2020

PROMOTION ANALYSIS
DEMO REPORT

- **Know which promotions** generate category growth and which ones help you steal share from your competitors

- **Reduce costs** by avoiding promotional cannibalization and subsidization

- Gain a **competitive edge** by showing retailers how to grow the category and increase traffic to their stores

accuris

QUESTIONS ANSWERED BY THE REPORT

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The report answers all key questions you have on making promotions more effective. Thanks to the Source of Business® methodology, you can identify those promotions that are most effective for your brand, your customer, and for the category.

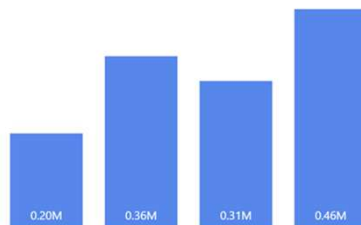**Which promotion mechanic helps me gain most share?**

50% OFF

BUY 1 GET 1 FREE

Which brand generates more category expansion?

ORIGINAL TASTE
Coca-Cola

pepsi

How to reduce cannibalisation?

20%   8%

30% DISCOUNT   BUY 1 GET 2

Which promotions make shoppers upgrade?

0.20M   0.36M   0.31M   0.46M

Which promotions generate retail switching to my customer?

17M

27M   76M

19M

Sainsburys   Tesco

Which promotions are best for the trade?

TESCO   ICA   ah

Intermarché   Sainsbury's

Carrefour   COOP

PROMOTION EVENT REPORT

All details for one promotion event

Analyse the uplift and the source of revenue for this promotion: which products/brands contributed? Where did incremental sales come from?
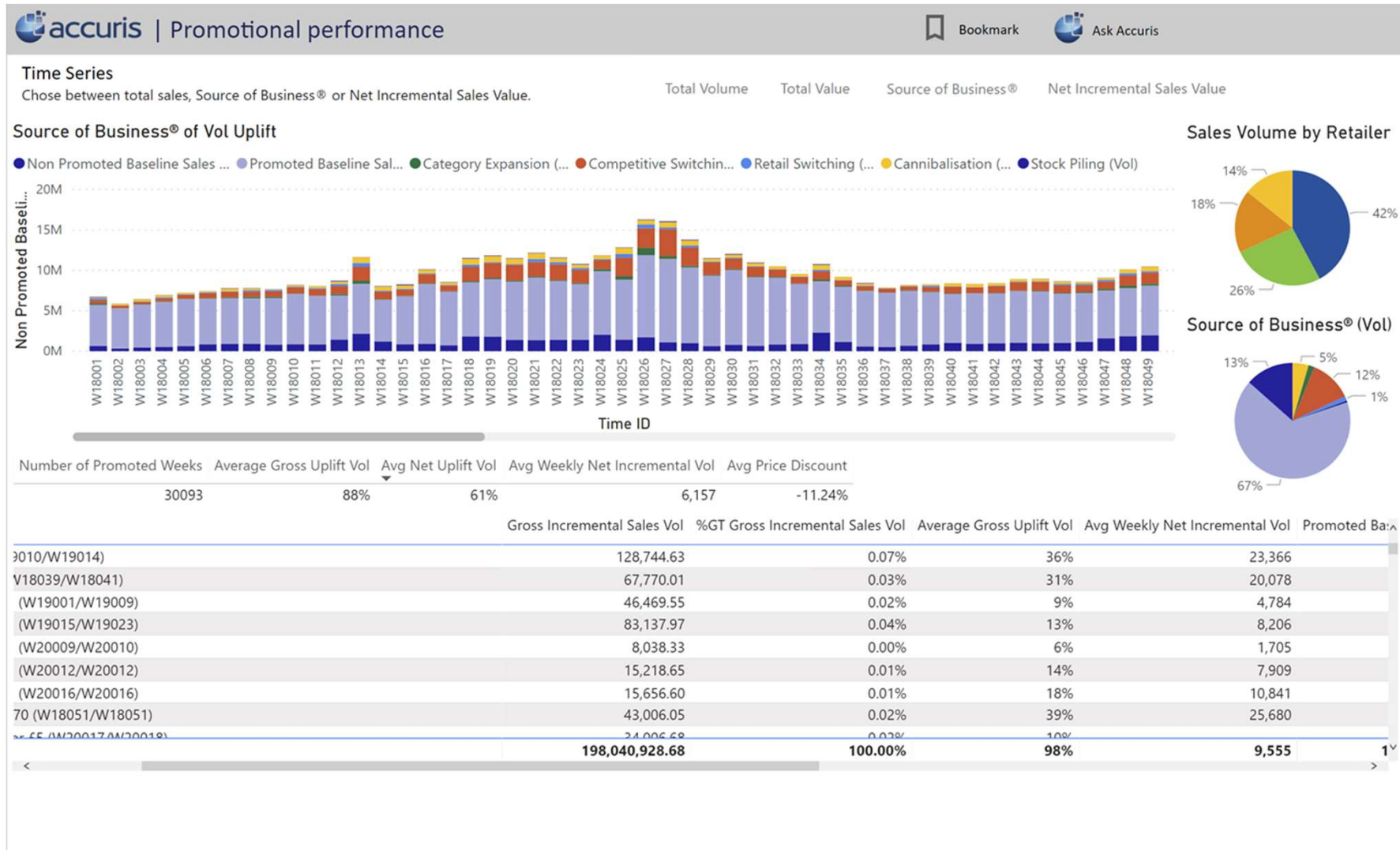
TIME SERIES REPORT

When do promotions have the strongest impact?
Analyse promotions by week and see when they have the biggest category impact. Which mechanics deliver the best results? Is this different by brand, by retailer?
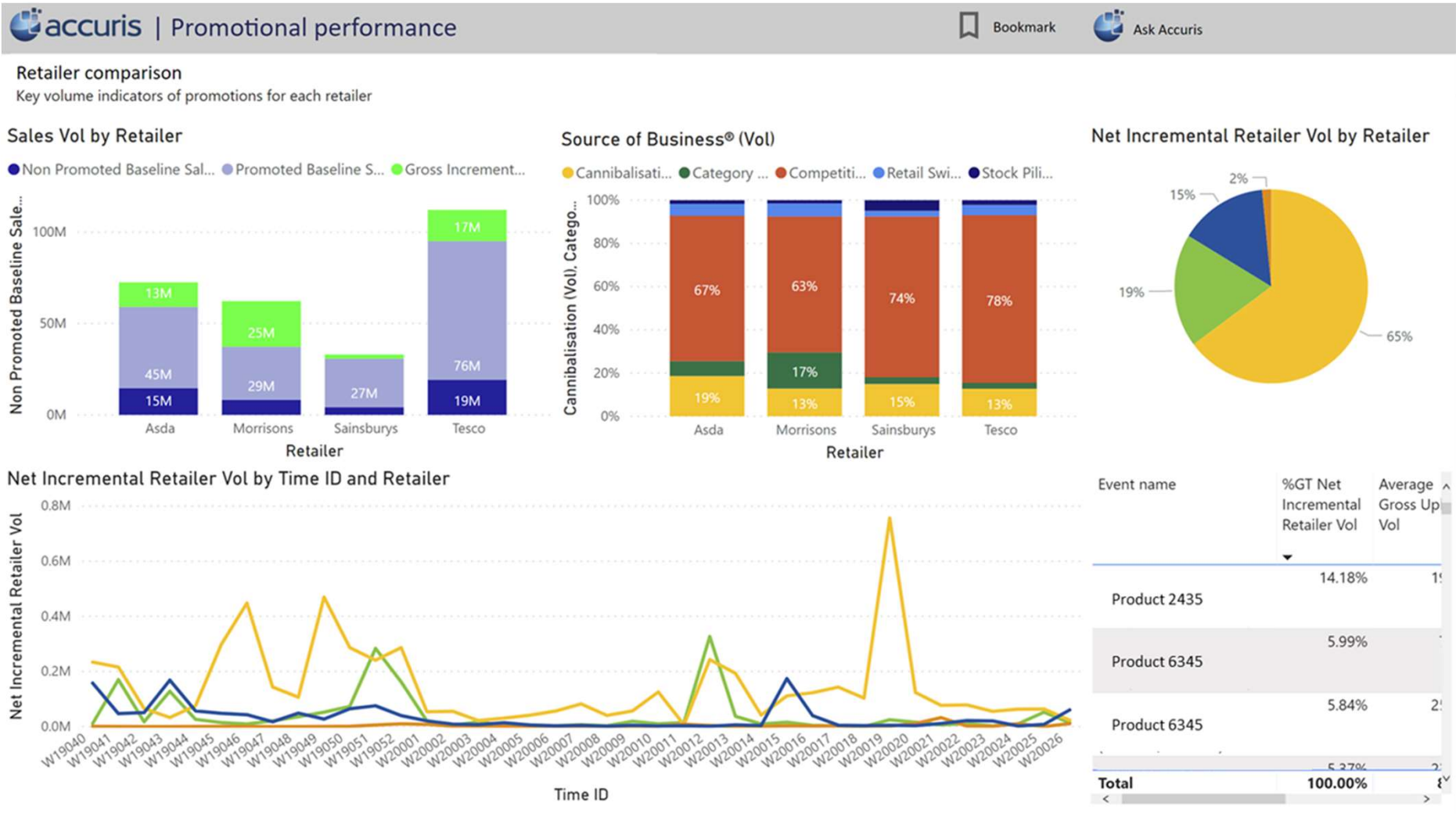
RETAILER COMPARISON REPORT

How do retailers compare?

Analyse promotions by retailer and compare their performance: which retailers generate switching? Which ones grow the category?
When are the best moments to promote?

HOW ARE BRANDS SOURCING THEIR SALES?

The challenge

The way promotions work is not just about the mechanics (types of offers) but also about which brand (and pack) is on promotion. Some brands are more capable of bringing shoppers into the category, others merely steal sales from competitors.
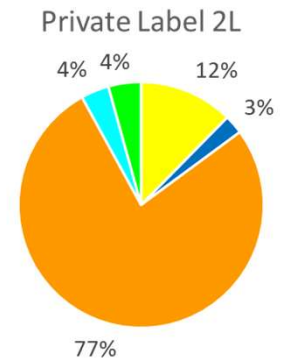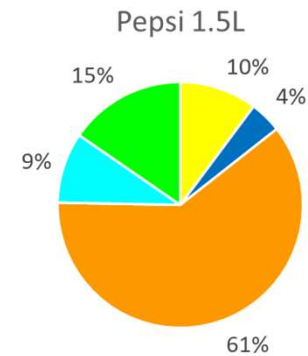
The solution

The study reports the Source of Business® profile for each of the brands: where do incremental sales originate from?
This information is available by brand and pack, aggregated for 2020 as well as by promotion.

Benefits

- Prioritise promotions for brands and packs that generate category growth
- Know which brands expand the category and which brands to use for gaining market share on your competitors
- Prove the amount of retail switching your promotions generate for your customer

Decomposition of incremental sales:

| Cannibalisation |
| Consumer stock piling |
| Competitive brand switching |
| Retail switching |
| Category expansion |

Coca-Cola 1.5L

14% · 6% · 41% · 14% · 25%

Pepsi 1.5L

10% · 4% · 61% · 9% · 15%

Private Label 2L

4% · 4% · 12% · 3% · 77%
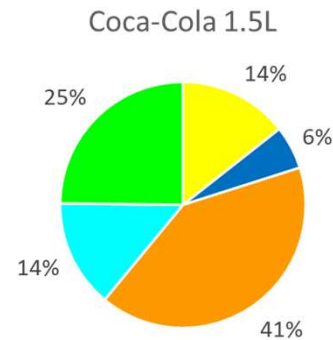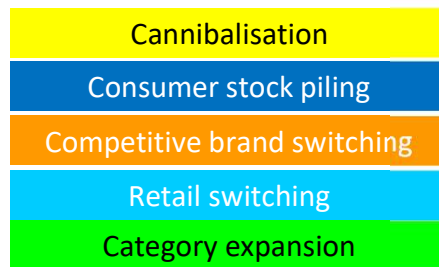
In this anonymised example (labels and data have been modified), Coke 1.5L is capable of generating much more category expansion (and retail switching) than Pepsi and much more than private label

REDUCE SUBSIDISATION COSTS

The challenge
Promotional discounts are not just ending up in the hands of new shoppers. Your loyal shoppers, unintendedly, benefit from promotion. Even if they were prepared to pay full price, they may get a discount. This is called subsidisation of "base" sales.
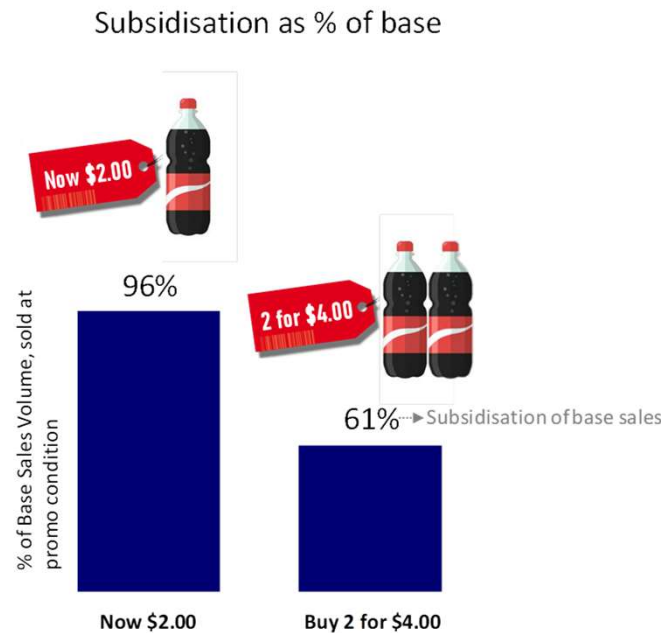
The solution
Subsidisation and related costs are reported for each promotion, so you can analyse which promotions cause unacceptable levels.

Benefits
- Deep understanding of promotional costs and how to use promo budgets more productively
- Reduce costs and improve promo R.O.I.
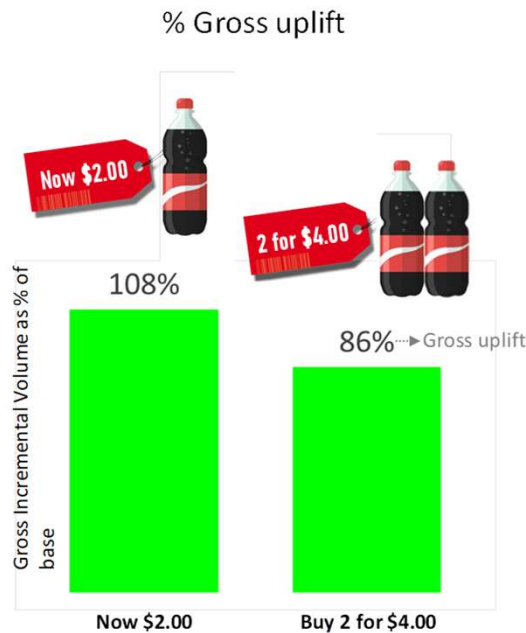
% Gross uplift

108%   86% ····▶ Gross uplift

Gross Incremental Volume as % of base

Now $2.00   Buy 2 for $4.00

Subsidisation as % of base

96%   61% ····▶ Subsidisation of base sales

% of Base Sales Volume, sold at promo condition

Now $2.00   Buy 2 for $4.00

Detailed results for one promotion

Sales decomposition	Volume	%	%
Total Sales	98,362	100%	
↳ Total Baseline	83,364	85%	
↳ Non Promoted Baseline	21,898		26%
↳ Promoted Baseline	61,467		74%
↳ Incremental Sales	14,998	15%	
↳ Category Expansion	2,036		13.6%
↳ Retail Switching	1,092		7.3%
↳ Competitive Switching	4,638		30.9%
↳ Cannibalisation	5,886		39.2%
↳ Stock Piling	1,347		9%

Subsidisation is reported for every promotion, every product. Mechanics and tactics that lead to unacceptable levels of subsidisation can be easily identified and cancelled.

WHICH PROMO MECHANIC GROWS THE CATEGORY?

The challenge
Regardless of the uplift of a promotion, some mechanics are better in bringing shoppers in the category or make loyal shoppers increase their weight of purchase.
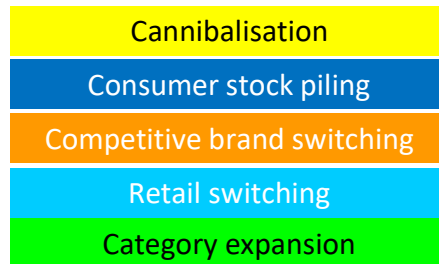
The solution
The study reports Source of Business® by mechanic and by promotion. It reveals which types of promotion generate productive revenue sources, like category expansion and competitive brand switching (which is productive from a supplier point of view)

Benefits
- Avoid costly subsidisation
- Limit cannibalisation through best choice of mechanics
- Select mechanics that generate category expansion or competitive steal

Decomposition of incremental sales:

Cannibalisation	(yellow)
Consumer stock piling	(blue)
Competitive brand switching	(orange)
Retail switching	(cyan)
Category expansion	(green)

BOGOF
- 11.00%
- 10.30%
- 28.30%
- 3.80%
- 46.60%

Any 3 for 2
- 4.40%
- 5.80%
- 10.20%
- 3.20%
- 76.40%

25% off
- 9.60%
- 11.00%
- 20.60%
- 4.80%
- 54.10%

	BOGOF	Any 3 for 2	25% off
Incremental divided by base	441%	129%	86%
Subsidisation as % of base (lower is better)	96%	42%	100%
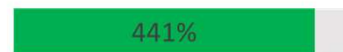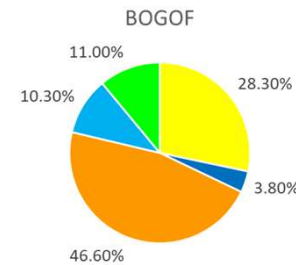
BUY 1 GET 1 FREE
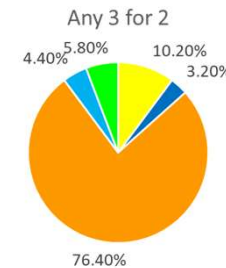
ANY 3 for 2
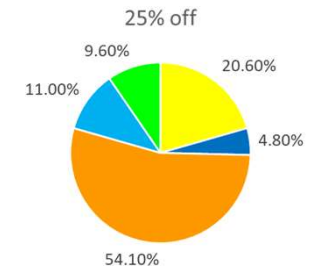
25% OFF

Actual case data

In this example the Buy 1 Get 1 mechanic generates by far the strongest uplift, and has also the highest proportion of category expansion. However, almost all baseline sales are subsidised. This means that, contrary to the Any 3 for 2, almost all loyal shoppers received the offer and did not pay more than what they would have done if no promotion would have taken place. The "25% Off" mechanic also has high subsidisation, and does not even generate a strong uplift.

HOW TO REDUCE CANNIBALISATION?

The challenge
Promoting one product may shift sales away from other of your products. This usually leads to a decline of profits, as the profitability of your promoted product tends to be lower than that of the (non promoted) cannibalised products.

The solution
Some mechanics and products are causing more cannibalisation than others. With Accuris, you know for each promotion individually how much cannibalisation was caused, so you can identify and stop the most damaging promotions and focus on tactics that produce more healthy uplifts.

Benefits
- Cannibalise competitors rather than your own products
- Avoid cannibalising your most profitable products
- Improve forecasting accuracy by taking into account cannibalisation rates

At **5%** cannibalisation is not too much of an issue, but at **15%** it can **wipe out the entire profit** of a promotion

% of incremental sales offset by cannibalisation

30%   20%   8%

10% DISCOUNT   **30% DISCOUNT**   **BUY 1 GET 2**

Some mechanics will cause more cannibalisation than others; similarly some packs or SKUs will cause cannibalisation on more profitable packs

Detailed results for one promotion

Total Sales

15%
62%
22%

Source of Business ®

13.6%
7.3%
30.9%
39.2%
9%

Sales decomposition	Volume	%	%
Total Sales	98,362	100%	
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PROMO PERFORMANCE
AND BENCHMARKING

A custom-made report for you

Traditional promotion evaluation looks at uplifts but ignores the most important effects of promotions: shoppers switching between SKUs, brands, segments, stores, etc.

This report analyses your scanning data and digs deep into promotional performance, detailing all sources of incremental sales. It also benchmarks your results against other suppliers and categories, so you know your relative strengths and weaknesses.

What is reported

Every single promotion is analysed, yours and those of your competitors. For each promotion the report shows:
- Gross and net uplift
- Source of Business® of incremental sales
- Category expansion thanks to promotion
- Retail switching caused by promotion
- Cannibalisation
- Competitive steal
- Stock piling

Net benefit for the retailer and net benefit for the supplier (you and/or your competitors)

How it works

All metrics are calculated using detailed scanning data only. Once data for the full year 2020 have become available, Accuris processes and models it, integrates your promotional calendars and within 30 days you receive your full report, on paper and in electronic version (as well as access to the online analytical software). There will also be an online presentation analysing your performance and highlighting opportunities for reducing cannibalisation and subsidisation costs as well as other possibilities to improve promotional performance.

Analysis of switching effects of each promotion

Benchmarking: how do you perform compared to other suppliers, categories?

OFFER - SUMMARY

Benefits
This report gives you all the insights you need to increase effectiveness of promotions, **grow category value and reduce the cost** of promoting. It shows how to avoid excessive cannibalization, subsidization or other negative types of shopper switching caused by promotions.
Further, it will give you a **competitive edge** towards the trade. It shows retailers how to grow the category and get traffic to their stores
Finally, the benchmarking gives you a unique perspective on your **strengths and weaknesses** and on the recommended promotional strategy.

Scope
You make your selection of categories, customers and products to be analysed and provide the input data

Budget
The budget is quoted based on the scope you select.

Timing
Deliverables will be available 30 days after receiving your input data

Input data
Scanning sell-out data, weekly, all products (yours + competition), all named retailers and channel total, for the most recent 104 weeks
Optional: Metrico or BrandView data with description of promotions.

Output data
For every product, week, retailer, the following measures are reported: promoted base, non promoted base, gross incremental, cannibalisation, stock piling, competitive steal, retail switching, category expansion (all in volume and in value) (not limitative)

Deliverables
Benchmark report: 20+ page report summarising your performance in 2020, compared to other suppliers and to other categories.
Online analysis software containing 20+ interactive screens, giving you access to every single detail of every promotion in your category (your own promotions and your competitors)
Events table: Excel table with all details of your promotions, reported by promotional event.
Online workshop with a presentation of general results and conclusions of the benchmarking.

Benchmark report: a unique view on your strengths and weaknesses and the promotional strategy that is most suitable for your category

Online analysis software: interactive reports to run in-depth analysis on which promotions and strategies worked and which did not – and why.

Events table: Excel file with every measure for every promotional event specifically.

REPORTING DETAIL – METRICS BY PROMOTION

Total sales
Split in baseline and incremental sales.
Non promoted and promoted (subsidised) baseline

Decomposition of incremental sales
Stock piling, competitive switching, retail switching, cannibalisation, category expansion reported for each promotion (and each product) individually

Note: All labels and values are illustrative

	Event Name	Brands & Pack	Mechanic	Retailer	Period	ROI	Sales Volume			Source of Business ® Volume									
										Stock Piling (Vol)		Competitive Switching (Vol)		Retail Switching (Vol)		Cannibalisation (Vol)		Category Expansion (Vol)	
							Non Promoted Baseline (Vol)	Promoted Baseline (Vol)	Incremental Sales (Vol)	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%
1	Peroni 4 Pack Bottles B2F£10.00 (W17052/W17052)	Peroni 330 ml 4 Bottles	B2F£10.00	Sainsbury	W17052/W17052	N/A	4,048	7,789.6	3,837.5	58.1	1.5%	3,193.6	83.2%	131.3	3.4%	245.8	6.4%	208.7	5.4%
2	Budweiser 15 Pack Cans £10.00 (W17052/W17052)	Budweiser 440 ml 15 Cans	£10.00	Sainsbury	W17052/W17052	0.674	0	69,505.5	113,771.2	5,089.5	4.5%	42,579.4	37.4%	17,465.7	15.4%	20,828.5	18.3%	27,808.1	24.4%
3	Peroni 18 Pack Bottles Save £3.00 (W17052/W17052)	Peroni 330 ml 18 Bottles	Save £3.00	Tesco	W17052/W17052	N/A	0	31,698	72,248	896.4	1.2%	54,789.6	75.8%	3,178.5	4.4%	7,070	9.8%	6,313.5	8.7%
4	Corona 4 Pack Bottles B2F£9.00 (W17052/W17052)	Corona 330 ml 4 Bottles	B2F£9.00	Sainsbury	W17052/W17052	0.317	4,802.2	11,589.7	2,501.2	84.1	3.4%	807	32.3%	453	18.1%	412.1	16.5%	745	29.8%
5	Heineken Single Bottle £1.80 (W17052/W17052)	Heineken 650 ml Bottle	£1.80	Tesco	W17052/W17052	N/A	0	5,549	30,170.3	858.1	2.8%	18,702.8	62%	2,858.2	9.5%	2,785	9.2%	4,966.2	16.5%
6	Corona Single Bottle B3F£5.50 (W17052/W17052)	Corona 710 ml Bottle	B3F£5.50	Sainsbury	W17052/W17052	0.26	15,488.5	19,279.7	5,521.8	744.7	13.5%	1,640.5	29.7%	941.4	17%	624.7	11.3%	1,570.6	28.4%
7	Stella Artois 18 Pack Cans £13.00 (W17052/W17052)	Stella Artois 440 ml 18 Cans	£13.00	Sainsbury	W17052/W17052	0.198	0	75,849.9	32,318.1	5,501.3	17%	10,472.1	32.4%	4,663.5	14.4%	4,278	13.2%	7,403.2	22.9%
8	Heineken 6 Pack Cans B2F£9.00 (W17052/W17052)	Heineken 330 ml 6 Cans	B2F£9.00	Sainsbury	W17052/W17052	N/A	13,209.7	6,075.5	36,076.9	1,526.7	4.2%	23,040.4	63.9%	3,283.6	9.1%	3,297.5	9.1%	4,928.6	13.7%
9	Stella Artois 6 Pack Bottles B2F£9.00 (W17052/W17052)	Stella Artois 330 ml 6 Bottles	B2F£9.00	Sainsbury	W17052/W17052	0.688	8,731.7	21,803	8,130.8	270.2	3.3%	2,810.2	34.6%	1,330.8	16.4%	1,605.2	19.7%	2,114.3	26%
10	Peroni 18 Pack Bottles £21.00 (W17052/W17052)	Peroni 330 ml 18 Bottles	£21.00	Sainsbury	W17052/W17052	N/A	0	20,570.9	18,205.1	247.4	1.4%	15,344	84.3%	622	3.4%	982.7	5.4%	1,009	5.5%

Name of promotion

Product participating in promotion

Mechanic and retailer and week(s)

Description of promotion
Product, and mechanic
(mechanic information requires optional BrandView/Metrico integration)

In volume, in value
All metrics are available in volume and in value and can be reported by promotion or aggregated by brand, by supplier, by segment, by retailer, by time period or in any combination thereof

ONLINE ANALYSIS TOOL

Net-net impact of promotions?
Does a promotion generate category expansion or is it merely switching sales between brands and stores?

Are incremental sales growing?
Do we promote more than competitors? Do we promote differently or more effectively?

How effective for the brand? For the retailer?
Analyse net uplifts by promotion, by mechanic, by brand and by customer. Measure and track (negative) switching and net incrementals.

Which promotions cause cannibalisation?

Which mechanics cause switching between stores?
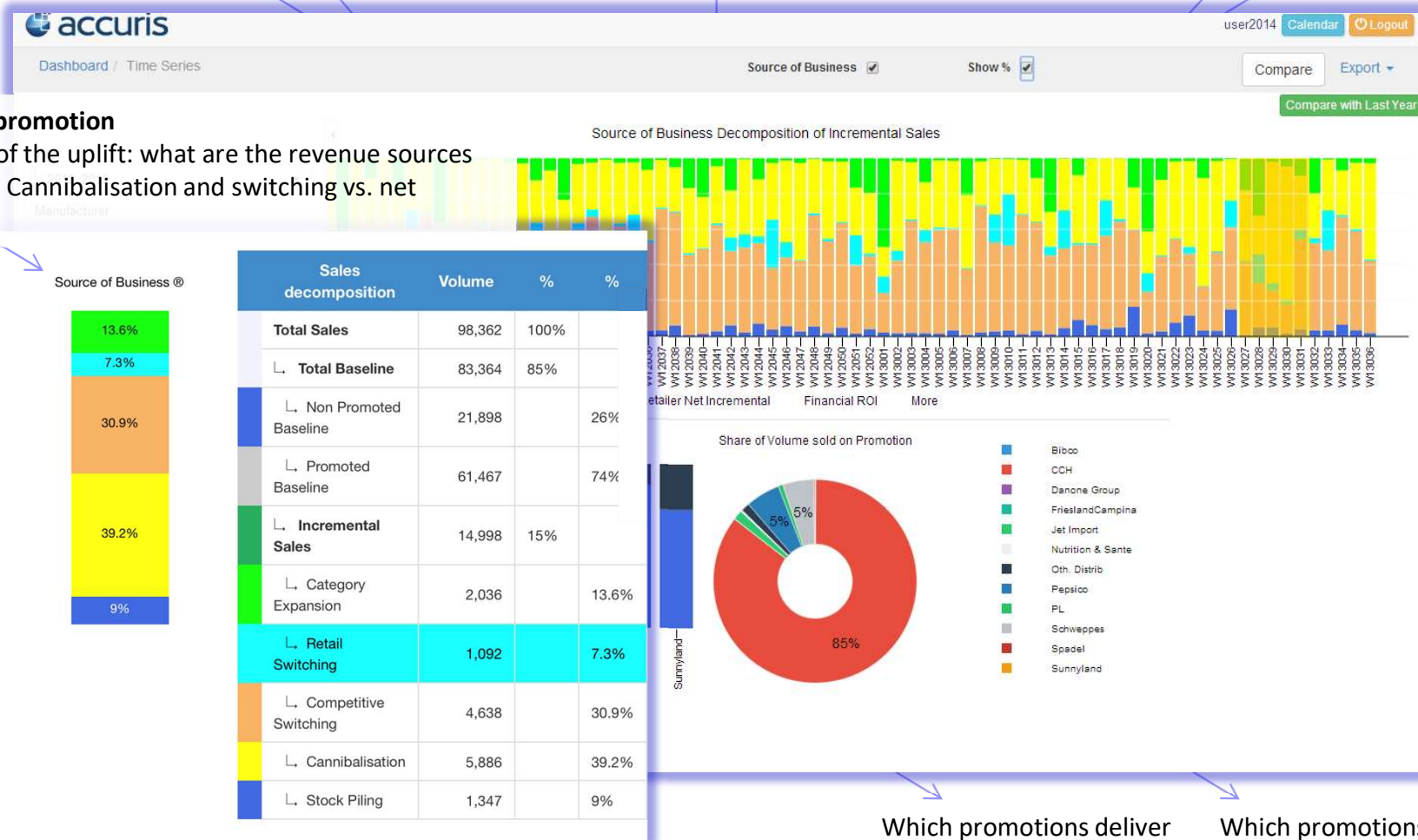
Detail for each promotion
Decomposition of the uplift: what are the revenue sources of a promotion? Cannibalisation and switching vs. net expansion.

Sales decomposition	Volume	%	%
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Total Sales: 15%, 62%, 22%

Source of Business ®: 13.6%, 7.3%, 30.9%, 39.2%, 9%

Source of Business Decomposition of Incremental Sales

Retailer Net Incremental   Financial ROI   More

Share of Volume sold on Promotion

Legend:
- Bibco
- CCH
- Danone Group
- FrieslandCampina
- Jet Import
- Nutrition & Sante
- Oth. Distrib
- Pepsico
- PL
- Schweppes
- Spadel
- Sunnyland

5%, 5%, 85%

Which promotions deliver market share gains?

Which promotions generate category growth?

What we do

Accuris provides revenue optimisation services and integrates a wide range of data sources, using machine learning algorithms to detect how shoppers switch between brands, stores and segments. Its Source of Business® model explains revenue streams generated for each promo and media campaign or for new product introductions and assortment changes.

Why it matters

Revenue indicators based on gross rather than *net* impact will lead to sub-optimal or even wrong decisions. Net effects strip out back-and-forth switching and other false positives. Promotions, price increases and new listings can lead to strong revenue increases in gross terms, but net results may be much lower or negative, thereby possibly misleading decision making.

What other agencies do

Data providers and research agencies do not integrate all required data sources to get the full picture of how shoppers behave. They tend to use static methods or once-a-year regression approaches to explain market dynamics. This was perhaps sufficient a decade ago but is not enough for modern markets and categories where shoppers switch between offers on a daily basis.

Please reach out to Accuris for support on:

Data integration: scanning, shipment, calendars, financial, competitive data

Modelling: baselining, seasonality, Source of Business®

Reporting: Excel, interactive dashboards, BI software, SAP/ERM/TPM integration

Consulting: analysis, workshops, recommendations

Monthly tracking: modelling, reporting, evaluation, optimisation

Accuris provides analytics for promotions, pricing and revenue management.
Our clients are consumer goods companies across Great Britain and Europe, including many regional champions and two thirds of the top 10 FMCG multinationals.

You can reach us at: **rgm@accuris.com**

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Analytics for Revenue Management