

A TRANSFORMATIONAL APPROACH TO TRADE PROMOTION MANAGEMENT AND OPTIMIZATION



OPTIMIZING TRADE PROMOTION – THE KEY TO STAY AHEAD

Consumer Goods (CG) companies face multiple business challenges including the explosion of shopping channels, balancing double-digit growth in emerging markets with flat growth in developed markets, execution complexity across markets, growing retailer consolidation and power, and the shift from advertising to trade spend.

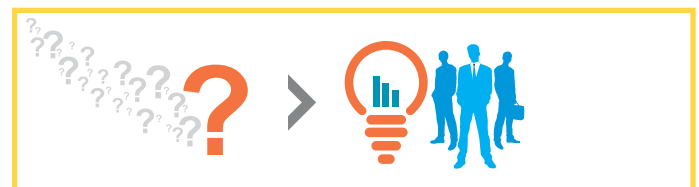
Trade spend today is the largest component of the marketing budget and for most CG companies the largest expenditure after Cost of Goods (COG). No longer is it acceptable for CG companies to improve Trade Promotion (TP) Spend effectiveness through systems and process improvements only. In order to be a leader in tomorrow's markets, today's organization must optimize all components of their TP operations.

WIPRO - ENABLING CG'S GROWTH

Wipro is uniquely positioned to help companies optimize TP Spend and Operations for not only efficiency gains but also to realize targeted effectiveness via sales growth and returns on promotions.

In multiple maturity assessments of Trade Promotion Management and Optimization (TPM/O) at CG companies, Wipro has identified critical business issues impacting trade as: Unnecessary processes complexity, ineffective supporting technology, suboptimal process execution, and perhaps most importantly the inability to create an analytical culture across sales and marketing functions.

At Wipro, we take a transformational approach to TPM/O covering end-to-end business processes, analytics, technology and services to enable superior planning, execution and optimization of Trade Spend.



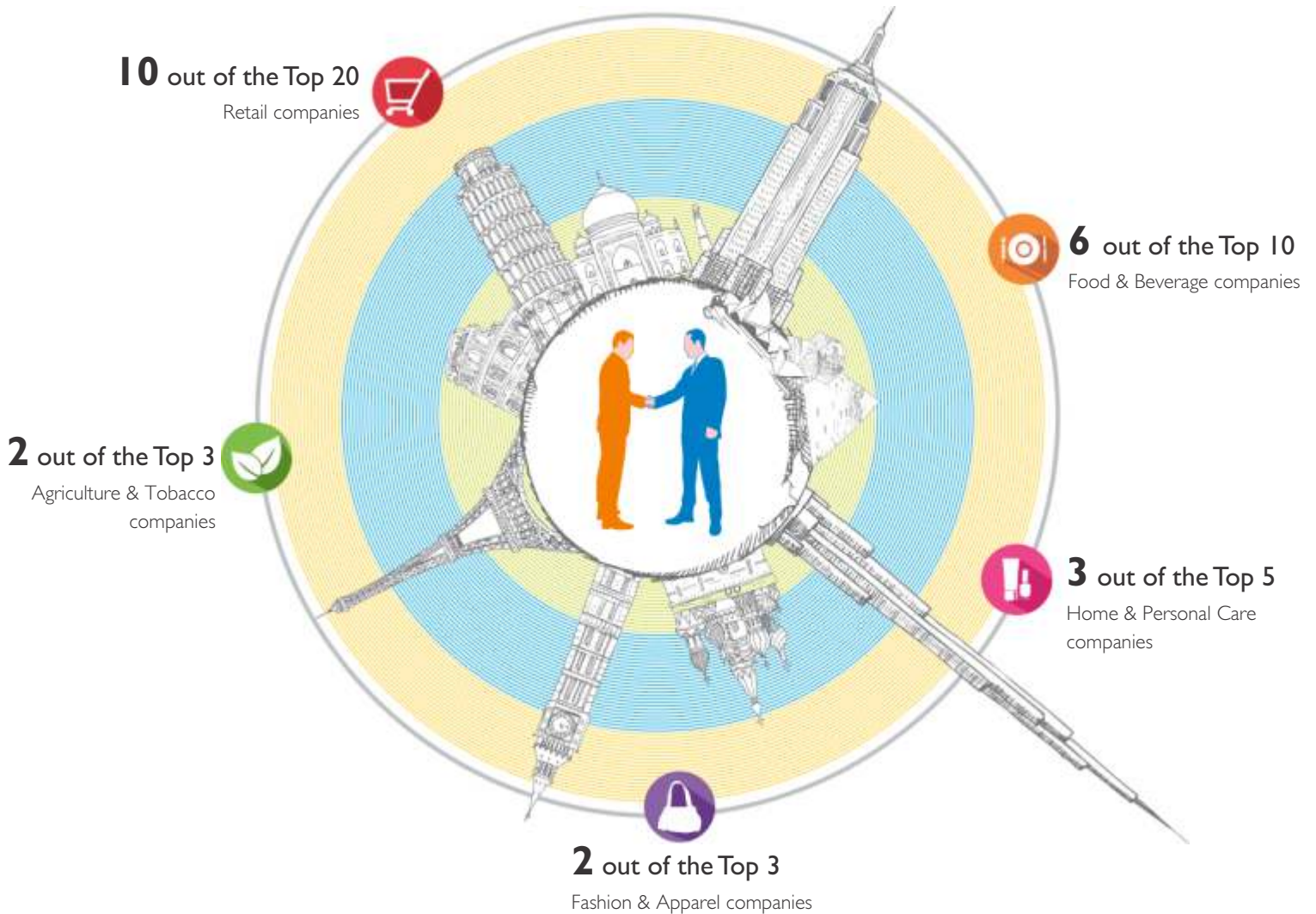
We help our clients answer critical questions with regard to their TPM/O implementations including:

- Have we put in place processes that ensure budgets are adhered to and are within contractual limits?
- Are we using shared services to engage vendors and ensuring that business KPIs are delivered?
- Have our business and functional users across Sales, Finance, Marketing and Supply Chain brought into the new process and system?
- Most importantly though – Do we view this as a transformation as opposed to another technology or software implementation?

WIPRO'S TRADE PROMOTION TRANSFORMATION SERVICES

Organizations that have engaged with Wipro's consultants have realized significant gains - from services ranging from global software implementations to business process maturity and best practice assessments. These gains have been quantified from \$400,000 USD to nearly \$20mn USD in returns.

WIPRO'S CLIENTS INCLUDE:



Wipro is able to uniquely deliver this full set of services because of our ability to bring together experts and consultants across multiple geographies, industry sub-segments and technologies. These consultants bring forth their cumulative knowledge to deliver solutions that combine process improvement, analytics, and technology implementations all supported with quantitative business cases.

We organize our services to address critical challenges our clients face:

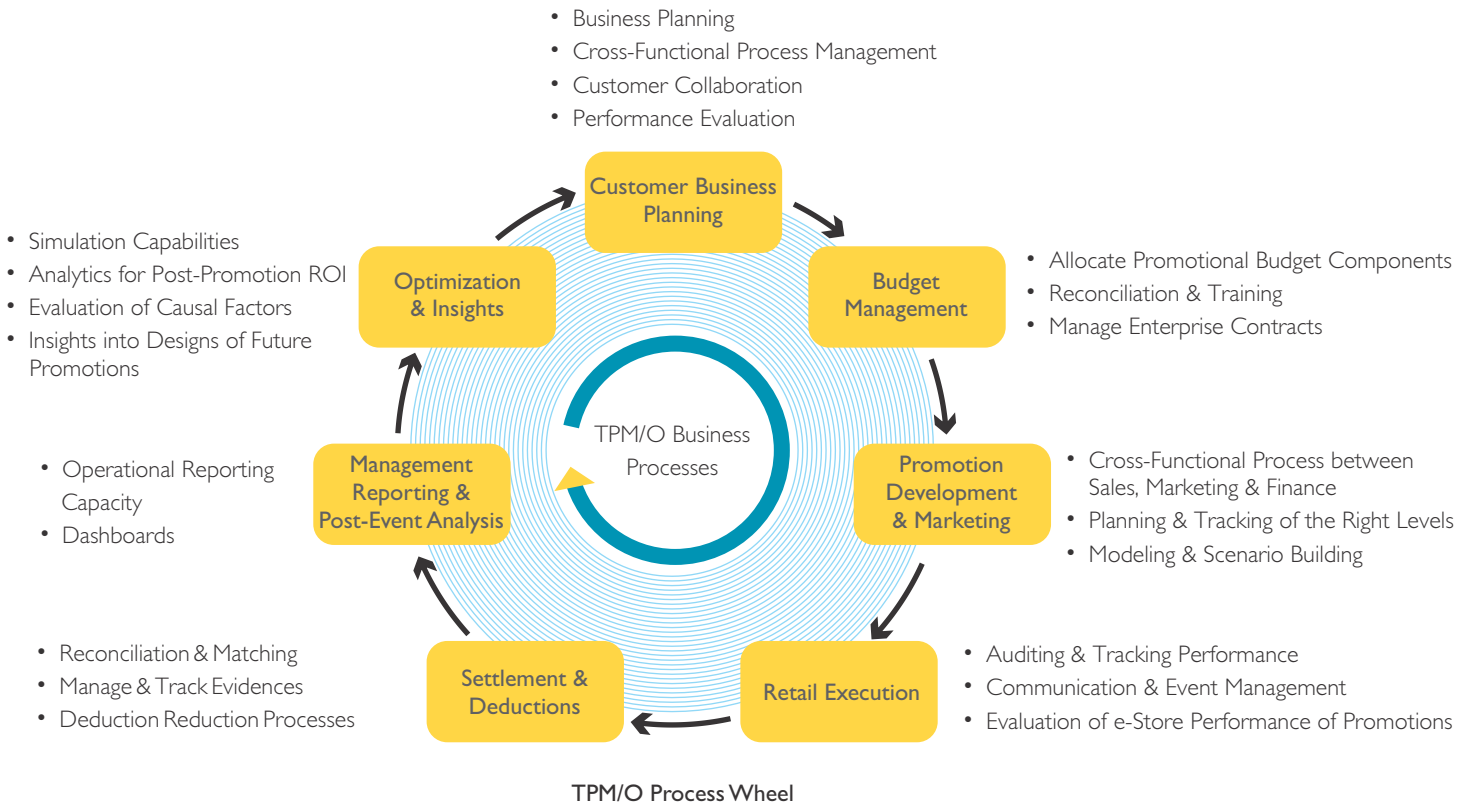
- I) **Best Practices and Process Improvements** around TPM/O to drive process efficiency
- II) **Software and Technology Services** to ensure success at TPM/O technology enablement for Sales and Marketing integration and support
- III) **Back-Office Process Management via Shared Services** to enhance process efficiency and drive cost improvements
- IV) **Trade Promotion Optimization Services** to reduce wasteful promotions and achieve planned revenue gains

CG companies engage with Wipro across each of the above 4 areas. For each area, Wipro offers multiple services. Each service can be a standalone or executed as a part of a larger effort. Regardless, every offering has been created in consideration, and often integrated, with all offerings. This allows Wipro consultants to deliver client-specific services based on their industry and market needs.

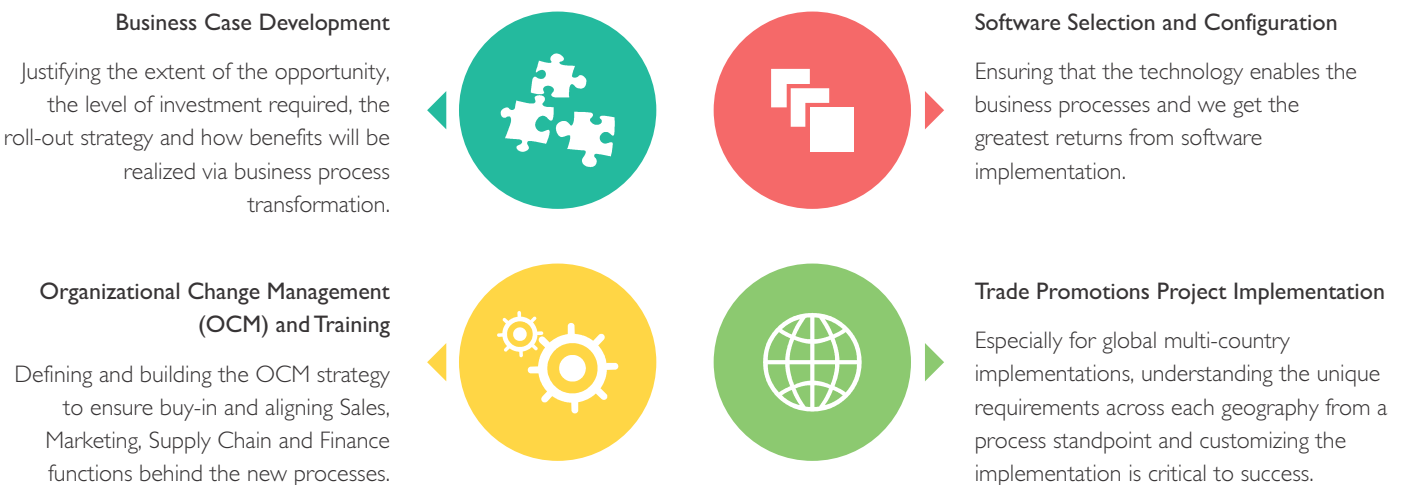
I) Best Practices and Process Improvements

To generate large returns on your TPM/O improvements, transformational process change must be a core component of any implementation. Companies need to begin with an end-to-end process evaluation and examine how they compare with world-class TPM/O organizations and best practices.

Wipro's TPM/O services center around a core set of TPM/O process definitions and best practices captured via over 50 TPM/O implementations. These all begin with the TPM/O "Process Wheel" – an end-to-end flow of TPM/O business processes and how they interrelate and need to be managed organizationally.



The TPM/O "Process Wheel" is supported through the breakdown of the process areas across multiple levels (1-4) and eventually into over 80 best practices. We work with our clients to perform these best practice maturity assessments and customize them according to the client's industry, the customers they serve, and route-to-market. This structure is used as the basis for all TPM/O transformations and should provide input into:

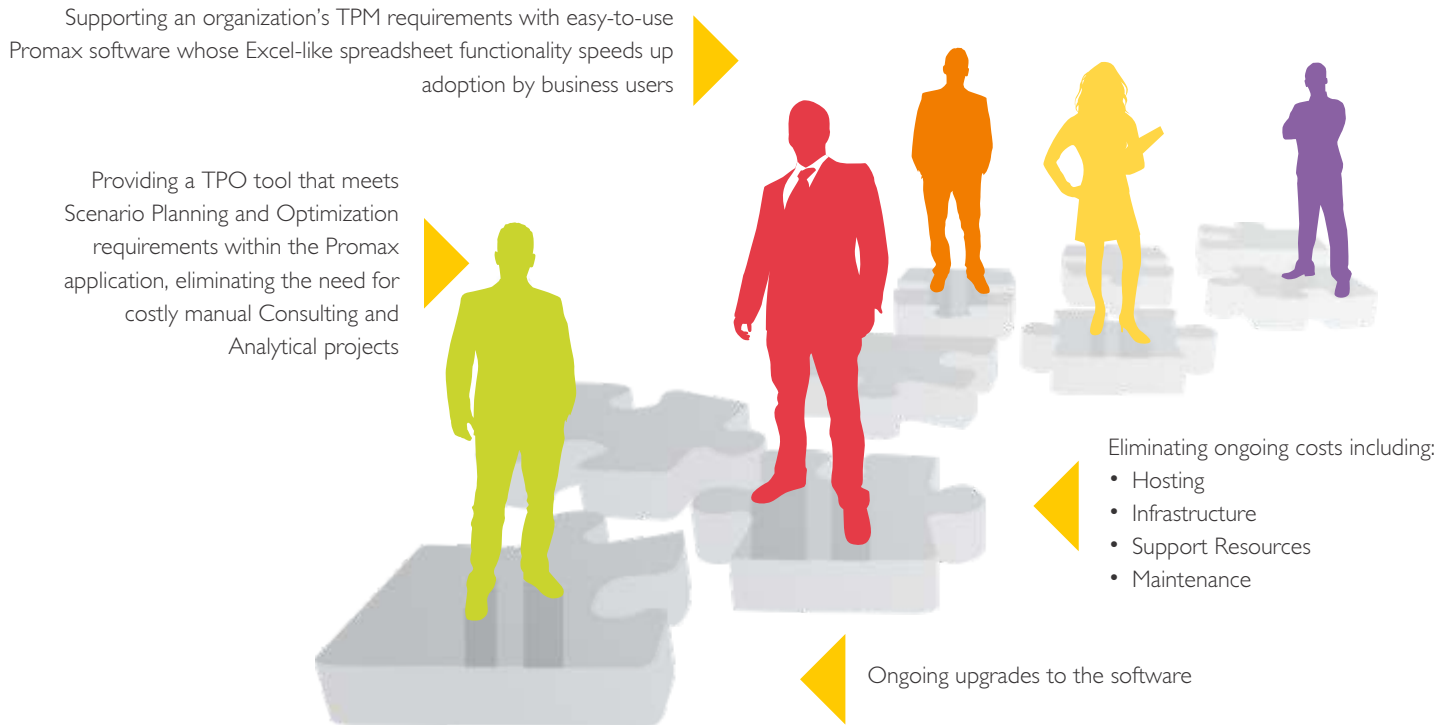


II) Software and Technology Services

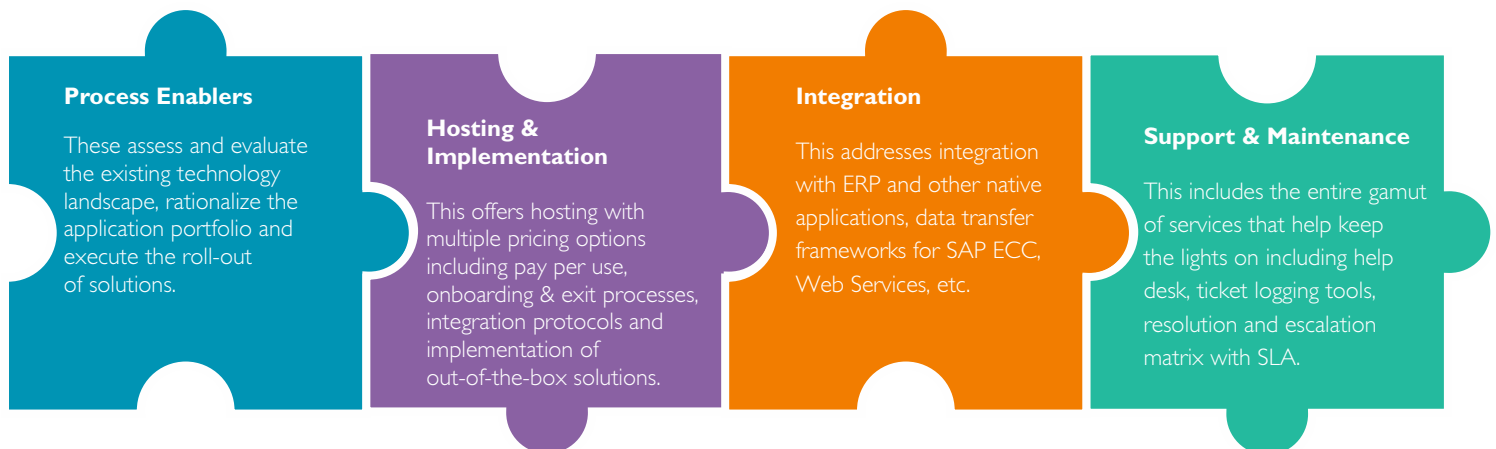
Wipro uses its best practice process assessments as the basis for all software and technology implementations. Our Software and Technology Services enable process streamlining and are designed to manage risks while speeding up returns on investments.

The Trade Spend Transformation Model helps CG companies focus on their core business by offering Software as a Service (SaaS) model for TPM/O management that includes hosting, implementation and maintenance.

Benefits of Wipro's SaaS model leveraging Wipro's Promax Analytical Software and Services include:



The following capabilities are provided by the Software and Technology Services:



III) Back-Office Process Management via Shared Services

In today's world of complex operations, multiple sales channels and fast changing market demands, CG companies need to focus on those business processes and activities that are strategic in nature and consider outsourcing or offshoring non-strategic processes.

Typical considerations when contemplating outsourcing for Trade Promotion processes should include:

- Strategic vs. non-strategic nature of the process
- The level of local knowledge required
- Cost evaluation including transition costs
- Benefits from standardization and global process management offered
- Maturity of relationship with the service provider

Wipro BPO provides both scale and process management expertise. Clients have access to industry best practices, functional expertise and a flexible cost structure with an elastic mix of onshore and offshore teams that are attrition free.

Wipro's Trade Promotion Transformation Services can help identify activities that can be outsourced and evaluate the maturity of these processes for suitability to offshoring.

Wipro leverages an adaptive program lifecycle approach customized to the customer's business needs depending on the current maturity level of the

customer and immediate objectives, and follows industry tested approach consisting of:

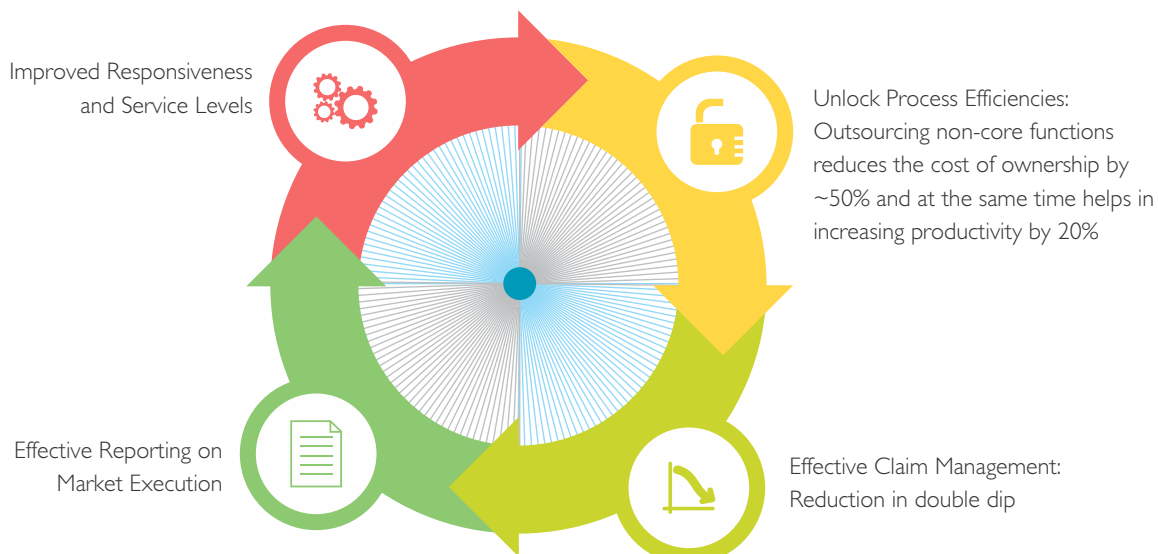
- Due Diligence
- Initiation
- Transition Analysis
- Knowledge Acquisition
- Knowledge Transfer & Ramp Up
- Go Live and Stabilization

Wipro Maturity Assessment Methodology helps in performing 360 degree assessment of Process, People & Technology to help design a path to achieve future objectives.

Due diligence is a critical activity especially in the context of trade activities. This phase consists of:

1. Current Operating Model Assessment
2. Process Benchmarking
3. Right Shoring Index-Heat Mapping
4. Gap Assessment & Improvement Opportunity Identification
5. Business Case Development
6. Target Operating Model (TOM) Design

WIPRO'S SHARED SERVICES BASED ON ADAPTIVE PROGRAM LIFECYCLE APPROACH DELIVER BENEFITS THAT INCLUDE:



IV) Trade Promotion Optimization Services

Trade Spend Optimization involves complex modeling, data management and analytics. CG companies should explore options to extract value from Trade Spend Optimization Services.

At Wipro, we combine our best resources from our A&IM (Analytics and Information Management) Practice with Consumer Goods Domain Consulting experts, and use Promax Analytical Software to derive insights on Trade Spend performance and returns. This helps our clients embed insights/analytics into TPM processes to support decision making.

Our PAD (Process, Analytics and Data) approach towards TPO is built upon the following steps:

ANALYTICS & OPTIMIZATION

INTEGRATING DATA & ANALYTICS WITH PROCESS MANAGEMENT TO DRIVE CHANGE



Process Management

- Drive linkages for trade across Marketing, Sales & Planning processes
- Enhance process efficiencies based on insights & analytics

Core Analytics/ Modeling

- Define analytical scenarios & hypotheses to test e.g. Pricing Strategy, ROI on Promotions
- Develop models to identify the optimum solution
- “Pressure Test” results for business execution

Integrated Data Management

- Properly extract, transform & integrate data from traditional & unstructured sources in developed as well as emerging markets
- Perform data quality tests
- Manage data infrastructure



Trade Promotional Data Management

- a. Properly extract, transform and integrate data from traditional and unstructured sources in developed as well as emerging markets
- b. Perform data quality tests
- c. Manage data infrastructure



Core Analytics and Modeling for Returns

- a. Promotion Planning and Simulation:
 - i. Link promotion objectives to clear tactics for each customer
 - ii. Align KPIs for Account Managers with promotional objectives
 - iii. Simulate/model scenarios for planned promotions to justify launch
 - 1. Promotional Lift Modeling
 - a. Volume
 - b. Profit
 - 2. What-If Scenario Planning
 - iv. Negotiate promotion details with retailer and incorporate adjustments as needed

- v. Communicate expected product volumes to manufacturing
- vi. Communicate expected in-store marketing plan to retailers
- b. Performance Monitoring
 - i. Analyze each promotion – reviewing incremental margins and volumes along with cannibalization effects
 - ii. Evaluate based on performance versus strategic objectives including profitability and volume impact
 - iii. Identify insights from best-performing promotions and institutionalize



Process Management

- a. Drive linkages for Trade across Marketing, Sales, and Planning processes:
 - i. Communicate and monitor expected product volumes to manufacturing and supply chain
 - ii. Communicate expected in-store marketing plan to retailers
 - iii. Coordinate promotions with Brand marketing campaigns and advertising
- b. Enhance process efficiencies based on Insights and Analytics
 - i. Identify and prioritize opportunities for TPO (refer case illustration below)

Optimization Strategy – Identifying & Prioritizing Opportunities for TPO



THE NET EFFECT OF THE STRATEGY IS A SHIFT TO MORE PROFITABLE TRADE PROMOTIONS

KEY POINTS TO REMEMBER



Better Promotion ROI: Predictive forecasting of volumes and trade promotion spend gives you a better view. Linking this information to Key Performance Indicators (KPIs) can help you plan the right promotions to realize better ROI.



100% Budgets Traceability: Improves ability to meet regulatory and reporting requirements.



Increased Efficiencies and Forecast Accuracy: A major challenge for CG companies is Out-of-Stock (OOS) situations for SKUs on promotions. A fact-based volume forecast with visibility of the supply chain before production can be the solution to avoid such instances and improve your cost savings.



Improved Process Visibility: With accurate forecasting and increased visibility of the supply chain along with tighter linkages between departments, you see the big picture and do not get entangled in insignificant issues.



Standardization of Processes: End-to-end integration with enterprise systems is the key to improved visibility. This is achievable through standardization across the organization. This also gives rise to the opportunity to automate many processes. The automation can free up resources that can be assigned to more critical tasks.



Continuous Process Improvement: With standardization and automation you can monitor processes continuously, thus improving them on a continuous basis.



Timing Promotions: If you do not have the right product at the right time on the shelf, it can spell missed opportunities. In several cases, this situation can arise due to lack of consumer insights. Developing consumer insights can help you plan and schedule promotions in an optimal manner.



Proactive Decision Making: Processes to sense customer demand and predict promotion performance can enable proactive decision making, leading to more competitive campaigns.

CASE IN POINTS

For a Global Consumer Goods Manufacturer

Used Shared Services for the deductions and chargeback process.

Impact:

- Total cost of ownership reduced by 50%
- Productivity benefits increased by 20%



For a Global Beverage Manufacturer

Used Optimization Services in the area of price optimization.

Impact:

- Identified the optimal price points and gaps and their impact on sales
- Enabled business users to choose the optimum promoted price scenarios



For a Confectionery Company

Defined investment reallocation strategy using a micro-segmentation approach across customers and channels.

Impact:

- Improved average promotional ROI by 10%
- Increased revenues by 2.5%



For an Oral Care Company

Created transparency across trade promotion spends and built a customized tool to calculate promotional effectiveness at POS and third-party level.

Impact:

- Decreased trade spends by 20%
- Improved promotional ROI by 28%



For a Multi-Category FMCG Company

Deployed predictive capabilities for promotion planning and built an automated trade optimization tool to support decision making.

Impact:

- 12-16% higher return on trade spends




IN SUMMARY: HOW WILL YOU BENEFIT?

Architecting and deploying an integrated TPM/O strategy that spans processes and systems in addition to leveraging shared services is highly beneficial. With an integrated approach, CG companies can hope to squeeze more out of TP budgets.

Wipro's integrated end-to-end TPM/O solution takes a transformational People + Technology approach rather than a technology/tool based approach.

It delivers the most pressing needs of CG companies including:

- 1 Improve decision making and reporting around challenges related to new and developing markets
 - 2 Efficacy of TP strategy and implementation with channel proliferation and retailer consolidation
 - 3 Demystify process and compliance complexity
 - 4 Architecting IT systems to manage the high volumes of data
 - 5 Efficient way of delivering Trade Management Services with device proliferation
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Wipro Ltd. (NYSE:WIT) is a leading Information Technology, Consulting and Outsourcing company that delivers solutions to enable its clients do business better. Wipro delivers winning business outcomes through its deep industry experience and a 360 degree view of "Business through Technology" - helping clients create successful and adaptive businesses. A company recognized globally for its comprehensive portfolio of services, a practitioner's approach to delivering innovation and an organization wide commitment to sustainability, Wipro has a workforce of 140,000 serving clients across 60 countries. For more information, please visit www.wipro.com.

About Wipro Promax Analytics Solutions (WPAS)

Wipro Promax Analytics Solutions (WPAS), a Wipro Group Company, is a world-leading specialist in delivering a combination of Trade Promotion Management and Optimization solutions and services designed to ensure clients achieve the most efficient and effective return on their promotion investment. With headquarter operations based in Australia and offices in North America, United Kingdom, Central Europe, India and New Zealand, WPAS boasts an impressive stable of global consumer goods companies. Promax solutions are the result of more than 25 years experience working in close collaboration with leading consumer goods manufacturers, retailers and distributors. WPAS solutions are available in SAAS or On Premise deployment options.

For more information, please visit www.wipro.com/promax or email us at WPAS-Promax@wipro.com

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