Trade Marketing share group is primarily focused on:
- Class of trade priorities
- Trade promotion management
- Funding and approval process. Sales Finance share group is primarily focused on:
- Processes and policies (Unsaleables, S&OP, etc.)







Strengthen Cross-Functional Knowledge, Skillsets and Better Drive Mutually Beneficial Alignments Across Your Organization

CCM Executive Training/Certification:

- 100% Online delivery
- Included with POI Membership
- Executive Program held virtually, or at St. Joseph's University, Western Michigan University, and others
- Learn Collaborative Cultures, Analytics & Optimization, RGM, Pricing, Omni-Channel planning, CatMan, Digital, and many more skills & strategies
- One day virtual kick-off, 6-week self directed study, exercises, and final collaborative project

https://poinstitute.com/certification-ccm



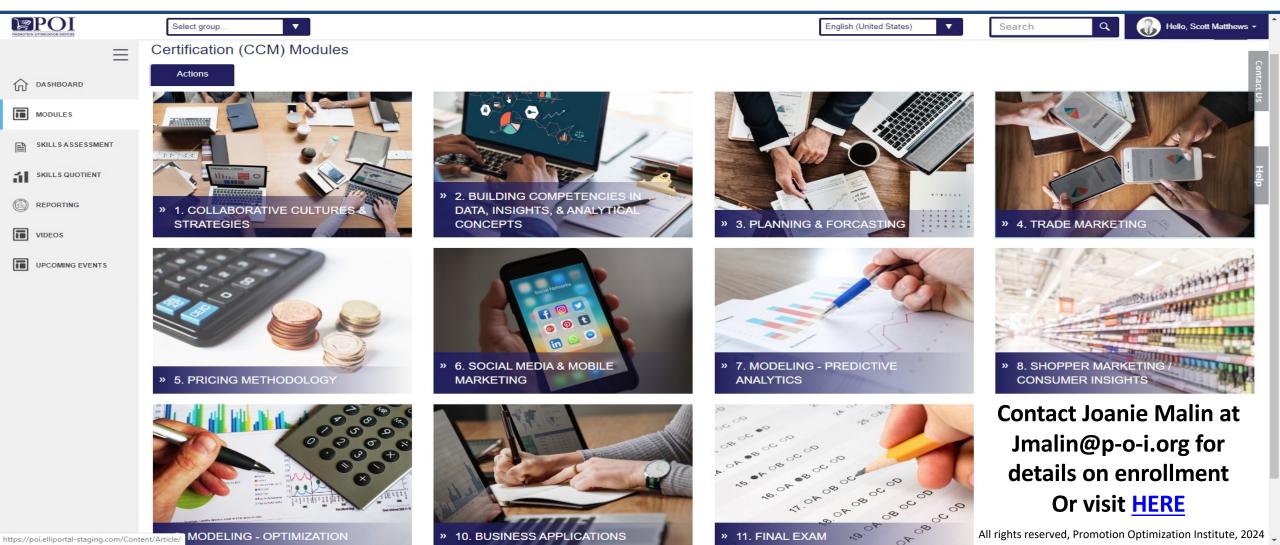


CERTIFICATION IN COLLABORATIVE MARKETING CCMTM



POI Certified Collaborative Marketer Program -

Where every graduate has advanced personally and professionally, adding more value to their organizations!





Strengthen & Upskill Capabilities Manufacturer & Retailer Advisory

POI Advisory supports the manufacturer & retailer front-end project development, so organizations can move to faster decision making and execution to deliver the organization's strategic priorities

Advisory Capabilities Include (but not limited to):

<u>Leadership Vision</u>: Sharing State of the Industry/What's Possible Today, Guide Strategic Internal Alignments, and Strategy Development

Business Case Development, RFP Development, Vendor Determination & Execution, Systems & Process Project Planning, Change Management, Strategy & Roadmaps, Communication & Socialization Plans

People Process Capabilities/System

POI Enterprise Planning Capabilities Advisory



Who's Helping You On Your Journey?

Tier 1 – Manufacturer Advisory Client TPx and RGM Parallel RFP's completed in 4 months.

"I had a great experience working with POI. They really helped us get through a very robust, and what could be a challenging process, of vendor selection for our EPx solutions. Pam and Sara were just phenomenal partners that helped us understand what our specific company's business requirements were, how to build out our team, and really helping us identify the right business partners for Hostess Brands. We couldn't have done it without the help of POI and the leadership and support they offered us throughout the process from the beginning to the end."

 Jack Harnedy Senior Director, Revenue Growth Management Hostess Brands

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Tier 3 – Manufacturer Advisory Client TPx RFP completed in 4 months.

"As I look back to our recent experience working with the POI team through our TPx RFP, they were vital in the overall process of managing the RFP, including leading the demo process and organizing our internal task force. However, a key benefit came in leveraging POI's expertise in "speaking the language" and having an intimate, current knowledge of these systems and broader marketplace, including the processes, and the problems. They were able to maximize the efficiency and effectiveness of this process by cutting through the jargon and lingo, focusing on what's important, and getting some truly deep and meaningful insights. Another critical value was the ability for POI to help align our project and leadership teams on critical decisions throughout the process. What could have been a year long process, took our organization less than 4 months from start to finish."

- Jim Loeffl Senior Director, Business Development Musco Family Olive Co.

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Forbes, Economic Forecast For 2024 Recession Now Unlikely, page 6

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