



How to unlock revenue growth and ROI from promotions



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Introduction

In grocery retail today, price-conscious shoppers are increasingly seeking value. Low-cost discounters, own-label products, and smaller brands are disrupting the market with lower prices and enticing quality.

Established retailers are countering with loyalty programs, promotions, and price matches to attract budget-conscious consumers. For Consumer Packaged Goods (CPG) companies, promotions have become essential for maintaining loyalty and competitiveness, often representing an expenditure of 10 to 20% of gross revenues ¹.

But are these promotions genuinely effective? Research presents a mixed picture. While promotions can deliver up to 60% of yearly volume and short-term uplifts exceeding 100% ², 30% to 40% underperform or harm the bottom line, frustrating shoppers and eroding brand loyalty ³.

Moreover, short-term sales spikes often mask the need for a strategic shift, highlighting the importance of long-term planning and robust data analysis. Additionally, inflation and shifts in shopper behaviour—where 54% now prioritise instant discounts over other loyalty perks—add complexity ⁴.

This paper guides CPG professionals in maximising promotional success through demand-driven insights. By exploring advanced analytical techniques for planning, execution, and measurement, we'll demonstrate how granular data—from sales figures to on-shelf availability (OSA)—can revolutionise promotion strategies and ensure measurable ROI.

This white paper will cover:

- 1** Building a data foundation – Ensuring accuracy, granularity, and consistency in promotional analysis.
- 2** Promotion planning and execution – Identifying, running, and refining high-impact campaigns.
- 3** Advanced analytics in promotions – Forecasting, scenario planning, and post-event measurement.
- 4** Retailer collaboration – Strengthening partnerships with promotional performance insights.
- 5** Post-promotion evaluation – Measuring impact, identifying drivers while building a knowledge base for future strategy.

1 Building a comprehensive data foundation

Promotional forecasting is complex, requiring continuous analysis of vast datasets to predict outcomes and optimise the flow of goods from factory to shelf. For many CPGs, this process can feel overwhelming. But what if it didn't have to be?

Data-driven insights hold immense potential. Advanced analytics can revolutionise promotional strategies, yet 71% of CPGs have yet to fully leverage this power⁵. The challenge isn't just having the tools; it's about extracting actionable

insights. Alarming, 60% of CPGs can't explain why promotions succeed or fail, risking repeated suboptimal performance⁶.

Transforming promotional analysis

Fortunately, machine learning-powered demand intelligence platforms are gaining momentum, helping CPGs overcome these challenges. These platforms do more than streamline data collection—they offer predictive insights needed for highly effective promotional campaigns. By integrating these tools, CPGs can transform their promotion strategies, making them more strategic, responsive, and successful.

The roadblocks to promotional analysis

Promotional analytics currently face several key challenges:



Data accuracy

Unreliable or missing data leads to less precise demand forecasting.



Lack of granularity

Crafting effective promotions is only possible with detailed insights.



Data latency

Daily data is crucial for sensing demand changes.



Data silos

Fragmented data prevents a holistic view of performance across customers.



Inadequate tooling

Legacy tools need help to handle the complexity of modern analytics.

Key data elements for accurate promotional forecasting

To fully optimise promotional strategies, CPGs must establish a robust data foundation addressing key challenges: accuracy, granularity, latency, and silos. This foundation is essential for accurate promotional forecasting and should include granular data such as:

- **Sales data:** By store (and depot), SKU, day
- **On-shelf availability (OSA)**
- **Stock levels**

Incorporating at least two years of historical data enables a deeper understanding of effective promotional strategies, long-term trends, and seasonal variations. Daily analysis of this data provides an up-to-date understanding of demand and supply, forming the backbone of agile and effective promotional planning.

We are experiencing a substantial improvement in the accuracy of our promotional KPIs, which enables us to deliver invaluable insights to the business.

John Fernando, Senior RGM Manager – Advanced Analytics, Danone



Maintaining promotional records

Keeping detailed records of past promotions is equally important for effective planning and analysis. This historical data provides insights into what has worked and what hasn't. Key aspects to capture include:

- **Promotion type:** Discounts, multi-buys, bundles
- **In-store display and execution**
- **Duration and timing**
- **Competitor activity**
- **Financial details:** production costs, regular retail prices, discount level and retailer fees
- **External factors:** Holidays, weather

These insights help CPGs understand the complex factors behind promotional success, compare different promotions, and identify trends and performance uplifts.

Key metrics

Assessing the impact of each promotion requires tracking more than just sales figures. Important metrics include:

- **Year-over-year sales units**
- **Sales value and derived selling price**
- **Off promotion prices**
- **OSA**
- **Wastage**
- **Sales by geography and store format**
- **Supply metrics and service levels**

Most retailers can provide daily sales data segmented by geography and store format. This granularity is vital for understanding regional sales variations and tailoring promotional strategies accordingly.

Comparing sales by store format also reveals which promotional mechanics work best in different environments, leading to more effective campaigns.

A vital feed for TPx solutions

The granular daily data essential for effective promotional analysis also plays a critical role in enhancing the performance of Trade Promotion Management and Optimisation (TPx) solutions. While TPx tools already perform promotional analysis, they often rely on aggregated data, which can overlook valuable insights available from day-to-day fluctuations in sales, stock levels, and on-shelf availability (OSA). **Research from HPG indicates that many CPGs are dissatisfied with their existing TPx systems, citing a need for improved functionality and more accurate predictive outcomes.** ⁷

By integrating detailed, daily data into these systems, companies can gain a more nuanced understanding of promotional performance, enabling daily adjustments and optimisations that lead to a clearer understanding of ROI.

How SKUtrak can help

It takes the pain out of data collection and harmonisation for planning, monitoring and evaluating promo performance.

- ✓ Effortlessly collects and integrates data across the entire flow of goods, including store, depot, reference, forecast and EPOS.
- ✓ Delivers precise data at store, SKU and daily level.
- ✓ Analyse more than two years of historical data to identify trends and patterns.
- ✓ Standardises retail data across all grocery clients for consistent analysis.



Plan promotions with precision

Promotions vary in impact based on category, mechanics, and in-store support. Rigorous analysis is crucial to identify the most effective types. Advanced data visualisation and analytics tools allow for detailed exploration and comparison of past promotion data.

How SKUtrak can help

SKUtrak's **"Compare Time-Periods"** dashboard empowers users to:

- ✓ Analyse over two years of historical data from past promotions.
- ✓ Understand how different promotional mechanics work and identify the best options.
- ✓ Compare promotion periods against the same baseline.
- ✓ Overlay multiple metrics, such as stock levels, product ranging, and service levels, to gain comprehensive insights.



Conduct scenario planning

Building on the insights gained from identifying high-impact promotions, scenario planning takes the analysis a step further. To achieve greater precision, machine learning can isolate the actual demand generated by promotions against a baseline, providing a deeper understanding of promotional effectiveness. These technologies analyse historical sales data, considering factors such as product availability, competition, cannibalisation, trends, special events, and seasonality.

Furthermore, advanced scenario planning, powered by cutting-edge simulation engines, enables companies to experiment with a range of scenarios—adjusting price, promotion mechanics, and other key parameters—to accurately predict outcomes and optimise their strategies.

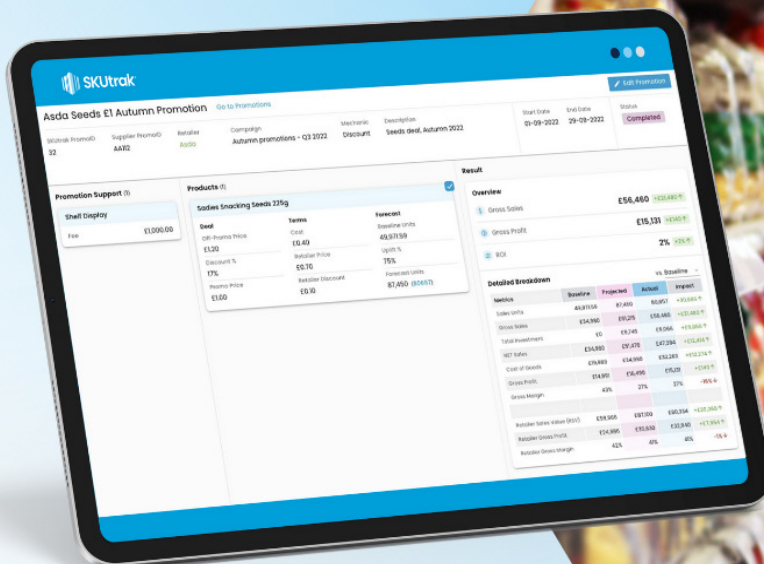
By leveraging insights from similar recent promotions and employing advanced forecasting tools, businesses can test various combinations of variables (such as discount levels, promotion durations, etc), anticipate a broader spectrum of outcomes, and proactively adapt their strategies.

This approach has enabled industry leaders to yield up to an 8% profit increase for the promoted range and a 15% increase in incremental sales, ensuring that the selected promotions deliver the highest possible ROI.

How SKUtrak can help

SKUtrak Promote, powered by TruDemand, provides machine-learning-powered projections of promotional performance. It provides a complete and accurate picture by considering all variables, including cannibalisation, distribution, and availability.

- ✓ Predictive scenario planning powered by TruDemand
- ✓ Daily performance monitoring
- ✓ In-depth post-promotion analysis with ROI calculations
- ✓ SKU-level insights for granular control
- ✓ Automated reporting and data visualisation
- ✓ Seamless integration with existing systems using SKUtrak Share
- ✓ Facilitates cataloguing and reviewing past promotions for enterprise-wide sharing.





Understanding baseline sales

A crucial element in evaluating promotional effectiveness is a solid understanding of baseline sales. This is crucial for:

- **Commercial planning and forecasting:** Develop more accurate forecasts and better allocate resources for future promotions by understanding the underlying demand patterns.
- **Accurate post-event analysis:** Measure the true impact of promotions by comparing actual sales against a reliable baseline, revealing the incremental lift caused by the promotion.

Common calculation methods

- **Average weekly off-promo sales:** Calculate the average weekly sales during non-promotional periods.
- **Rolling average off-promo sales:** Use a moving average of off-promo sales to account for recent trends.
- **Last year's sales adjusted for differences:** Adjust last year's sales data for factors like seasonality and distribution changes.

Challenges with traditional methods

Calculating an accurate baseline can be complex due to factors such as:

- **Seasonality:** Shopper demand fluctuates throughout the year.
- **Cannibalisation:** Promotions can shift sales from one product to another within your portfolio.
- **Special events:** Holidays, weather events, and other external factors can influence sales.
- **Distribution changes:** Changes in product availability or store locations can impact sales.

Traditional methods like those mentioned above often fail to capture these complexities, leading to less effective planning and significant missed sales opportunities.

How SKUtrak can help

SKUtrak's TruDemand is an advanced AI-based demand decomposition and baseline forecasting tool. By leveraging machine learning models, it offers a precise analysis of historical sales data and predicts future demand with high accuracy.

How it works

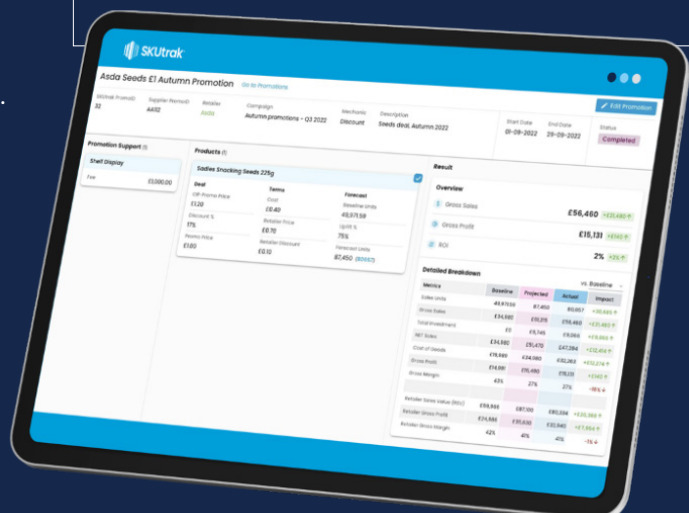
1 SKUtrak's TruDemand gathers raw inputs (sales units, average selling price, stores ranged, and stores available) with calculated inputs (base price, promotion indicator, and cannibalisation indicator) to build a comprehensive picture of performance.

2 It then analyses the data to understand key demand drivers like base price and promotional impact.

3 By applying machine learning models, it decomposes historical sales, revealing the true impact of promotions.

4 And generates an accurate 18-month baseline forecast.

Embedded in **SKUtrak Promote**, TruDemand allows CPGs to model scenarios, optimise promotions, and gain detailed insights into metrics like sales, profit, ROI, and more, highlighting the difference between baseline and projected results.



Secure retailer buy-in

Once a robust promotional forecast is established, the next step is securing retailer buy-in. This requires crafting a data-driven presentation that aligns with the retailer's priorities. Obtaining approval and favorable terms is crucial for promotional success.

When pitching, highlight mutual benefits for both the brand and the retailer using the retailer's own data:

- **Mutual benefits:** Show how the promotion drives sales, improves category performance, and enhances brand visibility.
- **Past performance:** Summarise outcomes of past promotions, noting key learnings and improvements.
- **Regional and format performance:** Tailor strategies by identifying performance variations across regions or store formats.
- **Forecast accuracy:** Build trust by showcasing accurate past forecasts.
- **Detailed plans:** Present a week-by-week promotional forecast with expected sales uplift and impact on critical metrics.

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Promotions are critical for our business, particularly for the Kettle brand. We run on a three weeks-on/three-weeks-off model, and our sales volumes are heavily dictated by that. Understanding how we perform across those periods is vital.

Kelly Holman, National Account Executive at Valeo Foods Group



Demand intelligence platforms provide the opportunity to enhance presentations by visually summarising complex data in easy-to-understand dashboards, facilitating smarter, more aligned discussions with retail partners.

Execute with agility

With retailer buy-in secured, focus on executing the promotion with agility, starting with optimal product availability. Monitor stock build-up in depots before the promotion begins. Proactively review sales data, stock levels, and on-shelf availability from day one to address potential issues early.

Leverage analytics and dashboards to provide:

- **Daily tracking of stock levels and sales uplift**
- **Detailed breakdown of stock by depot:** Gain granular insights into stock levels for each promotional scheme across individual depots.

Perform compliance checks

Data-driven compliance checks are crucial to ensure promotions are executed as planned. Begin by analysing store-level sales before the promotion to establish a baseline. Then, review performance snapshots on days 1, 2, and 3 to identify any unexpected results. If a store isn't achieving the expected uplift, consider sending a field agent to investigate. In-store visits can reveal competitor actions, display issues, or other factors impacting sales. This real-world feedback, combined with analytics, offers a more complete understanding of promotional performance and informs future optimisations.

How SKUtrak can help

Use the **Promotion Stock dashboard** to effectively manage stock during promotions:

- ✓ Analyse incoming service and stock levels before the promotion starts.
- ✓ Ensure depots are adequately supplied and detect early issues with availability.
- ✓ Evaluate stock levels, waste, and availability at the conclusion of the promotion.
- ✓ Compare outcomes with the 21 days preceding the promotion for context.

Measure and enhance

The final step is to measure and evaluate the promotion's performance, ensuring continuous improvement.

Analyse outcomes

Understanding the success of a promotion requires thorough outcome analysis, similar to identifying high-impact promotions and forecasting uplift.

Use analytics and dashboards to compare specific periods, revealing the uplift in units directly attributable to the promotion. Assess profitability by exporting and combining this data with financial details like production costs, regular retail prices, discount levels, and retailer fees.

Machine learning can automate this process, breaking down sales into baseline, incremental, and missed sales due to stock issues. By automatically combining this with pre-entered financial information and pre-promotion forecasts, CPGs receive a comprehensive report detailing the promotion's impact on their bottom line.

Regardless of the method, analysing outcomes provides critical insights into a promotion's overall effectiveness.



Identify key promo drivers

Understanding which promotional levers worked is crucial. Review various mechanisms, including:

- **Price variances:** How did changes in pricing (discounts, special offers, dynamic adjustments) directly impact sales?
- **Distribution increases:** Did introducing existing products to more stores for the promo period achieve sales goals?
- **Additional feature space:** What was the impact of extra marketing or display space (end-caps, banners, increased shelf space)?

Also consider:

- **Cannibalisation:** Did the promotion decrease sales of other products, indicating a shift in demand rather than incremental sales?
- **Haloing:** Did the promotion positively influence sales of related products, demonstrating a beneficial spillover effect?

Understanding these factors helps pinpoint what worked and what didn't, allowing for refined strategies in future promotions.

Build a knowledge base

Consolidate all promotional data into a centralised knowledge base, moving away from scattered spreadsheets. Make this information accessible across the organisation to foster continuous improvement and prevent costly mistakes.

This knowledge base forms the foundation of any promotional playbook. By analysing historical data and outcomes, CPGs can identify successful strategies, optimise budget allocation, and tailor a playbook to meet unique business and customer needs.



Conclusion

Promotions are crucial for driving sales and keeping customers engaged. While they effectively boost sales numbers, promotions often fail to reach their full potential. As the grocery industry navigates ongoing inflationary pressures and evolving shopper habits, CPGs and retailers must adopt a data-driven approach to ensure promotions are as successful as possible.

The key to overcoming these challenges and unlocking the full potential of promotions lies in a rigorous, data-driven approach. This involves the meticulous collection and analysis of granular, daily data. By leveraging advanced analytics and tools to gauge actual demand accurately, CPGs can better understand market dynamics, optimise their supply chains, and execute promotions with increased precision and agility.

Introducing SKUtrak Promote: The next evolution in promotional intelligence



SKUtrak has long helped brands track promotional performance with powerful dashboards. Now, we're going further.

SKUtrak Promote, powered by **TruDemand**, transforms promotion planning, execution, and measurement with:



Accurate predictions

Confidently plan and execute promotions using TruDemand's accurate baseline model for precise forecasting



End-to-end workflow

Manage the entire promotion lifecycle – from planning and approvals to tracking and reporting – all in one central platform



Automated analysis

Gain deeper insights with automated promotion reviews and post-event analysis, reducing manual effort and saving time

**Now
available**

**Discover how SKUtrak Promote
can optimise your promotions.**

08444 145 501 | info@skutrak.com | www.skutrak.com

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About Atheon Analytics

Atheon Analytics helps humanise data so that people can make complex decisions confidently. Through accurate visual representations that drive interaction and actions, we help consumer packaged goods (CPG) companies maximise sales, improve product availability, optimise their supply chain, and collaborate with their retailers. Our primary product line, the SKUtrak Demand Intelligence Platform, connects grocery suppliers with detailed daily insights from their retailer customers and helps them optimise the flow of goods from retailers to shoppers.