

Now Tech: Trade Promotion Management, Q3 2019

Forrester's Overview Of 16 Trade Promotion Management Providers

by George Lawrie
September 17, 2019

Why Read This Report

You can use trade promotion management (TPM) to defend market share, attract the next billion consumers, and improve success rates for new product introduction. But to realize these benefits, you'll first have to select from a diverse set of vendors that vary by size, functionality, geography, and vertical market focus. Application development and delivery (AD&D) professionals in consumer packaged goods (CPG) companies should use this report to understand the value that they can expect from a TPM provider and select one based on size and functionality.

Key Takeaways

Improve Market Share With Trade Promotion Management

TPM applications help CPG brands agree on the best portfolio of collaborative retailer and outlet tactics to improve market share.

Select Vendors Based On Size And Functionality

Modern TPM solutions use sophisticated analytics to help key account managers service large retail chains like Carrefour or Target. More operationally focused traditional TPM solutions help manage distributors and traditional trade outlets.

Stop Guessing: Start Understanding Trade Spend

AD&D professionals in CPGs must choose the right TPM solution for each market and manage data normalization and cleansing to make their promotions effective and transparent.

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Improve Market Share With Trade Promotion Management

CPG brands invest in trade promotions to ensure that they meet share-of-shelf and revenue objectives when they're selling through brick-and-mortar channels. Forrester defines TPM as:

Applications and services that secure the best ROI in terms of revenue and market share for promotional tactics, including investments in store tactics like endcaps, facings, and adjacencies; in inserts or circulars; or in deals like buy-one, get-one-free sales. These solutions close the loop with the supply chain by accurately forecasting the uplift for each combination of promotional tactics. They also close the loop with finance, accounting for the cost of each tactic based on its anticipated uplift, validating and settling claims from retailers, and reversing the accrual to promotional expenses.

Global CPG companies acquire and implement TPM systems to:

- › **Defend market share.** CPG brands like Nestlé and Unilever generate most of their revenue in modern trade markets through brick-and-mortar channels like Carrefour or Target. They use trade promotion investments as part of a collaborative sell-through plan to guarantee share of shelf with those channel partners.¹
- › **Attract the next billion consumers.** Trade promotion and trade marketing solutions help CPG brands integrate trade planning and execution to boost higher performance in developing markets.² They manage territories, distributors, and outlets to reach consumers in traditional trade markets such as China, India, and Indonesia.
- › **Improve success rates for new product introduction.** TPM applications synchronize inventory availability with promotional activity. They add crucial statistical rigor to account teams' estimates about expected sales uplift — by channel and location.

Select Vendors Based On Size And Functionality

We've based our analysis of the TPM market on two factors: market presence and functionality.

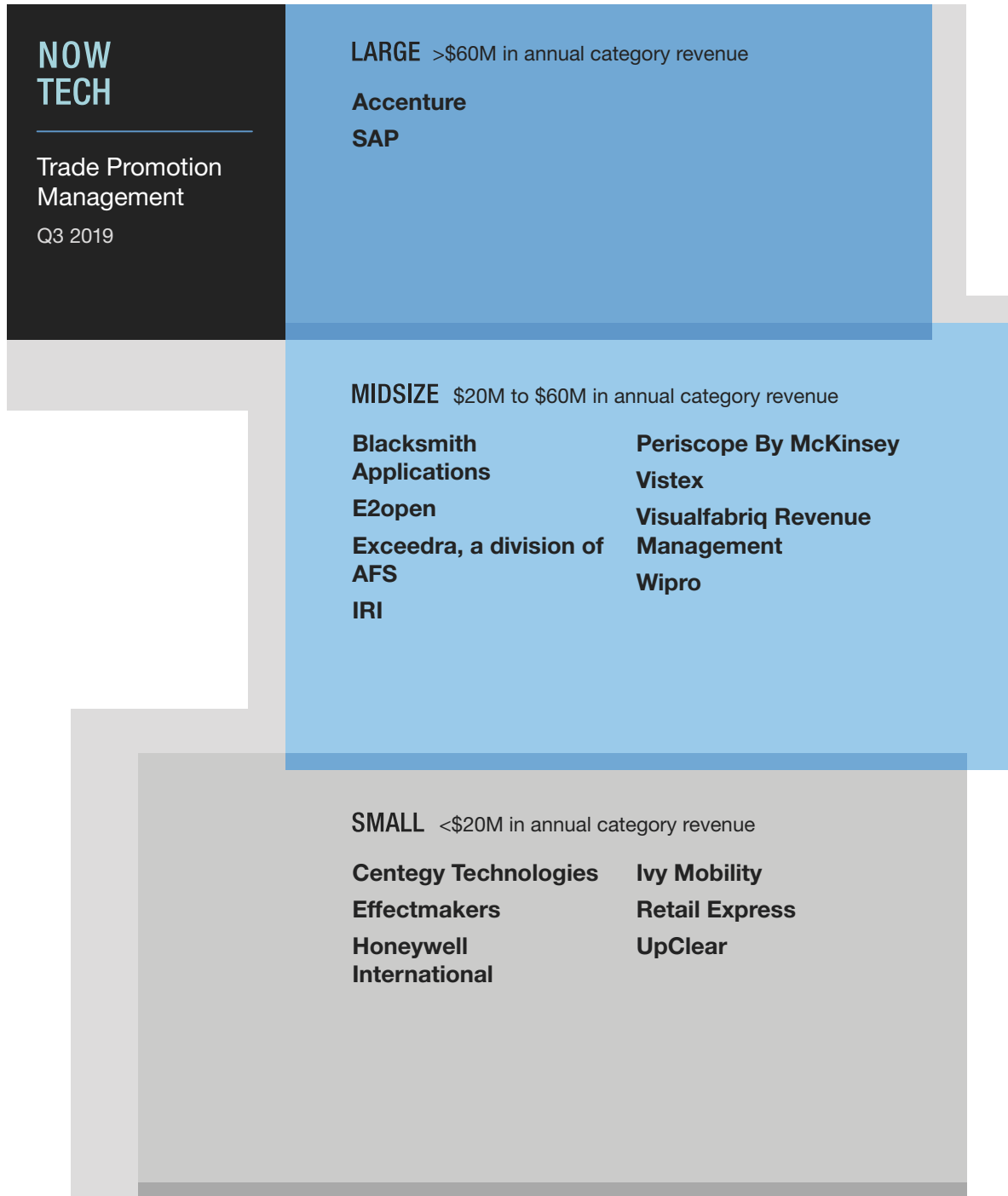
TPM Market Presence Segments

We segmented the vendors in this market into three categories based on TPM annual revenue: large established players (more than \$60 million in TPM annual revenue), midsize players (\$20 million to \$60 million in revenue), and smaller players (less than \$20 million in revenue) (see Figure 1). We did not include vendors that we estimated to have less than \$2 million in annual revenue.

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FIGURE 1 Now Tech Market Presence Segments: Trade Promotion Management, Q3 2019



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TPM Functionality Segments

To explore functionality at a deeper level, we broke the TPM market into three segments, each with varying capabilities (see Figure 2):

- › **Modern TPM vendors serve CPG account teams selling to large retail chains.** These vendors apply statistical rigor to determine the best portfolio of promotional tactics and calculate resultant sales uplift. They offer sophisticated accounting capabilities and can validate and settle retailers' claims for each promotional tactic.
- › **Traditional TPM vendors help CPG distributors or sales teams selling to outlets.** These vendors offer outstanding direct-store-delivery capability and can take payments and print accurate tax invoices at distributors' sites. They help sales teams to coach outlets, recommending replenishment and assortments that will improve sales performance.
- › **Hybrid TPM vendors mix modern and traditional trade capabilities.** These providers offer more statistical rigor and integration with sales and operations planning than traditional TPM solutions. They offer more direct-store-delivery and outlet-management functionality than modern TPM solutions.

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FIGURE 2 Now Tech Functionality Segments: Trade Promotion Management, Q3 2019

	Modern trade	Traditional trade	Hybrid
Accrue for each tactic	■ ■ ■ ■	■ ■ ■	■ ■ ■
Analyze history and previous promotional events	■ ■ ■ ■	■ ■ ■	■ ■ ■
Approve promotions	■ ■ ■ ■	■ ■ ■	■ ■ ■
Assess financial and supply-chain impact	■ ■ ■ ■	■ ■ ■	■ ■ ■
Create potential trade promotion events	■ ■ ■ ■	■ ■ ■	■ ■ ■
Integrate with sales and operations planning/business planning processes	■ ■ ■ ■	■ ■ ■	■ ■ ■
Manage direct-store-delivery, mobile, van, or route sales	■ ■ ■	■ ■ ■ ■	■ ■ ■
Monitor in-store execution	■ ■ ■	■ ■ ■ ■	■ ■ ■
Propose profitable events to retailers	■ ■ ■	■ ■ ■	■ ■ ■
Recommend outlets for sales teams to service	■ ■ ■	■ ■ ■ ■	■ ■ ■
Recommend assortments and replenishment to outlets	■ ■ ■	■ ■ ■ ■	■ ■ ■
Manage claims	■ ■ ■ ■	■ ■ ■	■ ■ ■
Take payments and print tax invoices onsite for outlets	■ ■ ■	■ ■ ■ ■	■ ■ ■
Post promotion expense	■ ■ ■ ■	■ ■ ■	■ ■ ■
Use statistical techniques to model expected promotional uplift	■ ■ ■ ■	■ ■ ■	■ ■ ■

Segment functionality ■ ■ ■ None ■ ■ ■ Low ■ ■ ■ Moderate ■ ■ ■ High

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Align Individual Vendor Solutions To Your Organization's Needs

The following tables provide an overview of vendors with details on functionality category, geography, and vertical market focus (see Figure 3, see Figure 4, and see Figure 5).

FIGURE 3 Now Tech Large Vendors: Trade Promotion Management, Q3 2019**LARGE** >\$60M in annual category revenue

	Primary functionality segments	Geographic presence (by revenue %)*	Vertical market focus (top three by revenue %)	Sample customers
Accenture Cloud; TPM; CAS TPM	Modern trade	NA 72%; LATAM 5%; EMEA 19%; AP 4%	CPG; food and beverage; personal care	Anheuser-Busch InBev; Mars; Unilever
SAP Trade management; sales cloud; direct store delivery	Modern trade	NA 50%; LATAM 5%; EMEA 35%; AP 10%	CPG; food and beverage; paper and pulp	Vendor did not disclose.

*The vendor did not provide information for this cell; this is Forrester's estimate.

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FIGURE 4 Now Tech Midsize Vendors: Trade Promotion Management, Q3 2019**MIDSIZE** \$20M to \$60M in annual category revenue

	Primary functionality segments	Geographic presence (by revenue %)*	Vertical market focus (top three by revenue %)	Sample customers
Blacksmith Applications FORGE	Traditional trade	NA 100%	Food and beverage; CPG; janitorial/ sanitation supplies	J.M. Smucker; Kraft Heinz; Unilever
E2open Retail shelf management	Modern trade	NA 87%; EMEA 13%	High-tech; food and beverage; CPG	HP; Kellogg; VMware
Exceedra, a division of AFS Enterprise; professional; RE enterprise	Modern trade	NA 40%; LATAM 5%; EMEA 40%; AP 15%	CPG; food and beverage; pharma/life sciences	Bayer; Clorox; Treasury Wine Estates
IRI	Hybrid	NA 100%	CPG; food and beverage; retail and wholesale distribution	Vendor did not disclose.

*The vendor did not provide information for this cell; this is Forrester's estimate.

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FIGURE 4 Now Tech Midsize Vendors: Trade Promotion Management, Q3 2019 (Cont.)**MIDSIZE** \$20M to \$60M in annual category revenue

	Primary functionality segments	Geographic presence (by revenue %)*	Vertical market focus (top three by revenue %)	Sample customers
Periscope By McKinsey Pricing solutions	Hybrid	NA 60%; LATAM 35%; EMEA 5%	CPG; food and beverage; pharma/life sciences	Vendor did not disclose.
Vistex GTMS Trade and Channel; SAP Incentive Administration; Paybacks and Chargebacks by Vistex	Modern trade	NA 60%; LATAM 5%; EMEA 30%; AP 5%	CPG; food and beverage; retail and wholesale distribution	Barilla; BP; McCormick
Visualfabriq Revenue Management Trade Promotion Master	Hybrid	NA 40%; EMEA 60%	CPG	Arla Foods; Reckitt Benckiser; Unilever
Wipro Promax Advanced; Promax Optimize	Traditional trade	NA 25%; LATAM 5%; EMEA 20%; AP 50%	CPG; food and beverage; pharma/life sciences	Vendor did not disclose.

*The vendor did not provide information for this cell; this is Forrester's estimate.

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FIGURE 5 Now Tech Small Vendors: Trade Promotion Management, Q3 2019**SMALL** <\$20M in annual category revenue

	Primary functionality segments	Geographic presence (by revenue %)*	Vertical market focus (top three by revenue %)	Sample customers
Centegy Technologies S&D Pro	Hybrid	EMEA 70%; AP 30%	CPG; food and beverage; oil and gas	L'Oréal; Shell; Unilever
Effectmakers BMS	Hybrid	EMEA 100%	CPG; food and beverage; pharma/life sciences	Conaxess Trade; L'Oréal; Reckitt Benckiser
Honeywell International Direct-store-delivery solution	Hybrid	NA 50%; LATAM 20%; EMEA 30%	Food and beverage; CPG; retail and wholesale distribution	Vendor did not disclose.
Ivy Mobility Ivy platform	Traditional trade	LATAM 10%; EMEA 20%; AP 70%	CPG; food and beverage; retail and wholesale distribution	Diageo; Koninklijke Philips; Procter & Gamble
Retail Express RE 2.0 Promotion Platform	Traditional trade	NA 20%; EMEA 60%; AP 20%	Retail and wholesale distribution; CPG; food and beverage	Vendor did not disclose.
UpClear BluePlanner	Hybrid	NA 35%; LATAM 5%; EMEA 40%; AP 20%	Food and beverage; CPG	Danone; Ferrero; Reckitt Benckiser

*The vendor did not provide information for this cell; this is Forrester's estimate.

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Recommendations

Stop Guessing: Start Understanding Trade Spend

Along with other tech professionals, AD&D professionals sometimes underestimate the importance of trade investment under the belief that commerce is entirely digital. To defend their modern trade markets against digital upstarts and grow revenue in developing markets, AD&D professionals in CPG companies must:

- › **Choose a TPM solution that fits the commercial environment.** AD&D professionals working in CPG brands that sell through large retail chains, usually in North America or Europe, should evaluate analytical modern TPM solutions that support the collaborative sell-in and sell-through processes that characterize modern trade. AD&D professionals working in business units like off-trade alcohol sales or working with distributors that sell to outlets in developing markets should choose traditional TPM solutions.
- › **Invest in data cleansing.** AD&D professionals must ensure the reliability of the promotional uplift history TPM solutions use. They need to standardize how they codify tactics and cleanse any training data, or other nontransactional data, from the sales data associated with each combination of promotional tactics.
- › **Invest in familiarization with sales teams.** AD&D professionals must ensure that sales teams agree with how the TPM application maps the division of responsibilities between the brand, its channels, and — where applicable — distributors' own outlets. AD&D professionals must explain with complete transparency how the TPM solution makes recommendations about the likely effects of promotional tactics on replenishment, recommended assortment, outlet sales performance, and outlet rewards and recognition.

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Supplemental Material

Market Presence Methodology

We defined market presence in Figure 1 based on factors such as 2018 TPM revenue and the proportion of enterprise clients using the vendors' products.

To complete our review, Forrester requested information from vendors. If vendors did not share this information with us, we made estimates based on available secondary information. We've marked companies with an asterisk if we estimated revenues or information related to geography or industries. Forrester fact-checked this report with vendors before publishing.

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Endnotes

- ¹ CPG brands spend more than \$500 billion on trade promotions annually and estimate that one-third of that spend generates negative returns. To drive new product introduction to win, serve, and retain consumers throughout the customer lifecycle, brands need an applications portfolio that enables effective planning and execution with retail channel partners. See the Forrester report "[Market Overview: Trade Promotion Management.](#)"
- ² In order to raise their game, brands need to start at the beginning of the process by improving their trade plans. Brands used to set goals based exclusively on past achievement, but new predictive modeling capabilities enable ambitious brands to plan based on each territory's current level of opportunity and the predicted response to trade tactics, such as introducing new lines or replenishing stores and outlets more frequently. See the Forrester report "[Sharpen Trade Management For Improved Point-Of-Purchase Conversion.](#)"

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