



## Case Study

How a global drink company  
gained new promotion insights  
with Buynomics

**Buynomics®**

# How a global drink company gained new promotion insights with Buynomics

## Initial Situation

The company is one of the largest breweries in the world with billions in revenue and hundreds of thousands of employees. It has a strong portfolio of beer brands but increasingly focuses on premiumization and “beyond beer” products like wine and spirits or derivatives thereof.

In the pilot project with Buynomics, the company wanted to gain insights in the optimal promotional structure for its offline banner promotions. In particular, it was interested in optimizing timing and frequency of the promotions given an overarching profit and revenue goal.

## Challenges

The company faced four major challenges regarding banner & flyer promos



**Promotional pressure:** The brands in question are under immense promotional pressure. Volumes can be tens of times higher in promo weeks than off-promo. This volatility combined with a complex set of behavioral factors at play makes promotions a multi-dimensional challenge which cannot be tackled easily.



**Time- and resource intensity of alternative processes:** CPG companies often rely on legacy data providers for analyses on promotional efficacy. However, as their methods are decades old and require a lot of manual analysis, they are both slow and expensive. Worse yet, forecasts are often inaccurate snapshots of yesterday rather than actionable insights for tomorrow.



**Measurability of promo effects:** Promos are the second biggest item on CPGs’ P&L. But developing an accurate model to forecast shopper reaction to promotions is difficult. This is especially true for offline-promotions such as banners or flyer-ads. Additionally, regional discrepancies and limited data availability make this crucial value lever extremely complicated to get right.



**Low net margins in the industry:** Strong competition, negotiation power of suppliers and expectations of low-cost products from shoppers are squeezing margins in the CPG sector. Any initiative that favors an increase in margins is therefore crucial for companies in this industry.

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“Having considered all pitches from major strategy consultancies, our client decided to partner with an cutting-edge software provider: Buynomics”

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# Solution

The company was looking for providers helping them optimize their promotion efficiency. It received pitches from all major data and insight providers in the CPG industry. Having considered all the pitches, it decided to partner with cutting-edge software provider: Buynomics.

Buynomics, Saas-based solution, leverages a proprietary technology: it uses readily available market information to create a sample of Virtual Shoppers behaving exactly like their counterparts. Pricing, PPA, channel, and portfolio strategies can be tested on them easily and without any risk.

With its unique technology, Buynomics' solved the client's major challenges



**Flexible promo optimization:** Thanks to Buynomics Virtual Shopper approach which includes an accurate behavioral model, the outcome of simultaneous promo- and pack size changes can be modelled holistically. In contrast to legacy solutions, Buynomics doesn't ignore important factors like competitor moves or pack size changes.



**Scalable advantage:** While consultants and data providers strictly cover questions within scope, Buynomics' self-service solution empowers executives to create perpetual insight at the click of a button. Data updates can be integrated easily, and analyses can be iterated within minutes - at any time. Answering new questions thus requires no additional effort.

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“Thanks to the accurate forecast delivered by Buynomics, the company was able to identify 3% in annual profit potential.”



**Transparency:** Buynomics incorporates all relevant data and creates a set of Virtual Shoppers. Although the category in question can fluctuate by tens of times the volume in promo vs. off-promo, Buynomics was able to forecast the effect of different promos with very high accuracy. This transparency allows for optimal planning and best-in-class ROI.



**Measurable topline impact:** The Buynomics software is designed to deliver straightforward, actionable insights that truly make an impact on revenue and profit. On average, CPG clients increased their revenues by 3-7% - an immense profit in a low-margin industry.

# Result

## Buynomics improved financial performance and operational processes

### Financial value

Thanks to the accurate forecasts delivered by Buynomics, the company was able to make a confident choice about changes in their promo strategy given market demand. Moreover, Buynomics identified 3-7% in profit potential in a category with millions in annual revenue.

### Operational improvement

Each simulation with Buynomics only takes few minutes instead of several weeks of market research and wargaming. This huge time saving empowered company executives to answer novel questions and test hypotheses in an iterative way.

Buynomics is the only solution which forecasts shopper behavior with >95% accuracy. Buynomics can simulate an unlimited number of price-product-promo combinations. It empowers to find the right prices, portfolio, promotions and product design.

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If you want to know more -  
get a demo today!