

Turning Sales & Marketing “Spend” into “Investments”

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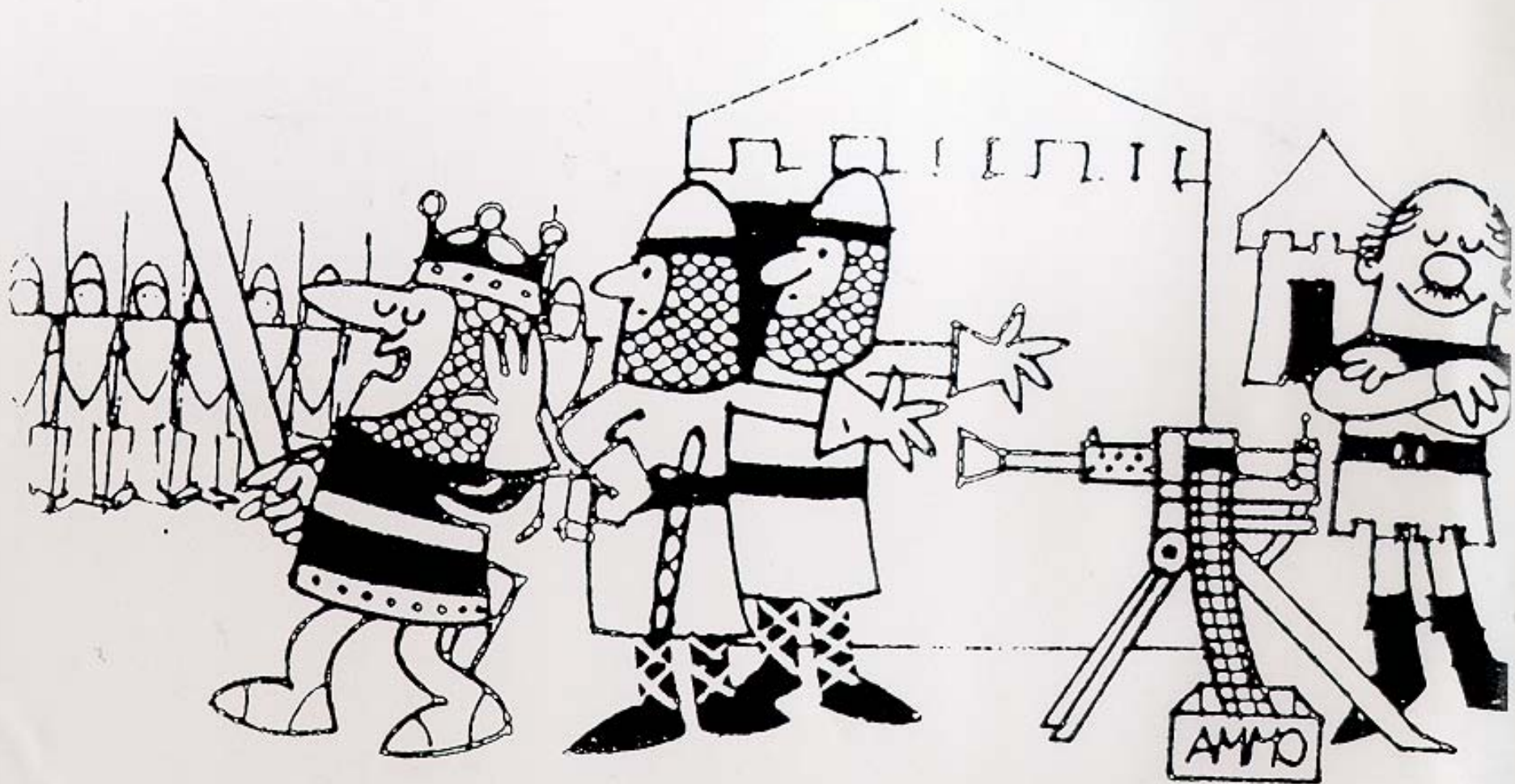
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Actioninsight**Management**

Agenda

- AiM Intro & Background
- Planning Process
- Planning Methods – Using TNS/Kantar
- Planning Tools – Using ACN/IRI
- But first...



**"No!-I can't be bothered to see any crazy salesman
-we've got a battle to fight!"**

AiM Intro & Background

- FMCG/Consumer Goods Commercial Experts
 - Focus – Promotional Effectiveness & Return On Investment.
- Team: Graeme Scott-Dodd : 20+ Years FMCG brand experience
 - Senior Sales & Marketing experience.
 - Cat. Dev. Insights, methods & models with:
 - Heineken International
 - Scottish & Newcastle Plc
 - Guinness, Diageo
 - Curver Rubbermaid
 - Philip Morris (Marlboro)
- Experienced Associates : UK , Germany & Greece.



Turning Spend into Investments

- Challenges:
 - Increase net profit , volume and market share
 - Grow brand equity
 - Growing competitor aggression
- All need increased ROI on (Sales & Mktg) spend
 - Media...
 - **Data...**
 - **Trade Promotions...** 2nd biggest cost on P&L
 - Est. 10-20% of Sales Revenue

A Large and Complex Subject

- “I know half the money I spend on advertising is wasted; the trouble is I don't know which half”. [John Wanamaker](#), *Dept Store Owner. (Died 1922)*
- Why evaluate?
 - Spend justification?
 - Improve future?
- What to evaluate? ...
 - Only what you can ‘manage’.
- Limited ***practical*** help available
 - Now Easy-To Use and Cost Effective

Who Benefits?

Sales & Trade Marketing

- Always hit targets
- Reduce planning time
- Know what will happen
 - before the sell-in
- Deliver what you promise
 - Better account relations
- Reduce OOS / over-stock
 - More accurate forecasts
- Instant Deal / No Deal
- Negotiation Tool
- Budget discussions

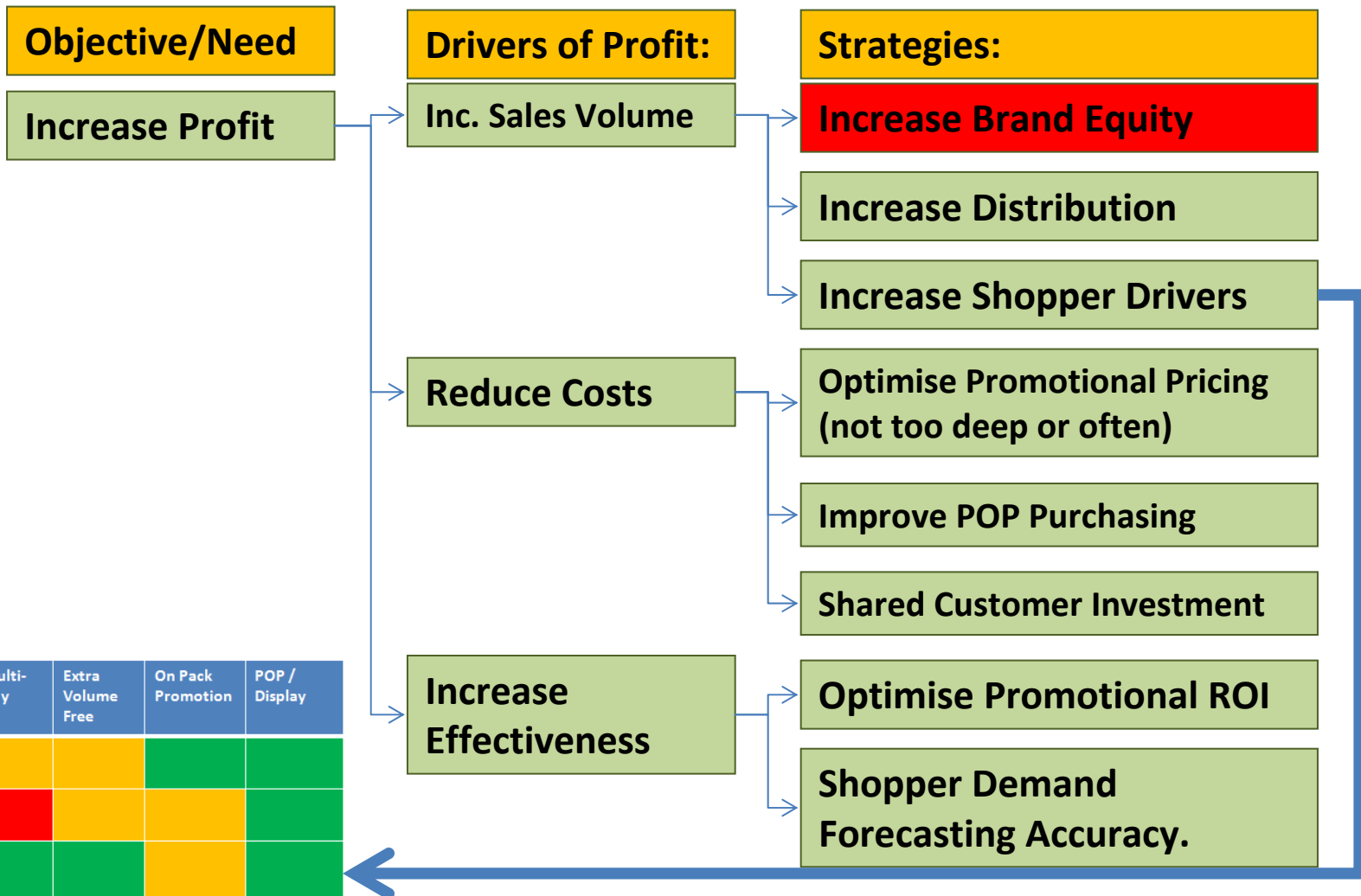
Consumer / Brand Marketing

- Brand Equity Measure
 - Over time
- ID your competitor
 - Who affecting you
 - Who you can affect
- Grow Market Share
- Budget Discussions

Finance

- Clearer investment decisions
- Budget discussions

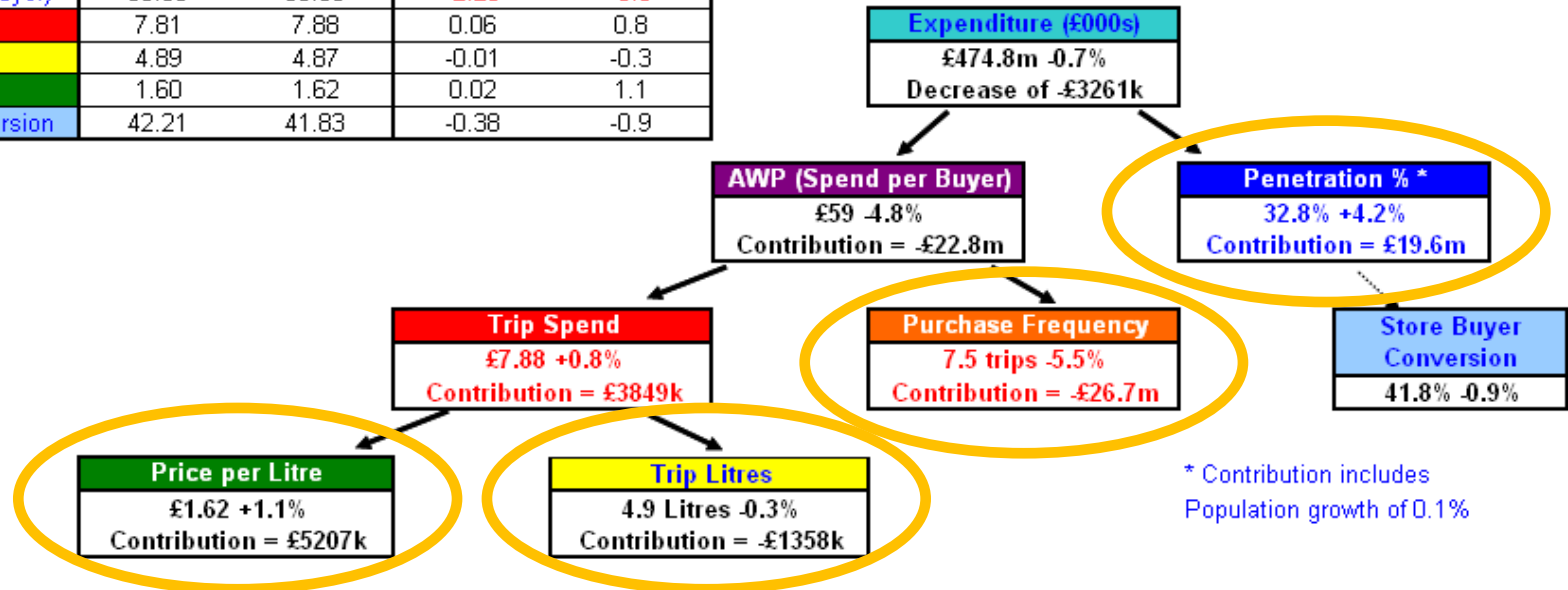
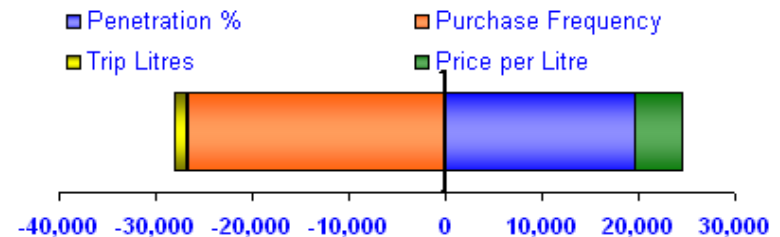
The Planning Process



Shopper Drivers: Establish Value Opportunities

TNS / Kantar data : Value benefit from key drivers.....

	52 w/e 20 Jun 04	52 w/e 19 Jun 05	Actual Change	% Change
Expenditure (£000s)	478081	474820	-3261	-0.7
Volume (000s Litres)	298976	293737	-5239	-1.8
Penetration %	31.43	32.75	1.32	4.2
Purchase Frequency	7.94	7.50	-0.44	-5.5
AWP (Spend per Buyer)	62.05	59.08	-2.96	-4.8
AWP (Litres per Buyer)	38.80	36.55	-2.25	-5.8
Trip Spend	7.81	7.88	0.06	0.8
Trip Litres	4.89	4.87	-0.01	-0.3
Price per Litre	1.60	1.62	0.02	1.1
Store Buyer Conversion	42.21	41.83	-0.38	-0.9



* Contribution includes
Population growth of 0.1%

Shopper Drivers: Targeting

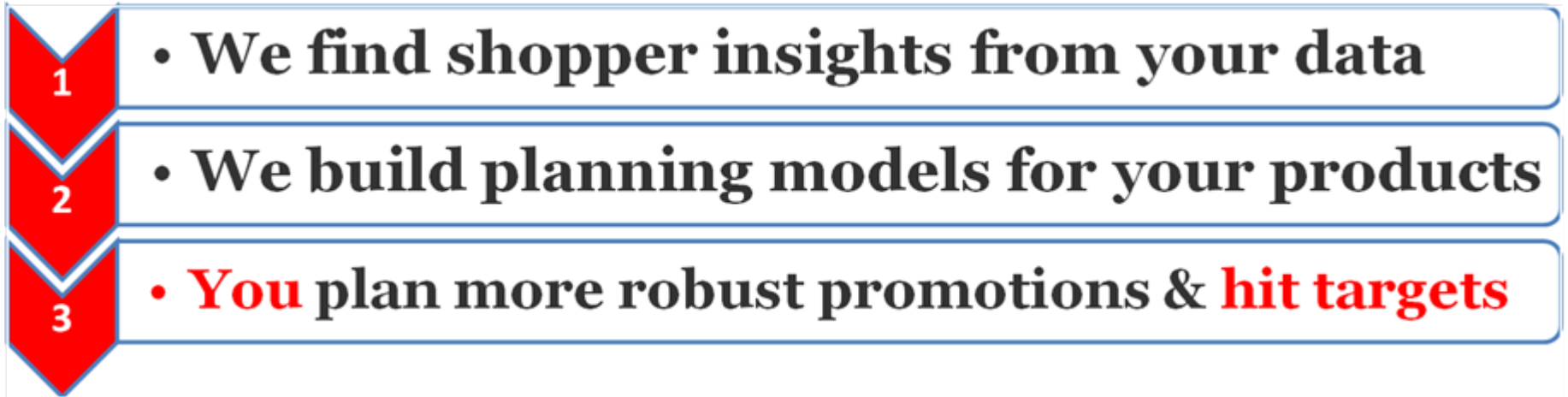
- Return to last year level
 - Sell 100k units, Penetration = -5% YoY
 - Potential 5k units if return to last year's level.
- Underperform versus retailer category ave.
 - Penetration – category ceiling
 - Frequency
 - Weight of Purchase

So far...

- Objectives
- Strategies
- Tactic Mechanics (Multi-buy, Temp Price Reduction)
- **Promotion Plan...The Detail**
 - **What** SKU/Product selection (target or defend)
 - **How** deep (optimum price level)
 - How frequent (on-going or on/off)
 - **When** (seasonality in category)

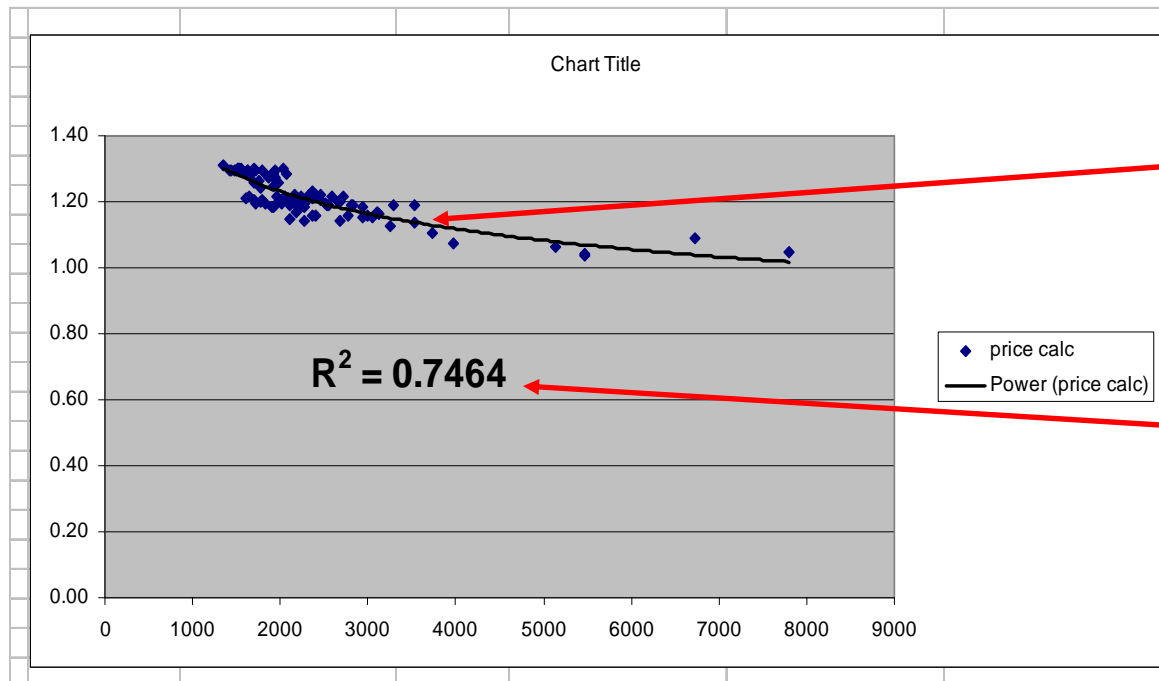
Solution

- AiM Optimiser tool provides the answers:



The AiM – Relationship Test

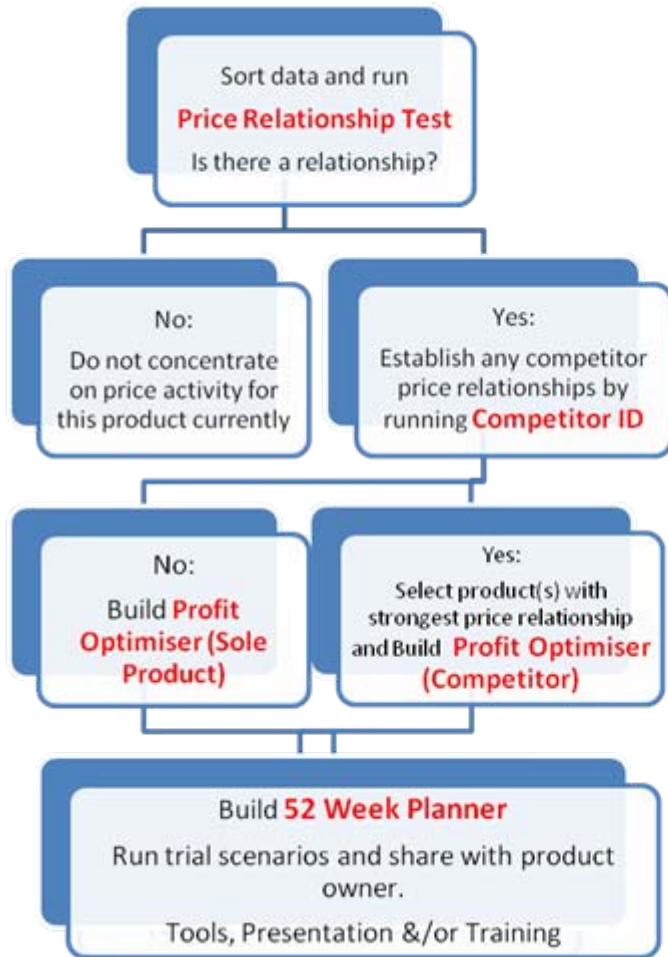
- ‘Statistical Relationship’ - Price V Volume
- Our Difference - ‘Non-Linear’ relationship – a curve.
 - Gives more precise outputs.
- Develop statistical coefficients to build predictive models.



- The closer to the line – the stronger the relationship.
- Measure of R^2 is
 - 0= Nil
 - 1= Absolute

Required Data & Model Process

- You supply scanning data:
 - Volume, Value & Weighted Distribution
 - Up to 104 weeks, by retailer.
 - Whole category or selected products
- We run the following analysis:
 - 1) Price (to Volume) Relationship Test
 - All data tested – ensure a price relationship
 - 2) Competitor ID – compare 150 skus.
 - Identify specific competitor or versus market.
 - 3) Profit Optimiser
 - What profit and volume gains at different retail price points.
 - 4) 52 Week Planner
 - Build scenarios for most profitable plans.
 - 5) Market Effectiveness
 - Which retailer gives the best ROI.



Using the Relationship Models

- Answer:
 - Does price work as a tactic on this Sku/Product?
 - Which Skus/Products compete on price?
 - Category growth or steal?
 - How strong is my brand equity versus a competitor?
 - What is my optimum price range for profit?
 - What volume will I sell at a price point?
 - How can I grow profit but reduce costs?
 - Which retailer is most effective for my brand?

Examples of previous uses:

- Price Strategy:
 - Target the correct competitor
 - Foster's v Becks (Germany)
- Promotion Strategy:
 - Price position versus competitor
 - Top UK brand
 - Compare brand equity measures.
- Promotion Optimisation:
 - 35% Profit opportunity identified
 - International brand (Germany)

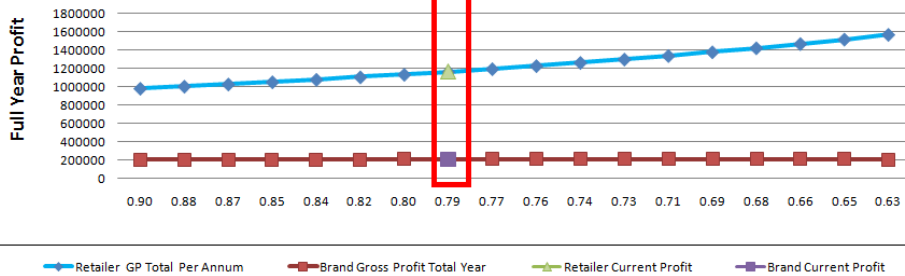
Profit Optimiser

Shows optimum price range for profit on the profit curve

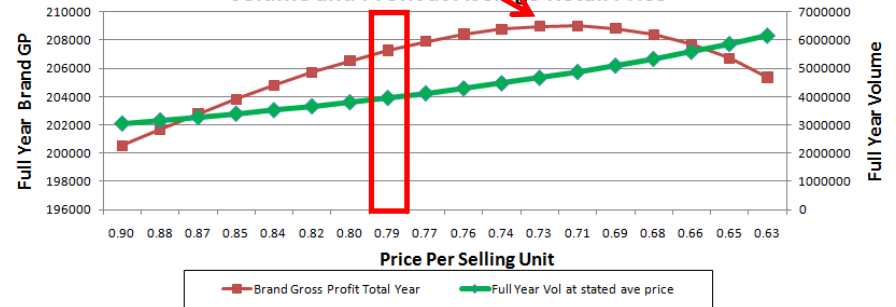
Market = Tesco

Product A

Retailer / Brand Profit



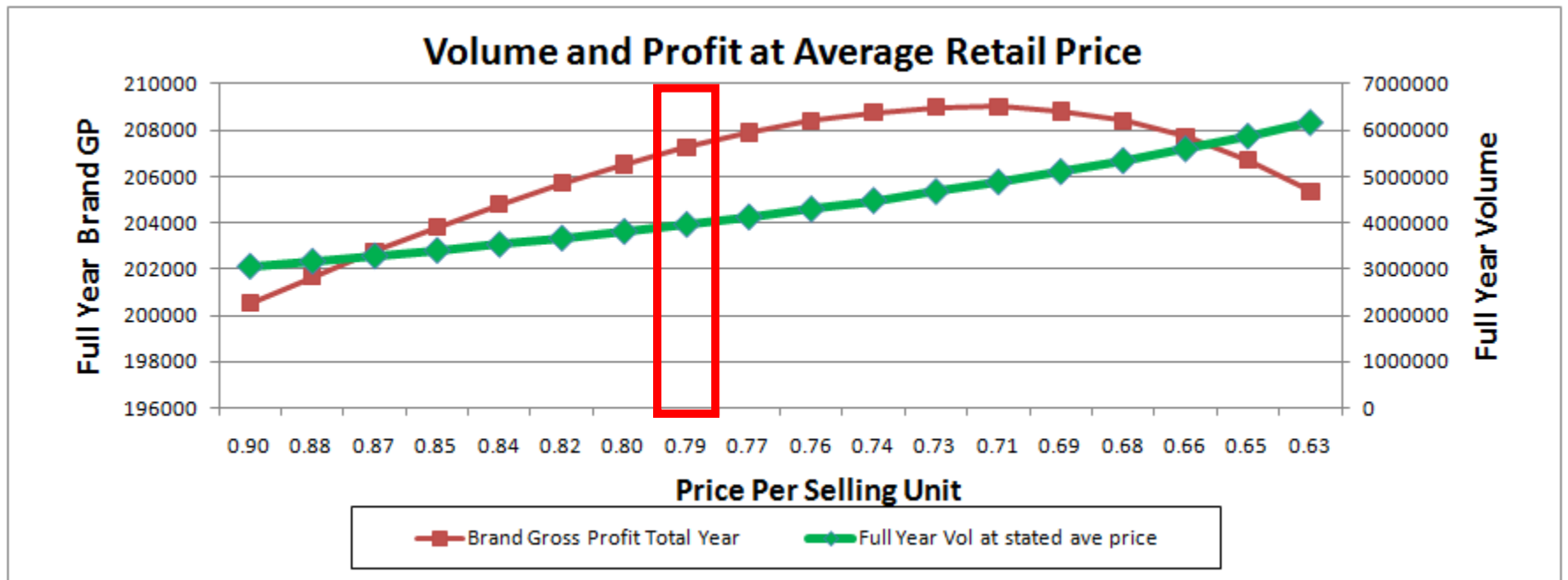
Volume and Profit at Average Retail Price



	Current Yr	Scenarios:																	Current
ACN Price Per Unit of volume	0.36	0.41	0.40	0.39	0.39	0.38	0.37	0.37	0.36	0.35	0.34	0.34	0.33	0.32	0.32	0.31	0.30	0.29	0.29
Retail Price per selling unit (Inc Tax/VA)	0.79	0.90	0.88	0.87	0.85	0.84	0.82	0.80	0.79	0.77	0.76	0.74	0.73	0.71	0.69	0.68	0.66	0.65	0.63
Retailer Margin per unit of vol	0.13	0.15	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.13	0.13	0.13	0.12	0.12	0.12	0.12	0.12	0.12
Retail POR (% Profit On return)	44.7%	42.9%	43.2%	43.4%	43.6%	43.9%	44.2%	44.4%	44.7%	45.0%	45.3%	45.7%	46.0%	46.4%	46.7%	47.1%	47.5%	48.0%	48.4%
Retailer GP Total Per Annum	1164778	982723	1005330	1028948	1053645	1079493	1106573	1134969	1164778	1196103	1229058	1263768	1300371	1339019	1379880	1423143	1469015	1517728	1569542
Retailer share of discount	30%	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Volume per 1% wtd dist (units of vol)	828	638	661	685	711	737	766	796	828	861	897	936	976	1020	1066	1116	1169	1226	1288
Distribution Wtd	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06	92.06
Full Year Vol at stated ave price	3961910	3055759	3164860	3279928	3401408	3529786	3665595	3809422	3961910	4123771	4295789	4478836	4673875	4881979	5104344	5342305	5597357	5871182	6165669
Full Year Vol at stated ave price	3961910	3055759	3164860	3279928	3401408	3529786	3665595	3809422	3961910	4123771	4295789	4478836	4673875	4881979	5104344	5342305	5597357	5871182	6165669
Brand Gross Profit Total Year	207278	200534	201677	202774	203819	204801	205712	206542	207278	207907	208413	208779	208986	209010	208827	208406	207715	206715	205363
GP Increase %		-3.3%	-2.7%	-2.2%	-1.7%	-1.2%	-0.8%	-0.4%	0.0%	0.3%	0.5%	0.7%	0.8%	0.8%	0.7%	0.5%	0.2%	-0.3%	-0.9%

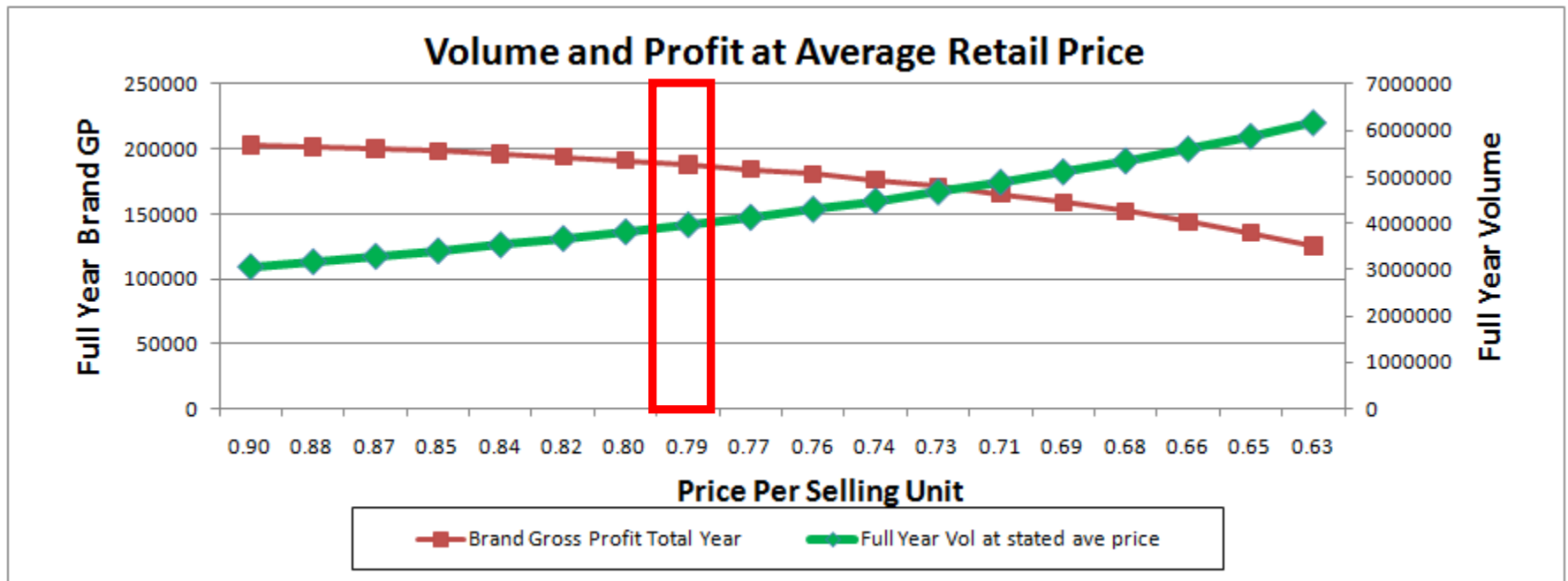
Ideal Pattern

- Under-promoting:



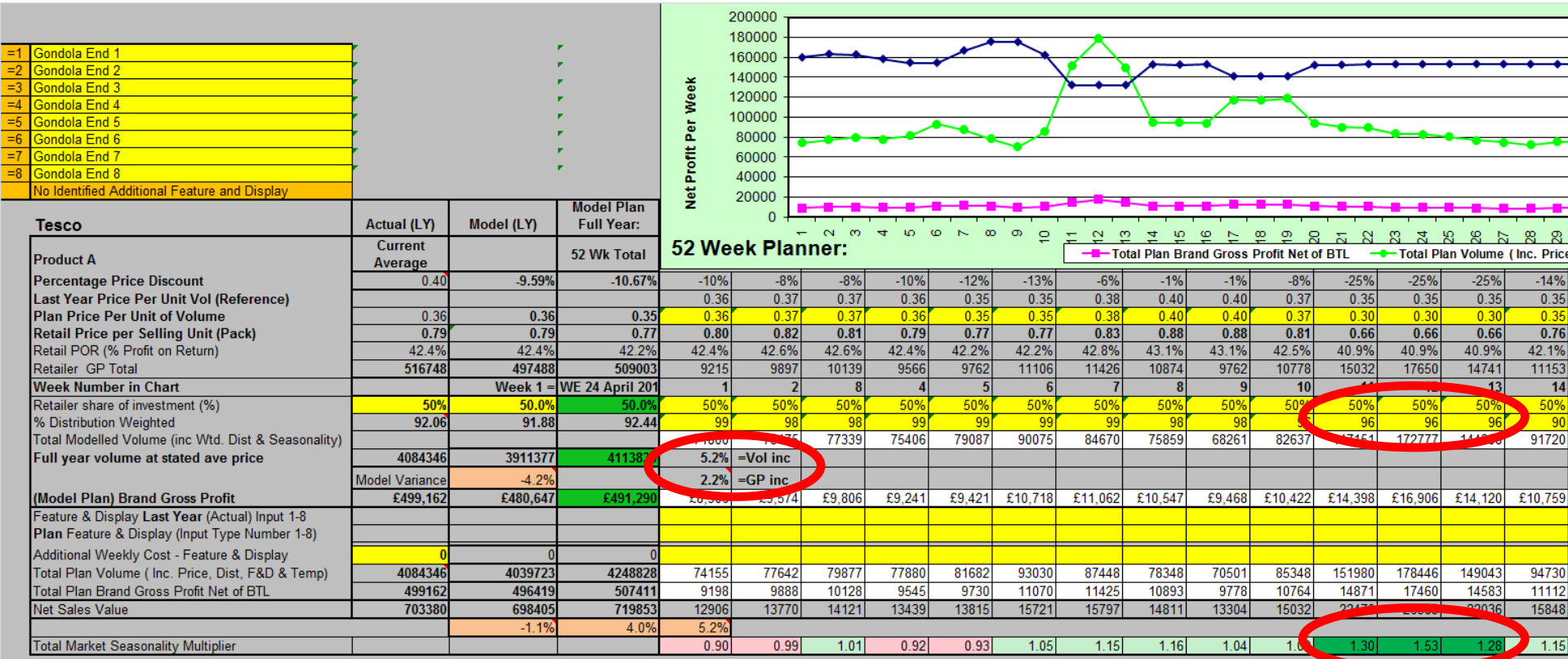
Commercial Issue:

- Over-promoting
 - Promote more = less profit



52 Week Planner

Instantly see results ... As you plan

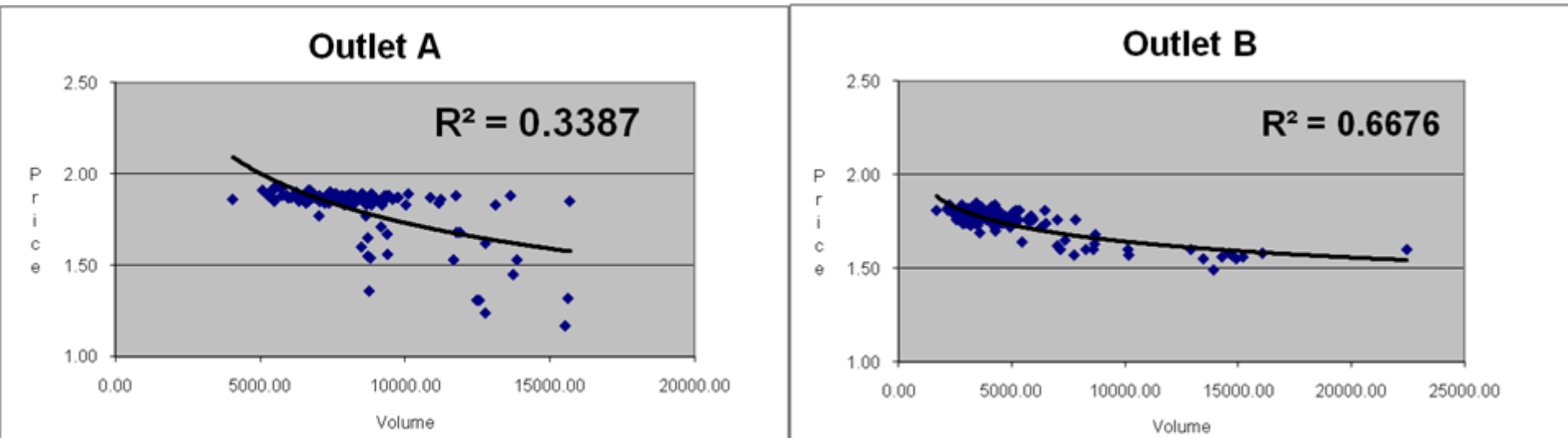


Example: 5.2% Vol & 2.2% Plan Net Profit Gain < 30 minutes

1. Promotion week timing changes - Highest
2. Maintain Distribution ... Was enough space given?

Retailer Effectiveness Model

- Same product
- Different response levels in different outlets



- Identify issue outlets (via data)
- Improve store operations.

The Profit Benefits

- Typical predicted profit uplifts from insights.
- A company may show higher or lower uplifts.

Insight:	Business Benefits:	Est. Profit Benefit %:
If shoppers choice IS based on price	Invest only in what works	2%
What volume will sell at different prices	Add precision to planning	5%
	What activity needed / how often	
	What activity needed / how deep	
	More precise production forecasting	
Which competitor affects your sales	Use the best Sku to attack a competitor - gain share	10%
	Avoid own cannibalisation - increase total brand share	
Which retailer gives best returns	Different retailers have different effectiveness	5%
	Invest for highest returns	
What plans are the most effective and give me the best ROI	Long-term and short-term tactical planning	10%
	Negotiation Tool - Laptop based	
	Shared retail investment	
	Show customers how to increase profit by co-investing	
Total Est. Profit Benefit =		32%

Next Steps

- Let us know the key business issues you face at the moment.
- See how we can help:
- Contact:
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