

What We Did: Helped develop a consistent measurement framework that created a common language across the organization

The Impact We Made: An improved assessment of promotional effectiveness and allocation of promotion costs to the right events

Summary - Measuring the ROI of trade promotions

The brand teams in the client organization executed trade promotions around the year - however, they did not have a consistent method to estimate the ROI on these programs. Mu Sigma helped develop a standardized framework across the different promotion channels to enable the Strategy and Analytics Group to better measure the ROI of promotional events. This helped a better assessment of promotional effectiveness and a more accurate allocation of promotion costs to the right events.

About The Client - Leading manufacturer of paper products

The client is one of the world's largest manufacturers and marketers of paper, paper products and related chemicals. The engagement was with the Strategy & Analytics group for consumer products.

The Challenge - A myriad data sources

The client runs trade promotions for different product categories around the year. The ROI was measured at an aggregated level and not at an event level and hence was not very actionable. The main challenge was that the internal shipment data was not aligned with the promotion sales data, because of which the client was unable to generate accurate ROIs for these events. In addition, the ROIs estimated by the brand teams were never comparable as the methodology was inconsistent across the teams.

The Approach - Standardized ROI calculator

Mu Sigma used the [muPDNA™](#) methodology to structure the problem iteratively with key client stakeholders. This front-loaded thinking was instrumental in creating a standardized ROI calculation methodology across the strategy and brand teams. Once the framework was finalized, it was

codified into a self-service tool that currently enables the various teams measure the impact of trade promotions with the ability to drill-down to events, compare across events etc.

- The first step was to develop business rules to identify events from the consumption volumes by isolating the base and incremental data. Shipment data was then aligned to each of the events based on the timing, duration and scope of the promotion to compute the incremental lift attributed to the promotion. This was achieved through close collaboration between the multiple stakeholders
- Business rules were then applied to isolate the effects of overlapping promotions and cannibalization

A self-service dashboard was developed to provide the end-users with views along the Product, Promotion and Retailer dimensions, with the ability to drill-down along these dimensions.

The Outcome - Consistent ROI measurement

The client has a consistent framework across the strategy and brand teams for:

- Mapping shipments to events volume thereby attributing right trade costs to the events. This has helped in bringing organization wide consistency in ROI measurement
- Generating ROI based insights across categories, accounts and brands which can be used for planning future trade promotions, resulting in a better spend allocation

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