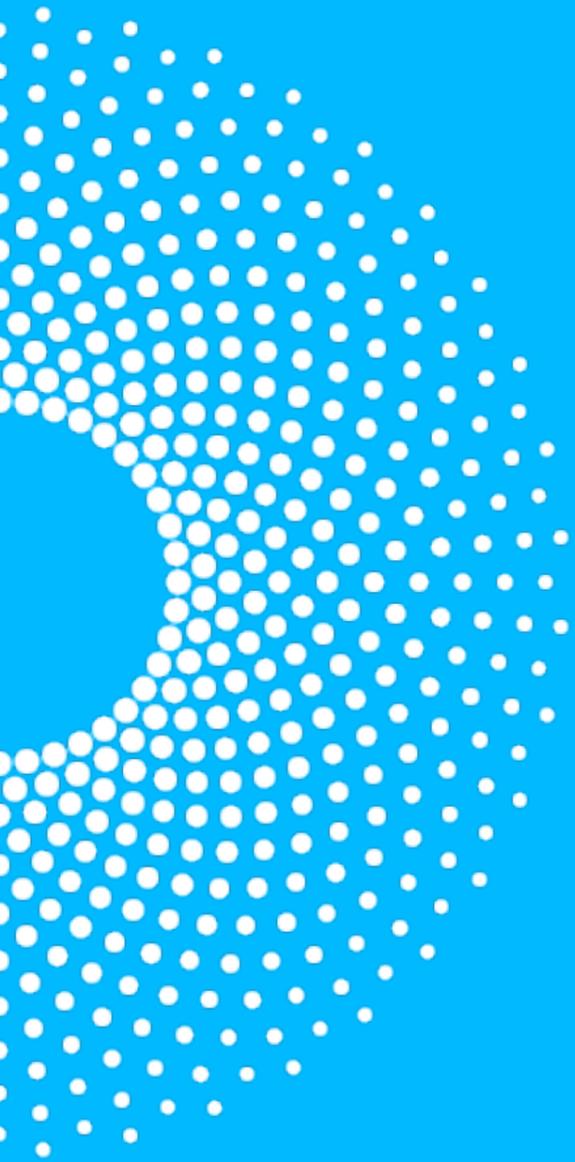


Acumen's Q2 Report

Revenue management through lockdown and Acumen's company highlights from Q2



acumen

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Revenue Management through Lockdown



Nick Ryan
Chief Commercial Officer

No one could have predicted what the first half of this year would bring. In late February many of our clients introduced travel bans and started cancelling face to face meetings. Three weeks later, we were all working remotely - some chairs and monitors left the office bound for people's homes and within a few days we were a fully functioning remote business.

In this period so far we've learnt lots from each other and from other businesses, enabling us to quickly adapt to being a dispersed team. We quickly transitioned all of our processes and found new tools to be able to deliver all our work remotely. Through adapting our UAT sessions and software training into shorter, more personal sessions, we have effectively delivered end to end consulting projects in a wide variety of markets, all being impacted by Covid-19 in a different way.

The use of Microsoft Teams and Zoom has been exhaustive, bringing a certain intensity to the working day, but the Acumen team has been awesome, and their commitment and work ethic exemplary.

The primary objective at the start of lockdown was to keep the whole team fully employed through this period, and we are delighted to have achieved this. Despite the inevitable contraction of client revenue in some areas, we have successfully secured new client projects during this period which has meant that we have been able to continue to invest in expanding our team.

As we look forward to the second half of this year, we anticipate that it will remain unpredictable, but we have shown that we have the ability and strength to adjust whatever the prevailing conditions. We have ambitious plans for the next 6 months; we will continue to expand our client footprint, while adapting the pace of work to support each of our existing clients as they plan and gear up for 2021. Many thanks for your ongoing support, we have grown stronger together.

Trends post-covid19:



Agile & flexible store formats



Increasing market consolidation



Increase in online grocery shopping



Prioritised operational efficiency

Our global reach



Sarah Stewart
APAC Lead

Here in Singapore, the lockdown - 'Circuit breaker' - saw us move suddenly to 100% remote working on April 7th at the start of the quarter. We were nervous about what this would bring, but as I look back now, we managed the transition seamlessly. We quickly trialled new approaches & tools to make sure we could collaborate from home efficiently and effectively.

It was a busy quarter for us – running webinars, preparing for our Q3 APAC revenue management forum and continuing to grow our team. We had to quickly adapt our approaches to continue to deliver for our clients in a remote environment. We continued implementing our business planning tool, Acumen Invest, for a new client, which included running remote UAT workshops for the users which were extremely effective. And we kicked off a structured pricing project for a client in Vietnam across both the modern & traditional trade channels – which, despite the distance have had really strong engagement and success on the project. We also supported existing clients through this difficult time with activities like promotional calendar copy overs with quick turnaround times to allow them to react & plan effectively as the economic situation developed.

When I look back over the quarter, despite being a challenging time, I am proud the resilience the team showed, and the determination to find a way. In fact, in Q2 we improved our client satisfaction scores vs Q1 by 60%. We emerge from circuit breaker stronger, more adaptable & more knowledgeable. Ready for whatever Q3 might throw at us!





Our events

In light of recent experiences, Acumen's events calendar has had to move to virtual platforms, but that hasn't meant our events have compromised on the quality of content or speakers presenting. In June we held our European forum: 'Delivering Growth through Revenue Management in a European context' which brought together revenue management directors from leading consumer goods companies across the continent to discover, learn, interact and shape the future of revenue management together. Our agenda included a variety of presentations from top quality speakers, panel discussions, solution demonstrations and virtual networking. Our agenda explored topics around:

- Leveraging innovative strategies and initiatives specific to Asian markets
- Implementing global and regional policies at the local level
- Managing pricing and promotions in an evolving channel mix
- Building a roadmap to deliver profitable growth in a 'new normal'

In September we will be hosting our APAC event: 'Delivering impactful revenue management in an evolving consumer goods landscape in Asia' to bring together Revenue Management leaders across the Asia Pacific region. The agenda and more information will be released soon.

What our attendees thought...

Following our event we received some great feedback. Here's what the attendees thought:

"There was a good blend of content, appropriate level of breaks and all conducted in a nice manner – overall, I very much enjoyed the event!"



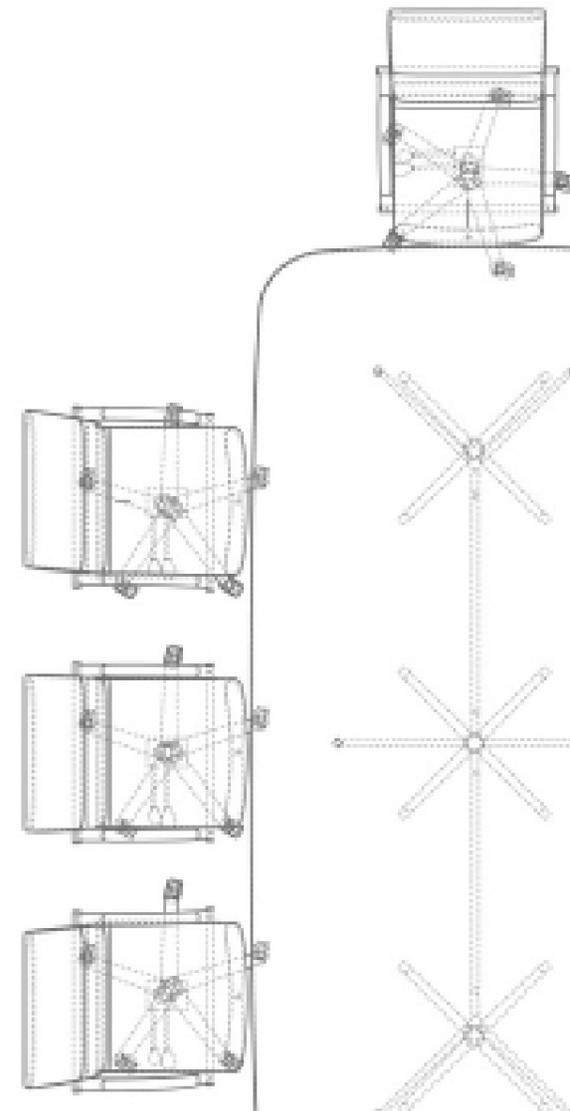
"The event provided a good mix of presentations and panel discussions on a really dynamic meeting platform"

"The topics and presentations were very interesting and shared thoughts and ideas on how the COVID outbreak impacts the future of our industry and RGM"



The agenda

9:00 – 9:30	Presentation	Milos Ryba, IGD & Nick Ryan, Acumen	'How to realise growth through revenue management in a challenging European environment'	IGD
9:30 – 9:50	Panel Discussion	Gareth Jones, Bayer, Michelle Sangiuliano, Friesland Campina & Milos Ryba, IGD	'Implementing win-win strategies with customers amidst channel disruption'	Bayer, FrieslandCampina, IGD
9:50 – 10:10	Comfort break & solution demonstration			
10:10 – 10:40	Presentation	Chris Lemon, Coca-Cola Hellenic	'Optimising your revenue management levers in the current context'	Coca-Cola Hellenic Bottling Company
10:40 – 11:00	Panel Discussion	Matt Thom, General Mills, Andres Sanchez, Kimberly Clark, Rocco Kellevink, RGM consultant	'How is revenue management set to change in light of recent experience?'	General Mills, Kimberly-Clark
11:00 – 11:15	Networking break			
11:15 – 11:45	Presentation	Nikos Vasileiadis, Upfield Foods	'Building a revenue management mindset in your organisation'	Upfield
11:45 – 12:00	Wrap up	- Closing remarks from the morning		



Delivering growth through revenue management in the current context

The Covid-19 pandemic has had a huge impact on the consumer goods landscape in Europe. Our event explored various topics and how to leverage growth throughout this challenging time. Here are our key takeaways from the day:

The evolving retail landscape

The retail landscape is set to change drastically in the coming months. Expect ongoing market consolidation in the next five years. Discounters and retailers with clear digital strategy will be the fastest growing. Furthermore, retailer's store development strategies will become increasingly agile and flexible to accommodate more extreme trading cycles. There will also be a rise of emerging online channels that increases competition whilst achieving profitability – this will be crucial for a sustainable growth. Finally, operational efficiency will be a key performance indicator for each retailer underpinned by range rationalization and automation of routine processes.

Responding to Covid

When it comes to responding to Covid in the best way, getting back to the RGM basics has to be the first step. Looking at occasions, packs, price and in-store execution will be the recipe for success here. Furthermore, use your network. Reach out to known companies, consultants, different markets, or online to find the information and advice you need to adapt successfully. And share what you know – stay close to your customers and build on existing relationships to help plan the new normal. Derive a balance between what your customer wants and what your insights tell you. Using this to your advantage will help drive win-win situations.





Pricing



Promotions



Mix/PPA

Building a revenue management mindset

Great revenue growth management involves a number of things. Firstly, it's cross functional, and plays a part in almost every team across the business. Secondly, it pulls on all levers, namely pricing, promotions and mix. These two ways of implementing a great RGM strategy should be supported by the right tools, process, capability and data in order to really achieve success. Mindset direction can be set by the central teams, but local teams need to own certain aspects of the revenue management agenda. Revenue managers looking to achieve continuous improvement through time require embedding of new processes beyond the 'quick win' stage. Building a 'Mindset' across the organisation is crucial for long term success.

Revenue managers face a wide range of challenges...

Uncertainty



The future is hugely uncertain, this presents a short, medium and long term business impact.

Demand



Customers are even more demanding, hence trade spend drift continues.

Change



Change management has been challenging during Covid-19.

4

Key success factors for building an RM mindset:

- Clear metrics
- RM focused operating model
- Capable people
- Technology to enable



Covid-19: The impact for manufacturers

The global impact of the Covid-19 pandemic on the consumer goods landscape will only truly become clear over the coming weeks and months.

The impact is undoubtedly a significant one, as the media reports rows and rows of empty shelves and queues winding outside supermarkets across the globe. Vast portions of the population are finding it increasingly difficult to get hold of day-to-day items, with this increasing almost daily as the virus takes hold in the west.

Consumer purchasing habits have altered and our new 'socially distant' way of life means suddenly luxury items are no longer in-vogue. In place of these comes the less glamorous items such as toilet roll, tinned vegetables, and UHT milk. Truly the spirit of the blitz.

It's a tricky line to tread if you happen to supply these new in-demand goods as volumes soar and supply chains are pushed to the maximum. But unfortunately, there are drawbacks. Being seen to take an advantage during a global pandemic doesn't convey the best brand image. Furthermore, demand challenges will arise later in the year as consumers realise they've stockpiled enough toilet roll and hand soap to last a lifetime.

In light of this, manufacturers have to face up the potential decimation of brand loyalty that once existed. For those companies who supply items which aren't flying off the shelves at present, the situation is a very sorry one and it will take time to recover. Segments like alcohol and cosmetics will see a big decline in sales and we can expect to see profit warnings to shareholders and restructuring (job losses) as they exhaust options to stay afloat.

Furthermore, the balance between on and off premise is predictably shifting more to in-home consumption as bars, restaurants and in fact any place for social gathering are shut. This pushes the volume mix further towards a lower margin channel, impacting overall profitability if not absolute boxes sold.

So, not great for suppliers.

But what about the retailers in this situation? Looking specifically at grocery, Q1 2020 could end up being a record breaker thanks to huge increases in basket size. But don't expect any celebrations at Walmart HQ just yet. Margins are widely known to be wafer thin in the industry, so the loss of sales on higher margin products will cause problems, before they too see a decline in sales as things return to normal.

Suppliers and retailers will have some tricky conversations later this year and early next as the epidemic begins to subside (which it will) about what actions they can take to recover as quickly as possible. At Acumen, we're continuing to support our clients in any way we can during this period.



The 5 things consumer goods companies should do during lockdown

With signs that the worst may be behind us, and countries beginning to open up, we wanted to share 6 examples of steps, you, as a supplier can take right now to get prepared, and stand you in the best position for what lies ahead...

1. Rethink your promotion strategy

A targeted strategy on value packs could offer the consumer an attractive option, particularly with the re-invigoration of the 'weekly big-shop'.

2. Focus on shelf-ready packaging

It's a challenging environment for those responsible for stacking shelves and continuing to put themselves at risk with daily exposure to the wider population. Making their lives as easy as possible is a sure-fire way to give your products the best visibility and availability. This will also serve you well when it comes future conversations with your customers.

3. Range rationalisation

Rationalising your offering to your core SKUs will bring efficiency benefits to both your business and the retailers, as well as clarifying your proposition to the consumers who may be purchasing your products for the first time.

4. Maximise the opportunities presented by the expansion of online

A channel that may have accounted for under 10% of your sales in years previous, can now be expected to account for significantly more. Consider the strategies you'd like to put in place to maximise this opportunity, and whether you can pull forward any online-specific initiatives planned for the long-term to realise the value sooner.

4. Plan for retailer negotiations – now

As the full impact of the virus becomes apparent, retailers and suppliers will need to collaborate on recovery plans. One of the best things your business can do right now is to start planning the win-win activities you want to propose to make your recovery a swift one. These could be in the form of any number of things such as promotions, pricing changes, NPD, in-store activations, marketing campaigns etc – but preparing now while other initiatives are on hold is a great way to set yourself up for success.

5. Take this opportunity to make a step-change for your business

In some cases, teams have more time on their hands to work on value-adding projects away from their day-to-day which could help to put the business in a position to come back to the market with more knowledge, or something new and exciting. Implementing a new pricing structure across your customer and product portfolio might be one idea or doing a full evaluation of your promotions, so that when they are back on, you know you are only running the good ones!

While there may be resource or budget constraints - remain optimistic and try to find a way - spending the time today will help you win when you meet back up with the retailers. Who do you think they will prefer to partner with - the brands offering some exciting, novel ideas to get back on track or the ones who go back with the same old plan as 2019? It's a challenging time, however its also a time to get creative, and potentially try new things – what's the worst that can happen?!

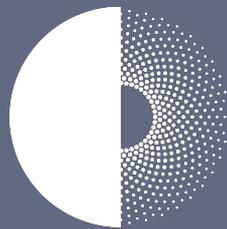


Growing the team despite uncertain times

Recent events have meant that ways of working in businesses has had to change drastically. Like everyone else, the Acumen team has adapted to remote working, and where our work would normally be conducted face to face, we now have to utilise technology where possible. Even though we have missed communicating in person with our clients and colleagues, we feel that we have grown stronger and more resilient as a business.

Looking ahead to Q3, we are expanding our commercial, consulting and development teams, and we are going to recruit 6 different roles across the business. We are confident that additional resource will allow us to further grow and develop our capability for the future. Exciting times ahead!





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