



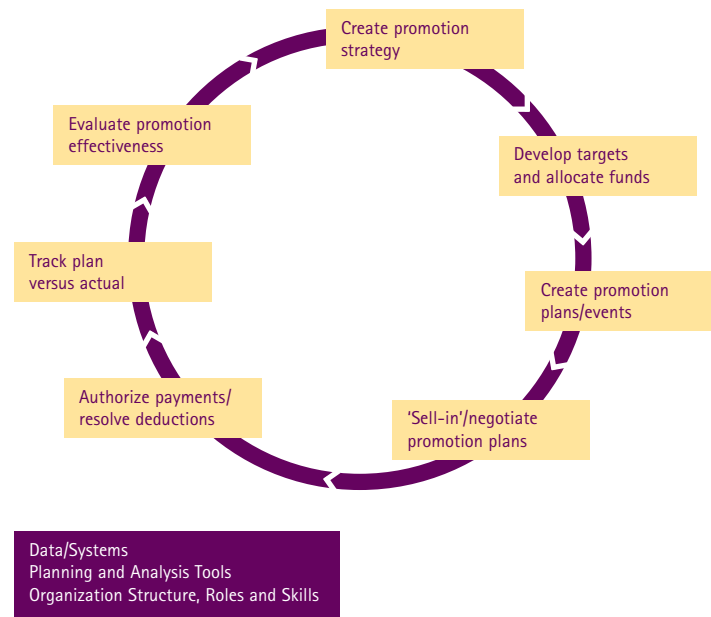
High Performance Sales
Trade Promotions Management

accenture

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Integrated, closed-loop process



Maximizing return on trade promotions investment

In recent years, the growth in trade promotions investment has been exponential. Competition, channel fragmentation, demanding retailers and discerning shoppers have led to a proliferation of activity. For most consumer packaged goods (CPG) companies, the trade promotions area is now the most significant annual investment. Yet, despite the increased spending, investment returns are eroding.

Several factors are contributing to the deterioration of value: Many CPG companies have a relatively poor understanding of shopper demand drivers, and retailers continue to focus on price. In addition, the selection of various trade promotion activities is often intuitive rather than fact-based. Multiple promotions make it difficult to assess cause and effect, and analysis of results is ad-hoc and often not used in future planning.

As a result, many companies are struggling to get a clear picture of their trade promotion activities.

What can CPG companies do to ensure that their trade promotions activities bolster their business performance rather than eat into profits? Accenture's High Performance Business research of Consumer Goods & Services companies shows that industry leaders strive for a better understanding of the value of their advertising and promotion investments. Achieving a greater understanding of promotion spend can help companies foster progress in innovation and marketing.

Our research indicates that industry leaders are focusing their efforts on several crucial areas, which enable them to achieve high performance in trade promotions management:

- Cutting-edge companies seek to understand the roles of categories and brands in each channel and retail format

- They use detailed shopper and consumer insights to understand what determines outlet choice and brand selection
- They disaggregate all marketing activity to understand cause and effect
- They use tools like optimization modeling
- They create a learning organization and focus on trade promotion activities that work
- They gain more control of the trade promotion agenda where it matters—at the point of purchase—by sharing insights with retailers to improve category performance.

High-performance CPG companies know that simply increasing trade promotions expenditure is no guarantee of improvement in return on investment or innovation; they also realize that without transparency and controls on spending, effectiveness is hard to measure.

Accenture's approach: applying analytical rigor with innovative tools and solutions

To combat inefficient trade promotions spending plaguing many CPG companies, Accenture has created a scientific approach that drives improvements throughout the entire trade promotions management value chain. Using our patented SMART Promotion Value Targeting Methodology in tandem with our econometric modeling tools for measuring Marketing Return on Investment (ROI), Accenture can help CPG companies identify the most profitable trade promotion strategies, leverage these opportunities and generate greater returns from trade promotion spend.

Accenture's approach to trade promotion management focuses on the key processes and capabilities required to support effective trade spend deployment. The Accenture methodology takes an integrated, closed-loop view of trade promotions management (see opposite).

Our trade promotions analysis uses proprietary solutions and tools that can help CPG companies obtain greater value from their trade promotion expenditure.

Accenture Marketing Sciences

This offering applies to econometric modeling and marketing sciences to drive top-line revenue growth, and optimize marketing mix spending strategies through category stimulation and increased market share. The offering can identify opportunities for maximizing the return on marketing investment and consequently help improve a client's revenue, market share and profit performance significantly.

SMART Promotion Value Targeting Methodology

This patented offering uses fact-based analysis, piloting and capabilities-based strategy to build and sustain

benefits. It helps managers redeploy trade promotion investments to drive improvements in both top-and bottom-line performance. The SMART Model is used to conduct customized analysis of a company's trade promotion data.

Trade Promotion Analyzer

This combines SMART with Siebel's powerful data integration and reporting platform. It integrates internal spending data and external consumption data to compute customer-event profitability. The solution provides customer-event level "scorecard" measures. It also uses "clustering" analysis to identify characteristics of high-performing vs. under-performing events.

Promotion Simulation/Optimization Demo

Combines Accenture's Marketing Return on Investment capability with Manugistics' promotion simulation/optimization software engine. It uses econometric models to estimate lifts from trade promotion while controlling for broadcast media, pantry loading, cannibalization and halo effects.

Accenture can help turn these insights into action by creating a strategic plan and preparing ongoing monitoring of results. A typical project can take approximately three months to execute. However, Accenture is also able to provide an ongoing relationship that incorporates modeling, technology, training and ongoing support.

Applying a scientific approach, supported by innovative tools and solutions, can help CPG companies gain insight into their trade promotions spend. With a greater understanding of what trade promotion activities are most effective, companies can improve their marketing ROI and overall business performance. Accenture's research shows that manufacturers can realize a two percent to three percent increase in return on sales

through improved trade promotion modeling. Applying greater rigor in their trade promotion activities also means companies can build greater discipline within the sales organization and increase control over trade investment with major retail customers.

Case study: leading global household goods company

Accenture was engaged by a leading global household goods company to address concerns over year-on-year declines in marketing return on investment. Performance trends indicated that without an intervention, there would be a significant risk to the achievement of commercial objectives.

Accenture's Marketing Sciences team performed cross-category analyses across multiple countries to evaluate the relative performance of all elements of the marketing mix, to determine which activities worked best and related demand elasticities.

In parallel, Accenture converted shopper and consumer insights to establish compelling propositions to take to retailers to support alternative approaches to driving category value. These were successfully implemented with all major retail customers across Europe. As a result, the client was able to achieve a gross margin increase in excess of \$38.5 million (€30 million).

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 140,000 people in 48 countries, the company generated net revenues of US\$16.65 billion for the fiscal year ended Aug. 31, 2006. Its home page is www.accenture.com.

For more information please contact:

Hugh McDowall
Partner
+44 20 7844 2616
hugh.mcdowall@accenture.com

Michael Henderson
Partner
+44 20 7844 3516
michael.henderson@accenture.com

Bridget Jackson
Partner
+44 20 7844 3917
bridget.jackson@accenture.com

John Zealley
Partner
+44 20 7844 8881
john.zealley@accenture.com

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