



SPOTLIGHT ON:

# TRADE PROMOTION ANALYTICS FOR CPG

DRIVE VALUE FROM  
YOUR TRADE SPEND

**1010DATA™**

MORE POWER TO YOU

## INSIDE YOU'LL FIND OUT:

- ◆ Why optimizing trade spend is difficult and where CPG companies can improve
- ◆ Best practices for optimizing trade spend
- ◆ How 1010data can help power your account teams and promotional analytics





Companies who believe that trade spend is a strategic investment must first invest in their own data and analytic capabilities.

In a time of declining consumer loyalty and increased competition from emerging competitors and private label brands, consumer goods brands are focused on improving profit margins and growing sales volume. Trade promotion, or the marketing operations funded by consumer goods companies and executed at retail, offer the unique opportunity for CPG manufacturers to market directly to consumers. Trade promotion helps consumer goods companies stay relevant in shopper's minds through brand awareness and increased product visibility.

### **HIGH-ROI TRADE SPEND IS DIFFICULT TO ACHIEVE**

Trade promotions are extremely costly and represent the second largest expenditure for most CPG companies. Today, CPG companies are giving out trade dollars worth much more than the size of their marketing budgets and most industry leaders agree that in-store promotional offers are not as effective as they should be. Companies looking to optimize trade spend face multiple challenges.

#### **Lack of Data Visibility:**

An analyst or brand manager that is running a campaign has to prove that a promotion is not cannibalizing basket or category sales while ensuring that a product is price-optimized. Lack of visibility into sales and inventory data in an accurate, timely, and flexible manner makes it impossible for companies to adjust promotions in real-time or respond to unexpected changes in consumer demand.

Additionally, many CPG-Retailer data relationships are often based on a few item-specific metrics like dollar sales, velocity, and sales lift. Without getting to more granular TLOG and loyalty data, manufacturers cannot gain true visibility into basket dynamics and achieve their own category and customer objectives. Without line-of-sight into basket-level detail companies will continue to struggle with understanding the impact that trade spend has on their bottom lines.

#### **Ineffective Data Integration and Blending:**

Many CPG companies spend months determining the effectiveness of a given event, often times conducting one-off analyses that attempt to measure how much an item would have sold if it had not been promoted as well as the subsequent lift in sales. Analysts blend inventory data, sales data, competitive data, and their own internal data in order to understand whether or not a promotion was effective. Without access to an analytical platform that integrates these data sources, analysts waste time pulling all the data from the correct sources and can take up to three months to determine how a promotion performed.

#### **Lack of an Integrated Technology Structure:**

Consumer goods companies whose data lies in departmental silos will find it harder to implement an integrated trade promotion management solution. When internal data is siloed, gaining a corporate or brand level view of all trade promotion activity and ROI is extremely difficult. The data takes too long to pull, cross-functional analyses take too long time to complete, and establishing a comprehensive view of performance becomes impossible. CPG companies are then unable to gain a complete view of their data to know where to put their investments for long term brand and corporate growth.

**Misalignment with Retailer Partners:**

Gaining strategic alignment with retailer partners is crucial in executing successful promotions. Increased competition in retailing and a focus on short term opportunity maximization can place negative pressure on building a long-term collaboration between brands and retailers. Maintaining a uniform approach to promotions planning is helpful for brand-building but not possible when retailers are not aligned with the business strategy. Without the ability to show tangible ROI, subsequent promotional campaigns are difficult to refine and implement.

**Underpowered Account Teams:**

Manufacturers have risen to become trusted advisors and partners to the retailers they work with by leveraging deep domain expertise in customer behavior, category management and promotional analytics. CPG analysts often use varied analytic tools to conduct the necessary analysis to support these partnerships and deliver insight. Account teams end up delivering analysis using a hybrid of corporate support and account-specific analytic providers which gives teams flexibility but also causes duplicative work instead of achieving economies of scale across the company. Without a scalable approach to spreading value-add applications across account teams, promotional best practices cannot be created and executed at the corporate level.

**CONSUMER GOODS COMPANIES THAT DO NOT INVEST IN OPTIMIZING TRADE SPEND RISK LOSING MORE THAN MONEY**

Trade promotion inefficiency costs CPG companies hundreds of billions of dollars every year. Companies that do not invest in improving returns from trade spend risk continuing to operate in the dark regarding their marketing expenditures. Other risks include:

- ◆ Alienating shoppers
- ◆ Ineffective product distribution
- ◆ Reduced quality of retailer relationships
- ◆ Decreased customer penetration
- ◆ Minimized leverage during pricing negotiations
- ◆ Lower product visibility
- ◆ Reduced leverage in new product launches
- ◆ Lower distribution at key retailers

 Gaining strategic alignment with retailer partners is crucial in executing successful promotions. 

## INNOVATE TO TRACK TRADE SPEND PERFORMANCE AND BETTER SERVE CONSUMER NEEDS

### Unify Data:

Companies who believe that trade spend is a strategic investment must first invest in their own data and analytic capabilities. Between siloed data and the inability to blend disparate datasets, analysts simply cannot gain timely and accurate access to insights that could help transform their promotions strategy. By automating and blending inventory, historical sales, competitive, and internal data, companies can quickly understand whether a promotion pushed enough inventory to be successful or determine if a promotion ran for too long.

### Improve Promotion Insights Development:

Promotions planning often focuses on a few traditional data sources that determine the success or failure of a given event. However, building greater business context around promotional strategy is crucial for CPG's who want to go head-to-head with emerging competitors. The growth of direct-to-consumer brands in the retail market has undermined traditional promotional strategy and threatened both retailers and consumer goods companies. Developing greater market insight using external data can help companies get an early read on competitors who are marketing directly to consumers through new channels or simply provide more information about the performance of competitors during promotional periods.

### Improve Retailer Collaboration:

Align with channel partners to determine how trade funds should be spent to achieve mutually-agreed on KPI's (i.e. shopper awareness, penetration to new shoppers, larger baskets, etc). By understanding a retailer's strategic goals, consumer goods companies can find new opportunities to align promotional strategies with internal retail initiatives. For example, a CPG manufacturer might find better luck and less resistance promoting a new line of healthy snacks if a retailer's own store strategy involves providing shoppers with greater assortment of health-oriented products. Once strategies are aligned, trade promotions can work with the category management team to execute campaigns in store.

### Empower Account Teams And Create Corporate Best Practice:

Create a Center of Excellence (COE) that enables account teams to deliver value to their retail partners at an efficient cost through a centralized data warehouse and analytical platform built to support multiple account teams. Allow account teams to leverage all the data their retailer partners give them, perform ad-hoc analysis as needed to support these requirements, and still leverage best practice across the organization in a configurable way. By using a common analytical platform, CPG companies can easily scale deployment of these tools across their entire organization. Benefits of this approach include better leveraging corporate best practice, saving time and money, improving training, and ensuring the stability of maintainability of cross-team applications.

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## 1010DATA'S PLATFORM PROVIDES A FULL-SUITE OF DATA BLENDING AND PROMOTION MANAGEMENT TOOLS

**Data Unification:** From combining multi-sourced data to enabling data blending at the user level, 1010data's core architecture provides an end-to-end data unification solution for CPG companies. Companies can create a unified retail view of the business, integrate disparate sources of data including those from third-party providers and explore the data in a flexible, business-friendly analytical environment.

### Promotion Management:

For the world's leading brands, 1010data has helped account teams create an effective view of trade spend ROI. The Event Management Analytics Tool conducts post-event analysis and measures the success of a promotion, new product introduction, or ad placement by combining inventory, sales, and third party data. Built on our award-winning platform, the Event Management Tool has enabled account teams to view trade spend ROI across one or more products, events, channels (online or offline), by week, and over time, enabling account teams to gain nuanced detail into the promotional performance.

### Account Team Development:

1010data has worked with leading bluechip CPG brands to develop corporate best practice at the account level. 1010data's QuickApps technology enables account teams to conduct rapid prototyping of custom applications on top of their own data including analyses on promotions, aisle traffic drivers, brand/category source of volume, brand entry and exit, out-of-stocks, and more. 1010data's modular architecture makes it feasible to take these prototypes and abstract them for use by other retail account teams across the organization to gain economies of scale, even on disparate retailer data.



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**Granular Data Analysis:**

1010data's platform also enables CPG companies to elevate their relationship with retailer partners through more granular data analysis. By conducting analysis on TLOG and loyalty data, companies can conduct granular basket analysis to determine how promotions help meet retailer objectives. UPC scan data provides detail into promotional performance including who (regions, stores, districts) participated, what was purchased (by retailer, state, channel) and how this performance benchmarked against competitors. Most importantly, this analysis can be done without investing in multiple third-party vendor platforms or creating an entire extra IT department for the account team.

**Data Collaboration:**

For some of the world's largest retailers and distributors, 1010data has served as a conduit for companies to directly monetize their data and improve analytical collaboration. 1010data's Consumer Insights Platform provides a suite of pre-built reports on merchandising, supply chain, and store operations to inform key business decision making. 1010data tracks daily inventory and provides brands with up-to-date information on the effects of marketing campaigns on basket size and shopper spending so brands can build more responsive promotions.



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**Competitive Market Insight:**

1010data is the only multi-source data platform that contains pre-cleaned and blendable datasets to help promotion planners develop greater market insight around shifting market trends. Such data includes:

- ◆ Transactions data which provides a total wallet view of consumer spending
- ◆ Digital e-receipts data which analyzes online shopper baskets and spending
- ◆ Clickstream data which tracks online shopper behavior
- ◆ Pre-cleaned government datasets on economic conditions, demographics, housing, and more





# ABOUT 1010DATA

Gaining actionable insight requires the best analytical tools and access to all relevant data. 1010data is a complete solution that provides both. We provide the only out-of-the-box, self-service, cross-enterprise insights platform. More than 750 of the world's largest companies trust 1010data to manage, share and analyze over 27 trillion rows of data because of our proven ability to deliver results more quickly, easily and accurately than any other solution. Please visit [www.1010data.com](http://www.1010data.com) for more information.

**TO GET STARTED, CONTACT 1010DATA TODAY.**

**1010DATA**  
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+1 212.405.1010  
[info@1010data.com](mailto:info@1010data.com)  
[www.1010data.com](http://www.1010data.com)