

WHY AI FOR TRADE PROMOTION?

There is a lot of talk about AI. But how can it make significant impact in Trade Promotion? And what kind of revenue uplift are other consumer goods companies getting? How does it go beyond Trade Promotion Optimization, which has been the latest innovation in trade spend?

In this piece, we outline some of the benefits of applying AI to Trade Promotion, what new data can be leveraged best, and the kinds of recommendations and results other CG companies are experiencing.

ABSOLUTDATA

TPM & TPO ARE NOT ENOUGH

We'd like to think a lot has changed in the last 20 years. And in some ways it has.

Trade Promotion Management (TPM) software has moved the mechanics of planning and tracking trade promotions from spreadsheets to applications. This has saved time for sales people, and improved tracking for management.

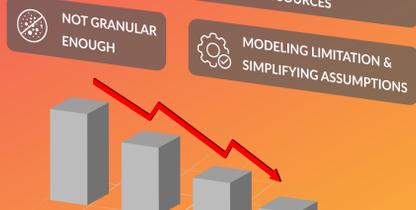
In the last few years, Trade Promotion Optimization (TPO) solutions have applied data and analytics to better plan programs at a more granular level—by SKU, by PPG, by region, etc. This innovation has yielded an ROI in the 1-3% range.

But this is no longer enough to stay competitive.



TPM & TPO LIMITATIONS ARE INHIBITING GROWTH

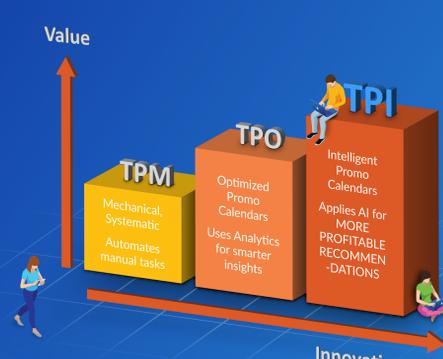
Making the right decisions for trade promo optimization is very complex due to involvement of multiple stakeholders, external factors and sub-optimal methodology.



TPI TRADE PROMOTION INTELLIGENCE

Artificial Intelligence is applied to make real-time goal-based recommendations and build Trade Promotion calendars at the individual retailer level.

Trade Promotion Intelligence (TPI) solutions go beyond adding some AI to TPO solutions. TPI solutions like NAVIK TradeAI are designed with AI at the core, then use machine learning (ML) to continuously learn and improve Trade Promotion recommendations.



ARTIFICIAL INTELLIGENCE FOR TRADE PROMOTION

AI is combined with new sources of easily available data such as shipment data, media spend, weather, and consumer trends, to uncover new trade promotion strategies and tactics. AI-centric TPI tools are producing 4%-7% in incremental sales.



Real Time Recommendations

Immediately create promo calendars by adjusting controls live to optimize for revenue, margin, share, budget, discounts, PPGs and more.



Richer Data

Enrich intelligent models with expanded data sets from additional sources covering a longer period of time.

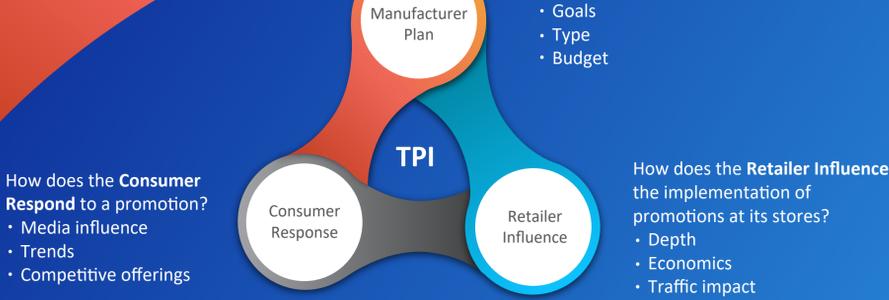


Self Learning

Models that use Machine Learning (ML) are more accurate and continuously learn from new results and inputs.

Three Design Considerations for Trade Promotion Effectiveness & Efficiency

Effectiveness & Efficiency



HOW IT WORKS...

Create intelligent promo calendars on-the-fly for each retailer



Trade Promo Recommendation Example for Retailer A

For an expected **7% uplift** in Q2 revenue, the following changes were made to this Trade Promotion Calendar for Retailer A



29% Decrease
in promotion frequency from 64 to 45 promotions in Q2

3pp Increase
in average discount offered (from 24% to 27%) across promotions for Q2

2 Fewer
PGs promoted in Q2 when compared to plan

1.3pp Increase
in the average discount offered for Multiple price tactics (most common promotion)

0.5x Decrease
in the frequency of Multiple price tactics; Straight is almost the same



Trade Promo Recommendation Example for Retailer B

For an expected **5% uplift** in Q2 revenue, the following changes were made to this Trade Promotion Calendar for Retailer B



5.0% Decrease
in promotion frequency from 117 to 111 promotions in Q2

5.0pp Increase
in average discount offered (from 18% to 23%) across promotions for Q2

4 Additional
PGs promoted in Q2 when compared to plan

3.2pp Increase
in the average discount offered for Straight Price tactic (most common promotion)

5x Increase
in the frequency of AUP price tactics; Multiple down by almost 65%

WHY AI?

Real business impact can be seen quickly, and that impact extends over time.



Build superior predictive models with Self Learning capability



Leverage a large number of rich data sources that extend over a longer period of time



Create recommended trade promo calendars based on complex business variables



Model complex interaction scenarios between the manufacturer, retailer and consumer

Trade Promotion professionals need to incorporate TPI capabilities now, or risk losing to competitors and disruptors who are already deploying artificial intelligence.

The NAVIK TradeAI TPI solution from Absolutdata was created for Trade Promotion professionals based on 15 years of experience with large global brands in CPG, retail and hospitality. TradeAI also runs on the NAVIK AI Platform, creating scalable business impact for the enterprise.

I'd like to talk with a Trade Promotion AI Expert



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