CASE STUDY

TO IMPROVE TRADE PROMOTION MANAGEMENT FOR A CPG MAJOR

The Client is a leading Consumer Products company focused on providing branded consumer goods products of superior quality and value to improve the lives of the world's consumers

OBJECTIVE

To Analyze and Improve Trade promotion management for a CPG major.

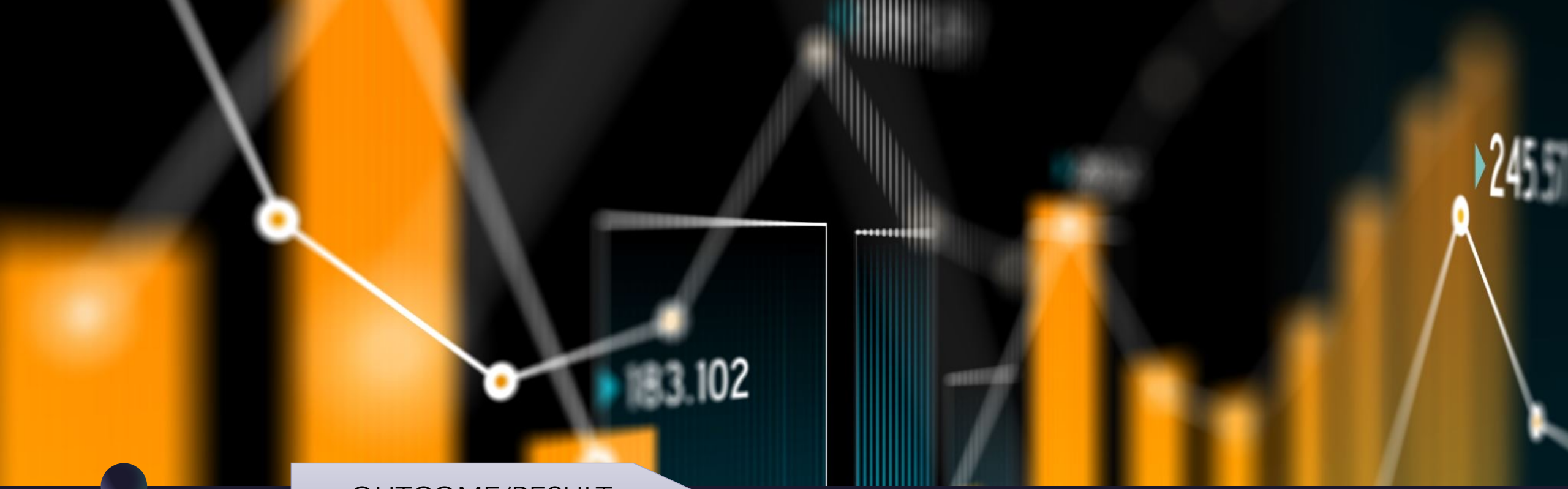
APPROACH

Our consultants analyzed the trade promotions that were running across different regions and determined that far too many types of promotions were being run differently across regions and states. An initial proof of concept was executed that involved selecting a subset of retail outlets and running a tailored promotion for a selected product at these for an identified period of time .The returns from this promotion would be compared with sales returns at another set of outlets running the current promotion. The team used classification and regression trees to identify the most suitable promotion that would replace existing promotions for this proof of concept.

KEY CHALLENGES

Client spent a significant portion of the sales budget on running trade promotions at outlets.

The actual sales returns expected from these spends were consistently lower that what was expected.



OUTCOME/RESULT

The “tailored” promotion was run for a period of 3 months and its sales returns for a product were compared with sales returns from existing promotions for the same product. The sales returns from the “tailored” promotion increased sales by nearly 5% as compared to the sales from the existing promotion. Using analytics and decision trees, similar exercises were carried to identify and replace other trade promotions with ones that resulted in higher sales over time. This resulted in reduction in trade spend ”leakages” and a higher return for the investment.