

Revenue Growth Management in  
the Year After Hyperinflation

The Great Reset





# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

### Introduction

As CPGs come to grips with the ripple effects of their previous years' initiatives, it exposes the need for practices that ensure a holistic and scalable approach to RGM.

However, what does it take to reframe, retool and reset RGM practices and capabilities so CPGs are on the path for sustainable growth and success?

In the following pages, we are presenting our take on what the great RGM reset is and how to focus on key aspects that will help you deliver effective revenue management change. We will also show the power of industry-centric and intelligent solutions to shape and deliver transformational RGM.

Please [contact us](#) if you wish to further discuss the contents of this presentation, provide your point of view or engage with our team to better understand how vertical deep industry knowledge and extensive experience in industry best practices can help put RGM insights into action for continuous and scalable revenue growth.

### Table of Contents

#### Chapter A

Responses to inflationary pressures: What are we seeing?

#### Chapter B

Drive your revenue growth digital ecosystem to success

*“The secret of change is to focus all of your energy not on fighting the old, but on building the new” -Socrates*

## Revenue Growth Management in the Year After Hyperinflation The Great Reset

Responses to inflationary pressures: What are we seeing?

1.

Price Sensitivity **doesn't always follow an organisation's portfolio price laddering or category structure**: There are large opportunities in de-averaging approaches

2.

Price sensitivity **is evolving**: Needing an always on or at least frequent litmus test approach. Sizable losses are observed from taking pricing **too much too fast**, with a blanket approach not tempered by sensitivity and competitiveness tracking.

3.

Significance of **First Mover vs. Follower advantage and time at uncompetitive position**: Recovering share can become difficult after baseline drops as a result of pricing, especially when there are resulting losses in distribution/delisting.

4.

Need for re-thinking the price positioning of the **most premium parts of the portfolio** and **re-anchoring** them to **more established parts** of the market.

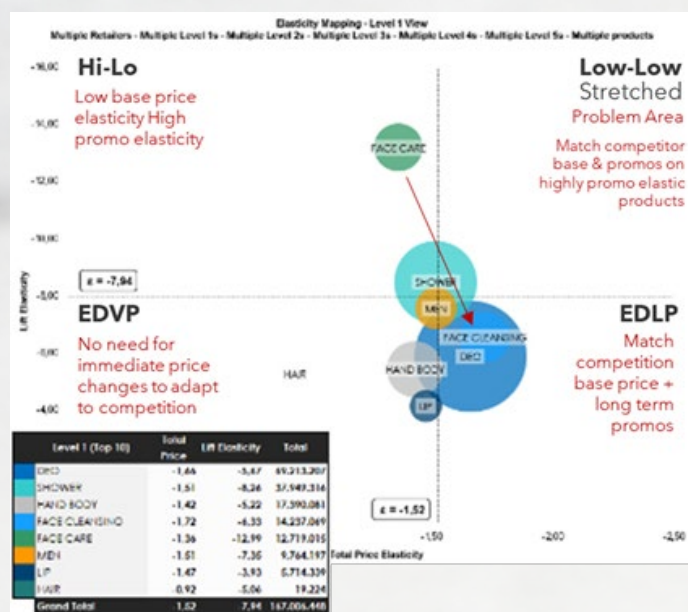
DOWN

UP



Price Sensitivity is driven by people and, often times, confusing

A one size fits all pricing approach typically will mean taking too much price on one product and/or not enough on another as price sensitivities vary even within the same category or brand creating downstream impacts to Promo strategies and portfolio/customer mix.



A subset of the Beauty category doesn't behave like rest of Beauty but more like Personal Care.

# The Great Reset

## Responses to inflationary pressures

Price sensitivity is always evolving  
due to perceived substitutability

2

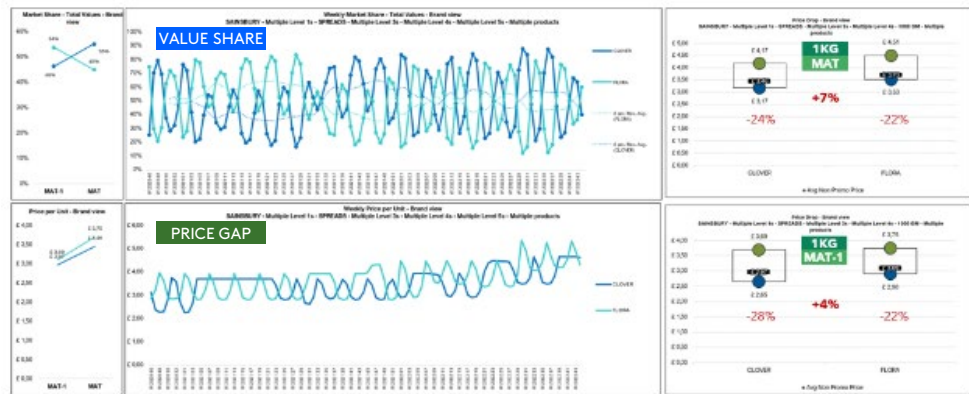
This leads to a need for an always on or at least frequent litmus test approach. Sizable losses are observed from taking pricing too much too fast, with a blanket approach not tempered by sensitivity and competitiveness tracking.

### Example

Market value share has shifted massively to favour competition with the price gap widening and higher sensitivity evolving for own brand vs. competition (reasonable substitute for a lower price), reaching. The result is the need to act on promo competitiveness and lean into promo elasticity due to losses from base elasticity.



What to do: Realign to **optimal competitive price gap** by supporting with promo (H/L) at an elevated depth vs. current and avoiding an EDLP strategy which has led to share loss and higher sensitivity on base price.



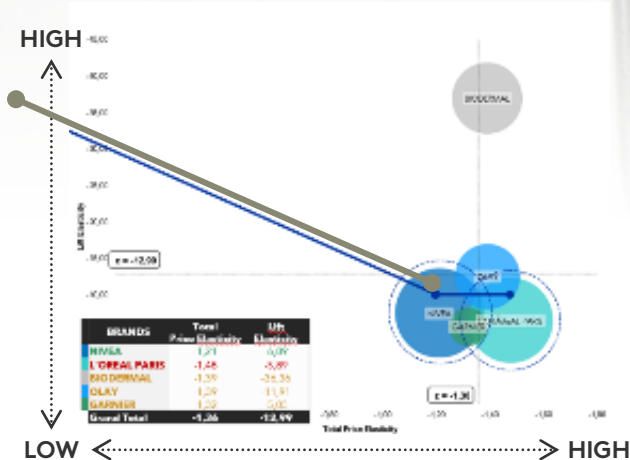
# The Great Reset

## Responses to inflationary pressures

“Pricing Power” is a misnomer:  
First Mover vs Follower Advantage

The franchise that is less base price elastic suffers a smaller loss when taking pricing, they win by initiating price, by losing less upfront and by gaining more when competition eventually moves. A high base price elasticity requires a follower strategy OR as noted, increased depth on promo to minimize volume loss

ANALYSE YOUR COMPETITORS:  
**FIRST MOVER STRATEGY**



ANALYSE YOUR COMPETITORS:  
**FOLLOWER STRATEGY**



# The Great Reset

## Responses to inflationary pressures

What is the right price and promo strategy for Franchise A?

Need for re-thinking the price positioning of the most premium parts of the portfolio and re-anchoring them to more established parts of the market so as not to get 'lost in the middle' and actively participate in larger profit pools.



# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

Responses to inflationary pressures: a recap



### KEY TAKE OUTS

---

#### Price sensitivity:

- Is different for every brand and size and is defined by it's substitutability context
- As categories and brands change with new entrants and innovations, is always evolving



### PROVOCATIONS

---

#### Know:

- Are you a First Mover or a Follower
- What within your portfolio has earned the right to be 'premium'

#### Craft your story articulating the opportunity in the context of:

- Category vision and evolution
- The everchanging consumer
- Talk profit / value pools



### ANCHORS

---

- De-average
  - Protect
  - Reset
-



# Revenue Growth Management in the Year After Hyperinflation The Great Reset

Drive your revenue growth digital ecosystem to success

1.

---

It is important to understand the differences among RGM, TPM, TPO and TPx and their district benefits.

3.

---

Assess last 6 months biggest challenges, and what the next 6 month will be in promo effectiveness, trade profitability, portfolio and mix management, pricing & price pack architecture.

2.

---

Data is essential to any RGM initiative, and so is its accuracy, availability and correctness.

4.

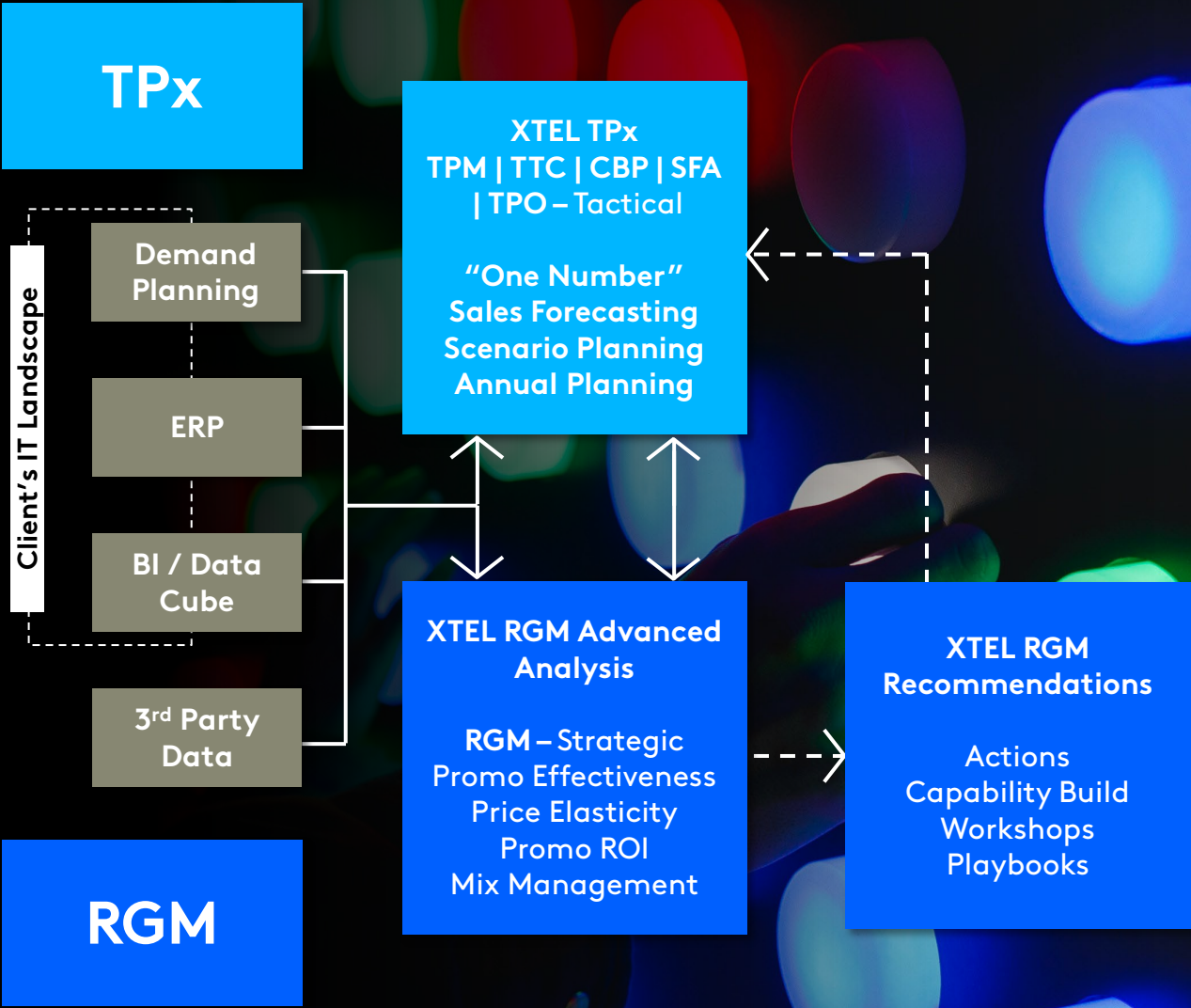
---

Build a sound and reliable roadmap that can take you from data audit to maturity assessment, desired processes, right tools and finally deploying talents.

# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

How do you define TPM/TPO/TPx/RGM?



It is important understand the difference between TPM and RGM system, how they differently benefit the company and how they can interoperate for holistic value growth.



# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

Data! Data! Data!

### Data Sourcing & Cleansing

---



50 – 60% initial data accuracy



**85 – 90% data accuracy** post cleansing, via **automated processes, algorithms** and **manual intervention**, enabling RGM **advanced analytics**

**ENGINE  
START  
STOP**

Data is essential to any RGM initiative – making sure your data is accurate, available and correctly managed is the first step in establishing the basis for success. Being able to guarantee ongoing data wrangling and data quality assurance is the key for continued success!

# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

Facing the biggest challenge of the last 6 months and upcoming 6 months

### PROMOTIONAL EFFECTIVENESS

- Measuring the real and financially correct sales impact of promotional investments
  - Unique multi-source modelling
  - Intuitive dashboard & KPI reporting
  - Top level workshops and trainings to activate the teams (KAM, Trade Marketing, multifunctional teams)
- 
- Simulation capabilities to pressure test the impact of scenario modelling

### TRADE PROFITABILITY & PROFIT POOL

- Continuous view on own and retailer margin
- Understanding the balance between own profitability and customer profitability > profit pool
- Driver analysis splitting up value generation
- Understanding the value drivers: price, mix, volume
- “what if” analysis to determine volume and margin changes

### PORTFOLIO PERFORMANCE & MIX MANAGEMENT

- User friendly KPI & data tracking
- Measuring sales performance in an efficient way
- Strong visuals; graphs, tables
- Tailor-made: company specific charts and tables included

### PRICING & PRICE PACK ARCHITECTURE

- Identify the perfect product portfolio
  - Revenue growth from adapting the base portfolio
  - Based on advanced analytics combining multiple data sources
  - Price elasticity modelling
- 
- Simulation capabilities to pressure test the impact of price changes on total P&L including RSV and market share



# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

Conclusion:  
the importance of road mapping

TALENT TO DEPLOY

### REQUIRED TOOLS

- TRADE PROFITABILITY & PROFIT POOLS
- PRICING & PRICE PACK ARCHITECTURE
- PROMOTIONAL EFFECTIVENESS
- PORTFOLIO PERFORMANCE & MIX MANAGEMENT

RGM MATURITY ASSESSMENT

DESIRED PROCESS

DATA AUDIT



# Revenue Growth Management in the Year After Hyperinflation

## The Great Reset

### Our authors



**Alan Skiles**  
Head of RGM Client  
Services - North  
America



[Connect on LinkedIn](#)

Previously working at Brown-Forman, Miller-Coors, Diageo, Quaker, PepsiCo and Advantage in various roles such as category management and advanced analytics, Alan has accumulated over 25 years CPG industry experience. His knowledge of the industry and especially RGM, has been built by looking through multiple lenses across the commercial sales and finance landscapes.



**Piet Surmont**  
Head of RGM



[Connect on LinkedIn](#)

Previously working with Kraft Heinz, Danone and other companies, Piet is a veteran in Revenue growth management, Marketing & Sales Management, and Brand marketing for the CPG industry. Thirteen years ago, he co-founded StepUp RGM, helping CPGs translate insights into appropriate actions that deliver results. In 2022 StepUp RGM became part of Kantar XTEL, where Piet now leads the RGM practice.



**Evert Verlinden**  
Head of RGM Product

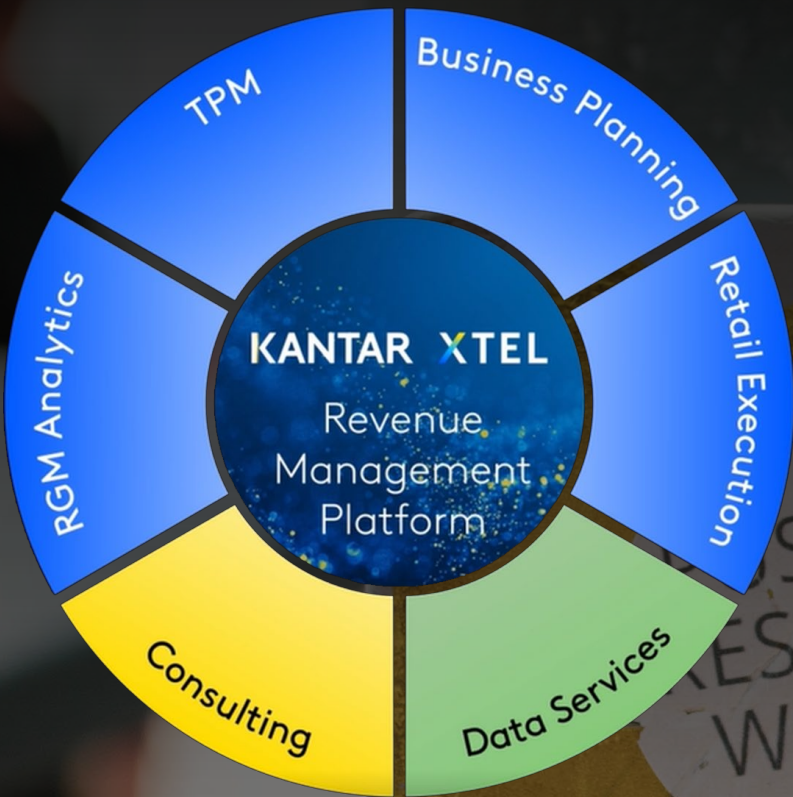


[Connect on LinkedIn](#)

Previously working with Nielsen, Evert helped clients such as Coca-Cola and P&G, after which he joined Mondelez working in Marketing and Trade Marketing. Thirteen years ago, he co-founded StepUp RGM, helping CPGs translate insights into appropriate actions that deliver results. In 2022 StepUp RGM became part of Kantar XTEL, where Evert now leads RGM Product practice.



WE HELP BUSINESS GROW SMARTER,  
EVERY DAY



Kantar XTEL is the leading global revenue management solutions provider for CPGs.

We help our clients’ businesses grow smarter, every day. Our mission is to make revenue management an everyday practice and mindset for FMCGs, through a future-proof Revenue Management suite that combines state-of-the-art technology, deep industry expertise, and a proven approach to data and change management.

Our technology assets dedicated to the FMCG support the entire revenue management process, from insights to action, through extensive analytics, insights, optimisation, management, and execution capabilities.





Stay in touch:

[Visit our Website](#)

[Contact us](#)

Follow us on [LinkedIn](#)

Sign up here to receive our

[2023 Global Revenue Growth  
Management Study](#)

upon publication



Reproduction of reasonable portions of the content of this document is permitted provided that:

(i) such reproductions are made available free of charge and for non-commercial purposes;

(ii) such reproductions are properly attributed to Kantar; and,

(iii) the portion of the document being reproduced is not altered or made available in a manner that modifies the content of the document or presents the portion of the document being reproduced in a false light. The permission to recopy does not allow for incorporation of any substantial portion of the document in any work or publication whether in hard copy, electronic or any other form, or for commercial purposes.

