FOOD COMPANY

Accenture TPM & TPO Solutions Improve ROI with Sales Forecasting

Increased forecast accuracy and quick identification of ineffective promotions to take corrective actions are boosting profitability.
A leading German food company expanded in the United Kingdom with a number of acquisitions. As part of an overall restructuring initiative, the company examined its trade promotion activities, which were fragmented, manual and outdated. Based on its success with the Accenture Retail Execution in eight other European countries, the company collaborated with Accenture to establish leading trade promotion management and optimization practices. Together, they simplified related processes and implemented the Accenture Trade Promotion Management and Accenture Trade Promotion Optimization solutions. Accenture and the company continue to work together to enhance the solution’s TPM and TPO capabilities to improve uplift prediction and optimization.

The solution has given the company excellent abilities to remain competitive in the market. Teams across sales, marketing, supply chain, key account management, business management, and finance are using the forecasting capabilities as well as account and promotion profit and loss reports for truly collaborative planning. With a single version of the truth, teams gain greater visibility into the financial impact of their decisions. Increased forecast accuracy, improved baseline and uplift prediction, a better understanding of product buying behavior, and quick identification of ineffective promotions to take corrective actions are helping to improve strategic alignment, trade spend allocation and return on investment. The solution also provides a powerful foundation to accumulate more customer data to make its activities even more accurate and profitable.

Opportunity
The German food company had acquired several food companies to strengthen its UK business. This created some operational inefficiencies, requiring the company to review and restructure many aspects of its organization, including promotional activities. It lacked promotional tools to launch new products and expand its footprint in the U.K. market. Employees across the company used spreadsheets to track activities and found it difficult to determine which numbers portrayed the true state of promotional activities. In addition, the promotions for one brand often cannibalized another. With poor quality data, promotional forecasting capabilities were non-existent.

Since 2006, the company has been using the Accenture Retail Execution solution in eight European locations and languages to great success, gaining unprecedented real-time visibility into sales activities. The company collaborated with Accenture again to realize the value that Accenture Trade Promotion Management (TPM) and Trade Promotion Optimization (TPO) solutions could offer its business.

Solution
With TPO, getting high-quality data is key to generating reliable forecasting results. The team started the project by simplifying processes and consolidating capabilities. The integrated Accenture TPM and TPO solution introduced powerful capabilities including baseline and promotion planning, predictive modelling, and sales forecasting. Both solutions were integrated into SAP ERP and SAP BW for reporting purposes. Automated data quality checks help to prevent “garbage in, garbage out” and rogue projections.

Teams across sales, marketing, supply chain, key account management, business management, and finance are using the predictive models, post-event analysis and reports for planning purposes. The company integrates sales data using advanced

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statistical techniques to see the impact on price promotions, merchandising activities, seasonality, and other factors (like weather) have on profit, sales volume and distribution. The TPO tools provide the best possible options given various causal factors, so that teams can determine the right promotional mix for its brands and sales goals. Accenture and the company continue to work together to enhance the solution’s TPM and TPO capabilities to improve uplift prediction and optimization.

Results
The integrated TPM solution combined with predictive TPO gives the company excellent abilities to remain competitive in the market. Teams from across the company have a single source of data to use in business planning and greater visibility into the financial impact of their decisions. With this insight, they can more closely align promotional activities with account strategies for each brand. Increased forecast accuracy, improved baseline and uplift prediction, a better understanding of product buying behavior, and quick identification of ineffective promotions to take corrective actions are helping to improve trade spend allocation and return on investment. The forecasting has helped to move sales employees’ repertoire away from conventional methods to more creative approaches to selling brands.

More accurate promotion planning is also helping to avoid out of stocks. Since the company can more accurately produce and ship the amount of food that is required, it has also lowered production and distribution costs, as well as wastage. The company continues to seek out new point of sale and IOA data to make its trade promotion system and activities even more accurate and profitable. The solution also provides a powerful foundation to accumulate more customer data and detect retailer compliance issues.

About Accenture
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