



2017 TRADE PROMOTION SOLUTIONS

In this month's edition of *CGT's Technology Solutions Guide* series, experts from Accenture, EY, Nielsen, T-Pro Solutions, UpClear and Vistex provide thought leadership for consumer goods manufacturers that are navigating the challenges and opportunities surrounding trade promotion management and optimization.



Q What is the greatest advancement that's been made in the field of trade promotion management in the last five years? What's coming in the next five years?

MURPHY: Undoubtedly, it has been the level of sophistication and availability of tools and data — but it is the recognition within organizations that TPM needs to be business-led and not an IT process that's been among the greatest advancements in the field in recent years. Most *CGT* readers are probably

second- or third-generation users of such tools now; they know what works and what to avoid. Not even looking five years out, consumer goods companies will face their biggest challenges from competition and products that are possibly not even in the market today. The rapid rise of smaller, agile companies attracting consumer adoption through digital media and subscription-based commercial models will, we believe, continue for some time. Today's consumer goods companies need to look at their trade and consumer marketing spends holistically to ensure their dollars work harder for them.



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MORIARTY: The greatest advancement over the last five years has been the ability to measure return on investment consistently. Companies have always been able to calculate ROI with some effort. But in recent years they've been able to track it regularly, as improvements in data and systems have made promotion costs more visible. Why is this so important? It's impossible to improve trade spend productivity if you can't understand event ROI.

The biggest advancement we need to see over the next five years is a furthering of the skills needed

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— **THIERRY SOUDEE, UPCLEAR**

to use analytics effectively. Only 17% of consumer goods companies feel confident in their ability to use analytics for promotion decisions, according to EY research. Companies need to recruit and train people with the skills to analyze ROI. And they need to measure/reward performance based on their ability to make promotion decisions — thereby incenting workers to invest in their own skills.

DORGAN: There have been pockets of success in the last five years: the emphasis on account planning as opposed to just promotion management, ease-of-use improvements for account team adoption, and post-event analysis all come to mind. Ultimately though, the bottom line is that the industry has spent hundreds of millions of dollars on TPM over this time frame and still, most promotions are not profitable for the manufacturer — and their efficiency is declining. In the next five years, the focus needs to shift toward getting

smarter volume through trade. The industry needs to move from price and promotion guidelines that are either outdated or not applicable to individual account situations and account teams armed to sell smarter.

SPENCER: The greatest advancement in the past five years has been the ability to effectively manage massive amounts of disparate data in the cloud. This has opened up the opportunity to marry existing sophisticated modeling (i.e. constraint-based modeling) with the shipment, spending and POS data necessary to optimize the significant CPG trade spend. The most critical advancement in the next five years will be expanding the power of TPO from a manufacturer’s perspective to the category. The technology is available to mutually optimize the trade investment for both retailer and

allowed vendors to deploy rapidly and, in our case, often phased by a functional module, delivering a rapid ROI for new users. The capital expenditure outlay is minimized, with the vendor then responsible for data management, integration, and on-going support — reducing the burden on IT. SaaS also benefits clients who always have the latest version of the software and the ability to add new functionality, allowing the solution to grow with business requirements.

In the next five years, the focus will be increasingly on data, both in terms of integrating third-party EPOS (electronic point of sale) or distributor reports, and also in using the software to deliver real value-driving insights. The line between TPM and TPO will become increasingly blurred as, data facilitates fact-based decision-making, especially as increasing ‘intelligence’ is embedded.

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— **WAYNE SPENCER, T-PRO SOLUTIONS, INC.**

manufacturer benefit. This is a critical next step toward moving from simply talking about joint business planning to effectively executing it. This will only be accomplished when ‘one version of the truth’ in a real-time, real accurate database can optimize the total trade spend at the category, brand and PPG/SKU level.

SOUDEE: Without question, the greatest leap forward in TPM over the last five years has been the growth of software-as-a-service. SaaS has

ADAMS: The greatest advancement is the move from pure tactical TPM to an analytically supported promotion decision-making and planning process. There is continued pressure on brand margins as to how to budget and spend funds across the different programming types: media, consumer, shopper, trade and digital. CGs have attained this level of sophisticated planning by capturing the required performance data over time and are now systematically integrating these data points to enable users to make

more profitable promotion and funding decisions. Moving forward, we will need to focus on compressing the planning cycle. While clients embrace the analytical power and insights available for better decision-making, they struggle with spending more time on their laptops than ever before. Those CGs that can define how they value promotion events and scenarios — ROI, margin impact, incremental volume, etc. — and systematically support users with those insights will gain face time with their customers while bringing more meaningful promotion programming to the table.

Q How are TPM solution providers responding to the challenge of incorporating consumption data and other outside information into CG companies' trade processes?

MURPHY: We cannot speak for others, but we're seeing a rapid rise in initiatives around a much broader range of data elements than in the past. The traditional data of sell in, sell out, weather and media indexes are all still there, but we're now seeing the use of economic factors, population growth, social media listening data and category metrics to help drive some excellent medium- to long-term business planning results. One of our clients is currently combining these long-range planning metrics to better plan trade and market spend allocation across its entire product portfolio.

MORIARTY: The vast majority of TPM/O solutions can use consumption data, whether syndicated or EPOS, in their planning tools. For customers/channels where consumption is not available, solutions need to handle

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—PATRICK MORIARTY, EY LLP

shipment data, as it's possible to calculate most key performance indicators using shipments.

Bigger challenges limit the use of TPM/O solutions as effective planning and forecasting tools. These include integrating consumption data with 1) promotion calendars, as syndicated/EPOS data do not always contain all causals; 2) retailer price lists, to compute manufacturer and retailer KPIs; and 3) event costs/product margins, to model profitability.

One or more of these components is often missing. We should not just blame solution providers — often companies do not have the information, or it is not available in the right format or level of detail. But data is getting better all the time. And when it is available, leading providers are integrating it into their solutions. So this is no longer an excuse for not having better planning processes.

DORGAN: The response to this particular challenge has been mixed. The insights necessary to improve

forecasts and the decisions that allow volume to go up despite flat or declining trade rates have been largely available for 20 years, but the industry has had trouble overcoming the barriers to make use of these analytics. The language of business-critical deliverables such as the annual operating plan, demand forecasts and others (i.e., cases and bill-to/ship-to) is different from the language of predictions and insights (i.e., UPC, scan account). Most accounts don't have POS data, and predictive analytics solutions have typically been confusing and complex.

These barriers can be overcome. Predictive analytics based on consumption insights remains the key. But in order to achieve adoption, some key requirements need to be fulfilled: 1) insights and simulations are crucial, but they must not get in the way of planning/selling; 2) the user interface for account teams must be tailored specifically to them; 3) while an end-to-end solution is ideal, practical considerations usually

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— MIKE DORGAN, NIELSEN

mean modularity and integration. And in some cases, change management needs to be instated and incentives need to be modified.

SPENCER: A post-promotion analysis and predictive planning solution can harmonize and map the critical disparate data (shipments, spending, POS/syndicated and consumer/shopper marketing) necessary to perform accurate post-promotion analysis, as well as accurately develop optimal customer plans solving for volume, revenue and profit. This type of solution can also seamlessly integrate to a TPM solution with the ability to electronically export optimized customer plans with no redundant entry. Accurate

fact-based insights and decision-making around “one number,” giving a company the ability to make strategic and value-accretive choices, external data needs to be brought into the equation.

Only by truly understanding shopper behavior through combining internal and external data can a true picture of demand, promotional performance and ROI be seen. The integration of third-party sales-out data, overlaying sales-in data and financial metrics enables complete visibility of profitability for both the supplier and the retailer. In turn, this can facilitate joint forecasting and planning and a truly collaborative approach, making a TPM tool strategic rather than purely tactical.

It requires cleansing, harmonization, normalization and staging to specifically support the types of outputs users require, whether during planning, execution, or evaluation of trade promotion programs. The market is seeing the re-emergence of the demand signal repository concept, as pure data providers and TPM/O solution providers build out these capabilities for clients and prospects.

Q How has e-commerce affected the traditional trade promotion process?

MURPHY: In short, massively. It’s a commonly known fact that most consumers and shoppers want to see regular promotional activity for both new products and their favorite brands, but with online channels the proportion is higher still. Organizations that plan their promotions to enhance the overall product with marketing and appropriate incentives, showing some real added value to the shopper, do best. Those that spend the time to analyze trends in traffic, looking at where visitors are dropping out and using promotions to prevent it from happening, do well here. Not all the traditional tools or processes were created at a time when so much depended on positive referrals, a strong social media presence and a tightly coupled multi-channel approach to planning and execution of promotional activity. So it’s time now to rethink existing e-commerce tools and processes.

MORIARTY: E-commerce has created a wealth of capabilities that consumer goods companies are using to engage consumers. Digital enablers — via social, loyalty and

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— JASON MURPHY, ACCENTURE

baselines (modeled monthly) and predictive/historical merchandising lifts provide the foundation for extremely accurate post-event KPIs, in addition to generating accurate optimized future customer plans, for both the manufacturer and retailer.

SOUDEE: As the question suggests, without integrating data, a TPM tool is merely a glorified library of promotions. Integration, at a minimum, needs to cut across an existing landscape, allowing information to flow freely through a business rather than getting stuck in silos of knowledge. To truly enable

ADAMS: Most TPM solution providers realize that their solutions must offer the ability to tap into the consumer goods company’s data, both internal and external. Whether this connection is made through a series of integration hooks between solution and database, or through an integrated data platform component that is part of the TPM solution being offered, the path to optimization and more sophisticated pre/post-event analytics is driven by how the data platform manages external and internal data sets. The challenge goes beyond just “getting the data into the solution.”

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— **GARY ADAMS, VISTEX**

e-commerce platforms — are helping manufacturers and retailers to offer deals that are better targeted and more efficient. Still, challenges remain, and people are reluctant to depart from old paradigms.

A big challenge is that digital offers are often executed as incremental activities, separate from off-line retail. Much of the margin advantage is then lost, because savvy consumers compare or stack e-tail and retail promotions. Despite this challenge, digital promotion and e-commerce strategies are delivering future promise.

The industry can use incentive platforms, marketing exchanges and programmatic promotions to engage consumers on a personal basis in real time. Mar-tech solutions use a combination of behavioral triggers and new processes to deliver personalized offers and better measurement capabilities. Firms that use these technologies effectively can improve the consumer experience, reduce deal subsidization and drive profitable growth.

DORGAN: Clearly, e-commerce has affected the traditional trade promotion process — but the jury is still out on exactly how. E-commerce has the potential to fundamentally impact the way price and promotional offers get

communicated to consumers, on how consumers perceive what a promotion is, on how a promotion is structured financially between manufacturer and retailer, and even on what metrics are used to evaluate promotions and price changes. This will create challenges with respect to estimating volume and liability, assessing what a good spend is, and the data necessary to do both.

SPENCER: E-commerce has provided a challenge for accurately evaluating the effectiveness and efficiency of the total corporate trade spend. As e-commerce channels evolve, it is critical that we capture all of the key data components necessary for brick-and-mortar TPO and evaluate the overall ROI. As the conventional channels of distribution erode in sales, it will be critical to have a comprehensive solution that can conduct accurate real-time post-event analysis, as well as to develop accurate optimized channel/customer plans that are allocating promotional funds to the appropriate areas of growth.

SOUDEE: The rise of e-commerce, both via traditional retailers entering the space and from newer, dedicated online retailers, presents CPG companies with challenges — but more importantly, with

opportunities. The established path to purchase has been disrupted as consumers discover, compare, and review brands online checking prices from different retailers — even, occasionally (especially for bigger purchases) while physically in-store.

The opportunity for CPG companies is to subsequently disrupt the new model. Brands must learn to interact and manage their reputations online while looking to bespoke pack/price architecture with tailored online promotional mechanics to blur cross-retailer comparisons. Promotional plans need to be driven by integrating the available data to understand shopper behavior and create win-win activities for manufacturers and retailers, and particularly for those prepared to share their data. Consumer goods companies that throw out the traditional playbook and approach the digital shopper with fresh eyes will be the winners.

ADAMS: E-commerce programs require funds, just as any other programming type. That will place extra pressure on trade promotion spending to be more efficient. For most CG brands, the size of the pie hasn’t changed but there now are more mouths asking to be fed. As CGs begin executing digital programs, it is imperative that they capture the associated performance data so that, over time, post-event analysis of digital programs aligned with trade promotions can begin to show the value of running them in conjunction with each other and gain the synergies that may be available. Once again, the success of CG programming will be the users’ access to analytical insights as to which programs are a solid return on investment and can profitably grow the brands. **CGT**

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COMPANY/WEBSITE	PRODUCT	KEY CG CUSTOMERS	UNIQUE FEATURES/BENEFITS
The Advertising Checking Bureau www.acbcoop.com	ACB TPM and MDF Management System	Did not provide	All business process outsourcing performed in-house by experienced industry professionals; comprehensive and economic system with accelerated implementation process; customizable user interface, business planning calendars, claiming & deduction management workflows, settlement and dashboard reporting/analytics.
Accenture www.accenture.com/cloud.cg SEE AD ON PAGE 37	Accenture Cloud and Accenture CAS Trade Promotion Management	Did not provide	The Accenture TPM solutions help transform sales and marketing processes by combining Accenture's industry expertise with Salesforce's cloud-based customer success platform, establishing a single system of engagement driving insight into action.
AFS Technologies http://tpm.afsi.com/	AFS Trade Promotion Management Retail	<ul style="list-style-type: none"> • Hain Celestial • Hostess Brands • Jarden Consumer Products 	AFS TPM Retail provides the ability to plan, deploy, execute, and report trade at any level of the hierarchies, both direct and indirect customers, with a low-cost, low-risk predictive capability.
Brillio www.brillio.com/solutions/optimax	Brillio Optimix	<ul style="list-style-type: none"> • Kraft Heinz • The Hershey Co. • Mondelēz International 	Brillio Optimix is a trade promotion optimization plus digital marketing optimization solution that uses artificial intelligence to assess lifts, ROI and optimal plans with attribution across vehicles, cannibalization, execution and channel/competition drivers.
CPGToolBox www.cpgtoolbox.com	CPGToolBox Trade Planner	<ul style="list-style-type: none"> • Fruit of the Loom • Popchips • SlimFast 	This is a TPM solution built on the Salesforce platform in order to provide global promotion planning in any currency/language, rapid implementation, new target management app, and fast workflow at an affordable price.
Deloitte Polaris www.deloitte.com/polaris	Polaris, a suite of cloud-based revenue management tools for CPGs	Did not provide	Part of Deloitte's CP Insights Hub, Polaris embeds Deloitte's expertise in CPG commercial into "decision pathways" that provide users with data-driven context for decision-making. It includes local sales opportunity tools and persona-based TPM, and integrates with DecisionPrint, Deloitte's performance management tool.
Eversight, Inc. www.eversightlabs.com	Eversight Offer Innovation	<ul style="list-style-type: none"> • Coca-Cola Co. • Ferrero • Kimberly-Clark 	Offer Innovation software complements TPM/TPO by utilizing machine learning to identify, create, and digitally test new offers never run before. Eversight offers deployed in-store typically out-perform historical offers by 10% to 25%.

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Exceedra www.exceedra.com	Exceedra Integrated Business Planning & Trade Promotion Management/Optimization Solution	<ul style="list-style-type: none"> • ACH Foods Inc. • Bayer • McKee Foods 	Exceedra solutions deliver capabilities for clients to simplify sales, financial and demand planning processes and achieve greater performance in trade promotion management and optimization, customer business planning, demand planning and S&OP.
Flintfox International www.flintfox.com	Flintfox RMx Advanced Pricing	<ul style="list-style-type: none"> • Bush Brothers • Chobani • New Belgium Brewing Co. 	Flintfox RMx for any ERP eliminates disconnected spreadsheets, applications and manual processes to manage pricing, promotions and trade agreements. RMx delivers sub-millisecond response times for complex pricing calculations.
Hitachi Consulting Corp. www.hitachiconsulting.com	Our solution encompasses strategy, organizational change, process and technology selection/implementation.	Did not provide	By including all the key elements of a successful TPM/TPO program — strategy, organizational change, process and technology selection/implementation, post go-live — Hitachi customizes its approach and methodology to meet the needs of clients.
IBM www.ibm.com/watson/customer-engagement/industry-consumer-products/	Trade Promotion Planning and Analytics	Did not provide	IBM seeks to eliminate the complexity of detail planning and analyzing promotions including competitors, weather and events; applies Watson Cognitive Analytics to enable true non-linear optimization; cloud, BPO, and self-service for global, multi-channel implementation.
Kantar Retail www.kantarretail.com/xtel	Kantar Retail Trade Optimization — Trade Promotion Management and Optimization Solutions	Did not provide	Kantar Retail's TPx footprint enables an optimal go-to-market approach around the promotion, from strategy through implementation; 20-plus-year proven record in the CG industry for clients around the globe.
Nielsen www.nielsen.com SEE AD ON PAGE 33	Revenue Management & Optimization	Did not provide	Nielsen's RMO is a global solution that combines comprehensive store-level data with best-in-class analytics and fully integrated, modular TPM and TPO cloud-based software. Leveraging RMO's activation-ready insights and always-on tools, clients are able to deploy data-driven strategic and account planning to make informed decisions.
Relational Solutions Mindtree www.relationalsolutions.com	TradeSmart: Trade spend ROI analysis for manufacturers and retailers.	Did not provide	TradeSmart includes margin analysis, competitive analysis, new item, PEAT, 100% coverage, etc. Integrates COGS, POS, shipments, plan, 3rd party, etc., for real-time trade analytics, true ROI. It also has editing, tactic grouping and write-back capabilities.

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COMPANY/WEBSITE	PRODUCT	KEY CG CUSTOMERS	UNIQUE FEATURES/BENEFITS
Sequoia Analytics www.sequoia.com	20/20 Analytics platform	Did not provide	Sequoia is proven scalable against virtually any POS data source, syndicated or non-syndicated, fueling a modeled, full category analytics platform encompassing: advanced pricing, promotion simulation and effectiveness, trade ROI, category insights and automated analytics.
SAP www.sap.com/consumer	SAP Trade Management	<ul style="list-style-type: none"> Colgate-Palmolive Nestlé Johnsonville Sausage 	SAP Trade Management enables consumer products sales leaders to be P&L owners, driving revenue, volume, and profitability that leads to internal margin growth as well as customer category growth.
SYSPRO www.syspro.com	SYSPRO Trade Promotion and Deductions Management System	<ul style="list-style-type: none"> Perrone & Sons, Inc. Stover & Co. Universal Power Group 	SYSPRO TPM fully links to other SYSPRO ERP modules so SMB distributors that rely heavily on trade promotion can experience all the efficiencies of an integrated supply chain solution.
T-Pro Solutions http://t-prosolutions.com/ SEE AD ON PAGE 31	T-Pro Optimum Trade Promotion Optimization Solution	<ul style="list-style-type: none"> Kellogg Co. Perfetti Van Melle Sargento Foods 	T-Pro Optimum optimizes individual merchandising tactics and annual customer plans for revenue, profit and volume. With comprehensive data harmonization, post-event analysis and predictive planning capabilities, T-Pro Optimum considers itself a powerful, accurate and easy-to-use TPO solution utilizing constraint-based modeling.
UpClear www.upclear.com SEE AD ON PAGE 35	BluePlanner Revenue Management SaaS Solution	<ul style="list-style-type: none"> Danone King's Hawaiian LALA U.S. 	UpClear's modular and highly configurable sales planning, TPM, TPO, and analytics SaaS solution can be deployed to provide promotional insights in weeks, rather than months, delivering rapid ROI and value capture.
Vistex www.vistex.com SEE AD ON PAGE 39	SAP Paybacks & Chargebacks; SAP Incentive Administration by Vistex; GTMS Trade Programs	<ul style="list-style-type: none"> Barilla Dr Pepper Snapple Group Tyson Foods 	Vistex offers sophisticated tools to model, administer and analyze trade spend and promotional programs, providing businesses with complete visibility to make informed decisions and maximize program performance. Integrated with SAP Business Suite or in the cloud with any ERP.
Wipro Ltd. http://promax.wipro.com	Promax Advanced & Promax Optimize, End-to-end trade promotion management and optimization solution	Did not provide	With 27 years of global expertise, Wipro Promax aims to provide business value via its rich, modular software and associated services to address diverse markets and maturity level, from transactional to advanced analytics.