

New Promotional Offer Optimization Solution Accelerates Results

Client Challenge

This client is one of the largest global tire manufacturing companies with facilities in multiple countries, supplying tires to original equipment manufacturers (OEMs), retailers, and aftermarket customers, across a wide range of industries and vehicle types. The client's traditional, highly consistent promotional strategy was not achieving the desired results. Further, sales and marketing data was stored in multiple locations with differing formats and inconsistent coverage across accounts, geographies, and products. The client needed to address the widely disparate data sources, understand the elasticity of promotional prices, and implement a new promotional offer optimization solution across their entire product portfolio and distribution channels.

Parker Avery Solution

The five-month engagement leveraged Parker Avery's AI-driven Enterprise Intelligence platform and the firm's deep industry and pricing expertise. Partnering with the client's analytics, marketing, and sales teams Parker Avery initially conducted technical and business discovery sessions to:

- Understand current-state promotions planning and execution processes
- Assess and align on available source data

Next, the team federated all relevant data into a single platform for the subsequent analytics work. This massive undertaking involved staging, cleansing, and filtering many years of data representing disparate sources and types of sell-in/sell-out data, cost history, geography/product hierarchy, and attributes, as well as internal and external demand drivers.

With cleansed and enhanced data for demand driver modeling (price elasticity analysis), Parker Avery's team provided the client with actionable elasticity insights, which optimized the client's promotions to maximize revenue, margin, and units simultaneously. Based on the recommendations, a pilot was scheduled to test the new promotional offers.

The team provided the client with a tool for planning future promotions and simulating their impact on sales, margin, and market share.

Further, Parker Avery helped the client develop capabilities to validate promotional calendar accuracy, assess post-mortem promo performance, and produce price elasticity insights and detailed promotional offer optimization recommendations.

PROJECTED RESULTS



INCREASED
UNIT SALES



INCREASED
REVENUES



IMPROVED
PROFITS

The projected value for the retail accounts selected for the pilot was an 8%-unit (tire) sales increase, a 6% lift in overall revenue, and a 3% increase in profits. The client has engaged Parker Avery to continue refining the new promotional offer optimization solution and recommendations to further enhance promotion results.

The client has also requested Parker Avery's help with their pricing strategy and business process improvements as they relate to pricing and promotions.