

Are your trade promotions PLACED correctly?

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Have you been wondering as to Why your sales promotions are not delivering the planned lift? Why do you take longer to launch new promotions while the competition is quick at it? Why are your channel partners generally unhappy with the trade promotions launched and exhibit a lack trust in claims settlement?

In case you have realised any of the above as real issues, its time you look at revamping the trade promotions function at your organisation.

Some of the common challenges that may lead to the above issues are:

- Inadequate process and technology enablement to design promotions at the lowest granularity of geography, product hierarchy and channel hierarchy.
- Inability to collaborate with the channel partners effectively (distributors, wholesalers and retailers) for planning trade promotions bottoms up.
- Inability to measure promotions efficacy accurately and identify levers for trade optimization for the next cycle .
- Asynchronous promotional activities at regional and corporate level.
- Poor execution of trade promotions at various levels of the organisations including field sales force , logistics and channel partners.
- Delayed and inaccurate claims settlement blocking channel partners' working capital.

To address these challenges IBM proposes a comprehensive trade promotion framework across trade promotion management, post event analyses and optimization




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For any CPG organisation, Trade Promotion Management is one of the core business functions that ensure the most optimal wholesale and retail promotions for its products with an objective to maximise visibility and sales. With evergrowing consumer options for products and access to multiple retail channels, complexity of planning, executing and monitoring trade promotions have increased manifold. A typical CPG organisation's spend on trade promotions range close to 12~18% of the gross revenue . This makes the performance of trade promotion business function a critical contributor to both top line and the bottom line for the organisation.

Addressing the abovementioned challenges have the potential to show immediate and long term benefits in the form of :

1. Increase in the average lift achieved from each type of promotion.
2. A clear view of performance and gaps to enable design the most optimised trade promotions in each subsequent cycle.

3. Ability to define schemes with complete flexibility (across SKU's, channel types, geographies etc) and facilitate a superior in market

<div><div><div>Trade Promotion Management (TPM)</div><div></div></div><div><div>Conduct Trade Administration</div><div>Manages all transactions , with billing and record-keeping capabilities, allowing Sales & Finance to track payments for trade spend</div><div>Serves as repository for all information from Sales force, post-event analysis, and optimization</div><div>Perform Scenario Modeling</div><div>Enables KAM to run scenario modeling to evaluate promotion characteristics for their accounts</div><div>Updated trade promotion calendars are uploaded automatically once approved</div><div>Plan for Materials</div><div>Seamlessly integrate with the overall fulfilment process aligned with the trade promotion initiatives</div></div></div>	<div><div><div>Post-Event Assessment (PEA)</div><div></div></div><div><div>Assess Comprehensive Value</div><div>Based on point-of-sale data, analyzes actual returns (ROI) and determines causality of good/poor performance</div><div>Leverages advanced analytics to accurately estimate sales lift, cannibalization, retailer switching and pantry loading of past events</div><div>Determine Execution Influencers</div><div>Based on AI algorithms, determines the impact of promotion execution (sales force and/or retail execution) factors on promotion effectiveness</div><div>Perform Event Clustering</div><div>Develops insights / recommendations on improving returns for future promotions based on clustering (segmenting) of past events</div></div></div>	<div><div><div>Trade Promotion Optimization (TPO)</div><div></div></div><div><div>Forecast Promotion Performance</div><div>Forecasts sell-in and sell-out volume (and \$) based on analytics model that accurately estimates non-linear sales response to price changes and other promotion drivers (TPR, Feature, BOGO, Display, etc.)</div><div>All data inputs and outputs into the TPM system are fully automated and require minimal human interaction</div><div>Develop Optimal Calendar</div><div>Generates an optimized calendar of promotions across the entire portfolio of brands and accounts</div><div>The optimized calendar is uploaded to the TPM system as an initial scenario that KAMs adjust, further improve and sell into their accounts</div></div></div>
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- execution.
4. Enable collaboration across all stakeholders for planning trade promotions.
 5. Maximise benefit to consumers & channel partners and fostering a greater trust of channel partners towards the principal organisation.

IBM Trade promotions management framework enables organisations realise the maximum potential of their trade promotions spend through a comprehensive integrated approach addressing all aspects of the operating model- people, process and technology.

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