

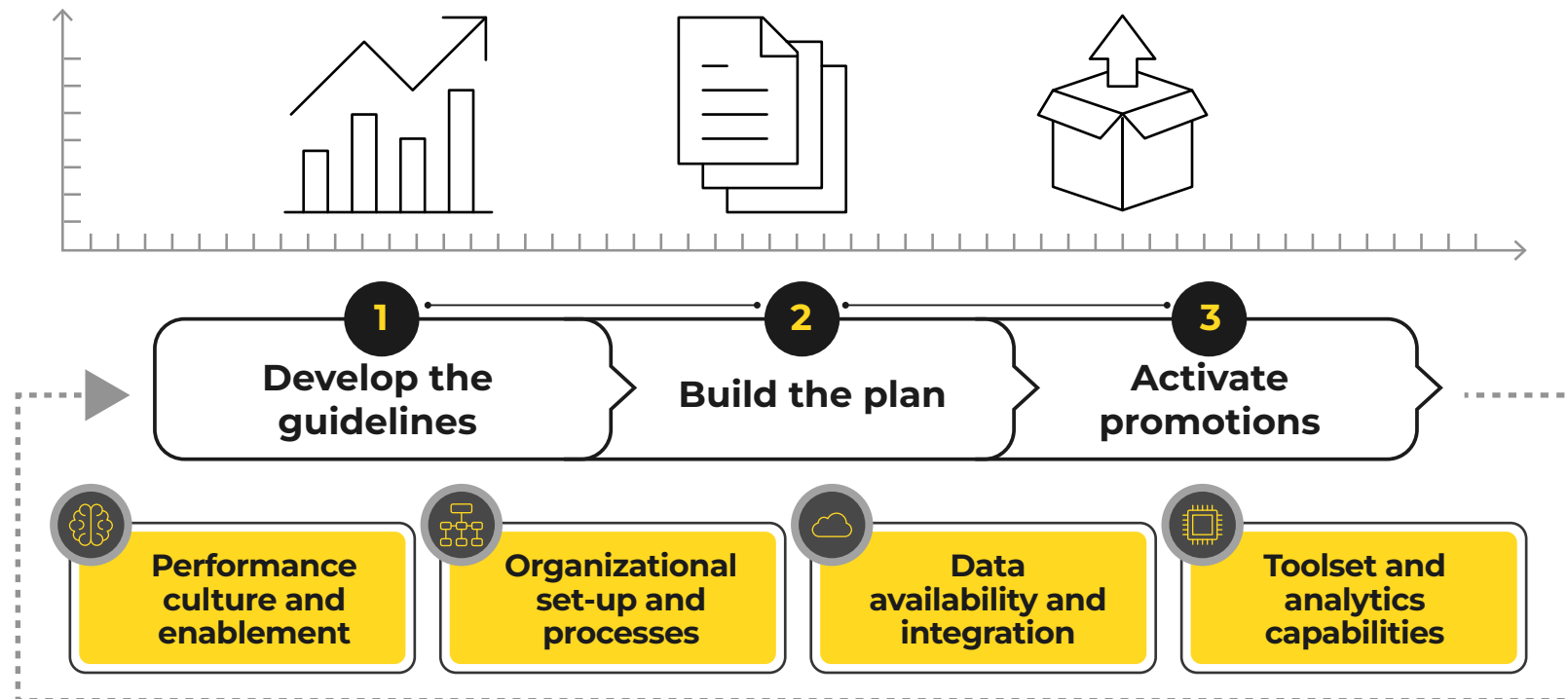
# Trade Promotion



Marketing strategies incentivizing retailers with discounts & rebates to boost product demand, drive sales, and enhance brand awareness. Promotions typically include:

- ▶ Physical displays in stores
- ▶ Price discounts or offers
- ▶ Bulk purchases
- ▶ Onsite events

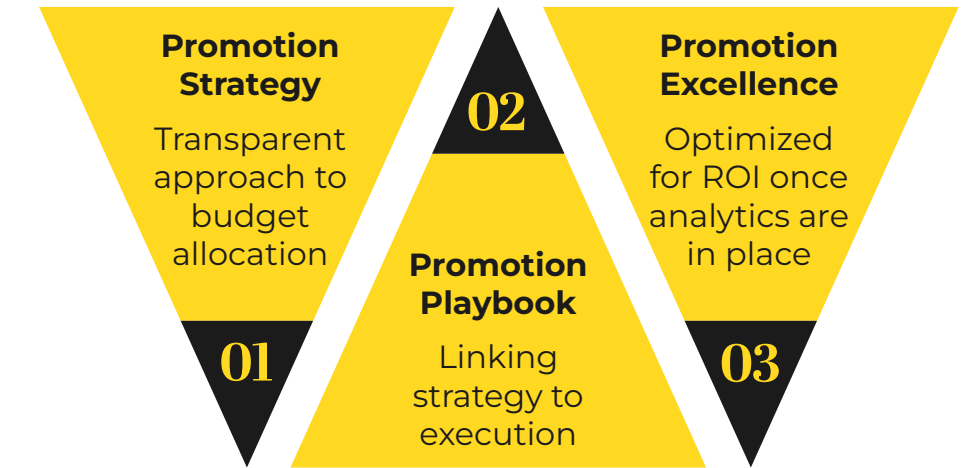
## Trade Promotion management framework



## Key Challenges implementing trade promotion

- 01 Lack of Transparency**  
due to inherent complexities & manual manipulation of data
- 02 Inconsistent Implementation**  
due to difficulty in linking the impact of promotional spend to revenue
- 03 Lack of Collaboration**  
between manufacturer, retailers & distributor

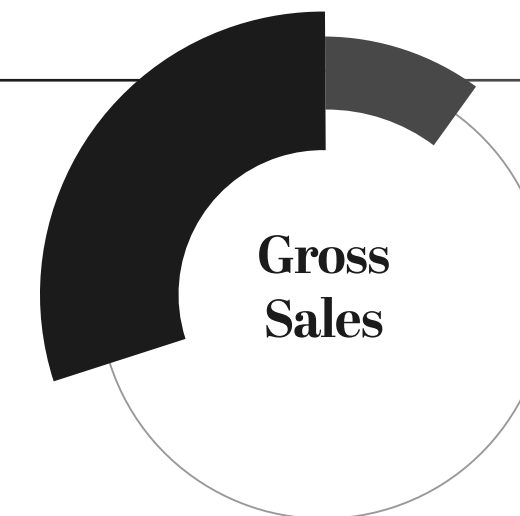
## How to effectively allocate Promotion Spend




## Percent of annual gross sales spend on trade terms & trade promotions

**20-40%** of gross sales spent on **Trade terms**

 Over 50% of respondents increased their trade spend budget in the last five years



An average of **10%** of gross sales spent on **Trade promotions**

 Promotion spend is widely dispersed amongst players

Source - Trade\_Promotion\_Optimization\_Deloitte

## Trade promotion KPIs to track

- ★ **Incremental Sales Lift**  
(Incremental/Base Sales)\*100

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- ★ **Trade Spend**  
(Revenue/Trade)\*100

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- ★ **Return on Investment**  
(Profit on incremental revenue/Trade spend)\*100

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- ★ **Distribution Gains**  
(Distribution After Promotion - Distribution Before Promotion) / Distribution Before Promotion)\*100

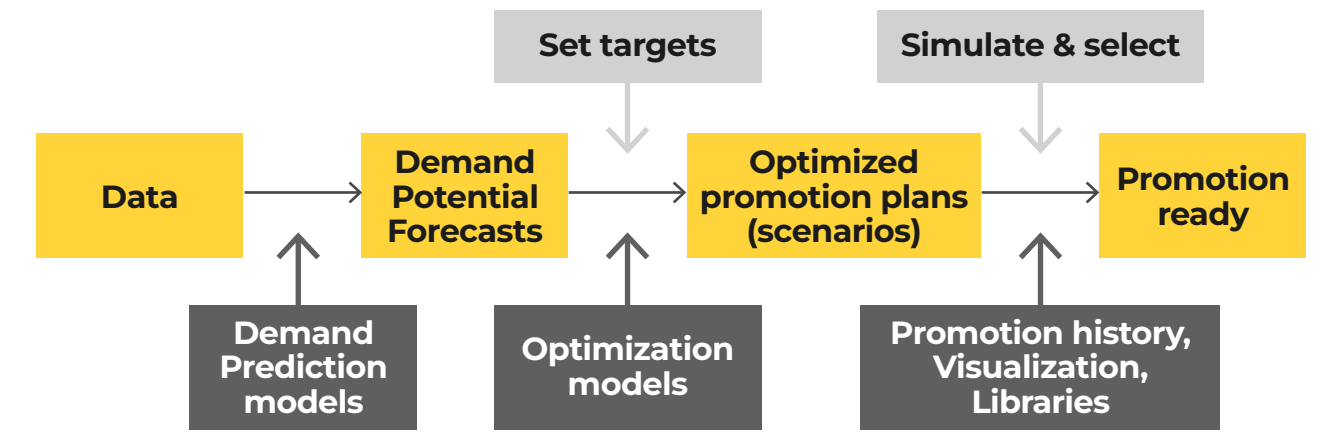
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- ★ **Promotion Efficiency**  
{(Promotion Sales - Promotion Cost) / Promotion Cost}\*100

## Best practice promotion management process



## Trade Promotion X Data Analytics



“59% of businesses lose money on promotional activities that are not data-driven”  
Infosys

- |                                |                           |
|--------------------------------|---------------------------|
| ↑ Promotion effectiveness      | ↓ Promotion cost          |
| ↑ Sales Lift                   | ↓ Inventory carrying cost |
| ↑ Customer Acquisition         | ↓ Customer Churn          |
| ↑ Cross-selling and up-selling | ↓ Promotion response time |

**Polestar Advantage**



Enterprise-grade TPM tool equipped with SKU/customer level granularity and best-in class baseline models.



Successful analytics implementation for 50+ CPG brands



Advanced ML algorithms to simulate the incremental impact of your trade promotion management initiatives