

WHITEPAPER

Choosing a TPO Application

The Ultimate Guide for CPGs Ready to Optimize Pricing

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TPO System Checklist

Wondering how to get started with trade promotion optimization?

This guide breaks down why you need an automated trade promotion optimization solution, what to think about before implementation, and how to choose the system vendor that fits your needs.

[Request a Demo](#) ›



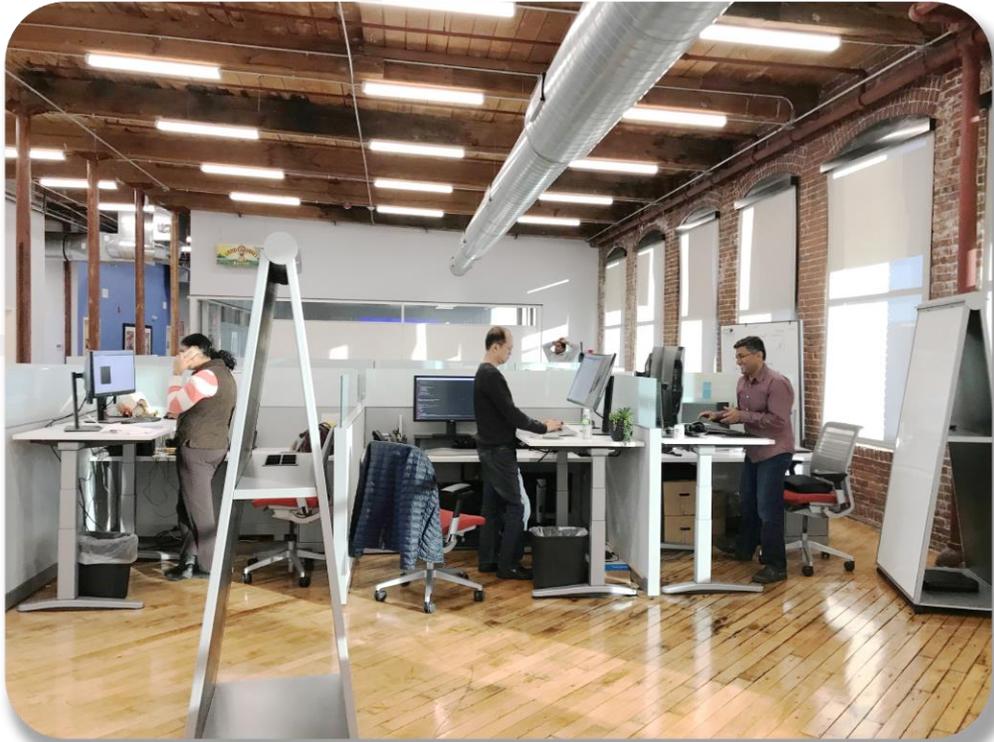
Overview



The consumer packaged goods (CPG) industry is rapidly changing. Consumers make choices quickly and are armed with real-time information. CPG marketing and sales teams need to keep pace, and it's impossible to do so without technology in place that **provides real-time, actionable insights and intelligence.**

The Trade Promotion Optimization Institute defines **trade promotion optimization (TPO)** as the process of utilizing integrated goals, factoring in promotion (i.e. price, duration) and supply constraints, and predictive analytics to create continuously improving trade promotion strategies.

TPO applications automate the time consuming, manual tasks associated with trade promotion processes, while improving productivity, campaign performance and collaboration.



Over the past few years, many TPO platforms have emerged, each offering a different set of product features. Purchasing a TPO application is a big commitment for any CPG organization, so before you dive in, **be sure to thoroughly evaluate each system** in order to make the most of your investment.

In this guide, we examine the benefits of TPO tools, identify which key factors you should consider before purchasing, and what questions to ask in order to choose the right solution for your organization's needs.

5 Reasons Your Company Needs a TPO Application

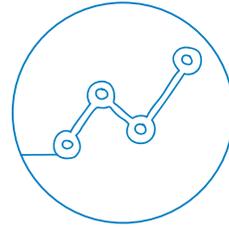
By automating TPO through an enterprise platform, your organization will improve efficiency, productivity and profitability in these five ways:

1



**Smarter
Actions**

2



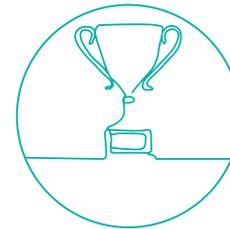
**Better
Workflow**

3



**Improved
Performance**

4



**Competitive
Edge**

5

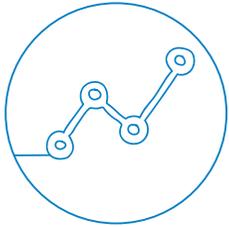


**Time
Savings**



Smarter Actions Get rid of inaccurate baselines. Break down internal communication barriers so that you can concentrate on customers. Implement closed-loop analysis.

- With TPO, your business will have visibility, enhanced analytics and greater insights into customer behavior through reporting and attribution.



Better Workflow Spreadsheets are error prone. Day-to-day management of calendars across different user interfaces is time-consuming and frustrating. Settlements and deductions need to be handled efficiently, accurately and in a timely fashion.

- With trade promotion optimization, you gain visibility into the workflow and can set up guidelines to automate approvals.



Improved Performance It's difficult to quickly slice and dice data that provides insights at various views. Pulling the right information can take months, leaving you with inaccurate assumptions.

- Use a single platform to collect and integrate your internal and external data. Use the data to perform modeling and predictive analytics. Use the insights to inform a larger TPO strategy, including how different marketing promotions can work together to improve profits and collaboration.

Back to Baselines:

With Blacksmith TPO, your baselines will be accurate. Accurate baselines improve your lift coefficients, leading you to better financial evaluations and decisions.



Competitive Edge Many manufacturers aren't clear on what their data says. What portion of your volume is base vs. incremental? Are you guessing at what retailers can expect from a promotion? Don't have visibility into what your competitor is doing?

- CPGs with a TPO outperform their peers because they can build trust by generating more meaningful interactions with their trading partners. You can have visibility into your own products at different hierarchy levels and at any account hierarchy level.



Time Savings Current post-promotion event analysis requires a significant amount of time to compile key information from three to four data sources. Many organizations are spending 20-30% of their trade resource time compiling the information to analyze, which limits the frequency and depth of their analyses.

- Leverage your TPO solution for its reporting functionality. Track key metrics. Quickly gain insights into profitability and ROI for future events. Easily create retailer promotional calendars. Share specific reports across the organization.



Ask the Right Questions

Choosing a TPO platform requires a comprehensive evaluation, including an assessment of business needs, staff capabilities, management support and financial resources.

HERE ARE SOME QUESTIONS TO ASK BEFORE EVALUATING PLATFORMS:

- ✓ What are our goals? How do they match business objectives?
- ✓ How much time will be spent crunching numbers?
- ✓ Should marketers **refocus on more strategic tasks** like promotional benchmarks?
- ✓ Will this create an opportunity to increase profits, lower promotion spend, increase market share?
- ✓ Are integrated communications needed? How will this differ from my business intelligence (BI) solution?
- ✓ What data are we hoping to integrate? Multiple data sets?
- ✓ Do we need **real-time updates**? Weekly? Quarterly?
- ✓ What open APIs are available for data exchange?
- ✓ How can we **maximize the investment** in data subscriptions?
- ✓ Who will control the modeling and validate the data hierarchy?
- ✓ What is our baseline today?
- ✓ **What are our customers asking for?**
- ✓ How much flexibility do we need? How will we present our findings?
- ✓ Who needs access to the dashboard?
- ✓ **How will success be defined and benchmarked?**
- ✓ How much can we save?

Evaluate Features

Service and price are important when evaluating each platform's features. You should also consider things like ease of implementation, configured flex reporting capability, cross-channel data integration, and easy development of optimization scenario.

Ease of Implementation



Timeline

Ask the system's vendor for a sample project timeline. There should be a lead on the vendor side and the client side to make sure the project tasks and overall timeline are on track.



Functionality

Match your key business objectives and needs with the features available for each specific platform. Can this tool accomplish what your organization needs it to?



Enhancement Costs

What are the average costs for enhancements and customization?



Training & Support

Ask for an outline of the training package along with terms and costs for support. Determine who on your staff will need to be trained right away.



Configured Flex Reporting



Baseline Trends

Identify baselines that are outside thresholds and enable adjustments due to data anomalies or unidentified promotions.



Historical and Predictive Lift Indexes

Measure automated forward buy calculation utilizing Consumption to Purchase Index (CPI), and full manufacturer and retail predictive profit recap.



KPI Analysis

Promotions shipments, spending and POS consumption should be easily aligned.



'What If' Planning Scenarios

Detailed calendar view of possible planning scenarios to show the most accurate predictive planning utilizing both historical and predictive lift coefficients.

Cross Channel Data Integration



Consolidated Reporting

Does the system support the correct tie-in to hierarchical geography and product roll ups?
How - APIs? What is the timeframe?



Seamless Integration

The system shouldn't require extra steps for data transfers and reconciling multiple reports to get real-time, accurate and scrubbed hierarchal reports.

Optimization



Optimized Modeling

Can top-down / bottom-up optimization be accomplished in the tool?



Scenario Planning

How configurable / flexible is the input of various constraints necessary for accurate development of numerous scenario plans?



Trends

How easy is it to adjust baselines and lift coefficients based upon a 12- month trend assessment?



Goal Setting

Is it intuitive to tell the system what the goals of the promotion are? Can goals be revenue, cost per item, promotional position, or a combination of these?



Optimization

Once the goals are set, how rich are the metrics that are available to optimize from? Do they include actionable insights that can be shared with retail partners?



Transparency and Control

Can the system provide a strong basis and rationale to gain more control of budgets, spend and ultimate truth about profits and margins?



Choosing the Right Partner

After your organization has identified what features and functionalities are needed (and what would be nice to have), it's time to evaluate vendors and make your decision.

Define your Partner Choice

Will you use a committee and formal process? Who will be the final decision maker? Will you go through a formal RFP process or simply evaluate vendors independently?

Identify and Contact Vendors

Determine which vendors meet your criteria. Provide the list to the vendors to expedite comparison when evaluating proposals.

Schedule Demos

Set up demos for the internal staff members who will work with the platform. Consider developing an in-depth scripted demo for vendors to present from, where all of your functional requirements are addressed. This offers the team a chance to ask questions and get a better understanding of what it might be like to work with the product.

Check References

If possible, consult several customer references. These should be the primary users of the platform, not just the person who signed the contract. Interview noncompetitive CPG companies at trade show events to garner candid feedback.

Negotiate a Contract and Timeline

The contract should detail the platform and the service-level agreement. The contract should outline how long it will take to implement the system and include training. Uncover any additional fees for consultants, implementation, and future enhancements.

Use the following chart to help you evaluate potential vendors to see who best meets your needs.

	Vendor 1	Vendor 2	Vendor 3	Comments
Workflow				
Ease of Use				
Large Data Handling Capabilities				
Customization				
Automation				
Data Integration				
Reporting				
Exporting				
Configuration Flexibility				
Insights				
Calendar View				
Optimization				
Testing				
Goal Setting				
Pricing				
Transparency and Control				
Cross-Channel				
Access and Role				
Consolidation Reporting				
Seamless Integration				
Implementation				
Cost Per User				
Ongoing Monthly Costs				
Training				
Service Fees				

We look forward to continuing the conversation.
Reach out to your sales representative or
hello@blacksmithapplications.com to get started.

Demo Blacksmith TPO ›