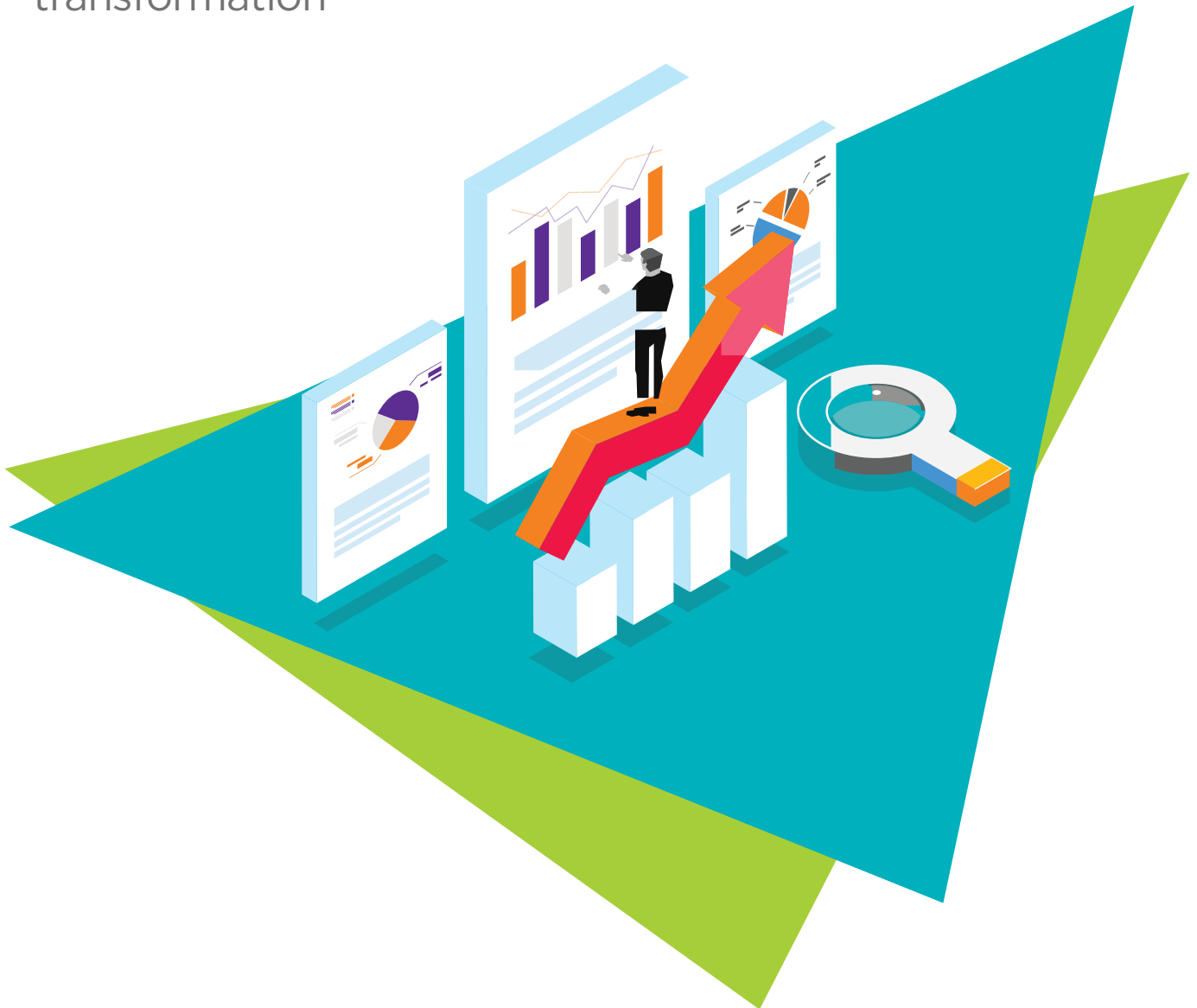
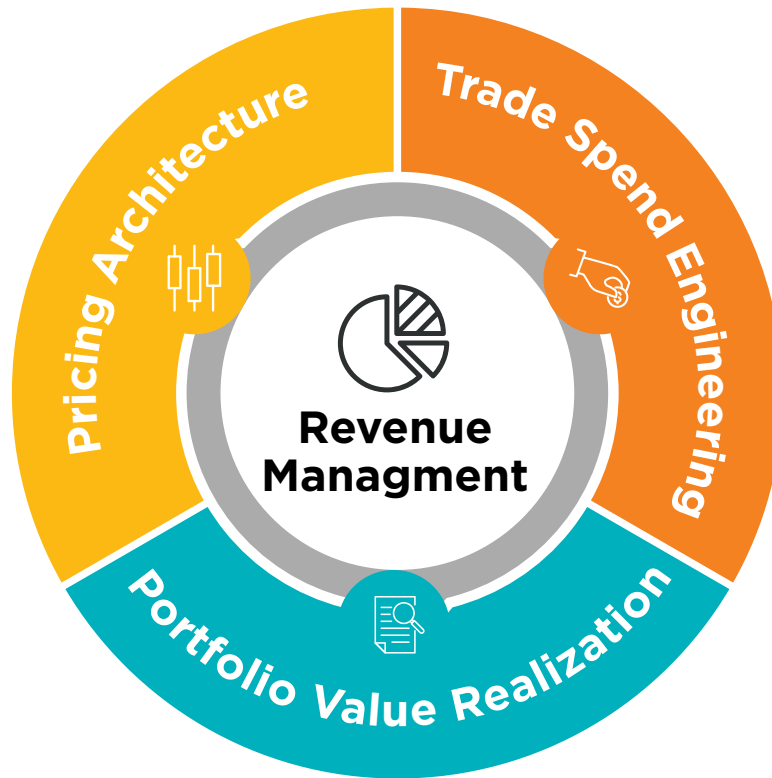


Revenue Management Analytics

Advanced data analytics-driven digital
transformation



Industry dynamics in revenue management



Over the last decade, executable action plans have made significant progress in the understanding of pricing, promotions and portfolio mix management, which are the key levers for revenue growth management. The industry has come a long way in solving the puzzle of consistently improving net revenues year-over-year, despite changing consumer habits, increased competition, pressure from retailers around margins etc. In early days revenue management used to be a virtual capability spread across marketing, sales and finance with teams working in silos, but over the years, companies have developed strong analytical capabilities in-house with dedicated revenue management experts.

But, still most of the decision making ability remains dependent on manual data excavation, consolidation and analysis which tremendously impacts the ability to identify growth opportunities and respond to fast changing market dynamics across geographies, channels and products. Specialized tools are deployed in pockets, but there are very few solutions which provide a unified platform to address all revenue management challenges with speed, agility and accuracy.

With advances in data availability, computing power and analytics/AI algorithms, some of the CPG industry stalwarts are moving toward integrated platforms serving up ongoing insights, opportunities, and prescriptive recommendations. These equip the commercial teams to harness the true power of data analytics for strategic decision making.

Business Challenges

Revenue management practitioners in CPG companies try to gather insights on pricing, trade spending and portfolio performance across channels, categories, brands and pack sizes leveraging data from multiple sources (e.g. consumer sales data from Nielsen, retailer POS sources, internal sell-in data, macroeconomic trends, population demographics etc.). Some typical problems seen and solved using the above data are listed below.

Pricing Architecture

- Competitor price monitoring
- Price segment white space identification
- Consumer price sensitivity
- Price variance by geography, channels, brands, pack sizes
- Correlation between own price, competitor's price and demand



Spend & ROI Monitoring

Trade Execution Plans

Defining Operating Budgets

Trade Spending Engineering

- Annual budgeting
- Planned vs actual spending
- Promotion ROI by category, segment or brands
- Accurate lift analysis
- Working / non-working trade spend
- Trade investment effectiveness

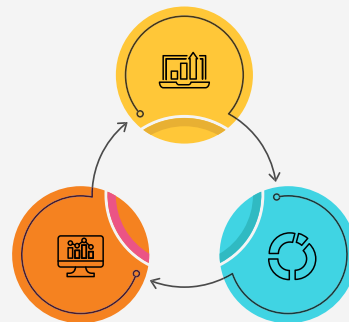
Portfolio Value Realization

- Identifying the right Portfolio Mix by Region/Channel/ Demographics
- Tracking Execution and Performance Packing influence planogram decisions
- Portfolio Rationalization maximizing market share, revenue & margins.

Mix Execution and Performance Packing

Mix Definition

Mix Optimization



In addition to solving the above challenges, revenue management teams face the arduous task of manually consolidating & cleansing data from diverse sources in different formats, grains, hierarchy etc. Weeks are spent in the data set-up before getting into meaningful analysis. The process makes decision making extremely rigid with the inability to quickly analyze alternate scenarios. Some key challenges in this space are as follows.

Fast Facts

65.2% trade promotion systems not integrated with retail execution solutions.

Often, a simple 1% increase in net price can increase operating profit by 10%

~ 80% of the promotions are not profitable

43% of retailers are currently using data analytics in pricing, while 38% are likely to start using it in the next 12-24 months

In the typical CPG inventory, the lower 40% of SKUs may represent less than 3% of sales volume and even less in profitability. Many SKUs do not earn their keep.

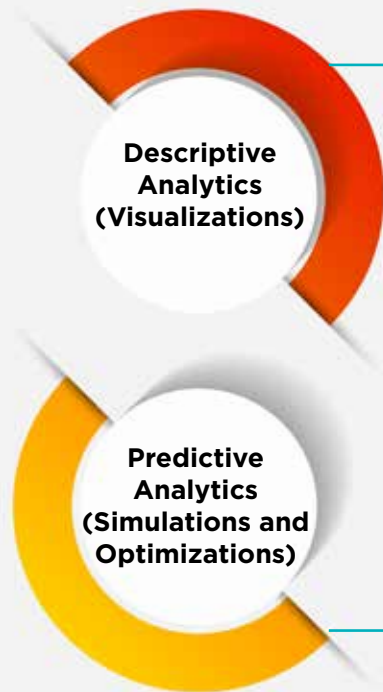
Our Solutions

Based on years of experience in working with some of the largest CPG companies across the globe, HCL has come up with a framework and a capability catalog across pricing, trade spending and mix management that can enable digital transformation of the revenue management function.

The capability catalog consists of a right mix of descriptive dashboards and prescriptive tools addressing the following challenges

- Automation of collation cleansing and harmonization of internal and syndicated data
- Simulations and predictive capabilities built on price elasticity and promotion lift models
- User-friendly platforms that allow clear output visualization and ease of result interpretation
- Multi scenario evaluation and historical analysis

Revenue Management Analytics



Pricing

Trade Spending

Portfolio Mix

- Extracts and visualizations of internal and external data-generation of simple reports
- Descriptive analytics information aimed at evaluating past results to support future AM decisions
- Main tools for supporting RM decisions
- Involve sophisticated modeling (regressions, multi-scenario evaluation and optimization)
- Predictive analytics to define pricing, promotion spending and optimal mix

Functional Architecture of RM Analytics Platform

Foundation of the solution lies in setting up of a data lake on cloud where data from disparate sources can be acquired & stored. Post-acquisition data would go through the cleansing and harmonization process which will make it consumption ready. This data would be ingested by Models enabling the capabilities on the prescriptive Tools or directly consumed into the visualizations.



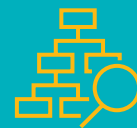
Data Acquisition & Standardization

Data cleansing, align to a common format



Data Harmonisation

Align to a defined product & geo metadata & industrialize process



Model Development

Dedicated models required for every brand, partner SME will provide inputs



Simulation

Custom front end development



Visualization

Insights & Dashboard

Solution Highlights



Data Engineering

- Automated data set-up/harmonization processes through an established data infrastructure
- Standardized use of syndicate data across teams
- Ease of addition of new data sources



Modelling capabilities

- Improved accuracy of model outputs through ML
- Introduction of Optimization tools to guide RM decisions on clear business goals
- Ability to run What If scenarios to compare results



Analytics Applications

- Reduce user work load required to run analysis and evaluate results
- User friendly platform that allows -
 - Clear output visualization
 - Easy results interpretation
 - Track & record of simulated scenarios
 - Model accuracy check
 - Export results to other platforms

Why HCL

Measuring and rapidly responding to the shifting channel and product preferences, dynamic pricing, promotions & SKU rationalization using an integrated Revenue Management Advanced Analytics platform is imperative for CPG companies to maintain competitive edge.

HCL has a deep understanding of latest Analytical and AI techniques to address a wide range of technical and functional challenges that may arise in democratizing Revenue Management insights through cognitive consumption applications.

We have collaborated with organizations using an agile mindset helping them identify & prioritize the right set of capabilities from our larger solution catalog complementing their existing tools and processes ensuring adaption and maximum value realization with each release or sprint.



Discover how HCL can enable innovative solutions for your enterprise by sending an email to rcpg.solutions@hcl.com

Explore CPG 4.0 Solutions

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HCL Technologies (HCL) empowers global enterprises with technology for the next decade today. HCL's Mode 1-2-3 strategy, through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™ enables businesses to transform into next-gen enterprises.

HCL offers its services and products through three lines of business - IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products & Platforms (P&P). ITBS enables global enterprises to transform their businesses through offerings in areas of Applications, Infrastructure, Digital Process Operations, and next generation digital transformation solutions. ERS offers engineering services and solutions in all aspects of product development and platform engineering while under P&P. HCL provides modernized software products to global clients for their technology and industry specific requirements. Through its cutting-edge co-innovation labs, global delivery capabilities, and broad global network, HCL delivers holistic services in various industry verticals, categorized under Financial Services, Manufacturing, Technology & Services, Telecom & Media, Retail & CPG, Life Sciences, and Healthcare and Public Services.

As a leading global technology company, HCL takes pride in its diversity, social responsibility, sustainability, and education initiatives. As of 12 months ending on March 31, 2021, HCL has a consolidated revenue of US\$ 10.17 billion and its 168,977 ideapreneurs operate out of 50 countries. For more information, visit www.hcltech.com



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