

Trade *Spend* or *Investment*
Panel Discussion

TPMA Conference

San Francisco

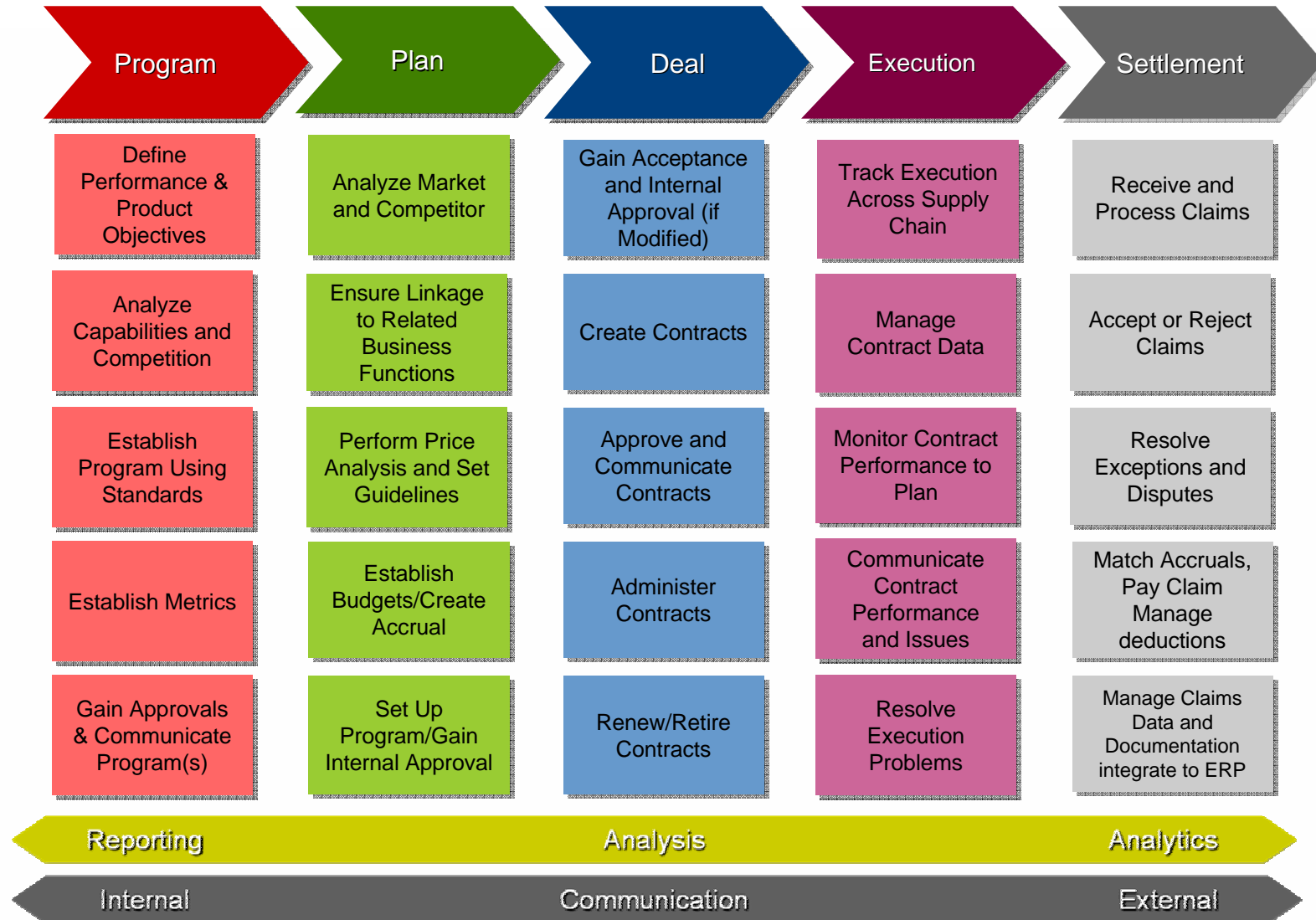
April 20th -22nd

Agenda

- Panel Introductions
- Brief look at “in process” TPMA
Foodservice Definitions
- Questions for the Panel

Trade Promotion Management Associates Process Framework

Based on work by TPMA, and enhanced by Hitachi Consulting Corporation



Foodservice Metrics

Process	Activity	Metric	How to Measure
Plan			
		Did Program meet or exceed budget?	Either total dollars or % of revenue
		Planning Horizon	how far out do you plan
Deal			
	Gain Internal and External Program Acceptance	Program Acceptance	# of customers that accepted the program / total # of eligible customers
	Approval and Communicate Contracts	Deal Approval Percent	% of deals submitted on time with proper documentation
	Track Contracts	Deal Tracking	Projected Budget - Projected Spend

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Foodservice Metrics

Execution Process	Activity	Metric	How to Measure
	Performance	Compliance (Hard)	did we hit the projected volume and unit goal
	Performance	Compliance (Soft)	how accurate were our estimates
	Performance	Cycle Time	end of program date vs. submission date

Foodservice Metrics

Settlement Process	Activity	Metric	How to Measure
		Bill Backs / Claims vs. deduction	Total dollars (and %) in bill backs and claims / total trade spend
	Accuracy	Percent Auto match	measure exception processing
	Finance	Deduction Days Outstanding	Elapsed time from which a deduction is recognized to the time it is cleared.
	Accounting	Dollar Open Amount	% of dollars outstanding to target
	Audit	Aging of Deductions	% of deductions into 30, 60, 90, 120+ aging buckets
	Finance	Invalids Recovered	% of invalid deductions recovered from the claimant
	Finance	Authorized Deductions	% authorized vs. unauthorized deductions (Claims)

Foodservice Metrics

Analysis Process	Activity	Metric	How to Measure
		Return on Investment	Profit / trade funds spent & Sustainability metric - tracking of volume change longer term to see if trade spend affected purchasing behavior.
		Audit	anticipated accrual vs. actual payment
		Incremental Volume	Total volume - baseline volume
		Spend Rate per Case	Total trade spend / total volume (cases)
		Lift	Incremental volume / baseline volume
		Retention of establish business	cases sold at established partner vs. new competitor
		Trade Spend	Total trade spend %with a partner

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Our Panelist

- **Sue Leary**- *Director, Trade Process Management, North American Business Group* **Rich Products**
- **Kirk Wardlow**- *Senior Group Controller* **Tyson Food Service**
- **Dennis Noce**- *Director Business Information Group –* **Land O'Lakes**
- **Jim Stolle**- *Director Strategic Pricing* -**Ventura Foods**

Questions ?

- Of the 4 areas we have identified for metrics which one holds the greatest promise for changing trade spend to trade investment?
- How could combining metrics such as Analytics and Deal help in developing more effective collaboration with you trading partner
 - Operator
 - Distributor
- Is there a business case to be to promote more to retain current business with no sales lift?
- At what level would you share your metrics –internally/externally?
 - What are the most critical metrics to share ?

Questions ?

- Now that you are measuring your trade investment, and analyzing the results (+/-). Based on the results, how are you shifting/targeting your investment for a greater return?
- What are some of the roadblocks that inhibit you from measuring promotions?
- Your thought about hard vs. soft compliance and how to measure
- Have you had discussions with your retail counterparts around the challenges and opportunities in trade promotion today?
- Any questions for the floor?

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Thank You!