

CASE STUDY

# Prescriptive Insights to Drive Effective Trade Promotions Effectiveness for a Global CPG Company



## Overview

The trade promotion leaders of one of the world's top consumer products companies, serving over 175 countries and accruing a turnover of \$20 billion in annual sales, sought an AI/ML platform to measure the efficacy of trade promotion spending. The client wanted to assess the incremental impact of trade promotions, determine its monetary equivalents, and generate a P/L statement for intelligent promotion campaigns.

## Customer Context

Without accurate baseline data and actionable insights, the client's trade promotion managers relied heavily on spreadsheets, which resulted in complex and unscientific trade promotions management. Increased competition, fragmented consumer segments, and a lack of a uniform framework, unfortunately, added to their issues. This necessitated the creation of a unique AI/ML solution capable of decoding complicated connections and driving impact across the Latin American region.

The client partnered with Tredence to standardize promotional spending and feed actionable insights into their trade promotions management system. Our solution, when plugged in, created a baseline with data from historical promotions, enabling the client to benchmark the impact and improve promotions for the future.

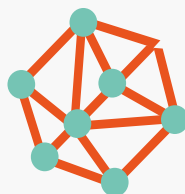


## Our Solution Approach

In order to solve issues with the client's trade promotions management system, we built an agile and scalable AI/ML solution, which was compatible with their available data sources. The aim was to improve the accuracy and visibility of trade promotion spending, monitor its effectiveness, and conduct scenario planning.



Migrate data to  
the cloud



Build ML models

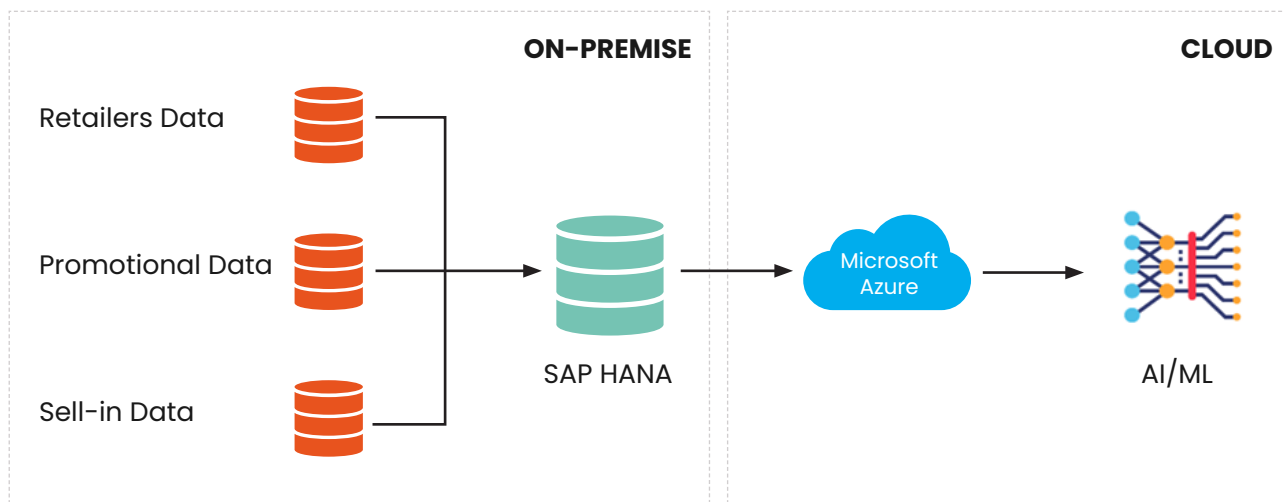


Create a visualization platform  
cum scenario planner

## Migrating Client's Data to Azure

Data held within the client's existing system was classified into three separate categories. These were defined as retailers, promotions, and sell-in data stored in their on-premise SAP database.

Tredence executed their entire database migration to the Azure cloud and automated the process with a monthly based refresh cycle. This ensured the collected data remained up-to-date and accurate.



## Building ML Models to Evaluate the Impact of Trade Promotion Spends

With the customer data safely stored within the cloud, we then utilized the Databricks platform to build machine learning models at the SKU and customer level. To provide a necessary point of reference for the ML algorithms, we then created a set of interpretable baseline models.

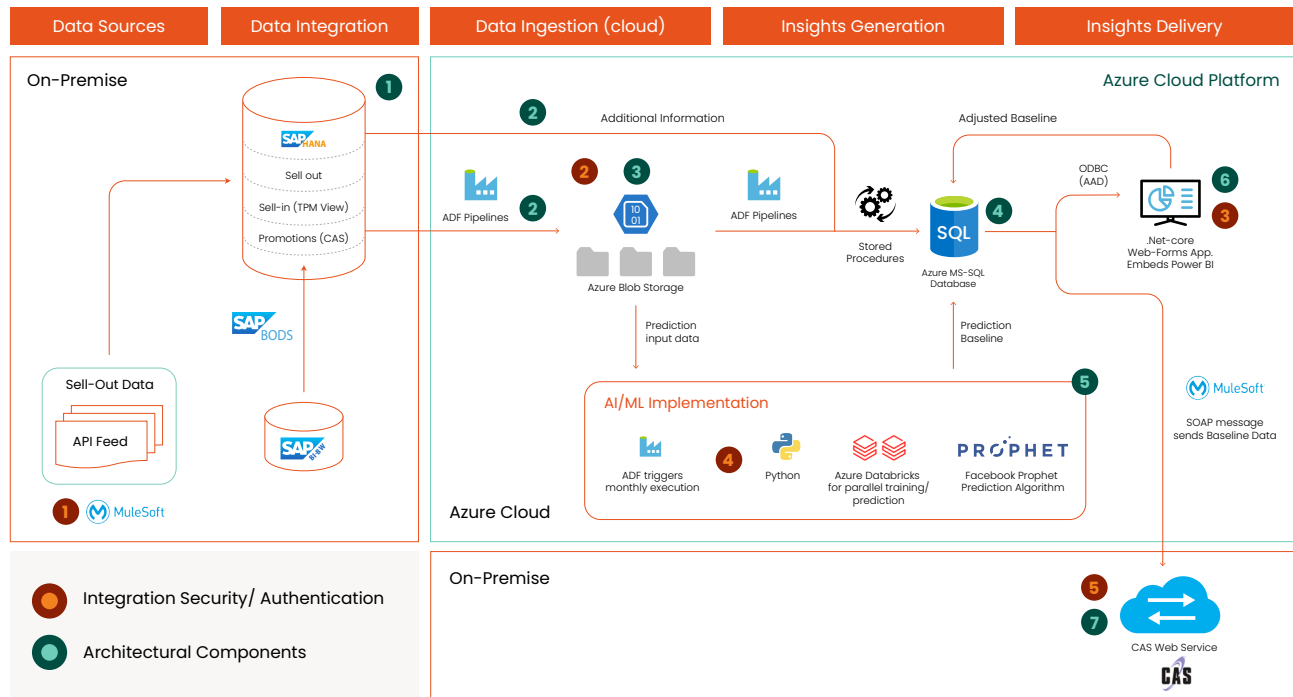
To create forecasts at scale, we used FBProphet with monthly seasonality. This assisted the client in being able to:

- Recognize the historical impact of various types of promotions
- Provide information on the potential impact of future promotions





## Technical Architecture



## Creating a Scenario Planner to Optimize Trade Spend

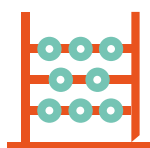
Once the models were built, we established baseline metrics across 13 markets and more than 1100 SKUs by benchmarking the promotion KPIs. The extracted baselines were used to predict future capacity for promotions. The resulting output was stored in a Microsoft SQL database and connected to the dashboard, thus enabling the users to:

- Recognize and understand the impact of their historical promotions
- Simulate trade promotion scenarios
- Plan new promotions
- Forecast the ROI of each promotion
- Review the status and wellbeing of promotions

## Key Features of Tredence AI/ML Trade Promotion Solution



Role-based  
access control



Baseline  
calculation

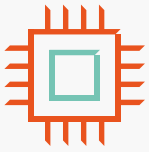


Scalable  
solution



ML as a  
web service

## Impact



# +80k

UniqueML models built across 13 countries & +1,100 SKUs



# ~\$400M

Promotion budget optimized



# 5.4pts

YoY improvement in ROI



# +\$10M

Incremental margin benefits

**Bottom line: The CPG leader leveraged our AI/ML solution to improve the efficacy of their trade promotion spending, resulting in a greater ability to conduct accurate scenario planning across Latin America.**

The Latin American region is a lucrative and fast-growing market. The client is now capitalizing on new opportunities using our standardized trade promotion solution to gain critical insights into their regional promotions and spending. Furthermore, the ability to use the simulator to predict promotions which will deliver maximum revenue impact, will ultimately enable them to plan and execute profitable campaigns.

For more information, please visit:

<https://www.tredence.com/industries/cpg>

# TREDENCE

Beyond Possible