

ebook

# Boost your promotional ROI

## Proven strategies for retail success

Leverage a proven end-to-end solution to drive planning efficiencies, improve promotional effectiveness, and maximize the value of trade funds available to your organization

**demandtec**  
by **acoustic**



# Table of contents

- 03** Introduction
- 04** Why successful promotions are more important than ever
- 05** Why good promotions turn bad
- 07** 3 critical components of effective deal management
- 12** Create more powerful promotions with an end-to-end approach
- 13** Improve your grocery promotions today

# Introduction

**For merchandising teams inside grocery and C-store retailers, delivering promotions that generate high return on investments (ROIs) is a huge challenge.** Each week, buyer and merchant teams review and process dozens of complex vendor-initiated trade offers, which create hundreds of promotions. Making it even more challenging, teams are often unable to evaluate or compare the forecasted impact before execution.

Too often, parts — if not all — of the process are manual. Emails and even faxes fly back and forth between merchants or buyers and their vendor partners. Teams often spend hours each day across multiple systems finding deals, chasing down details, and reviewing and responding to offers without having a single view of the relevant data in one place. When grocers can't collaborate seamlessly and optimize their use of vendor trade funds, they often get caught in an endless cycle of edits and corrections and miss out on the full value of trade funds available.

Ineffective promotions happen far more often than you might think. Between **30% to 40%** of retail promotions are unprofitable or overwhelming to

consumers.<sup>1</sup> While promotional dollar share is up to **28.4% year-over-year** for grocery retailers, in particular, unit share is up only **3%**.<sup>2</sup> This elevates the importance of evaluating and negotiating vendor trade deals that provide a positive ROI at the right level of funding.

When promotions fail, they bring multiple unintended consequences that can hurt the bottom line, reduce basket size, and erode customer satisfaction. These can include cannibalization among private brands and misdirected spending toward poorly performing items.

**If you're ready to improve your promotion planning process and deliver more profitable promotions,** read on. You'll learn more about the three crucial elements — efficiency, effectiveness, and timeliness — needed to succeed with promotions today. You'll also discover why leading retailers are embracing holistic, end-to-end, artificial intelligence (AI)-enabled solutions that bring together every piece of the puzzle: vendor collaboration, planning, forecasting, ad execution, and post-event analysis.



# Why successful promotions are more important than ever

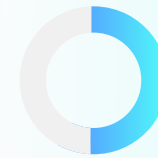
Today's grocery consumers remain laser-focused on price. At the same time, consumer behavior is undergoing seismic changes, and these shifts directly impact retail promotions. Two trends impacting deal management:

**Traditional print circulars are merging with digital.** While the weekly circular still has benefits, today's shoppers also expect to receive promotions from their favorite stores through other channels, including email, short message service (SMS), and social media.

**Long-term temporary price reductions are transforming.** Shoppers who buy exclusively online or use grocery delivery services don't see shelf tags or endcap displays inside the store, so the price must be right across all channels.



**91%**  
of grocery shoppers have changed their habits to achieve better price value.<sup>3</sup>



**50%**  
of grocery shoppers say they're looking for more deals.<sup>4</sup>

# Why good promotions turn bad

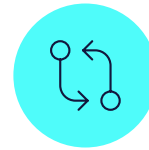


These eight barriers prevent retailers from managing end-to-end promotions effectively:



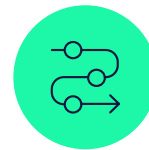
## 01. MANUAL PROCESSES

Without the use of a comprehensive, configured system to automate, streamline, and centralize the process of trade deal negotiation, merchant teams spend hours of unnecessary work each week hunting for the “right” data to support the process.



## 02. ERRORS AND DUPLICATIONS

Building promotions with spreadsheets, emails, or even faxes is burdensome and error-prone, creating inefficiencies and leading to unintended errors such as missing items. What’s more, retailers run the risk of Sarbanes-Oxley non-compliance if they can’t collaborate and track their promotions from start to finish.



## 03. REACTIVE, NOT PROACTIVE

Retailers that rely on gut instinct instead of predictive analytics increase their risk for reactive, ineffective promotions, and find it difficult to determine which vendor offers or internally generated promotions will provide the highest ROI once executed.



#### **04. HIGH THIRD-PARTY AUDIT FEES**

Missing or improperly structured deals can lead to vendors holding back trade funds due to uncertainty and errors. They also may result in third-party audit fees that cost retailers hundreds of thousands of dollars annually.



#### **07. NO VISIBILITY INTO PLANNED EVENTS**

Merchandising teams must have correct and complete information from their suppliers before they choose to run a deal or promotion. But internal silos and disparate systems can create limited or missed deal information, making it nearly impossible to calculate a forecasted ROI.



#### **05. MULTIPLE DISPARATE SYSTEMS**

Archaic, difficult-to-use legacy systems are often disparate and unable to bring together all relevant information into one spot for action. As a result, buyers or merchants spend valuable time trying to determine the causes for variances or tracking down missed deals or data instead of planning more effective promotions.



#### **08. LACK OF FORECASTING CAPABILITIES**

To assess the impact of a promotion, retailers must anticipate how shoppers will respond, predict incremental category and item lift, evaluate historical performance and competitive pricing, and gain insight into potential cannibalization effects down to the SKU level.



#### **06. INEFFECTIVE PROMOTIONS**

Not all vendor trade offers generate the same results. Using a solution to automate vendor deal forecasting during the collaboration process can help retailers immediately identify and rank “winners and losers” to quickly improve the overall financial performance for both parties, enhancing the bottom line and improving customer satisfaction.

# 3 critical components of effective deal management



Efficiency



Effectiveness



Timeliness



## 01. Efficiency

When retailers can't collaborate with their trade funding partners in real-time, they end up missing deals, missing items, or spending time chasing down errors that would otherwise be corrected automatically during the process.

To simplify promotions, retailers and vendors need a platform that facilitates efficient and easy collaboration that scales across your entire trading community. Seamless collaboration will empower you to recognize the total impact of possible trade funds and automate adherence to complex deal requirements while saving your merchants, buyers, and suppliers valuable time.

Today's best-in-class collaboration solutions drive efficiency and eliminate errors. The right platform enables everyone in your network to work from a common deal repository as they navigate deal submission and collaboration. This approach smooths the entire process while providing a unified, comprehensive view of deal status for both the submitting vendor and retail buyers.

When comparing collaboration platforms, look for:

- **Real-time deal collaboration** for maximum efficiency during negotiations
- **Machine learning-enabled automated forecasting** to power user productivity
- **Always-on tracking and notifications** to ensure there are no missed opportunities
- **Configurable rules and location hierarchies** to satisfy the way YOU receive deals today

### Drive efficiency with DemandTec Collaboration

DemandTec Collaboration empowers retailers to maximize their promotions by automating and standardizing the complexities of vendor and supplier trade deal collaboration. More than 30,000 retail locations and over 5,000 brands and their suppliers rely on the DemandTec Trade Collaboration Network to orchestrate frictionless deal collaboration and ensure zero missed opportunities. Leading retailers use the platform to:

- **Streamline trade funding negotiation** in real-time, with collaboration based on the retailers' rules of engagement.
- **Automate burdensome processes** to save thousands of hours, eliminate 100% of third-party audit costs, and ensure Sarbanes-Oxley compliance.
- **Maximize trade funds** by improving timeliness, eliminating errors, and providing real-time visibility into deal status for the supplier and buyer community. This will effectively reduce vendor funds held in reserve.
- **Accelerate the reconciliation and audit process** by providing an electronic document archive and visibility into variances between billing and deals.
- **Improve deal planning** by automatically forecasting submitted trade deals and evaluating results in real-time within the DemandTec Promotion platform.

[Read the blog series](#)



## 02. Effectiveness

You can't improve the effectiveness of your promotions if you're not sure why they failed in the first place. By reviewing all your deals and identifying the root causes for their failure, you can avoid past mistakes and improve the effectiveness of future promotions.

Modern promotions management solutions allow you to evaluate all your vendor deals quickly and easily. Plus, you can gain deep insights into all the factors that create meaningful ROI, including sales volume, profit, cannibalization, and halo effects. Then, you can design each promotion around the right funding to deliver the best ROI.

With a leading-edge end-to-end promotion management solution, you can promote the right products at the right time in the right vehicle and price point to boost basket sizes and strengthen customer loyalty. Seek solutions that will help you evaluate and compare both competing vendor offers and internally generated promotions so you can have confidence in their success before accepting a deal and approving the promotion as a "go."

When comparing promotion management solutions, look for:

- **Full visibility** into historical promotion performance at the item level by vehicle, brand, compliance, and item over time to validate your selected options
- **Forecasting capabilities** that offer both machine learning-powered summarized and detailed metrics and what-if scenarios to improve your analytic capabilities
- **Automated data flow of trade deals and promotions** into a single system to improve efficiency
- **Post-event analysis** of basket and promotion performance to continue to fine-tune the planning process

### Boost effectiveness with DemandTec Promotions

DemandTec Promotions helps retailers drive financial metrics and improve operational efficacies through autonomous promotional planning, management, and execution. When combined with DemandTec Collaboration, the platform offers a streamlined, efficient, and interactive promotion lifecycle management experience. Retailers of all sizes use DemandTec Promotions to:

- **Improve promotion effectiveness** by using machine learning-powered forecasting to get full transparency into summarized and item-level detail of planned performance before you commit to a deal or approve a promotion.
- **Improve planning efficiencies** with quick and seamless data flows, from deal creation to evaluation to post-promotion analysis.
- **Forecast confidently** to understand promotion performance, review cannibalization and halo effect, and easily rank and compare the projected ROI of all the promotions in your plan.
- **Use real-time data** to analyze campaigns in-flight, pivot on the fly, and adjust if required to continue to improve performance.
- **Gain post-event analysis** of promotion results to evaluate forecast misses due to compliance.



## 03. Timeliness

**Retail promotions have so many moving parts that it's easy to get lost in the details.** That's why automation will ensure data is available in real-time and on time, ensuring data remains a critical part of an end-to-end promotion planning strategy.

In so many ways, your retail organization is like a factory. You procure goods, move them through the supply chain, place them on the shelf, price them properly, and ultimately get products into your consumers' hands. Automating each of these steps will help employees do their job faster and better.

The same concept is true when it comes to promotions. Automation can help you ensure every deal is complete and tracked from start to finish. It can streamline or eliminate processes for you and your entire vendor community. And it can help you deliver the type of personalized promotions that consumers prefer.

Which automation features will move your promotion strategy forward? Consider:

- **Streamlined communication with the vendor community** through a configured platform that provides communication through deal comments, messaging, and alerts
- **Instant notification** of required actions, errors, and omissions
- **Automated customer engagement tools** that allow you to reach customers across their preferred channels

**acoustic connect**<sup>SM</sup>

### **Take the next step with automation: Use Acoustic Connect in conjunction with DemandTec tools**

Acoustic Connect is a B2C customer engagement platform that incorporates customer signals and intent in real-time, transforming your customer journeys. By combining Acoustic Connect with DemandTec Collaboration and DemandTec Promotions, you can incorporate ad execution and digital marketing into your end-to-end promotion strategy. Grocery and C-store retailers use Acoustic Connect to:

- **Engage customers** and drive conversions over email, social media, SMS, messaging apps, web, and more.
- **Achieve true personalization** by infusing customer signals, intent, web-based activity, and more into your multichannel promotions.
- **Optimize campaigns** and improve segmentation in real-time when it matters most.
- **Pivot promotions** for maximum effectiveness based on customer data with a 360-degree view of customer interactions.



## Execute your grocery promotions with confidence

Once you negotiate the right promotion with your vendors and use data to refine your offer, you must execute it flawlessly. Promotion Planning and Execution from Acoustic enables grocery and C-store retailers to tie offers built within Acoustic to specific events, such as circulars, print media, and in-store displays and signage.

Sophisticated versioning capabilities within Promotion Planning and Execution enable participants to access, review, edit, and approve promotions. Plus, teams can target individual customer segments and support unique regional, demographic, or store format differences. As a result, retailers can bring their promotions to market faster and gain a competitive edge.

# Create more powerful promotions with an end-to-end approach

## Successful promotions aren't just about pleasing your customers.

They're also about forging better relationships with your vendors, brokers, and suppliers.

With an end-to-end promotions solution like DemandTec, you can simplify the complexities of deal management. Grocery and C-store retailers using our platform can expect significant performance gains, including:

- **Up to 12% increase in revenue from promotions<sup>5</sup>**
- **Up to 20% margin gains on promoted items<sup>6</sup>**
- **A 10% to 20% increase in vendor-sponsored deals<sup>7</sup>**
- **A 75% to 100% reduction in third-party audit fees<sup>8</sup>**
- **An 85% reduction in deal handling fees<sup>9</sup>**

“We saw an opportunity to fine-tune those bad promotions, turn them into good promotions, and drive trade negotiation to make our promotions more sustainable. With DemandTec, we've built a sustainable, robust process for promotion optimization. We're constantly feeding the most accurate, timely information — competitive data, location and product attributes, and customer behavior analytics — into the system, allowing us to be much more granular with our promotional pricing strategies.”



**Richard Mendolera**

Director of Business Analytics and Pricing, Northeast Shared Services



# Improve your grocery promotions today

Your shoppers shouldn't be the only ones who feel joy from your promotions. So should you and all your trade funding partners. With improved retail trade deal collaboration and end-to-end promotion planning, grocery and C-store retailers can feel confident every time they enter a deal. They can also create promotions consistent with what the vendor ordered, improving accuracy and overall compliance.

By infusing efficiency, effectiveness, and automation into your promotions process with modern solutions, retailers can improve collaboration, work smarter, and grow revenue simultaneously.



**Want more insight into how grocery retailers can master the art of pricing and promotion? Read our new report and discover the skills most retailers need to stay competitive with market leaders.**

[Read the report](#)

**demandtec**  
by **acoustic**

A pioneering leader for decades, DemandTec continues to usher in a new era of retail pricing technology. With AI-powered pricing, promotions, markdowns, and collaboration solutions, CPG and retail partners can balance real-time shopper demand with business objectives to drive sustainable, profitable revenue growth.

[demandtec.com](https://demandtec.com) | [in](#)

## Sources

<sup>1</sup> BCG, "Smarter Retailer Promotions for a Saturated Market," Aug. 30, 2023.

<sup>2</sup> NIQ, "2024 Grocery Trends: A Mid-Year Guide," June 18, 2024.

<sup>3-4</sup> The Food Industry Association (FMI), "FMI Launches 2024 U.S. Grocery Shopper Trends Series: How Consumers Are Finding Value at the Grocery Store," 2024.

<sup>5-9</sup> DemandTec data.