

# Accenture Perfect Promotion

Part of the Accenture Commercial Services  
for Consumer Goods Business Service

Increasing Trade Promotion  
Volume and Profit with  
Less Investment

TOTAL STORE  
SALES

☆61%☆

PROMOTED  
PRODUCTS

39%  
ON PROMOTED  
PRODUCTS

SALES LIFT PER  
PROMOTION TYPE

79% 58%  
DISPLAY FEATURE

63%

SALES INCREASE  
SAMPLED PRODUCTS  
COMBINED WITH A

COUPON

59%

RETAILERS NOT  
ANALYZING TRADE  
PROMOTION DATA

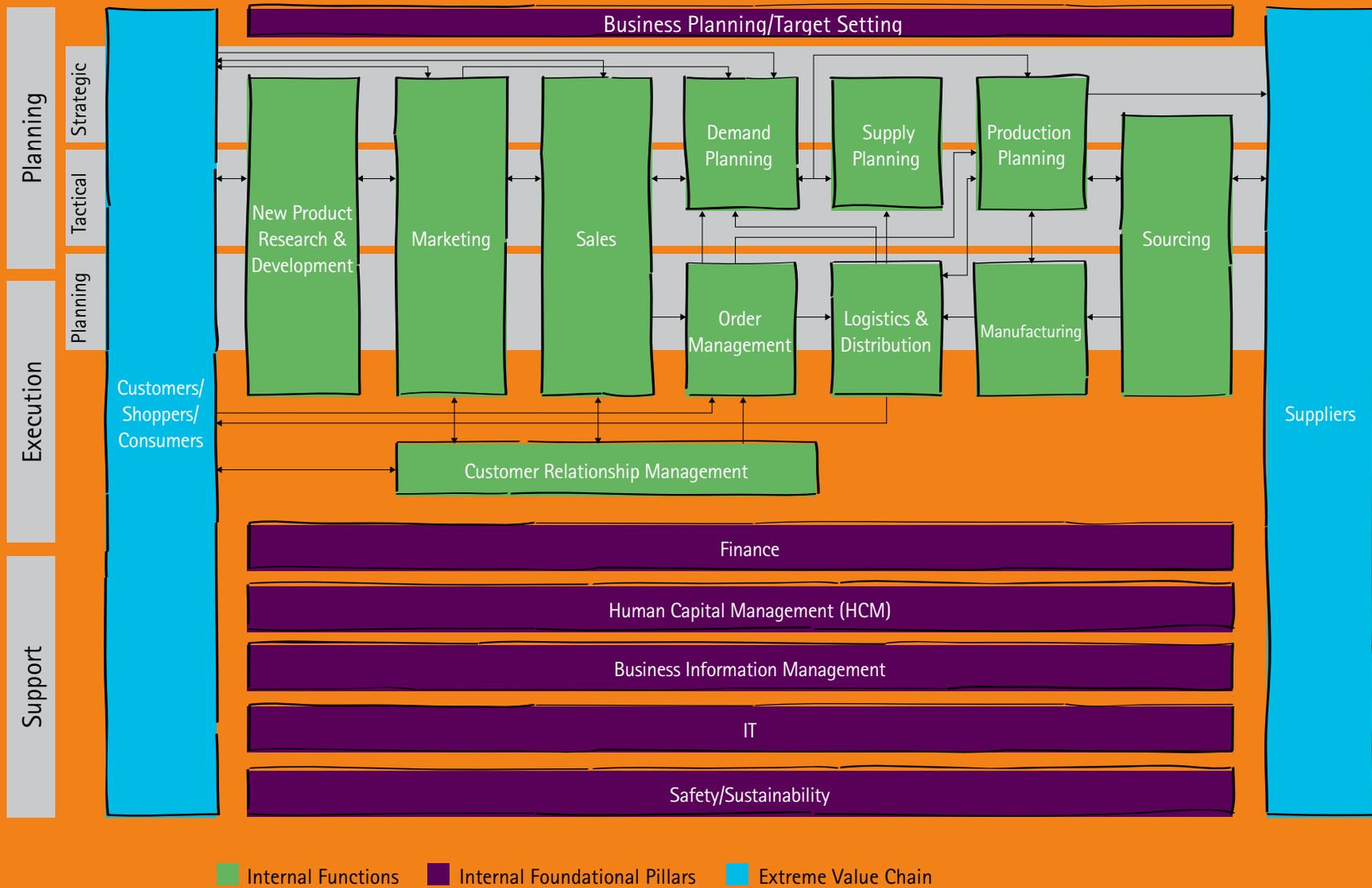


High performance. Delivered.

  
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Figure 1: A Complex Operating Model



Trade promotion spend represents a significant investment for consumer packaged goods (CPG) manufacturers. Since 2000, trade promotion spend has generally doubled without correlated sales and profit growth. Meanwhile, a challenging economic outlook has caused retailers to require manufacturers to do more to drive sales in their stores.

Price has become a primary driver of sales, which has led to direct competition with private label products. The costs of trade promotion efforts continue to rise, while price points and ROI face continual downward pressure. The current operating model (see Figure 1) is complex and, to be applied effectively, it requires a considerable investment on the part of the CPG manufacturers. There is a better way.

## *Introducing Accenture Perfect Promotion to increase efficiency and effectiveness*

Accenture Perfect Promotion stems from our decades of client work and our research and knowledge of the consumer goods industry. It is part of the Accenture Commercial Services for Consumer Goods business service. By incorporating leading industry practices across CPG manufacturers' "operational stack" (see Figure 2) and providing trade promotion management, optimization and pricing capabilities as a comprehensive service, Accenture Perfect Promotion helps increase trade promotion efficiencies and effectiveness, and drive sales while improving margins.

Leveraging analytic talent, we help provide a window into which products to promote, and when, where, how and with which retailers. We also facilitate end-to-end visibility into performance data, helping them move from insights to action and spend trade promotion dollars more effectively.

By applying Accenture Perfect Promotion as a business service, CPG manufacturers can increase ROI and reduce the overall cost of managing trade investments. For example, with Accenture Perfect Promotion, manufacturers can increase sales by 1 to 2 percent, and improve margins from 25 to as high as 500 bps. Both direct and indirect costs can be driven down, decreasing inventory levels, and lowering SG&A by 5 to 10 percent while accounts receivable can be balanced by 10 percent.

Accenture Perfect Promotion helps increase trade promotion effectiveness by:

- Applying predictive analytics and scenario modeling to select the appropriate promotion elements, target the appropriate consumer segments and increase the ROI on trade spend.
- Aggregating data to provide end-to-end visibility of trade promotion performance, facilitating continuous

business improvements while unlocking sales potential.

- Providing the comprehensive data as a pay-per-use service on the cloud, significantly lowering technology costs and set up time.
- Delivering standardized global processes with localized support through Accenture's global services and scalable delivery capabilities.

The basis for the Accenture Perfect Promotion operating model and design support is determined by the trade promotion management (TPM) and trade promotion optimization (TPO) leading practices accelerator seen in Figure 3.

## *A new and improved way to manage trade promotions*

Accenture Perfect Promotion provides a better way to drive sales and improve the bottom line by bundling trade promotion optimization, scenario modeling, price optimization and promotional guardrails, and trade funds management into a service that spans from strategy to execution and provides complete oversight. It is delivered in the business services model, so Accenture

works as part of the client's organization to manage the service. Other benefits of Accenture Perfect Promotion include:

**Scalable.** Accenture Perfect Promotion can adjust to changing client needs, as well as volatile marketplace dynamics. For example, as clients enter or exit markets or geographies, or explore new product categories or services, our service offering flexes with them.

**Repeatable.** Because we use repeatable, field-tested processes that are managed globally, we help yield consistent performance, quality standards and value.

**Proven, Agile Technology.** Our industry-leading proprietary Accenture CAS Trade Promotion Management and optimization software uses advanced analytics to help enable smarter trade promotion investments. The software automates processes to manage trade funds, provides reports and increases performance visibility. What's more, we host the technology on the cloud so clients pay per use. This reduces the cost of service by lowering technology investments, and increases speed to capability by reducing set up time.

Figure 2: "Operational Stack" Components of the Service

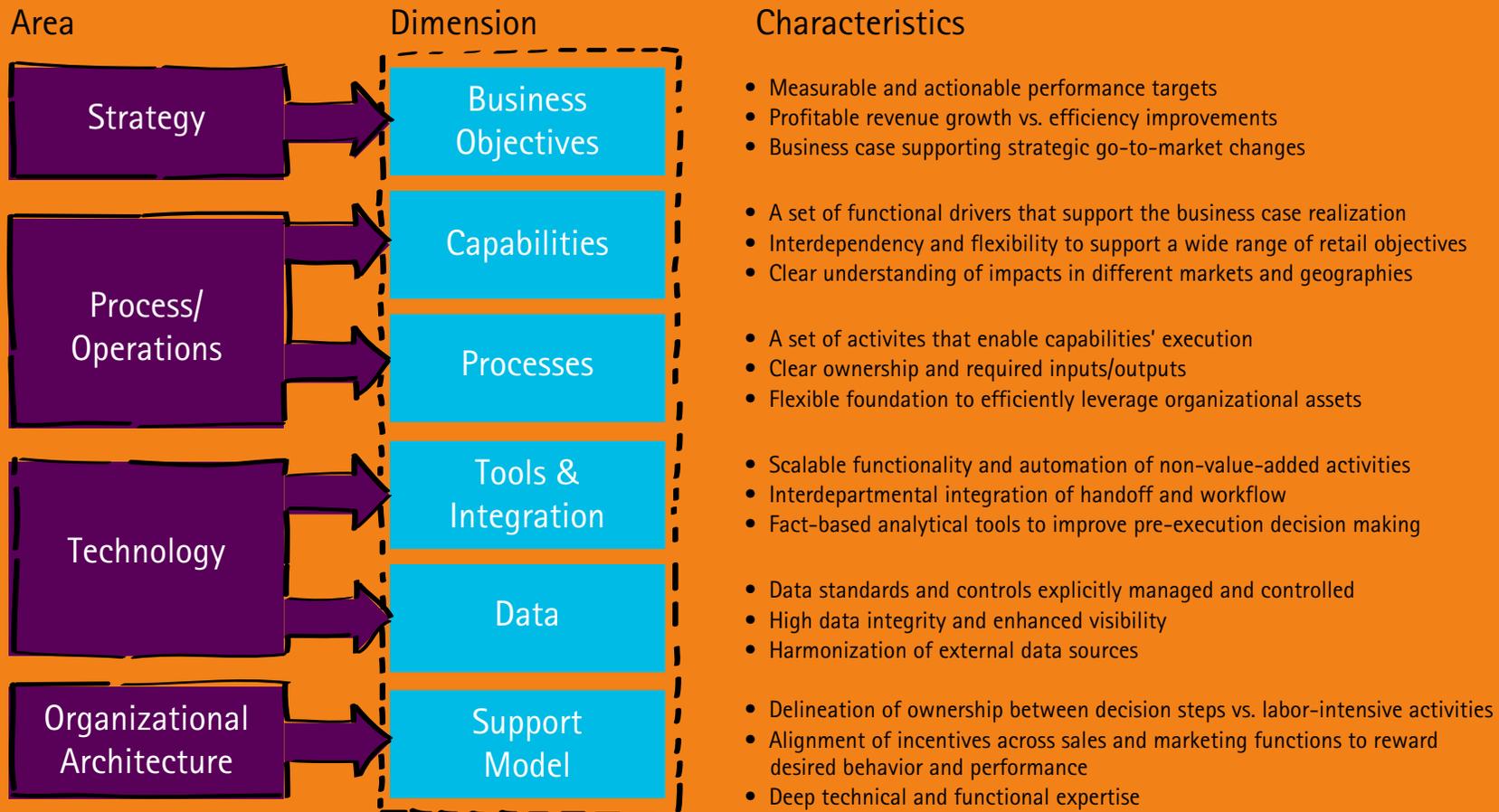
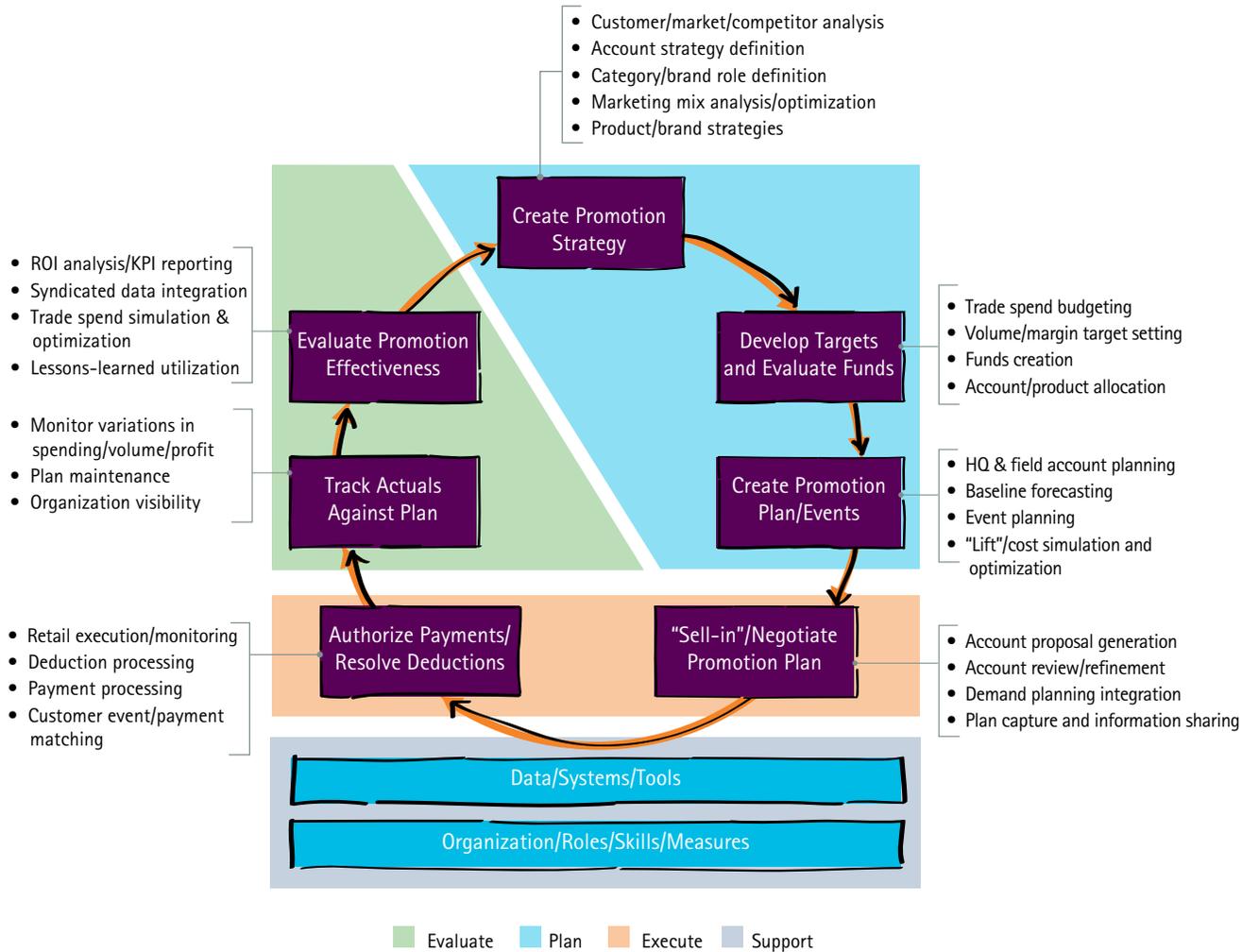


Figure 3: TPM/TPO Leading Practices Accelerator Fuels Our Approach



Increasing trade promotion volume and profit with less investment

With Accenture Perfect Promotion, clients can expect to see:

1. Sales increases of 1 to 2 percent and margin increases of 25 to 500 bps
2. A reduction in SG&A by 5 to 10 percent, and accounts receivable balances by 10 percent
3. A reduction in total inventory levels

### Business services model

Accenture delivers a service that helps clients run their trade promotions more efficiently and effectively on a large scale around the world. We bundle business consulting, industry-leading technology hosted on the cloud, analytic insights and skilled talent who manage the service as an extension of the client's organization, providing a lower cost of entry and an outcomes-based approach.

**Human capital.** Our clients gain access to experienced sales and marketing talent with functional work experience who make judgment-based decisions.

**Outcomes-based approach.** We focus on helping clients achieve business outcomes, so our fees are based on a combination of utilization and achieving specific performance milestones.

## Accenture Perfect Promotion: How it works

Accenture Perfect Promotion delivers baseline forecasts for all planned customer/product combinations, and then uses analytical models to develop a trade optimization plan. We then manage trade promotions by bringing to bear our powerful mix of industry-leading proprietary software, deep industry and trade promotion process experience, extensive analytic capabilities, and consolidated systems implementation and co-sourcing capabilities.

Through these standardized and simplified processes, we help clients reduce promotion costs while also gaining predictive strategies for enhancing sales volume and margin.

Our service includes these bundled capabilities:

### **Trade Promotion Optimization (TPO).**

Our Ph.D.-level analytic scientists develop predictive models and apply analytic insights to help clients move from insights to action, and ultimately increase ROI and promotion lift.

**Scenario Modeling.** CPG companies gain insight into what to expect from a promotion and how to improve those results by applying advanced predictive models and strategic consulting up front. "What-if" scenario modeling provides deep analytic strategies built from aggregated CPG, retailer and third-party data sets.

The understanding of consumer behavior yielded helps companies better target consumers who are most likely to represent incremental revenue growth, pricing and promotion strategies that increase sales, and improved margins.

Our scientists understand which data sets apply to a particular product or industry sector. They draw from a larger library of more advanced models than what is commonly available, resulting in predictions made with greater accuracy. This makes it possible to provide baseline forecasts and develop optimized customer promotion plans for all customer/product combinations that are being planned. Additional service options include integrated space and assortment processes, integrated shopper analytics and plan-o-gram development.

**Price Optimization and Promotional Guard Rails.** Accenture Perfect Promotion delivers insights to help clients review and adjust their promotional policy around where, when, how and at what price point a product is promoted to increase revenue while controlling costs and profitability levels. Price optimization makes it possible to identify and observe what the price elasticity is for the brand and categories, and also helps to identify at what price point each promotional lever drives incremental growth. These insights are used as key learnings to develop and adjust marketing and sales guidelines. Also through data analysis, promotional guard rails help companies understand what the true demand for a product is in the absence of promotions.

**Trade Funds Management.** We automate processes and create efficiencies through the integration of fund management; top-down target allocation including trade spend, volume and revenue; customer trade promotion creation; annual volume planning; processing of claims; and deduction settlement. We perform these services in a closed-loop style, linking promotional sell-in, incremental fund requests, gap resolution, fund transfers and event commitment. Promotions are linked to sales, creating efficiencies by aligning shipments to consumption for a particular promotion, as well as providing visibility of estimated, committed, incurred and paid promotional dollars.

**Performance Reporting for Continuous Improvement.** By integrating all of the trade funds management processes, Accenture reduces latency in generating reports and provides analysis and actionable insights faster, facilitating critical trade promotion decisions in less time. And through service management of trade promotion management, optimization and pricing, Accenture Perfect Promotion provides deeper insights and faster access to the data that drive sell-in of promotions and continuous improvement through increasingly more effective trade promotions.

## The Accenture Advantage

A global leader in consumer goods consulting, Accenture brings decades of experience and thought leadership to give clients an advantage when executing trade

promotions. We are helping manufacturers execute more effective and efficient trade promotions, and increase their flexibility to address changing market needs, all making it possible to drive sales and improve margins while decreasing operating costs. These are just some of the ways how:

**Experienced Consultants.** For decades, Accenture has been a leader in assisting FORTUNE Global 100 clients with strategic planning, merchandising and category management. In addition to a robust knowledge base in our dedicated CPG and retail groups, our team members bring real-world sales and marketing experience. Accenture works directly with the client's team to assist in judgment-based decision making and verify that the client is continually gaining the maximum benefit from the service. Accenture can also provide strategic management and organizational effectiveness coaching to help CPG manufacturers achieve optimum trade promotion performance.

**Data Integrity.** While we use our proprietary trade promotion management and optimization software to provide the Accenture Perfect Promotion data, we aggregate it with all relevant internal and external data, providing a holistic view of performance. As part of our service, we aggregate data from clients' ERP, CRM and other systems; retailer POS data; and third-party data from providers such as Nielsen and IRI. This aggregation enables cooperation across the value chain by offering a better way to predict outcomes and increase sales volume and margins.

# By combining industry-leading, proprietary software with Ph.D. analytic scientists, backed by Accenture's worldwide analytics practice, Accenture Perfect Promotion provides CPG manufacturers a new way to drive sales while reducing costs.

**Analytic Insight.** Starting with state-of-the-art descriptive analytics, we provide insightful analysis of past promotions to help drive continuous improvement. We go a step further and look to the future with predictive analytics. These analytics yield ongoing insight to help clients identify target consumer segments, which retailers to partner with on which promotions, and which locations, days and time are best to reach the target segments with the promotion.

**Diverse Systems Experience.** We recognize that every company has a unique technology environment, and Accenture is equipped for all of them. By maintaining a broad range of strong alliances with leading software and technology providers, Accenture brings experience implementing and running a variety of systems. Our people bring the appropriate systems experience to each job to seamlessly aggregate the client's data.

**End-to-End Visibility.** By initiating a trade promotion strategy that aligns to the client's business objectives, and aligning all relevant internal departments on a common set of processes and data, Accenture Perfect Promotion provides end-to-end visibility. Our team helps break down internal departmental and data silos, monitoring that the client's

teams are targeting the same consumer segments with the same products and offers, and are using shared data to guide interactions with those consumers.

**Value-Based Pricing.** With Accenture Perfect Promotion, we are focused on delivering business outcomes for clients, creating a direct connection between investment and the performance levels of

the service. This realigns the traditional cost structure of paying for headcount on outsourced programs. Instead, clients apply and pay for core or optional levels of the service as needed to achieve their desired outcomes.

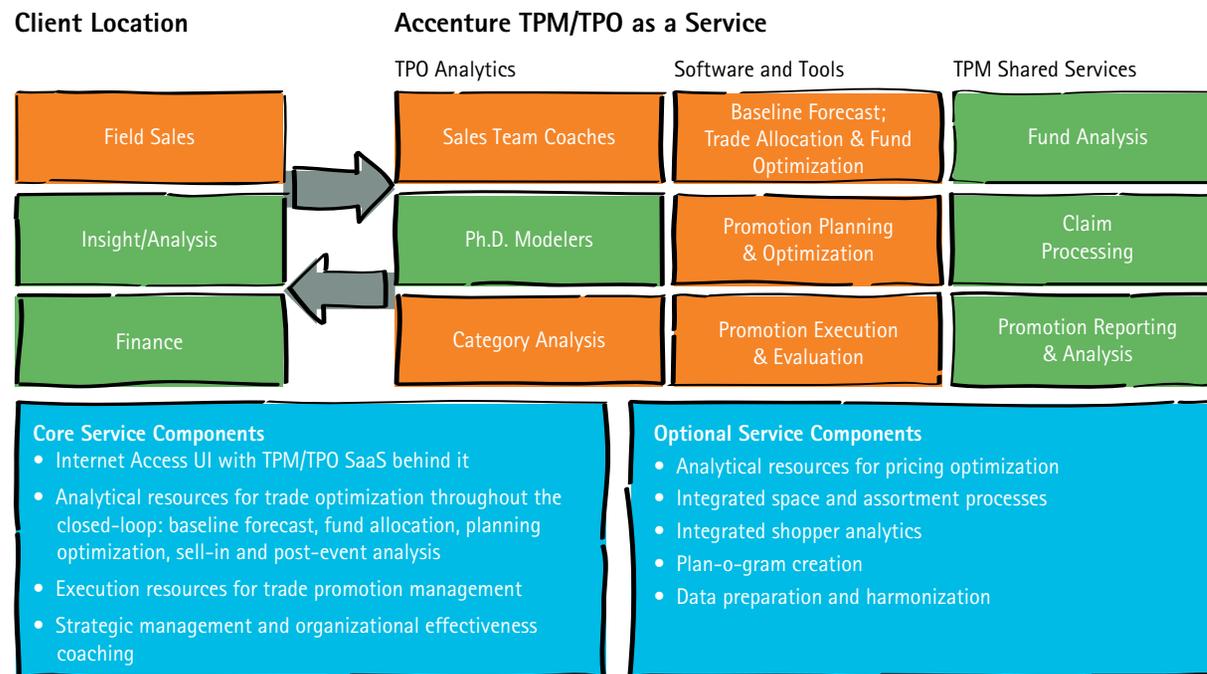
Accenture Perfect Promotion is more than just the sum of its parts. While trade promotion management and optimization

are well-known methods, only Accenture Perfect Promotion combines pricing capabilities and integrates them into a comprehensive service.

For more information on Accenture Perfect Promotion, contact:

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Figure 4: Components of Accenture Perfect Promotion



## Shaping the Future of High Performance in Consumer Goods

Our Consumer Goods industry professionals around the world work with companies in the food, beverages, agribusiness, home and personal care, consumer health, fashion and luxury, and tobacco segments. With decades of experience working with the world's most successful companies, we help clients manage scale and complexity, transform global operating models to effectively serve emerging and mature markets, and drive growth through evolving market conditions. We provide business services as well as individual consulting, technology and outsourcing projects in Commercial Services, Supply Chain Management, ERP Global Operations and Integrated Business Services. To read our proprietary industry research and insights, visit [www.accenture.com/ConsumerGoods](http://www.accenture.com/ConsumerGoods).

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with 257,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is [www.accenture.com](http://www.accenture.com).