



WHITEPAPER

Optimizing Outcomes

A CPG Guide to Successful Trade Promotion Advancement

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Introduction

Despite the rise of ecommerce and direct-to-consumer initiatives, consumer goods companies haven't stopped investing in in-store promotional events.

While other buying channels are important to address, shopping in-store **represents the majority** of buying decisions.

Unfortunately, CPGs **aren't sure** which promotions work or how to improve their future promotions, leaving many dissatisfied with their results.

We suggest that you **prioritize analytics** intelligence during promotional planning... then, you'll see **more profitable trade investments**.

With that said, even with data insights, so few companies are satisfied with how they manage trade, and many don't have a clear understanding of where their investment is going.

We had to wonder, what's standing in your way?



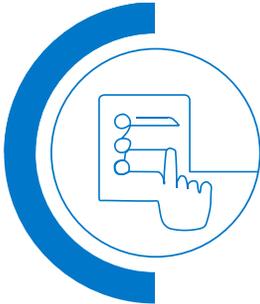
**Nielsen reports
that 33% of trade
planning is reactive.**

Many CPG companies have grown comfortable with the fact that the processes they use don't deliver the level of performance they desire. There's an assumption that adding new technology will be painful and time consuming, creating resistance to change.

Resistance to change doesn't work in an industry that undergoes consistent change and adaptation.



By the end of 2019, online sales of **CPG food** products totaled more than **\$38 billion**.



Considering the pandemic, research shows that **70%** of people still like to shop **at grocery stores**.



Online channels contributed to nearly **70% of overall CPG growth** in the last decade.



Walmart has **overtaken Amazon** in share of online grocery transactions as of **August 2020**.

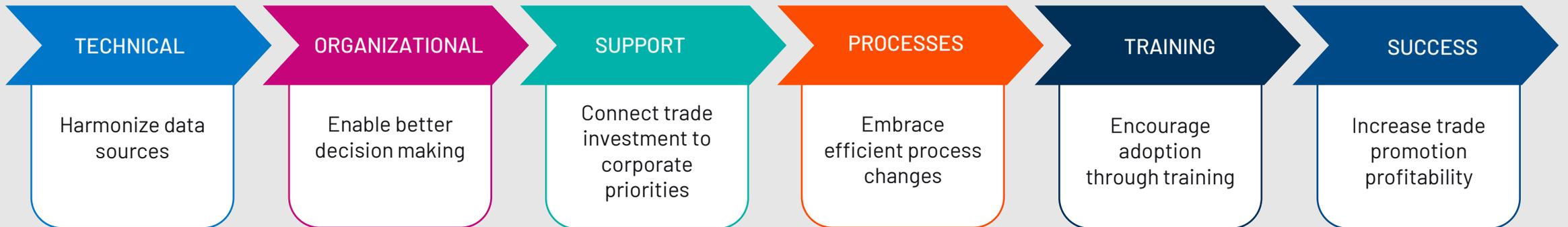


Don't let the trouble of changing processes outweigh the proven benefits.

The value of TPO software is its ability to shift from a tactical reconciliation of trade spending to an analytical investment approach with a quantified return on trade investment.

It's time to take your trade investment intelligence to the next level.

STEPS TO ADVANCING YOUR TRADE INVESTMENT STRATEGY





Technical Considerations

“One hesitation we see with new clients is that since trade promotion optimization is a newer technology, companies can lack the internal confidence that TPO is not the same implementation as TPM,” states Blacksmith TPO Chief Knowledge Officer, John Weller.

The fact is, adding a TPO solution adds new and different capabilities to the organization, beyond those of TPM, and implementation is quite simple. TPO solutions integrate directly with your existing TPM or planning tool.

Currently, you might be manually compiling consumption and spending data in spreadsheets... Instead you could couple TPO with TPM software to allow for **automated harmonization** of consumption, spending, shipment, and other data sources... maximizing your time and keeping data **centralized**.

Of course, companies without a TPM solution in place can still take advantage of TPO functionality such as **post-event analytics** and **planning** capabilities.

During the software implementation process, we will help you navigate your data structures and define how your current practices will fit into the **new approach**. We kick off our implementation process with these conversations, to ensure your data is integrated in an organized fashion.

Organizational Considerations

With TPO, analysts can make better planning decisions - compared to someone tasked with creating plans and evaluating trade investment without automated, accurate intelligence.

Today, you may only see a small portion of your business and therefore it's more difficult to make decisions that positively impact your full brand portfolio and / or retail customers.

Implementing a TPO solution means you'll spend **less time compiling** data and instead spend your time:

- Evaluating trends
- Identifying gaps
- Answering questions like, "What if?" and "What else?"

The value in a trade promotion optimization tool is its ability to shift from a tactical reconciliation of trade spending to an **analytical investment approach** with a **quantified return on trade investment**.

Your company can address issues like retail execution and joint business planning.

Focus on change management that empowers users throughout the organization, since implementing a TPO solution requires a mindset shift - they're accustomed to their current way of analyzing and promoting.

Executive Support

*67% of trade promotions don't break even.
So, senior management asks why they should invest more money into
new technology for a struggling approach.*

Executives view trade as an acceptable price of doing business, rather than an investment.

It's important for those at the top of an organization to connect investment in trade improvements to corporate priorities. Then, employees who take on the implementation process and use the solution will make it a priority.

Ultimately, a large source of motivation and support for change stems from the top executives in a company. Senior management should **communicate a clear message** that the intelligence and results that can be gained from this TPO technology is vital to the future of the company.

Some executives are hesitant because of the perceived amount of work and the cost of the solution can be overwhelming and off putting. In reality, deciding to implement a TPO solution is not as time consuming or expensive as they may think.

[Continue Reading: 8 Steps to Gain Executive Support ›](#)

New Processes

Retail Info Systems estimates that sixty percent of companies are using custom-built or manual processes.



Comparing CPG companies who use manual spreadsheet processes versus a trade promotion optimization solution is like comparing those who use typewriters to those using computers. Spreadsheets are simply not giving employees enough reliable information in a timely manner to make the best decisions.

Using a TPO tool to harmonize data is **efficient and ensures consistency**, whereas spreadsheets are inefficient, error-prone and time consuming. Once a company decides to make the switch from spreadsheets to a TPO solution, the only question will be why they didn't do it sooner.

As a company demands more than reconciliation from their trade management processes, one thing that they'll need to discuss is how they tie in volume, expense and settlement to an event.

Unlike working with spreadsheets, the **harmonization** of these data sources with TPO event execution helps organizations build diligence around how they organize data, while providing stakeholders real-time, post-event analytics.

Training

Although there are challenges to ensure systems adoption, how you address the issues is what is important, explains Dr. John Stanton, Professor of Food Marketing at Saint Joseph's University.

To help alleviate adoption challenges, find a TPO provider that is familiar with your existing TPM or planning system and is prepared to help you through the implementation and training process.

Solution providers are there to help the process run **efficiently and effectively**. Providers should be willing to **share advice and best practices** based on their knowledge and past experiences.

A significant portion of training and implementation should focus on **embracing change**. Don't underestimate the need for change management.

The Promotion Optimization Institute recommends having a change management plan in-place before implementing a solution. Survey data collected by POI found that **92%** of respondents have trouble when deploying solutions to existing users, since many employees are stuck in their current way of operating.

Training – Advice from the Expert

Consider these recommendations from Dr. Stanton as you begin your journey.

-  **Prioritize time for training** to enable a smooth and successful implementation
-  **Specify an individual** to assist with the implementation, and manage one-to-one contact between suppliers and the client, as this will reduce the risk of additional work for employees
-  **Prepare the entire company** for the changes through clear and regular communication

“ Every company operates differently, so **adjustments** might be needed to make the system compatible for a specific company. That is why it is important to select a TPO supplier that recognizes the need to make **compatibility a priority.**”

Set Yourself Up for Success



Trade promotion is an integral, **strategic component** of a company's revenue management strategy.

To turn trade promotions from expense to investment requires greater **intelligence and predictability**.

Companies that adopt trade promotion optimization technology without considering these internal obstacles will struggle to realize the **fruitful possibilities**.

At Blacksmith Applications, everything we do is rooted in an unfailing commitment to serve as more than a software provider.

We bring an entire trade team to the table.

We speak the same language you do.

We understand your business.

Ventura Foods Uses Blacksmith TPO to Grow Profit



"Housing the information in one spot allows sales to make better business decisions with their customers in a timelier manner."

Jim Stolle
Director of Trade and Pricing, Ventura Foods

By optimizing their trade strategy, Ventura was able to:

- ✔ Reduce Spend
- ✔ Grow Profit
- ✔ Minimize Volume Declines
- ✔ Drive Better Relationships
- ✔ Increase Visibility
- ✔ Centralize Data



Blacksmith Applications has TPO and TPM solutions for enterprises of all sizes. **We'll help to identify the solution that is right for you.**

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