**KINAXIS**®

**KNOW SOONER. ACT FASTER.**

# Optimizing retail promotion planning

By spending less time on administrative tasks and focusing more time on running scenarios and applying data-driven insights to future promotions, category managers can make a bigger impact on their business.

A leading drugstore retailer with a dynamic history of innovation and growth, this company is dedicated to its mission to provide exceptional customer service and patient care across hundreds of stores and communities.

Faced with the challenge of keeping up with increasingly higher customer expectations, the company recognized it needed to replace its 15-year-old promotion planning process with a modern day solution.

## The challenge

The company's relationship with its customers has changed dramatically over the recent years. Fifteen years ago, the relationship was largely based on whether or not the store locations were convenient. Today, with the competitive retail landscape, the company's relationship with its customers has become significantly more complex. Customers now expect more value from their retailer, especially when it comes to selection, price, and promotions. It became apparent that yesterday's outdated planning process was no match for today's growing customer expectations.

The outdated process involved using several different Excel spreadsheets that collected information for category managers to plan a promotion and replenishment teams to execute the plans. These spreadsheets were daisy-chained together and included many macros and formulas, which made making a simple change, such as promotion price or item selection, extremely complex and prone to error or inaccuracy. As the company's Chief Merchant described, "It took up an exorbitant amount of time for the category managers to manage the process."

Category managers were spending 70% of their workweek building, maintaining and administrating the promotions necessary to run the business. This didn't allow much time to work on high value-add activities, including: venturing into the marketplace to understand customer needs; conducting competitive research; and digging deep into what was driving business performance.

Due to time spent on the administrative part of promotion planning, the analytics, forecasting and post-performance review stage for those promotions became very difficult because category managers didn't have enough time. As the Chief Merchant put it, "We were transacting [the business], but we weren't optimizing it."

## Benefits of using Kinaxis

**Eliminate**
reliance
on Excel

**Plan**
for multiple
promotion
scenarios

**Analyze**
promotion
performance with
data-driven insights

**Optimize**
promotions
to maximize
business results

**Improve**
forecast accuracy
for supply chain
efficiency

## The Kinaxis difference

By implementing the Kinaxis® promotion planning and optimization solution, the administrative burden of setting up promotions was eliminated. There was no longer a need to manually copy and paste previous promotion plans in multiple Excel sheets. The solution automatically replicated previous plans in a planning interface that allows category managers to make adjustments and run future scenarios on the fly.

Leveraging Kinaxis' AI and machine learning capabilities from recently acquired Rubikloud, the company can also see associated demand forecasts for any scenario run. Category managers can quickly assess the potential impact of changing variables within a promotion, such as price, promotion mechanic, or items promoted. They can also determine the optimal scenario to maximize multiple metrics, including unit volume, dollar sales, and margin.

Quick access to post-promotion analytics can help inform future promotion plans. Insights on price elasticity, promotion mechanics and residual basket can be used to experiment with multiple what-if scenarios, providing category managers with data at their fingertips.

By spending less time on administrative tasks and focusing more time on running scenarios and applying data-driven insights to future promotions, category

managers can make a bigger impact on their business. With proven highly-accurate forecasts at its fingertips, the company can rest assured that the improved accuracy will benefit its replenishment teams and overall supply chain.

With any new technology comes change management and securing buy-in from users. By having category managers run a "day-in-the-life" with the solution before making a final decision, the company was able to validate the ease of use and value to its promotion planning process. "The best reason that we had was that the category management teams were completely aligned to the tool… the category managers actually go into the tool and run a day-in-the-life, a week-in-the-life to understand which tool served them best… because they were brought in at the beginning of the decision-making and they were the ones that actually got to make the decisions on which tool we selected, they were totally bought in," said the Chief Merchant.

*Forecast error has improved significantly at +21% versus the existing system.*

## Results that matter

The company continues to use the promotion planning and optimization solution as an integral part of its planning process. Early results have shown excellent engagement with 70% of active users using the solution on a daily basis for data insights and future planning activities. Forecast error has improved significantly at +21% versus the existing system. With these results, the company's category management and leadership teams can continue to plan with confidence and the agility to run multiple scenarios to keep up with customer needs, as well as equip their supply chain and replenishment teams with the data they need to service their customers.

The company has come a long way from its 15-year-old processes. With this big change to promotion planning, the company continues to live up to its history of innovation and growth. "The great news from our standpoint is that we found a tool that everybody is engaged in. We got the teams fully engaged from a change management standpoint. Now, it is our tool. The old legacy process? It's gone. This is the way we move forward," said the company's Chief Merchant.



## About Kinaxis Inc.

Navigating supply chain volatility takes agility. Why? Because plans are never perfect. Kinaxis® is the authority in empowering fast, confident decision-making across the supply chain so people plan better, live better and change the world. Trusted by top brands, we combine human intelligence with AI and concurrent planning to help companies plan for any future, monitor risks and opportunities and respond at the pace of change. Powered by an extensible, cloud-based platform, only Kinaxis delivers industry-proven applications so everyone can know sooner, act faster and remove waste. Don't believe us? Ask us to prove it. Learn more at Kinaxis.com.

**www.kinaxis.com**