

COGNOS STRATEGIC PROMOTION PERFORMANCE BLUEPRINT

ARE YOU MAXIMIZING
YOUR MARKETING
SPEND AND VENDOR
TRADE FUNDS?

COGNOS[®]

THE NEXT LEVEL OF PERFORMANCE™

Marketing and promotion costs can significantly impact a retailer's top and bottom lines. Marketing and merchandising managers across the retail enterprise face the challenge of efficiently using company promotional dollars and vendor trade funds to drive the highest returns. The ability to model multiple scenarios, analyze and evaluate promotion success, and ensure vendor compliance to trade fund agreement empowers chains to optimize promotional monies and drive profitable growth.

Retailers struggle to understand the effectiveness of their promotional campaigns and vendor initiatives for a variety of reasons, including:

- limited visibility to promotions across the enterprise
- limited access to the right information
- functional and informational silos that make collaboration difficult
- poor processes for monitoring trade fund remittances
- inability to track and compare the sales and financial implications of campaigns

The *Cognos Strategic Promotion Planning Blueprint* provides a performance management framework—including planning, metrics, and reporting—that empowers managers across the retail enterprise to model multiple promotional scenarios, measure campaign costs and sales lift against budgets, monitor vendor funds and compliance, analyze and evaluate campaign margins and effectiveness—all of which enables more efficient use of company and trade dollars to ultimately drive higher returns.

The *Blueprint* allows senior marketers to allocate company-wide marketing spend, strategically apportioning funds to banners or types of marketing activities; enables marketing

“In an industry where profit margins are key, retailers are always looking for ways to streamline their promotion processes to deliver consistent, targeted messages to their customers at lowest possible costs and in the quickest timeframe. Sophisticated promotions planning solutions are becoming more prevalent in this industry, allowing retailers to spend more time strategizing and optimizing, and less time on administrative tasks like aggregating and validating their data.”

Cathy Hotka, SVP of Technology and Business Development Retail Industry
Leaders Association (RILA)



and merchandise managers to model and analyze effectiveness of the retailer-funded promotional campaigns that will lead to the greatest return-on-investment; and lets buyers, merchandisers, and category managers plan the best use of trade funds and monitor promotion effectiveness, as well as vendor compliance to remittance terms.

A COMPLICATED, UNCOORDINATED PROCESS

Retailers must juggle an enormous amount of information and manage a vastly complex process in order to achieve the highest rewards from their marketing campaign investments and from vendor trade funds. Chains have traditionally struggled with promotions planning because they lack a complete view of company-wide activities, making it very difficult to accurately gauge how to optimize the use of retailer- and vendor promotional funds across banners, channels, and geographies.

In addition, retailers face the challenge of optimizing vendor trade funds—planning activities, measuring effectiveness of campaigns, and monitoring compliance for remittance of monies. The ability to ensure all funds due are collected in the agreed-upon timeframes is a compliance issue that also impacts margins.

Accurately and confidently planning, measuring, and reporting on retail- and vendor-funded promotional activities is critical to conducting effective promotions, achieving competitive advantage, and protecting margins.

SPREADSHEETS MAKE THINGS WORSE

With the growing number and complexity of marketing initiatives—especially managing vendor compliance—many chains have turned to a tool they know and trust: the spreadsheet. While spreadsheets may serve as a passable short-term departmental fix, the widespread use of spreadsheets has effectively sabotaged successful implementation of consolidated, coordinated planning. Spreadsheets exist as pockets of information, typically using local assumptions and leveraging data that is isolated in a silo and seldom up-to-date.

Spreadsheets are almost always disconnected from one another, and cannot scale to meet the needs of large (or even mid-sized) retailers. Many organizations treat promotional planning as a mere budgeting exercise, making sure that sufficient funds are allocated for promotional campaigns. Though ensuring an investment in marketing activities and promotional campaigns, planning does not guarantee effective optimal use of company resources. Management at most companies can neither hope to drive optimal performance nor assess trade-offs vital to ensuring the right promotion mix without a more sophisticated, coordinated approach to managing marketing spend and ensuring they receive all vendor trade funds due.

THE COGNOS PERFORMANCE MANAGEMENT SOLUTION

The *Cognos Strategic Promotion Planning Blueprint* is comprised of Cognos enterprise planning and business intelligence products. Cognos 8 Planning is a Web-based, high-participation solution for modeling, planning, budgeting, and forecasting. It lets management define the process, models, and content required, and then distribute pre-populated, Web-based templates to data contributors across all company departments. Contributors supply required information, leveraging views that are specific to their job area. Cognos 8 Planning helps companies achieve consistent operating performance through highly collaborative, real-time planning. By integrating with Cognos 8 Business Intelligence capabilities, the *Blueprint* gives users the power to publish reports and conduct analyses based on critical information such as past promotion effectiveness, promotion costs, projected revenue lift, and vendor compliance.

Using the Web, Cognos 8 Planning collects more information from more people more often. As a result, up-to-date intelligence is available when it's needed, allowing more time for analysis and better-informed, more effective decision-making.

	Historical Spend Actuals	Historical Spend Plan	Historical Spend Variance	Recommended Marketing Spend	Marketing Spend Adjustment	Final Marketing Spend
Total Marketing Spend	5,427,692	5,029,267	(398,425)	5,427,692	200,000	5,627,692
Circulars	387,692	409,267	21,575			
Advertising - TV	516,923	409,267	(107,656)			
Advertising - Radio	258,462	306,351	48,489			
Advertising - Print	775,385	629,842	(145,742)			
Direct Mail	516,923	511,584	(5,339)			
Customer-Specific	516,923	613,901	96,978			
One-day Sales	1,833,846	818,535	(215,311)			
End-of-Season Sales	258,462	306,351	48,489			
Seasonal Sales	258,462	204,634	(53,828)			
Online	387,692	409,267	21,575			
Other	516,923	409,267	(107,656)			

Allocate top-line marketing spend to banners, channel, or promotional activities by spreading costs according to historical spending patterns or adjust allocations by percentage or dollar amount.

PERFORMANCE BLUEPRINT: STRATEGIC PROMOTION PLANNING

With the *Cognos Promotion Planning Blueprint*, retailers have complete visibility into all promotional activities. They can allocate corporate marketing spend, plan promotional campaigns, manage vendor promotions and trade funds, and monitor compliance for vendor remittances. The *Blueprint* provides capabilities to model and evaluate promotion options based on costs and/or sales lift, to monitor results, and to analyze across promotions for optimal return on marketing campaigns investments.

Cognos Performance Blueprints are pre-configured solution building blocks that allow companies to jump-start performance management implementations. The *Promotion Planning Blueprint* helps retailers allocate marketing spend, optimize promotion mix, and manage vendor trade funds and compliance to implement the most profitable promotional campaigns. Going well beyond the capabilities of a spreadsheet-based

system, the *Blueprint* provides simplified and streamlined planning, forecasting, analysis, and reporting functionality.

The *Strategic Promotion Planning Blueprint* delivers an intuitive top-down and bottom-up planning and reporting environment where retailers can capitalize on:

Description	Status	Geography	Department	Start Date	End Date	Duration	Promotion Costs	Sales Lift %	Sales Lift \$	Warning
Repeat Promotion 01	Committed	Midwest	Electronics	09-01-2007	09-14-2007	14 days	\$11,000	9.00%	\$0	
Repeat Promotion 02	Proposed	Northwest	Books and Music	01-01-2007	01-07-2007	7 days	\$4,500	0.00%	\$5,000	
Repeat Promotion 03	Committed	Southeast	Household Products	02-15-2007	02-28-2007	14 days	\$3,000	5.00%	\$0	
Repeat Promotion 04	Proposed	West	Cosmetics/Fragrances	09-01-2007	09-14-2007	14 days	\$7,500	0.00%	\$10,000	
Repeat Promotion 05	Committed	East	Pharmacy	01-01-2007	01-07-2007	7 days	\$2,500	2.50%	\$0	
Repeat Promotion 06	Proposed	All Geographies	Toys	02-15-2007	02-28-2007	14 days	\$5,000	5.00%	\$0	
Repeat Promotion 07	Committed	Midwest	Home Furnishings	03-01-2007	03-31-2007	31 days	\$2,750	0.00%	\$5,000	
Repeat Promotion 08	Proposed	Northwest	Home Décor	04-15-2007	04-21-2007	7 days	\$1,200	5.00%	\$0	
Repeat Promotion 09	Committed	Southeast	Auto/Alternative	05-01-2007	04-30-2006	365 days	\$1,000	0.00%	\$5,000	
Repeat Promotion 10	Proposed	West	Sporting Goods	01-01-2007	01-07-2007	7 days	\$2,000	0.00%	\$4,500	
Repeat Promotion 11	Committed	Midwest	Electronics	02-15-2007	02-28-2007	14 days	\$11,000	9.00%	\$0	
Repeat Promotion 12	Proposed	Northwest	Books and Music	03-01-2007	03-31-2007	31 days	\$4,500	0.00%	\$5,000	
Repeat Promotion 13	Committed	Southeast	Household Products	04-15-2007	04-21-2007	7 days	\$3,000	5.00%	\$0	
Repeat Promotion 14	Proposed	West	Cosmetics/Fragrances	06-15-2007	07-15-2007	31 days	\$7,500	0.00%	\$10,000	
Repeat Promotion 15	Committed	East	Pharmacy	07-01-2007	07-07-2007	7 days	\$2,500	2.50%	\$0	
Repeat Promotion 16	Proposed	All Geographies	Toys	09-01-2007	10-31-2007	61 days	\$5,000	5.00%	\$0	
Repeat Promotion 17	Committed	Midwest	Home Furnishings	11-01-2007	01-31-2008	92 days	\$2,750	0.00%	\$5,000	
Repeat Promotion 18	Committed	Northwest	Home Décor	11-01-2007	01-31-2008	92 days	\$1,200	5.00%	\$0	
Repeat Promotion 19							\$0	0.00%	\$0	
Repeat Promotion 20							\$0	0.00%	\$0	
Repeat Promotion 21							\$0	0.00%	\$0	
Repeat Promotion 22							\$0	0.00%	\$0	
Repeat Promotion 23							\$0	0.00%	\$0	
Repeat Promotion 24							\$0	0.00%	\$0	
Repeat Promotion 25							\$0	0.00%	\$0	
Repeat Promotion 26							\$0	0.00%	\$0	
Repeat Promotion 27							\$0	0.00%	\$0	
Repeat Promotion 28							\$0	0.00%	\$0	
Repeat Promotion 29							\$0	0.00%	\$0	
Repeat Promotion 30							\$0	0.00%	\$0	
Repeat Promotion 31							\$0	0.00%	\$0	
Repeat Promotion 32							\$0	0.00%	\$0	
Repeat Promotion 33							\$0	0.00%	\$0	
Repeat Promotion 34							\$0	0.00%	\$0	

Define, plan and model promotional campaigns, including budgeting costs, margins, and expected sales lift.

- An integrated planning process between finance, marketing, and merchandising to ensure all departments have visibility to promotions and are working towards common business objectives and financial goals.
- Built-in calendaring that provides organization-wide visibility into planned promotional activities.
- The ability to analyze historical promotions and use results to drive future campaigns and optimal promotional mix.
- Rapid re-forecasting capabilities that empower chains to adjust promotional mix and campaigns on-the-fly based on performance and consumer responses to date.

Repeat Promotion	Promotion Title	Promotion Start Date	Payment Terms	Payment Due Date	Actual Payment Date	Payment Date Compliance?	Planned Vendor Funds
Repeat Promotion 01	Sony Promotion 1	03-21-2007	30 days	03-23-2007	03-23-2007	Yes	\$5,000
Repeat Promotion 02	Sony Promotion 2	08-15-2007	30 days	09-17-2007		No	\$15,000
Repeat Promotion 03	Sony Promotion 3	05-15-2007	30 days	07-15-2007	08-01-2007	No	\$14,000
Repeat Promotion 04	Sony Promotion 4	08-05-2008	30 days	07-05-2008		No	\$4,000
Repeat Promotion 05	Sony Promotion 5	06-25-2008	30 days	07-25-2008		No	\$3,000
Repeat Promotion 06	Sony Promotion 6	01-04-2008	30 days	02-03-2008		No	\$17,000
Repeat Promotion 07	Sony Promotion 7	11-15-2007	30 days	12-15-2007	12-15-2007	Yes	\$8,000
Repeat Promotion 08	Sony Promotion 8	07-20-2007	30 days	08-19-2007		No	\$18,000
Repeat Promotion 09	Sony Promotion 9	04-21-2007	30 days	05-21-2007	05-21-2007	Yes	\$20,000
Repeat Promotion 10	Sony Promotion 10	05-06-2007	30 days	06-05-2007	06-05-2007	Yes	\$7,000
Repeat Promotion 11				01-31-1900			
Repeat Promotion 12				01-31-1900			
Repeat Promotion 13				01-31-1900			
Repeat Promotion 14				01-31-1900			
Repeat Promotion 15				01-31-1900			
Repeat Promotion 16				01-31-1900			
Repeat Promotion 17				01-31-1900			
Repeat Promotion 18				01-31-1900			
Repeat Promotion 19				01-31-1900			
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Repeat Promotion 25				01-31-1900			
Repeat Promotion 26				01-31-1900			
Repeat Promotion 27				01-31-1900			
Repeat Promotion 28				01-31-1900			
Repeat Promotion 29				01-31-1900			
Repeat Promotion 30				01-31-1900			
Repeat Promotion 31				01-31-1900			
Repeat Promotion 32				01-31-1900			
Repeat Promotion 33				01-31-1900			
Repeat Promotion 34				01-31-1900			

Monitor vendor compliance and timeliness of vendors in remitting trade funds due.

- Fast consolidation that reduces planning cycles and allows chains to react quickly to new vendor-sponsored opportunities, to address market trends, and to counter competitive actions.
- Embedded workflow functionality, complete with alerting capabilities, helping drive collaboration and accountability, while streamlining the approval and monitoring process.
- Compliance-monitoring capabilities to improve control over trade funds and accelerate reimbursements due from vendors.

DRIVE PERFORMANCE THROUGH PLANNING, ANALYSIS, AND REPORTING

The *Cognos Promotion Planning Blueprint* uses a sophisticated, bi-directional calculation engine for allocating marketing spend, planning costs, and sales lift,

and evaluating the financial impact of promotional decisions. It uses the Web to enhance data collection and performance measurement, and makes it easier to do what's most important—plan for higher return on both retail and vendor investments in promotional activities. And the *Blueprint* provides access to powerful reporting and administration tools designed for all levels of users.

ABOUT COGNOS

Cognos is a recognized leader in delivering business intelligence and performance management solutions for the retail industry. In fact, 25 percent of the world's top 250 retailers, and over 300 retail chains worldwide, use the company's solutions to drive profitable growth. Cognos products are used to address a variety of initiatives, including improving store and channel performance, managing store development projects and optimizing merchandise productivity. Cognos is the world leader in business intelligence and enterprise planning software. Our solutions for performance management let organizations *drive performance* with planning, budgeting, and consolidation; *monitor performance* with scorecarding; and *understand performance* with business intelligence reporting and analysis. Cognos is the only vendor to support all of these key management activities in a complete, integrated solution. Founded in 1969, Cognos now serves more than 23,000 customers in over 135 countries.

PLANNING PREREQUISITES

Scalability. The *Cognos Promotion Planning Blueprint* fits retailers of any size, format, or lines of trade. Its Web-based design and attention to bandwidth economy make for an easy roll-out to marketers, merchants, and buyers throughout the enterprise.

Flexibility. A company shouldn't change its structure to fit someone else's off-the-shelf system. The *Cognos Promotion Planning Blueprint* is flexible enough to fit any business. Companies of all sizes use Cognos solutions for planning, business intelligence, scorecards, and dashboards.

Compatibility. The *Cognos Promotion Planning Blueprint* capitalizes on existing technology investments and extends the value of in-place transactional systems. It also shares information with other solutions, such as financials or advertising planning, and readily accommodates future growth.

Web-based promotions planning. Cognos 8 Planning helps companies model, plan, analyze manage, and control retail- and vendor-funded promotional resources efficiently and cost-effectively.

Easy data access and manipulation. The centralized database and powerful calculation engine in Cognos 8 Planning are designed to support rigorous analysis, consolidating multiple data sources—including point-of-sale and financial data—into one environment and providing users with the information that they require to optimize marketing dollars.

Powerful reporting and analysis. Cognos 8 Planning offers visibility to all promotional activities and seamless access to data from multiple sources, facilitating reporting, analysis, and scorecarding to monitor vendor compliance, financial and promotion performance, and to improve decision-making.

High IT value. At the back end, Cognos 8 Planning uses common technology standards. At the front end, its network-friendly architecture minimizes network traffic, while its choice of Web or Excel interface means easy deployment and maintenance with minimal end-user training.