

Consumer Goods Solution Series

Trade Promotion Optimization Planner™

Cost-to-Serve Planner™

Integrated Business Planner™

Network Design & Optimization Planner™

THE BRIDGE BETWEEN PLANNING AND FINANCIAL PERFORMANCE



**RIVERLOGIC**

# TRADE PROMOTION OPTIMIZATION PLANNER™

Product Data Sheet

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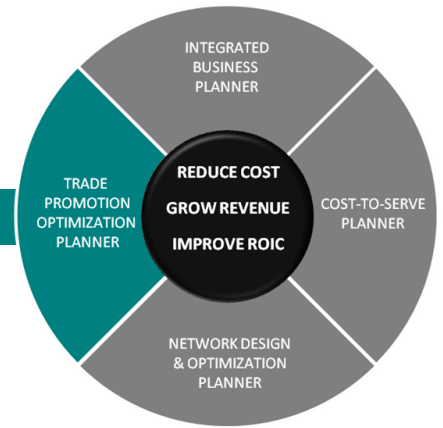
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## Integrated Planning and Optimization for Consumer Goods Companies

River Logic delivers the first integrated suite of solutions specifically developed to **optimize planning, decision support, and performance management across the value chain.**

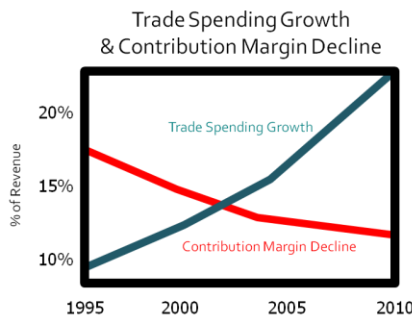


## Trade Promotion Optimization Planner™

Trade promotion spend has more than doubled over the past 15 years. Trade spending, reaching nearly 20% of gross revenues, is now the second largest expense item after raw materials. Consequently there is more pressure than ever to improve the financial return on the ever-increasing trade spend budget.

These financial pressures continue to rise as economic conditions alter consumer behaviors in the forms of declining brand loyalty and shifts from premium, high-margin products to value-oriented selections. This delivers lower margins and ultimately

requires more volume to be sold on deal. Additionally, few analytic insights are available to the manufacturer to keep their trading partners from using trade funds to simply bolster their own margins.



**Trade Promotion Optimization (TPO) Planner™** enables Consumer Goods companies to meet these challenges head on, resulting in increased financial performance from their existing trade budgets. Corporate managers use TPO to establish better customer and campaign strategies and to optimize budget allocation while balancing market share, revenue, and profitability objectives. Field users use TPO to create trade-optimized customer plans while accurately reflecting customer, campaign, and budgetary constraints.

## Benefits

- Increase net revenues by 2% or more
- Reduce cost per incremental dollar by as much as 30%
- Facilitate mutually beneficial negotiations with partners
- Improve collaboration and streamline the budgeting process
- Capture ROI quickly through rapid deployment

*Deployment takes 3 – 6 months*

## CONSUMER GOODS SOLUTION SUITE

River Logic's suite of solutions enables Consumer Goods companies to improve performance by integrating and optimizing planning and decision-making across the value chain in order to:

- Reduce cost
- Grow revenue
- Improve ROIC

### Trade Promotion Optimization Planner™

Enables corporate and field planners to optimize trade budget allocation and customer trade calendars to maximize share, revenue, and profitability objectives.

### Integrated Business Planner™

Integrates financials with S&OP to optimize the Supply Plan and demand-shaping, based on financial metrics, and identifies the most profitable products, activities, and processes.

### Cost-to-Serve Planner™

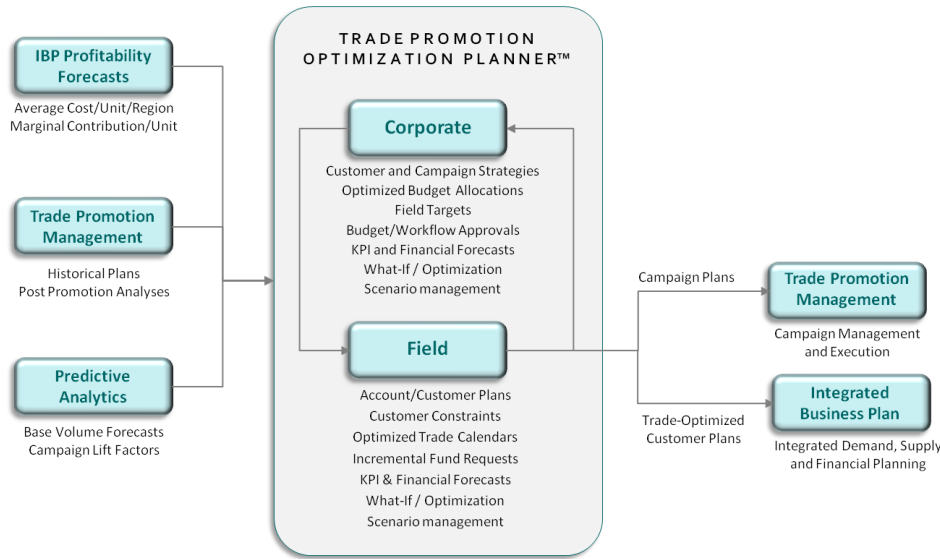
Quantifies the cost of alternative customer service choices and their impact on customer cost and inventory to better align charges and allowances with customer negotiations to create win-win strategies.

### Network Design & Optimization Planner™

Supports long-term strategic planning by finding the financially optimal answer to capital expense, network design, and sourcing alternatives.



## TPO Planner™ Process Flow



### Inputs

Users typically start by importing historical plans from their Trade Promotion Management (TPM) systems, which contain 80% of the information required by TPO. Other key inputs include base volume projections and campaign lift factors, which typically come from predictive analyses done in-house or through third-party vendors. Product profitability forecast are also input. Advanced users with next-generation systems (such as River Logic's Integrated Business Planner™) will also be able to input marginal contribution forecasts by product, region, and customer, which consider non-linear cost behaviors and opportunity costs driven by constraints along the value chain.

Once inputs enter the system, users have flexibility in configuring how they plan and optimize their campaigns. They can start with either Corporate or Field, or they can simply use one without the other as it best suits their planning processes and business requirements.

### Corporate

Finance, sales, and category managers collaborate to define customer and trade campaign strategies, and to establish the optimal allocation of trade spend (budget) to customers and regions. The system allows them to evaluate plans balancing market share, revenue, and profitability objectives. The results provide field budgets and key performance indicator (KPI) targets automatically, thus streamlining the budget and target-setting processes. Collaboration with field users can be managed through intuitive publish/approval/rejection workflows and communication fields.

### Field

Sales personnel create and manage account plans, represent customer constraints (must-do campaigns, minimum trade dollars, frequency), identify opportunities for incremental funds and evaluate different strategies to meet corporate and customer objectives while each time optimizing the trade calendar to volume, profitability, and/or revenue objectives.

## Corporate Sales and Brand Managers

- Evaluate different strategic scenarios for customer service and campaigns
- Optimize budget allocation to customers and regions while balancing market share, revenue, and profitability objectives
- Automatically establish budgets, field targets and KPIs

## Field Sales

- Identify and easily communicate win-win opportunities with customers
- Optimize trade calendar to volume, revenue, and profit objectives
- Prioritize incremental fund requests based on marginal opportunities

## Finance/FP&A

- Increase return on trade dollars and quality of customer plans
- Improve forecast accuracy

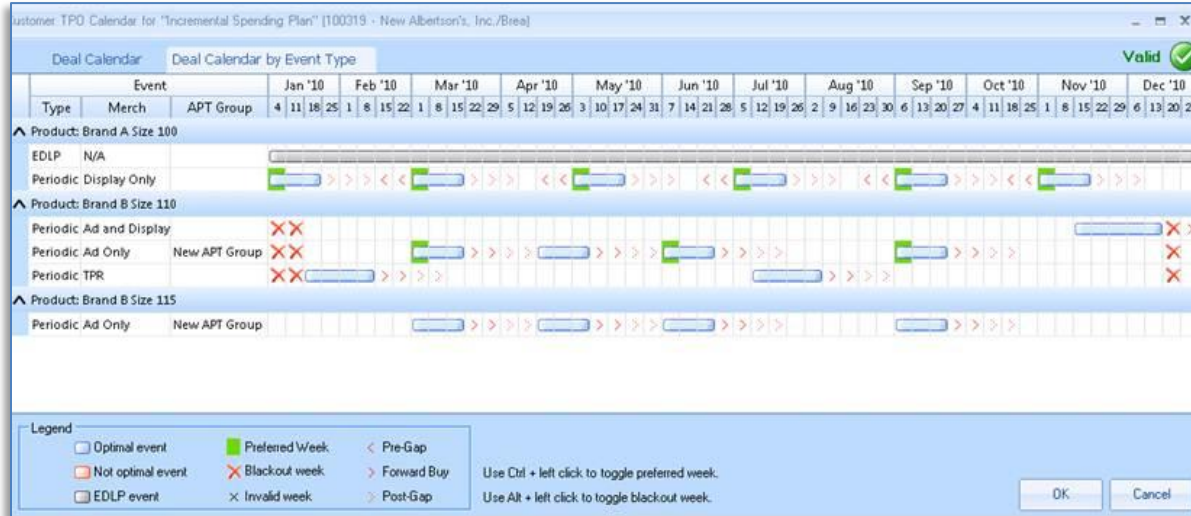
## System Administrator

- Deploy at low cost, with minimal disruption, in 6 months
- Select either low-effort hosting or easy-to-maintain in-house administration options
- Prepare and customize reports using web-based tools or Microsoft Excel®
- Collaborate and manage workflows with easy-to-use visual trade calendars and dashboards



Advanced plan optimization also determines the causal impacts of cross-elasticities and cannibalization across brands and customers.

Sales users also communicate better with customers not only by incorporating their specific constraints, but also by identifying the impact of different strategies on customer metrics.



Sales personnel in the field have limited time to learn and spend on new applications. TPO solves this problem by delivering all the insights through simple UIs and intuitive visual calendars.

### Outputs

Outputs are typically exported to trade promotion management systems in the form of detailed campaign plans by customer, brand, and location. Monthly, trade-optimized customer plans can also enhance the S&OP process by integrating with River Logic's **Integrated Business Planner™**.

For more information please visit [www.riverlogic.com](http://www.riverlogic.com) or contact us at [info@riverlogic.com](mailto:info@riverlogic.com)



8350 N. Central Expressway, Suite 1500  
 Dallas, Texas 75206  
 214-393-4650 phone  
 214-393-4651 fax  
[www.riverlogic.com](http://www.riverlogic.com)

River Logic is the leading provider of integrated business planning and optimization solutions. The company, founded in 2000, has been routinely recognized for its innovation and its ability to optimize planning, decision support, and performance management in a single, holistic system. River Logic has recently received accolades from Gartner, Intelligent Enterprise, and the Supply & Demand Chain Executive 100.