

## How to SCORE with Your Next Promotion



**Are your promotions knocking it out of the ballpark on a regular basis?**

If you are like most Consumer Packaged Goods (CPG) companies, the answer is a big fat no. You are falling short on both revenue and profits while spending tons of time, effort, and money on promotions.

You try lots of different strategies. Coupons and discounts, Buy One Get One free or at a lower price, loyalty points and sweepstakes entries, promotional displays and combinations of all of the above.

You run smaller promotions on a regular basis. You pull out the big guns for large scale, special event extravaganzas during Thanksgiving, Christmas, Hannukah, Super Bowl, Valentine’s Day, March Madness, Back-to-School and Halloween – just to name a few.

**Despite your best efforts, your promotions keep falling flat. Well, you’re not alone.**

According to Nielsen data, well over half of promotions fail to produce a meaningful return on investment.<sup>1</sup> Even Kraft’s CEO John Hill admitted, “Increased promotional spending has not resulted in volume lift or sales growth.”<sup>2</sup>

**One of the biggest problems? Old data.** If you use syndicated data to measure promotions – data that generally isn’t available until four to six weeks after your promotion ends – you can only see activity in hindsight. This is a huge problem for three reasons:

1. You cannot change your promotions in real-time to improve results.
2. You have a significant lag in incorporating results into future promotional planning.
3. The data may not provide details that explain why the promotion performed, or did not perform, as expected.

That lack of immediate data (and insight) means you are left flailing blindly in the night, hoping that your promotional efforts work this time.

**It’s time for a new approach.**

Ever hear of the SCORE framework? Based on work done by Gartner’s Tim Payne<sup>3</sup>, SCORE uses five steps to manage promotions from start to finish – Strategize, Configure, Optimize, Respond and Execute. This white paper outlines exactly how you can use SCORE to improve promotions and your return on investment.



## Strategize

How is promotional strategy determined in your company? Does the marketing department work alone, or are the teams most directly responsible for promotional effectiveness – meaning those who drive in-store execution – involved in the process? **Collaboration between teams right from the start is critical to success.**

Planning a major promotion should be collaborative. You need to work with internal teams to understand which retailers have worked effectively with your company on prior promotions – and how willing they are to share data with your team – and nail down the SKUs, time frame, and type of promotion(s) that are likely to generate the strongest lift.

However, it doesn't stop there. The most critical part of the plan is setting goals for the promotion, including an ROI target.

Ask yourself, "What does a successful promotion look like?" You need to decide whether you are measuring success based on revenue, unit sales, or market share. Once you have those goals in mind, you can define the metrics you need to track to understand whether the promotion is on track for success or needs to be adjusted.

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*The most important question to answer is "What does a successful promotion look like?"*

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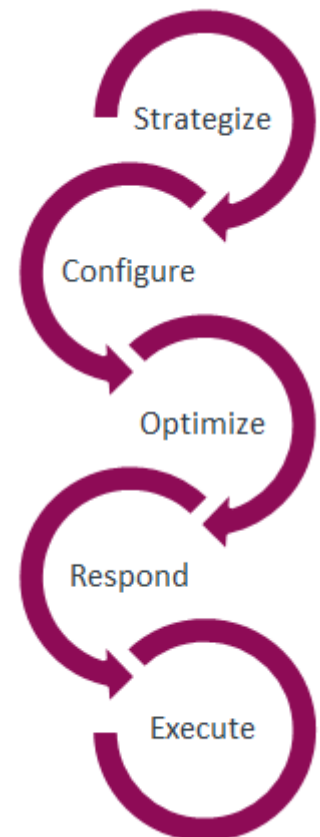
For example, to achieve a revenue goal, you'll need to sell a specific number of units at a specific price within a specific time frame. From this goal, you can determine how many stores, how many units per store, etc. This ultimately sets the targets for each tier of your execution team – from headquarters to the individual field reps or brokers.

## Configure

Next, you'll want to configure your calendar and inventory systems, both of which can help you monitor promotion.

Start with a promotional calendar that includes pre-promotion (or "Build"), promotion, and post-promotion timeframes. It'll come in handy as you move forward, since you can quickly see where you are with this promotion and where you might be overlapping with others.

Now take a look at inventory. Calculate the inventory levels you'll need for each promotional product and each store involved in the promotion in order to hit target fill rates (and avoid excess inventory at the end of the promotion). This is a critical step; **your promotion is virtually guaranteed to fail if the product is not available in-store to**



meet demand created by advertising or other tactics. Don't forget to also track inventory build levels to ensure products are staged for the promotion – this is another critical part of the pre-promotion stage.

At this stage, you'll also want to set up mechanisms that will let you compare in-store performance at a product, store, retailer and regional level. These metrics can help you quickly identify any stores that are falling behind on promotional targets so you can act quickly to turn things around.

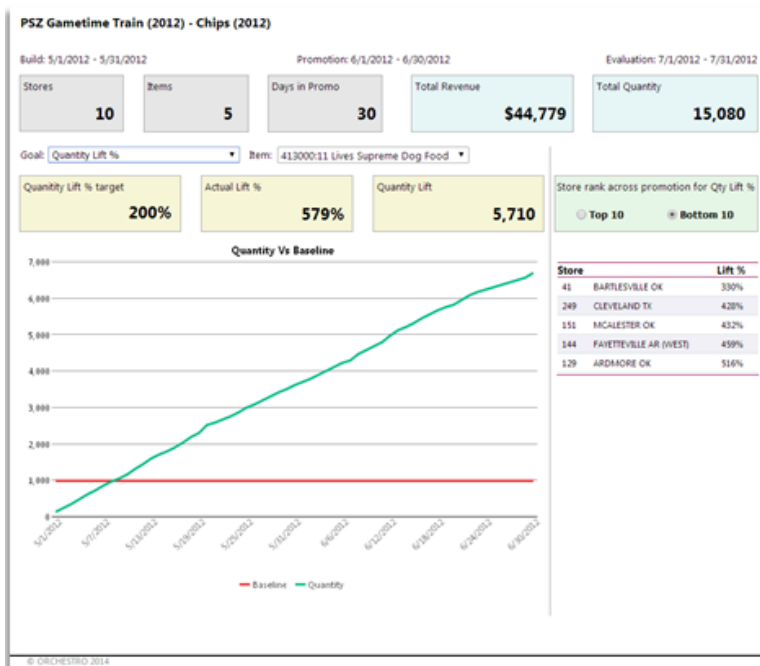
You can also use these metrics to help boost performance at every level by identifying and comparing top and bottom performers. Leaderboards highlighting top performers or other types of "gamification" can create competition between field teams – further driving performance.

Cross-retailer metrics are critical – particularly for single-retailer promotions or those with only a few retailers – as you'll want to be able to understand whether the promotion cannibalizes sales at other retailers (cannibalization might reduce the overall ROI of the promotion). You'll also want to do cross-product comparisons to see if promotion of a particular product has a positive or negative effect on related product sales.

## Optimize

Just as nothing in life is ever perfect, your promotion will benefit from tweaking throughout the process to keep things running smoothly. We call this "dynamic optimization."

Promotion optimization starts with ensuring in-store inventory is at appropriate levels to meet demand throughout the promotional period. Use of daily demand data – including point-of-sale, inventory, shipments, orders or other factors – is the best way to monitor activity. Monitoring this data will also allow you to supplement or replenish inventory as needed.



You'll also be able to monitor and compare leading or lagging stores, regions, sales people, fulfillment, etc., as well as store / retailer compliance with promotional targets, such as price. If something's amiss, you'll be able to take action immediately, whether it's bringing the store to the correct inventory level, ensuring a required display is built, or reiterating the pricing level to store management.

Placeholder graphic

Optimization also requires regular meetings with internal staff to ensure the promotion is hitting your goals. During these meetings, you can compare notes on leading / lagging stores or regions to find out what's working well and apply those strategies to lower performers.

For example, during the pre-promotional period, you can quickly identify field personnel who are behind in getting inventory to stores. This both ensures that you get the inventory in place before the promotion starts, and it reminds those reps to improve their individual performance.

Involving all of the stakeholders in the meeting is a smart move, as information about leaders and laggards could also pinpoint where adjustments in marketing or other promotional tactics might be necessary.

Most importantly, optimization is the opportunity to change tactics so you can enjoy a successful promotion that meets – or exceeds – your goals. These opportunities might be minor, such as preventing out-of-stocks for promotional items at a store where the promotion is performing well, or major, such as ramping up advertising in a region where the promotion isn't performing as well.

## Respond

When it comes to promotions, Optimize and Respond are best friends. The best executed promotions are those that are continually monitored and optimized so they can remain responsive to changing conditions in the field.

Once you identify a problem, you need a way to alert the appropriate team member so he or she can fix that problem. In addition, you need a feedback loop that alerts you when the problem has been fixed.

For example, if your daily metrics show that promotional inventory is running low in a given store or distribution center, you can decide to ship additional product to supplement that inventory and thus prevent an out-of-stock from occurring. However, if you are nearing the end of the promotional period, drawing down inventory to pre-promotion levels is appropriate; therefore, your response mechanism needs to be “aware” of the calendar.

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Similarly, if you make an adjustment to promotional tactics, such as ramping up advertising in response to low sales, you'll want to carefully track daily metrics to see if more ads are making a difference.

Just as regular meetings can help you optimize your promotions, they can also help you explore the root causes behind low performance – and use lessons learned to improve both the current and future promotions.

Overall, a finely tuned “Configure, Optimize and Respond” cycle can really strengthen promotion execution. You’ll ensure product is available to fulfill demand, and you’ll prevent costly errors, such as ineffective advertising campaigns or product cannibalization.

### Execute

Last but not least is “Execute.”

When promotions are executed well, your inventory will naturally return to pre-promotional levels without requiring “clearance” sales. We’ve all seen leftover Valentine’s Day candy and chocolate Easter bunnies on clearance following those respective holidays. While some overflow is likely inevitable, the goal is to minimize excess inventory and enhance your return on investment.

Another critical element of execution is using the insights gathered throughout this promotion to improve future promotions. For example, you might select retailers for your next promotion based on those who showed themselves to be good partners during the current one. Similarly, you might want to enhance training programs for field personnel who didn’t achieve promotional milestones in a timely manner.

Finally, you’ll want to reward those who’ve made your promotion a success. Distributing incentives, bonuses or other awards to field personnel, internal teams or store managers who achieve or exceed goals is a big part of taking your promotion execution to the next level.

### Conclusion

Better promotions require a valuable framework and a disciplined approach. Do you know the old adage, “What gets measured gets done?” The SCORE framework, supported by daily POS and other demand data, can help you define what should be measured and monitor those measurements to make sure that the promotion “gets done.”

Ultimately, SCORE will help make your promotions more effective and impactful – and achieve actual and measurable promotional lift and ROI.

*To learn more about how Orchestro can help you enhance your promotion execution so you can SCORE with your next promotion, please visit our website at*

*[www.orchestro.com](http://www.orchestro.com) or email [info@orchestro.com](mailto:info@orchestro.com)*

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<sup>1</sup> [“Cracking the Trade Promotion Code”](#), Nielsen, October 2, 2014

<sup>2</sup> [“Kraft CEO: Increased promotional spending has not increase sales volume or lift”](#), Elaine Watson, Food Navigator, February 13, 2015

<sup>3</sup> [“New Supply Chain Planning Model Highlights Three Phases”](#), Tim Payne, Gartner Group, June 25, 2012