

CASE STUDY



BUSINESS CHALLENGE

After price increases for a variety of SKUs, a Key Account Sales Manager for Malt-O-Meal noted increasing declines in sales volume for four particular items. In response, she crunched the numbers, attempted to create an Excel sheet that would tell her story and make the case to her Buyer. But she couldn't make an impact - the prices remained unchanged. And so she tried again. Nothing.

SOLUTION

A fast and effective demand intelligence solution that imports and processes demand data, then generates fact-based reports that help suppliers and retailers visualize challenges and opportunities and build mutually beneficial volume-building relationships.

BUSINESS BENEFIT

- Concentrate on performance of individual products, and group of products
- Track and identify historical effects of changes in price points
- Provide data-based visual rationale in order to optimize price points
- Identify supply chain challenges
- Improve forecasting accuracy
- Rebuild brand loyalty
- Establish effective communication with retailer that builds sales volume
- Become valuable source of demand data information for retailer

RETURN ON INVESTMENT

- Reversed declining sales for price-adjusted items and recaptured previous sales volume
- Increased order quantity by identifying in-stock issues on price-adjusted items

Tracey Mankowski, Key Account Sales Manager for Malt-O-Meal's Target team, had watched the sales volume of four key cereals steadily decline as hikes in price points were put in place. "We have a loyal customer base, but with the price increases we were seeing a definite decline in sales. Each time, I spent hours importing data, running calculations and creating a spreadsheet and Power Point that I could share with my Buyer. I don't have a lot of time with the Buyer so I have to get right to the point and make my case. But what I put together for him just didn't make an impact - so the higher price points stayed in place."

Enter SOLYS.

"We purchased SOLYS and everything changed -- SOLYS cuts out the busywork. I'm not wasting time pulling information from InfoRetriever and then trying to crunch the numbers and create reports. Instead, I concentrate on the business at hand."

(continued)

Ms. Mankowski started with the SOLYS SKU Ranking Report to identify store counts and low numbers that indicated losses in sales. Once she had identified the four items that were seeing marked decreases in sales due to the price increases, she ran an Item Synopsis Report. "It's one simple page that presented a snapshot of the four items - sales dollars, average price, inventory measures, lifts, distribution center data - everything. The price/volume comparison is what really told the story - it clearly illustrated what the price increases had done to the volume." She supplemented her SOLYS report with a weighted average spreadsheet to indicate optimal price points and met again with the Buyer.

Success.

"It wasn't just the information I presented to him - because I had presented most of it before. It was the way I was presenting it - clean, concise, easy-to-understand visuals that made the story come to life." Further, she discussed all Malt-O-Meal price points with him. "We talked about the whole picture. We discussed our entire product portfolio and I clearly demonstrated that four specific items were losing sales because of price increases while the remainder had maintained volume. I showed him that other products had some loss in volume, but were in so few stores that it didn't make sense to adjust the prices. I also showed him weekly supply and in-stock SOLYS reports to prove that these elements weren't a factor in the decreased volume."

The price adjustments were made based upon her recommendations. Of the four SKUs that were price-adjusted, sales for all four of the SKUs demonstrated volume increases by week three of the price cut. By week seven, volumes were back to where they had been prior to the price hikes. "Because of SOLYS, we were also able to identify in-stock issues around these three SKUs. We could have seen increases in volume sooner than seven weeks if it weren't for in-stock issues. We don't have a lot of facings and we didn't have enough product, so we had to adjust our orders to meet the demand after the cut in price."

As for the fourth SKU, it is the only item of the four whose volume has not returned to previous levels - it remains about 500 units short. "SOLYS has shown us that this item is more price sensitive than the others. Since this item is more price sensitive, we may have to decrease the retails further to recapture the lost sales. SOLYS will help to analyze if this is the best option. There are a lot of variables to look at, but that's why we have SOLYS - now we have the time to look at things differently and puzzle this out."

Another benefit from her price point insights? Ms. Mankowski has been asked by Target to participate in a joint-business-planning exercise for Target's private label brands. According to IRI Times & Trends Report: Game-Changing Economy Taking Private Label to New Heights, private label unit share has grown to 22.8 percent (up 1.2 points) in the past 12 months. Dollar share has grown 0.7 points to 17.6 percent.

"Private label is a very high priority for Target right now and I don't believe we'd be able to provide Target with the service we have without SOLYS. SOLYS will make my role in this planning exercise much easier - identifying expected growth, assessing how realistic our marketing and sales projections are, perfecting forecasting and analyzing promotions. I have the historical data and the reports I need to demonstrate what's possible and where opportunities lie. It's a great opportunity and I can't wait."