A close-up photograph of a person's hands holding a black smartphone. The phone's screen displays a barcode scanning application with a central camera viewfinder. The person is holding a white rectangular tag with a barcode attached to a grey garment. The background is blurred, showing more clothing items hanging on a rack.

Optimizing Sales & Trade Planning Delivering New Proficiency in Your Value Chain

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ORACLE®

EXECUTIVE OVERVIEW – THE INTEGRATED PLANNING CHALLENGE

Here is some new news – most Consumer Goods (CG) companies are not able to identify the efficiency of the 2nd largest line on their P&L. Further, these same companies are not able to reliably forecast the volume of base and incremental to make decisions on what product they need, when they need it and where they need it. Millions of dollars are spent to obtain syndicated data that tells them what executed at the point of retail, spend millions on retail execution capture yet still aren't able to evaluate pre and post promotion analysis – average is 5 to 7% of promotions run... hope you are looking at the right 5 to 7%. And as many of you have launched ways to “capture the minds of the consumer”, you still don't integrate that to your overall and joint business plans!

As you will see from the POI – Gartner research here at the conference – #1 and #2 desired capabilities are Improve Forecast Accuracy and Analytically Drive the Business YET the proficiency you stated was LOW.

Oracle's Demantra Predictive Trade Planning and Management solution provides this capability for businesses to succeed in consumer-oriented markets – which is to become more demand-driven with visibility and transparency internally and to your customers.

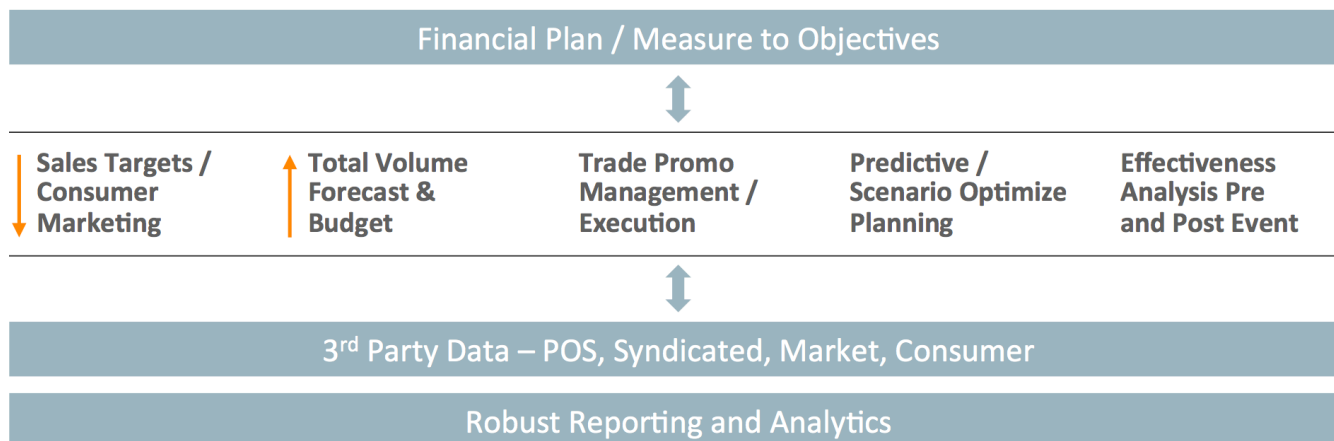
- Can you sense the demand at the point of consumption? At retail or online?
- Are you able to accurately shape / forecast that demand via your promotions, pricing actions, channel sales incentives, SKU rationalization and retail assortment planning?
- Do you know when category / geography / channel trends are effectively responding to trade and marketing?
- Are you constantly battling with supply or inaccurate sales forecast projections resulting in product in the wrong place, unprofitable sales and left wanting in some locations while others are flooded with closeout and overstock offers?

BEST PRACTICES IN SALES AND TRADE PLANNING

A comprehensive trade management process facilitates the alignment of account teams, trade marketing, finance and supply chain stakeholders. Without an integrated process there is a disconnect cross the Value Chain consisting of sales, marketing, trade marketing, finance and operations which leads to missed opportunities, poor performance of promotions and too much / too little inventory in the channels to meet category and brand objectives. The account managers may plan a campaign with a certain set of expectations for volume and margin but they may end up being ineffective and a poor use of trade funds. In addition, incremental volume due to events may not be

communicated to supply chain that may place insufficient or excess inventory into distribution resulting in a waste of promotional spend.

Oracle Sales & Trade Planning Management



Starting with specific targets (revenue & margin) with a top-down business plan by category / brand / channel with specific goals for volume and market share is needed. A bottom-up total volume forecast which includes the impact of promotions and the resulting trade budget that is required is aligned with the top-down targets. Determining and resolving gaps on an on-going basis between top-down and bottom-up plans at the channel / category / brand levels, is a key best practice that ensures alignment across the company.

The completion of this budgeting process drives a continuous cycle with account planning teams developing trade promotion plans to achieve objectives. Typically, this would include three scenarios – a likely scenario, an optimistic scenario and a pessimistic scenario. These scenarios will incorporate changes in distribution, new products, new market activities, changes in promotional strategies (e.g. increase in promo depth vs. increase in promo frequency). During this process, a sale allocates the funds and checkbook to customer accounts within a consistent process of trade spending approvals.

Analytics are operationalized and integrated into the process within the same system for top-down planning, fund planning and allocation and scenario planning. The promotion calendar is analyzed using predictive modeling and optimization to yield a base and incremental volume, promotion effectiveness, cross-portfolio and cross-account effects. This is where trade promotion planning meets predictive modeling and optimization so that the net result is profitable revenue growth for the Consumer Goods manufacturer.

The planned promotions are approved and committed and then go into execution and the settlement process. Here post-promotion analysis informs the planners, if what was anticipated during the planning phase actually happened and if it did not, then what the root causes were for the deviation. Analysis of the top and bottom performing events are then incorporated into future promotion calendars, and is a basis for continuous improvement for promotion strategies.

ORACLE VALUE CHAIN PLANNING – VISIBILITY AND TRANSPARENCY

These best practices cannot be institutionalized without a robust and integrated predictive trade planning and optimization solution, which Oracle offers through its Value Chain Planning suite of applications.

Demand Signal Management – From an Enterprise View

The key here is that although there are several solutions out there today – Oracle uniquely offers the ability to manage every retailer, all distributors, and every external data source in a single enterprise solution. Retailer point of sale, distributor spin data, syndicated sources and channel shipments are cleansed, mapped and harmonized into a single and comprehensive data model. Oracle Demantra uses this data to generate forecasts across each stream of data – Consumption forecast, Depletion / SPIN forecast and Competitive Product forecast to evaluate the cross effects in the category at the retail market.

With this visibility and the robust reporting manufacturers are able to look across the entire Channel, Category by Market and Retailer as well... think of that... all insights in a single view eliminating “chasing down the data to create views”, and leveraging exception reporting and insights on what is working, gaps in inventory and how well New Product launches are reacting by market. Giving category, brand and account teams the visibility to increase revenue and brand equity via more effective category and brand growth strategies drives

- Increased revenue / reduce lost sales due to poor store / SKU level visibility
- Easy access to information to drive insightful retailer top-to-top meetings
- Clear view of demand to have product ready which improves service levels
- Full visibility by executive management to category, operational and financial measures
- Easy tracking of how new product launches are succeeding or not in all markets

Forecasting – Transparency of Demand Across the Value Chain

Oracle Demantra's exclusive forecasting capabilities incorporates external data insights using multiple causal impacts including price changes, promotion tactics, date of the promotions at retail, weather effects, marketing and macro-economic factors. Generating a weekly recast of marketing coefficients by SKU and plan-to customer provides a highly accurate baseline and incremental forecast of consumer and retail promotional events. This weekly visibility drives a completely different approach to S&OP as the Value Chain now has visibility to what is driving volumes, the profit of those promotions, to ensure product is available... thus reducing time and effort across the organization and a profitable response to promotion and pricing actions.

Analytics and Modeling

Promotion planners now have insight into the effectiveness of different promotion levers available to them by leveraging data driven analytical models. Account managers have the ability to run what-if simulations to understand shipments, distributor / wholesaler activity and how well the promotion will operate at retail via consumption effects and competitive reaction:

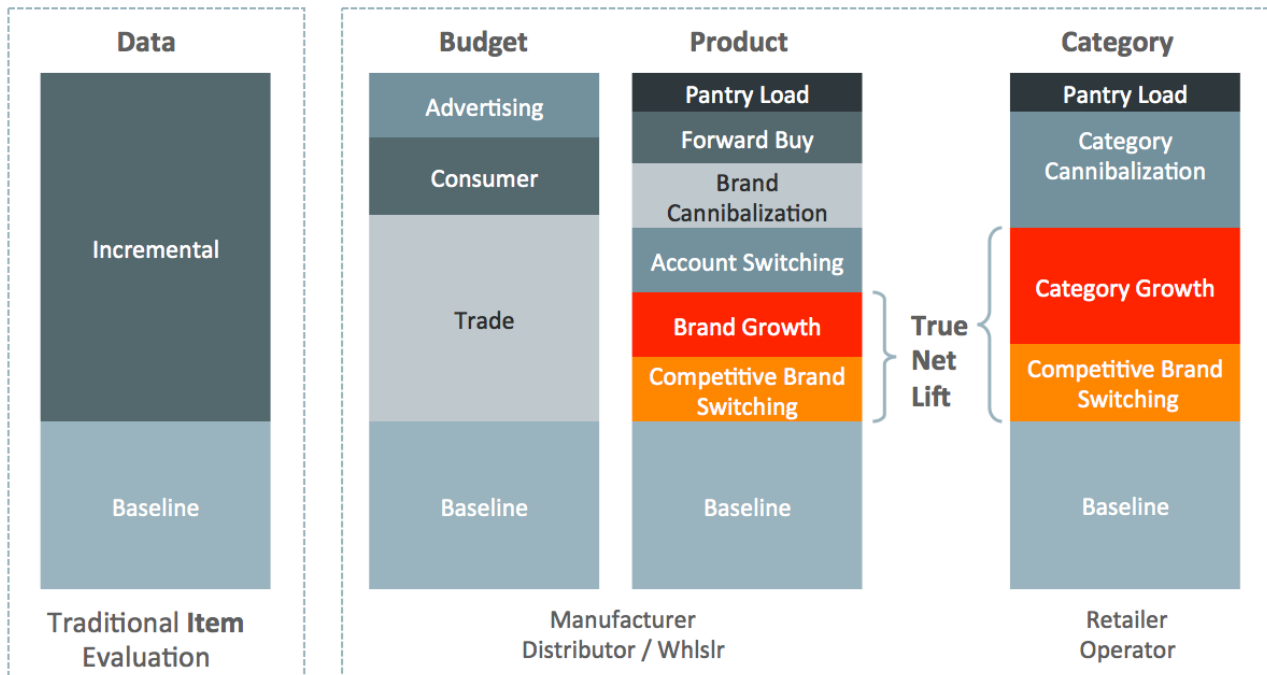
- Which delivers a better result, investing in a display or in an advertising feature?
- What if I decrease the price during the promotion by 18 percent when I have never done this before – what will the impact be on incremental lift and revenue?
- How much do my promotions cannibalize my customer's private-label products?
- Should I enter into an agreement to decrease the base price of a product, or would a "hi-lo" promotion strategy be better?
- What is the ROI of a promotion both from my perspective and from a retailer's perspective?

Predictive Insights – Base and "True Net Lift"

Looking below – visibility to an accurate view of base and lift and further insight to the drivers within lift – both for you the manufacturer as well as the retailer view of the category – changes the game... you now understand "what that spend impacts" before you commit it. Those same insights are available after the fact, identifying the "due to" when a promotion does not execute as expected. Did the retailer run the promotion when you wanted it? Did they run the shelf price point? Did they run the tactic I paid for (planning a Feature and 2 week display only to find out the retailer ran the Ad and a 2 week TPR not resulting in anything close to what you expected). NOW you will be able to see that! 100% visibility into Pre and Post – sure beats the Industry average of 5 to 7%.

Promotional Effectiveness – Projecting Baseline & Lift...

Driving insights for You AND Your Customer



Imagine these insights at your fingertips - Shipments, Depletions from the Distributor and Consumption – FACT BASED insights give you power to make decisions!

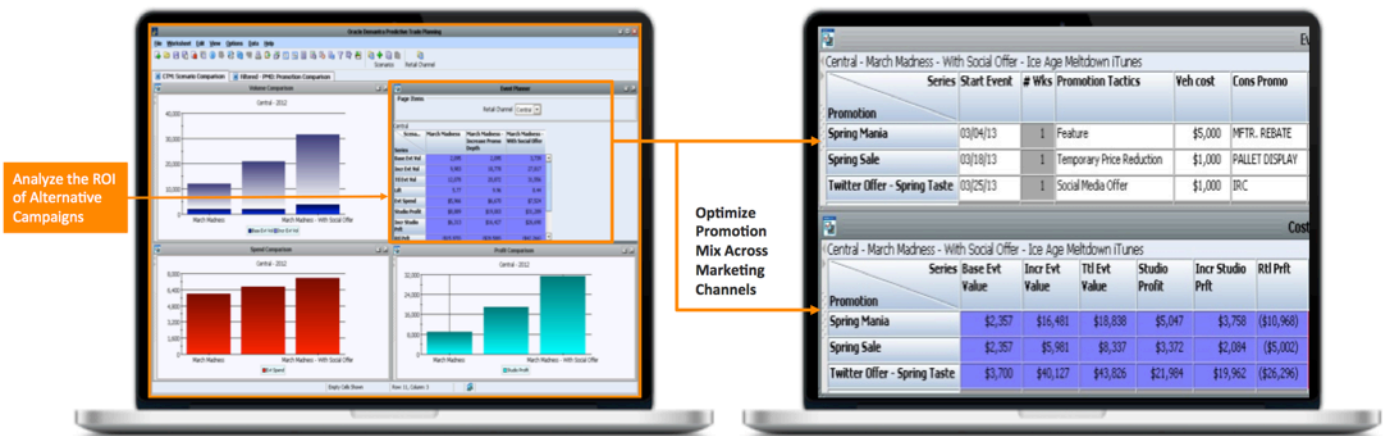
Is my brand growing? What competitive brand switching am I driving? Am I cannibalizing my own products? My competitors? Am I just moving volume from 1 week to the other? Or just allowing everyone to stock up? What is my value to the Category?

Scenario Planning

What-if scenario planning enables the evaluation of multiple options for single and groups of promotions in order to understand and select those that achieve category and account goals. Whether it is the trade marketing analysts or individual account teams, they can model alternative scenarios with groups of promotions and gain insight into the impact of varying the depth of discount, frequency of promotions, duration of promotions and set of tactics. The outcomes of these scenario simulations can guide account teams to the most optimal promotion strategies that meet category, brand and account business objectives. Summary views of the impact against key metrics allow you to quickly and easily come up with the spend options that meet those metrics... while incorporating marketing effects across traditional, digital, and shopper marketing impacts.

“What If” Scenario Planning

Analyze Scenarios & Campaigns with a Mix of In-Store & Social Media Offers



Easily evaluate the “effects” of multiple scenarios...what if I did... and a quick understanding to the key metrics. Imagine this insight – my plan next quarter compared to what the retailer wants – what is the best win-win value?

Achieving True Optimization of Plans to Goals and Objectives

Up to this point, we have focused on the ability to easily and quickly analyze the effect of promotion options – single or groups. While this is an invaluable step change that has driven significant ROI for our customers - reduce unprofitable spend, drive more volume with less dollars and finding better ways to achieve your goals, nothing beats an Optimized calendar by Channel, Category, Brand and Retailer. Oracle Demantra's Optimization capabilities stands alone in the ability to provides a set of objectives for a set time (year, quarter, etc.) and based on your specific spend and goal guardrails (ROI, budget, frequency of tactics), generate a recommended set of optimal promotions and show them on your calendar. Compare the recommended "optimized set of events" against the existing calendars that have been developed and seek changes to existing promotions and net new recommendations.

Being provided an Optimized calendar with fact based recommendations provides key changes to profit and volume pictures...making better decisions and "finding those nuggets" that drive value!

BENEFITS FOR CONSUMER GOODS COMPANIES

Oracle's Demantra Predictive Sales & Trade Planning, enables any size CG company to optimize promotional spend and effectively plan and execute strategies that profitably grow their category share.

- Account plans generated with base volume, revenue, & margins across all demand streams - Shipments, Distributor / Wholesaler depletions and Consumption
- Event-based predictive analysis to project promotional lift – 1 promotion or multiple scenarios
- "Net lift" factoring cannibalization, pantry loading, pre / post volume, forward buying and account switching on YOUR product portfolio as well as YOUR competitor
- Recommended generated Optimized Calendar using your guidelines, goals and objectives

CONCLUSION – EFFICIENCY OF SPEND – VISIBILITY ACROSS THE VALUE CHAIN

We ALL know that we need to make that second largest line on our P&L more efficient... there are 100's of white papers out there telling you that. Our customers are leveraging predictive trade planning and optimization to improve both their efficiency as well as their customers' performance. Eliminating wasteful spend, taking advantage of new ways to win, and driving those insights back through the Value Chain allows insight to what needs to be produced, when it is needed and where it will be consumed. With the impact that promotion spending can exert on a company's performance, there is a very real need for predictability. In order to compete, consumer products organizations need these insights / fact driven plans to drive profits while gaining market share. If you can provide these insights to your Retailers on the Category effects you will absolutely put yourself in the driver's seat.

Please contact us to learn how you can start your step change today to Efficient Spend, Optimized Calendars, with Visibility and Transparency across your Value Chain for you and your Customers!

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