

# MANAGING AND EXECUTING TRADE SPEND

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JANUARY 27, 2020

# THANKS!

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**Naturally** **wework labs**   
**AUSTIN**



# AGENDA AND INTRODUCTIONS

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## Agenda Topics

- Financial Guard Rails
- Creating a Trade Calendar
- Negotiating a Trade Plan with a Retailer
- Customer Level Planning
- Submitting Trade Deals
- Tracking Execution
- Post Analysis
- Tracking Deductions



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# ASSUMPTIONS - TRADE

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- What is Trade?
- What are the levers of Trade?

# STRATEGIC FINANCIAL GUARD RAILS

- Alignment with the Annual Operating Plan (AOP)
- Trade Spend Level: Fixed Trade Budget or Percent of Sales (T:S, Trade to Sales%)
- National Trade Calendar
  - Deal Rates
  - Price Points
  - Time Period
  - Frequency

# CUSTOMER LEVEL PLANNING

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- Customer Specific Plans and deal rates; overlays (direct vs. distributors)
  - Translates to Contracts
  - Deduction Clearing
- Customer Level Plans roll up to a bottoms up forecasts, helps with:
  - Annual Plan viability
  - Finance accruals
  - Production Planning; Shipment vs. Consumption
- Watch outs
  - Lead times
  - Strategic Role of Retailer
  - Approval Process
  - Mid Year Changes; and promotions move





# RETAILER SPECIFIC TRADE CALENDAR

INSERT BRAND LOGO HERE

2020 (Insert Key Retailer Name Here)

DESCRIPTION	UNIT UPC	January	February	March	April	May	June	July	August	September	October	November	December
BUY-IN DATES		12/2/18 - 1/12/19	12/30/18 - 2/9/19	2/3/19 - 3/16/19	3/3/19 - 4/13/19	4/7/19 - 5/18/19	5/5/19 - 6/15/19	6/2/19 - 7/13/19	7/7/19 - 8/17/19	8/4/19 - 9/14/19	9/1/19 - 10/12/19	10/6/19 - 11/16/19	11/3/19 - 12/14/19
Product Segment (Example: Bars)													
		Example 15% OI + 10% MCB = 2/54			20% MCB = 2/54		15% OI + 10% MCB = 2/54			15% OI + 10% MCB = 2/54			
Product Segment (Example: Bites)													
Product Segment (Example: Cups)													
		Example: 15% OI + 10% MCB			20% MCB		15% OI + 10% MCB			15% OI + 10% MCB			
AD													
TPR		X			X		X			X			
DEMO													

ADDITIONAL INFORMATION:

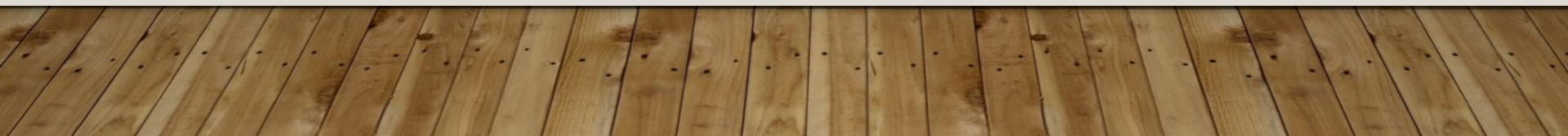
# DISTRIBUTOR TRADE CALENDAR



## 2020 Distributor Calendar

DESCRIPTION	UNIT UPC	January	February	March	April	May	June	July	August	September	October	November	December
BUY-IN DATES		12/2/18 - 1/12/19	12/30/18 - 2/9/19	2/3/19 - 3/16/19	3/3/19 - 4/13/19	4/7/19 - 5/18/19	5/5/19 - 6/15/19	6/2/19 - 7/13/19	7/7/19 - 8/17/19	8/4/19 - 9/14/19	9/1/19 - 10/12/19	10/6/19 - 11/16/19	11/3/19 - 12/14/19
<b>Example: Premiums Canine Food for Cats (0010)</b>		Example: 15% OI			Example: 15% OI		Example: 15% OI			Example: 15% OI			
Salmon and Chicken Dinner	00101												
Pre-Mixed Dinner	00102												
Life	00103	15%			15%				15%			15%	
Life and Barley Dinner	00104												
Chicken and Beef Dinner	00105												
<b>Example: Premiums Canine Food for Cats (0010)</b>													
Pre-Mixed & Liver Dinner	00106												
Pre-Mixed Dinner	00107												
Salmon Dinner	00108	15%				15%		15%			15%		
Pre-Mixed	00109												
Turkey Dinner	00110												
Chicken Dinner	00111												
Pre-Mixed	00112									15%			
<b>National Ad Agreement</b>	Lite	LITE											
Monthly Specials B&W Ad or color inserts													
Hot Sheet													
Flyers/Consumer Circulars				40th Anniversary		Pet Month				Wellness Focus			
New Product Intro													
E-Mail Blast													
Table Top Shows													
ADDITIONAL INFORMATION:													

- Distributors require 90 to 120 day lead time to submit promotions
- Annual planning is conducted in the Summer prior to the new year





# NEGOTIATING A TRADE PLAN WITH A RETAILER

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- Buyers are trying to sell you as much as you are trying to sell them
- Have promotional plan approval prior to meeting with the buyer; know your budget
- Be prepared for buyer to ask for more than you have planned
- Saying “No” to increased promotional support is okay
- Be prepared to walk away

# SUBMITTING TRADE DEALS

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- Know your lead time. Have a plan.
- Did the program get submitted?
- Save your contracts!

# SUBMITTING TRADE DEALS

## ITEM DETAIL INFORMATION:

Distributor's Item Code Only	Distributor	Item Status Type	UPC	Brand	Item Description	Size	UOM	Case Pack	Reg Case Cost	Reg Unit Cost	Off Invoice (\$/Case)	MCB (\$/Case)	Additional Scan Discount (\$/unit)
	UNFI	Everyday Item	1-23456-78901-1	Tom's	Cookie Crumbles	4	pck	6	\$ 26.90000	\$ 4.48333	\$ 8.04000	\$ 2.04000	\$ 0.15000
EXAMPLE ABOVE	Select From Drop Down One Distributor Per Form	Select From Drop Down	Do Not Use Dashes or Spaces								Promo Amounts Must Be Rounded to the Nearest Penny		
	UNFI	Everyday Item				12 pck		5	\$ 22.00000	\$ 1.83000		\$ 3.00000	
	UNFI	Everyday Item				12 pck		5	\$ 22.00000	\$ 1.83000		\$ 3.00000	
	UNFI	Everyday Item				12 pck		5	\$ 22.00000	\$ 1.83000		\$ 3.00000	
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	UNFI	Everyday Item				12 pck		5	\$ 22.00000	\$ 1.83000		\$ 3.00000	

- Most retailers require 90 days or more lead time to submit promotions
- Retailers like Whole Foods have a calendar of deadlines for submission on promotions
- Some retailers send out reminders letting manufacturers know it is time to submit for a specific month
- Most retailers do not confirm promotion will run. Need to confirm via sales data

# TRACKING DEDUCTIONS

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- Create folders within e-mail provider
- Internal Sales Representative
- Distributor/Customer
- Create a system which tracks promotions (e.g. Excel)
- Distributor/Customer; Promotion Name; Fund Type; Unique Identifier; Promotion Submission Form; Execution Date; Product Group; Total Spend (incl. fixed fees); Rate; Status; Account Representative (Broker/Internal Sales)
- Track promotional spend misses for:
  - Accuracy
  - Consistency
  - Month; Unique Identifier

# PROMOTION TRACKER

Promotions	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
OI	\$0.24			\$0.18		\$0.18		\$0.18		\$0.18			
Promo Scan \$ or MCB					\$0.00			\$0.00	\$0.00		\$0.00		
Total	\$0.30	\$0.00	\$0.00	\$0.25	\$0.00	\$0.18		\$0.30	\$0.00	\$0.18	\$0.00	\$0.00	
Units Per Wk Per SKU - Baseline Sales	4			4	0			3	3	3	3	3	3
Units Per Wk Per SKU On Promo	6.0			5.0	0.0			5	6		4.0		4
# of Sku's	4	4	4	4	0	4		4	4	4	4	4	4
Proj Scan Units	13,344	0	0	11,120	0	0		11,120	13,344	0	8,896	0	
Promoted Feature Price	10/\$10			4/5	\$0.00			4/\$5	10/\$10		2/\$3		
Scan Dates								8/2 - 8/29	9/2-9/29		11/4-12/1		
Ads (fees)													\$0
Ad Dates													
Est. OI Liability	\$3,203	\$0	\$0	\$2,002	\$0	\$0	\$0	\$2,002	\$0	\$0	\$0	\$0	\$7,206
Est. Scan Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Est. O.I./Scan & Ad	\$3,203	\$0	\$0	\$2,002	\$0	\$0	\$0	\$2,002	\$0	\$0	\$0	\$0	\$7,217

- Track promotion dates
- Track OI's and MCB's
- Track ad dates
- Estimate sales units by SKU (base and promotional units)



# POST PROMOTION ANALYSIS

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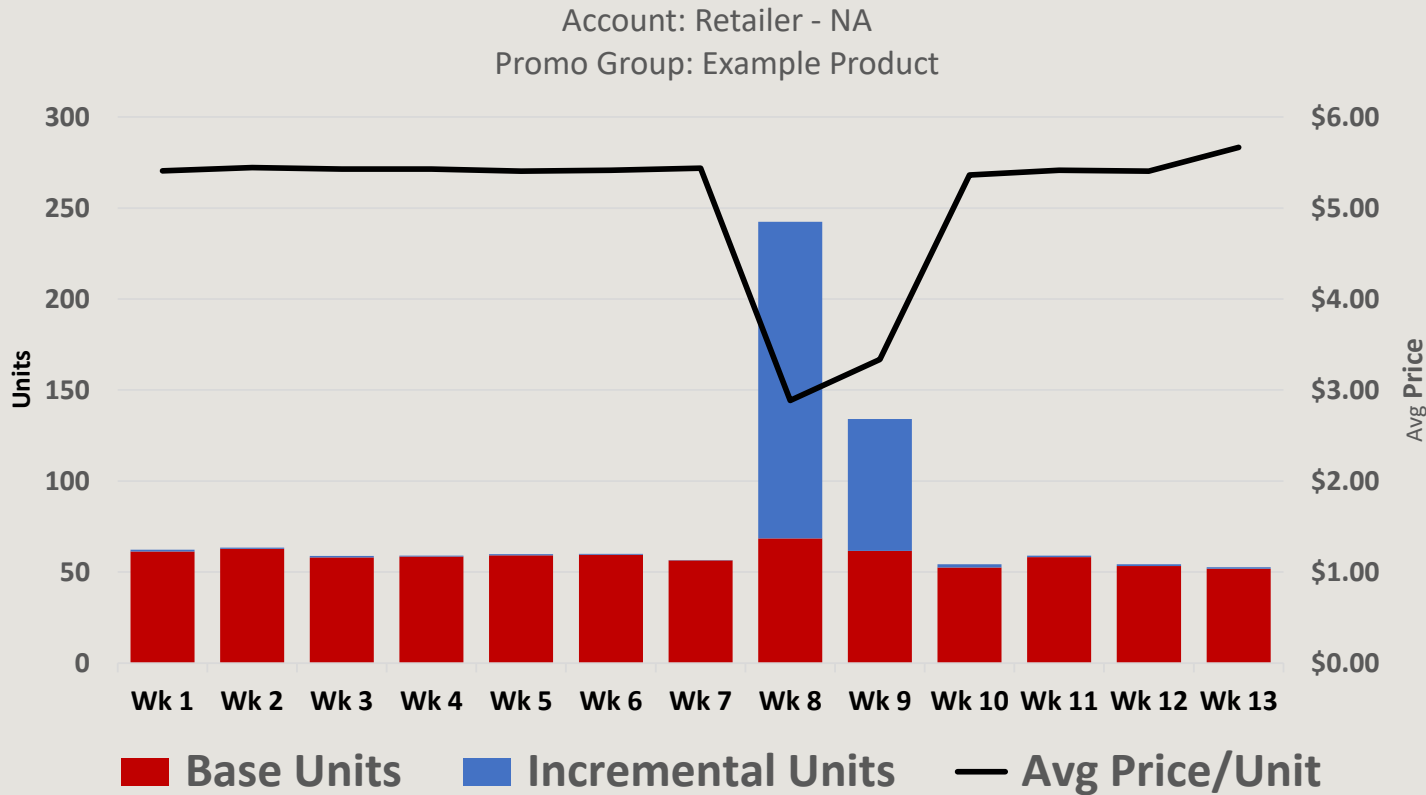
- Ask for data
- Shipment lift does not equal consumption lift
- Profit (ROI) vs. Topline (Efficiency)

$$ROI = \frac{\text{Incremental Units} * \text{Profit per Unit less Trade}}{\text{Trade Spend}} - 1$$

$$Efficiency = \frac{\text{Incremental Units} * \text{List Price}}{\text{Trade Spend}} = \frac{\text{Incremental List Sales}}{\text{Trade Spend}}$$



# POST PROMOTIONAL ANALYSIS



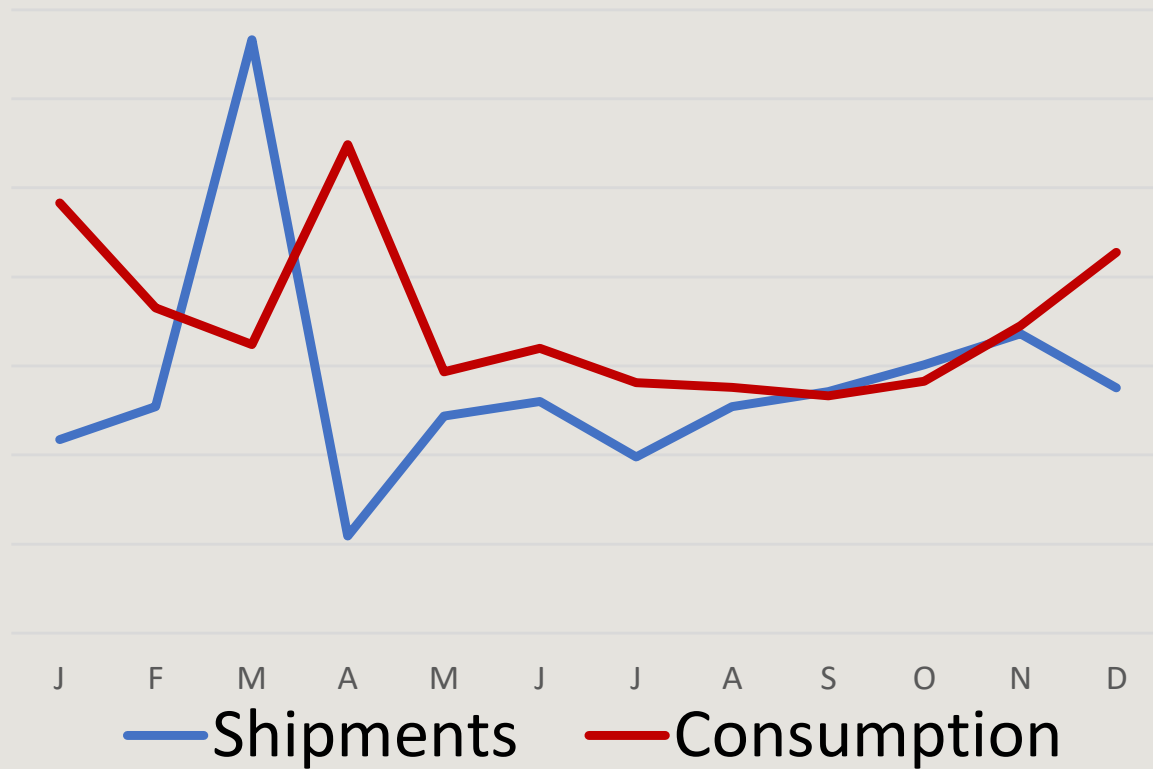
Avg Wkly Base  
Units = 60

2 Weeks of Base  
=  $2 \times 60 = 120$

Incremental  
Units = 250

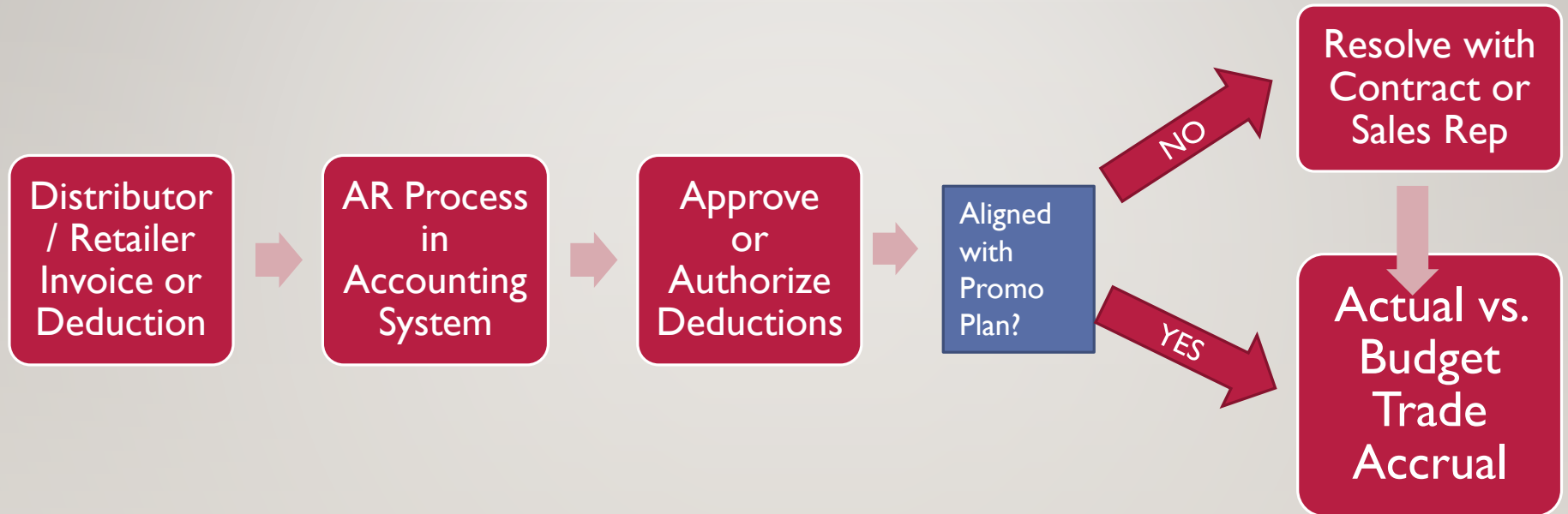
LIFT =  $250 / 120$   
= 208%

# POST PROMOTIONAL ANALYSIS



# DEDUCTION PROCESS

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# DEDUCTION RESOLUTION TIPS

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- Disputes folder within e-mail provider
- Successful Dispute (e.g. Shorts, Promotion, Slotting)
  - Establish Relationships
  - Contract Review
  - Check receipt; Invoice; Spreadsheet (if required); POD/Pack List; Promotion Submission Form
  - FOLLOW-UP! Be a professional PEST! 😊
- Post Audits
  - EX: UNFI can post audit 3 years back
- Do your research