



Daily Digest

TPMA EXECUTIVE SALES & MARKETING CONFERENCE: ACHIEVING
THE RELATIVE GOLD STANDARD IN TRADE PROMOTION OPTIMIZATION
- SAN ANTONIO, TX

May 1, 2007

Collaboration Requires Commitment & Capabilities

Propelled by a gradual increase in their levels of trust, commitment and capabilities, retailers and manufacturers have taken modest strides in improving collaborative efforts aimed at effectively managing and optimizing trade promotions. That said, the chasm between improved and total collaboration remains, which means more work needs to be done.

"I see lots of lip service and some good intentions," said Dale Hagemeyer, principle analyst at Gartner, Inc. "However, meaningful collaboration requires the best of intentions and infrastructure and capabilities to back them up."

For Roger Fong, channel marketing analyst at Nintendo of America, trust between trading partners is a huge factor, "but beyond that is the question of capabilities." He noted that even if the flow of data and information were to increase between retailer and supplier, the benefits might still be minimal. "Does either the retailer or the supplier have the capability to take advantage of an increased amount of data and apply the numbers in a meaningful way in a future promotion? Right now, I'm not sure the capabilities are in place."



L to R: Rob Hand and Roger Fong

and retailers are only willing to share about 70% of necessary non-confidential critical information."

While noting that great strides have been made in the areas of supply chain and logistics collaboration, Rob Hand, strategic solution specialist – TPM at Oracle Corp., said "the barriers to involvement for trade promotion in that mix are still very high and often unscalable." Yet, he said, "When you speak with the heads of retail organizations, they are all of the opinion that the time for effective promotion collaboration will indeed come. But, their overall belief is that it is not there yet."

Hand explained that significant technical and business issues continue to plague the hope of serious collaboration. Here is why:

1. The technical problems with data continue to exist – beyond what can often be fixed in the short term
2. Global standardization is still immature and there are still so many who will not accept one or the other format
2. The process of collaboration is not something that is readily agreed to – especially given the leadership position and roles

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TPMA Members Going For The "Gold Standard"

In his welcoming address yesterday, Mike Kantor, managing director of the Trade Promotion Management Associates, expressed confidence that the "ideas, innovations and initiatives presented at this conference" will help attendees achieve the "Relative Gold Standard" by enhancing their "ability to deliver true excellence in trade promotion program design, planning, deal processes, retail execution, settlement and analysis."

"A few of you have asked me, 'why the relative gold standard?'" Kantor said. He likened it to the establishment of "best practices" by applying standardized TPM metrics to a company's goals, products and channels to achieve excellence in trade promotion optimization.

"Throughout the next two days and beyond, we will continue to strengthen the dialog with manufacturers and solutions experts to contribute more effectively to the strategic positioning of TPM and to recognize the benefits of successfully run programs and integrated channel management efforts," Kantor said.

After thanking TPMA sponsors and colleagues in attendance, he listed several goals that the TPMA hopes to achieve at the conference:

- Provide all attendees with an understanding of a metrics-based approach to TPM, thereby commanding change in our organizations.
- Understand to a greater degree the team approach to a successful TPO effort – Integrated Channel Management.
- Codify a framework as a basis for all of us to have meaningful dialogue about our TPM performance.
- Learn productive ways in which organizations can implement processes and solutions that produce income.
- And along the way - Have some fun!

He urged all to make plans to attend the Vendor Compliance Federation-TPMA "Nothing But Scorecards" conference in June to learn how scorecards are being used by retailers. "Learn how your performance may impact a buyer's decision going forward, how scorecards are likely to evolve over the next two years and understand the business rationale behind retailers' scorecards and what the implications are for your company," he said.

He closed with, "Here in San Antonio, I look to each of you to absorb, question, reflect and share."



Mike Kantor

Scenes Atop The Tower of Americas!

Thank You Oracle Corp. For Sponsoring Last Nights Event!



The Oracle Team



L to R: Tom Berchulc and Miles David



Ken Brock



Jim Hayashi

(Collaboration Story Continued)

3. Profitability, or the loss thereof, continues to stop any major reseller from seeing the value in trade promotion collaboration – especially where shared information on promotion ROI and goal achievement is concerned

4. The technology is still largely unsettled and untested

Noting that collaboration is “in its infant stages at best,” Terry Ziegler, vice president, consulting services at Synectics Group, said, “the major stumbling block is the fact that there is no objective view of the truth available to the manufacturer and the retailer in relative real-time regarding the effectiveness and efficiency of the trade spend. The technology is available today to provide this real-time view. The willingness to execute a collaborative TPM process has not reached the critical pain point yet.”

Despite these hurdles, significant progress has been made, aided by the help of organizations that provide forums for retailers and manufacturers to discuss critical issues. “Certainly the Trade Promotion Management Associates and its parent affiliate, the Vendor Compliance Federation have improved collaboration between national suppliers and retailers by simply opening up the channel of communication,” said Jim Stafford, vice president, account services at Strategic America. “These forums allow for both formal and informal dialog to occur and result in improved TPM programs.”



Let's hear it for the band!