



# How to Optimize Your Trade Promotions — Start Your Journey Here

TPO Problems and Solutions: How to move from Pain to Profit

**T-Pro**  **Solutions**  
Optimizing Promotion Return

## Executive Summary

In this paper, we examine some of the recent and key changes in the Trade Promotion Optimization/Trade Promotion Marketing arena, along with solutions to make you successful. We explain the problem, and offer a path forward for understanding the journey. Ultimately, we hope to help you believe that today’s solutions can create measurable rewards.

## Introduction

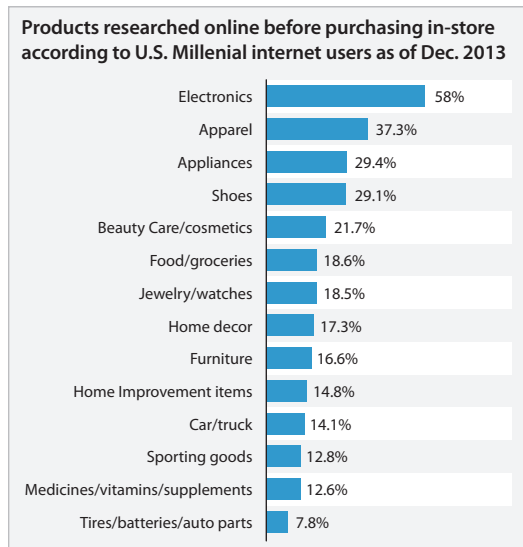
Over 150 years ago The Great Atlantic & Pacific Tea Company, A & P, opened their first coffee and tea stores in New York City. Just a few years later they expanded to become the first grocery store chain in the country, operating almost 200 stores. Back then, assortment was limited, but promotions like window displays and advertisements were a key component to the business model.



Source: <https://www.thinkwithgoogle.com/articles/how-digital-connects-shoppers-to-local-stores.html>

Today, technology gives shoppers the ability to find more information and gives them more leveraging power. Consumers across all CPG channels are more value-conscious than ever before. They research products and prices online before stepping into a store, whether it’s brick and mortar or virtual. In turn, retailers and manufacturers are tasked with optimizing more complex trade promotions. It is imperative that they measure their ability to target the right consumers, with the right promotions, in the best channel to generate a positive ROI.

In AdWeek’s article, *Target Turns its Stores into One Big Mobile Game for the Holidays*, per Google, 87 percent of consumers use mobile to pre-shop and research before they even get to a store. Seventy-five percent of Smartphone-toting shoppers use their phones in-store.



Source: KPMG eMarketer National Retail Federation Prosper Insights & Analytics. <http://www.statista.com>

## Problem Definition

### *The Current Promotional Landscape for Retailers and Suppliers*

Today, retailers rely on promotional tactics more than ever to help drive and retain customers to their stores and categories. However, customer loyalty isn’t guaranteed. Today’s shoppers look to multiple retailers to find their favorite brands and seek out the best deals across multiple retailers, before they even go to a store. Consumers will shop at multiple retailers if the prices are not considered a value for their favorite products.

Other changes in the landscape include:

- Retailers that are continually expanding their own store brands in many categories, as a competitive buffer, which are eliminating once relevant brands. Many store brands are now being promoted as often or more than branded products.
- Consumers are now buying products on-line, on promotion and can have them delivered directly to their homes with free shipping, which is negatively impacting many categories for the traditional retailers.
- Retailers need help from their suppliers to advise them on the brand's most effective promotions for driving revenue and profit. If you have a mega brand in the category you are also expected to drive category growth and market share with your promotions.

It's no surprise that suppliers also rely on promotions to build and maintain their brands. This is considered to be their second largest line expense, representing \$175+ billion across the CPG industry. Millions have been invested in Trade Promotion Management (TPM) systems while others still use excel spreadsheets. The goal is to eliminate waste while integrating Syndicated/POS data to help their Sales and Trade Teams manage all components of a promotion: sales, spending, settlements, deductions and payments.

For retailers and manufacturers, marketing brands to consumers has changed from a national effort with a few media options to a proliferation of media choices, including digital and social media. Retailers are now seeking a piece of the supplier's marketing funds to support their digital and social media efforts to help retain their loyal consumers.

## High Level Solution

*How does a company optimize promotions when they are drowning in data?*

Both technology and the digital landscape have created BIG data, available to both the retailer and supplier. But the ability to use that data, to shed light on decisions, stop guessing and stop spending time on low-value tasks, has alluded many companies. Some suppliers have been able to piece together key information from their ERP, TPM and Syndicated/POS data sets to provide insights and make better business decisions around promotions, but it comes at a cost. The process to compile key promotional insights has been manual and very time consuming. Even if you have invested in a TPM system, you are still likely compiling your data sets on excel spreadsheets to optimize promotions or you're not doing it at all, because it takes too much time.

The Trade Promotion Management process can potentially have the broadest reach in the organization. It can encompass the strategic brand plans, financial forecast, supply chain and, most importantly, can impact your customer service levels. Too often, the processes are too complex, the IT solutions do not integrate well with the TPM solutions and collaboration across departments is limited. Promotion management is such a critical component to the success of most CPG organizations that there should be an on-going assessment to make sure you are meeting the needs of your organization.

Many of the larger companies invested in the early development of Trade Promotion Optimization (TPO) solutions but added more complexity to the customer planning process and/or did not integrate with the supplier's ERP, TPM and syndicated data set. You need to have a TPO solution that can meet the needs of the end user in the customer planning process. In most cases, this is your Sales Team.

## Solution Details

*So where is your company on the journey to Trade Promotion Optimization?*

When developing solutions, dream big and don't let your current processes or perceptions on technology restrict you. What will put you on the path to optimizing your promotions? What would make life easier for you and your Team around Trade Promotion and Customer Planning?

Starting with the basic steps, create a vision for where the journey will take you.



### ***Plan It***

The start of a successful journey begins with a plan. If you don't know where you are going, you are doomed from the start. At this phase, you should understand what you are hoping to integrate, what the process will be, who is on the team, and how you will determine your solution requirements. Start by assessing your current TPM capabilities, needs and core issues for individuals building and managing the plans.

During the planning stage, you should be asking:

- What information and tools would you need to build a customer plan to optimize the company's revenue and profit?
- How about optimizing your customer's revenue and profit on your brands?
- Who is involved in the planning process and what are their needs?
- How easily can you put this plan together? Minutes, hours or days?
- What information do you need from your Marketing Team to build these plans?
- What information do you need from your Customers?

### ***Build It***

Building it requires you to install the software, integrate the data, configure the user roles, customize the dashboards and learn how to use it. The software platform should allow for easy plug-ins, adaptation based on your process for TPM/TPO, and real-time integration of disparate datasets.

The goal of the build process is to generate a working process that is user-friendly, intuitive and easy to incorporate into daily TPM/TPO activities.

**Use It**

The benefits of an effective TPM/TPO solution are best realized through utilizing the software. For the users, your tool delivers the following:

- ✓ Now the ERP, TPM and Syndicated POS data are all housed in one location and you are updating information nightly as deductions are cleared by A/R and you're able to compare to your plan.
- ✓ You can track key competitor's promotions to see if they are impacting your base volume or if a customer is stacking competitive promotions on your events.
- ✓ You can use a predictive analytics tool that utilizes the customer's historical data to calculate a future promotions revenue, profit, incremental volume and ROI. You can calculate and provide the same information for your customers.
- ✓ The tool can predict the most profitable promotion scenarios or events that will drive the most volume for a brand at that account and you know what it will cost.
- ✓ You can utilize this tool in Joint Business Planning meetings with your buyer and create "Win-Win" events.
- ✓ You can build an annual customer plan that will hit your budgets in a fraction of the time it took manually. It is so simple that you are doing this for all customers, not just a few key accounts.
- ✓ You can take the details of the annual plan and turn it into a calendar to review the promotion and consumer marketing details with Senior Management, Sales and your Customers.
- ✓ Sales teams are no longer burdened with a data entry process and have more time to sell.

**Track It**

The success of your platform can easily be benchmarked, proven, tracked and optimized for return on investment. Reporting on promotional spending, and corresponding planning, analytics and insights are now available in a dashboard.

Some of the tracking attributes are:

- ✓ You can calculate the revenue, profit, incremental volume, costs and ROI for each promotion executed by your customer.
- ✓ See weekly baselines trends and promotion merchandising support received with real-time information.
- ✓ You can compare actual results to your plan, and adjust for multiple variables.
- ✓ Overlay your marketing programs to view the impact on base or promoted volume.
- ✓ Provide customer specific insights for profitability and ROI on past and future event promotions.
- ✓ Create a report for each brand that takes all post-promotion event KPIs and enables you to rank by KPI or calculate each brands total ROI on their promotional investments.

## Summary

Three years ago I thought all of these capabilities were a pipe dream and I had little hope that I would see any progress in the next decade. Since that time, technology has dramatically changed and the future of Promotion Optimization is now! All of the above solutions are available and being utilized to save millions in trade spending.

Start the process to assess your TPM/TPO capabilities and ask the critical questions on what is required by your team. Challenge yourself and your team to choose the right solutions to simplify and enhance your organization's customer planning process. In return, you will be well on your way to optimizing your trade promotion investments and enjoy knowing that you are not wasting time and money.



*Enjoy the journey!*

## About T-Pro Solutions

T-Pro Solutions provides CPG clients accurate, real-time information by integrating TPM data into a user-friendly dashboard for planning, forecasting and predictive analytics. T-Pro Analytics is a cloud-based SaaS solution. By combining CPG intelligence silos, clients can optimize promotional ROI in real-time. T-Pro Analytics can be implemented in a few months, is easy to use, and is affordable. T-Pro Solutions is based in Columbus, Ohio. To learn more about T-Pro Solutions and sign up for an in-depth T-Pro Analytics trade management optimization software demonstration, visit [www.t-prosolutions.com](http://www.t-prosolutions.com).