

How to build a strong TPM, TPO, and RGM foundation

In the world of consumer-packaged goods, promotions are a vital way to increase sales and drive growth.

Without accurate base and uplift models, it can be next to impossible to measure the effectiveness of historical promotions and apply learnings to future promotions.

Having accurate and updated base and uplift models is vital in today's economic environment

The right trade spend strategy should include ready-to-use and accurate base and uplift models in order to:

- ✓ Develop a holistic forecast –all consumption included, whether a promotion exists or not
- ✓ Generate optimized promotion plans
- ✓ Manipulate a promotional plan and quantify the impact to planned sales
- ✓ War-game promotional scenarios
- ✓ Calculate overall ROI from trade events
- ✓ Perform on-demand price elasticity analytics

Your team needs more than just disjointed spreadsheets.

Models are most accurate when created at a granular level, but users must be able to act on a higher level. Spreadsheet management in an ever-changing environment is no longer practical or accurate. Accurate models are needed - along with the user interface to utilize and act on those models.

— **A baseline model** projects sales you would expect to see in the absence of trade promotions.

— **An uplift model** is a statistical model that predicts the expected sales lift of a promotion, taking into account customer-specific factors like price discount and tactics.

Models are not static. To maintain solid models:

— **01 Retrain models regularly:** As your data changes, so will model accuracy - models need to be consistently retrained to account for changing market conditions.

— **02 Monitor your data quality:** Data quality will have a dramatic impact on the accuracy of your models. That's why consistently monitoring for errors and missing values is essential.

— **03 Keep your models updated:** As new covariates are introduced, uplift models will need to be updated.

Accurate base and uplift models affect your overall trade spend strategy.

By using both base and uplift modeling, you can optimize your promotional plans for maximum ROI.

For **TPM** this means:

Delivering a holistic consumption forecast and enabling your sales team to enter promotional variables and have a solid projection of sales, spend and ROI.

For **TPO** this means:

Building the foundation for optimization so your plans reflect the optimal combination of price, product, frequency and tactic.

For **RGM** this means:

Having updated price elasticity models at your fingertips to enable speed to action on price moves, vital in today's changing environment.

Looking to improve trade spend strategy?

With CPVision, you gain control and stay on track through changing economic conditions and consumer behavior. You'll be fully equipped with real-time data that lets you manage, understand, and optimize your trade spend and pricing.

Contact sales@cpvision.com to learn more