POLESTAR

Food & Beverage

Optimizing Trade Promotion for a Global Beverage Leader

Problem Statement

As the world's second-largest wine & spirits company, managing a portfolio of over **200 SKUs** across **50+ global markets**, the company faced the challenge of maximizing return on investment (ROI) from their substantial advertising and promotion spend. With varying geographies, a diverse SKU mix, and the complexity of pushing products across multiple channels, a data-driven strategy was essential to streamline efforts and boost promotional effectiveness.

Key step in the Solution

To address these challenges, we implemented a data-driven approach focused on creating a Single View of Customer (CI360 is our dedicated SVOC). This involved:

▶ **Data Collection and Preparation:**
Polestar collected and consolidated historical data on promotional activities, sales performance, market trends, and customer demographics. The data was cleaned, standardized, and prepared for analysis.

▶ **Feature Engineering:**
Relevant features were extracted from the data, including ad spend, promotional channels, product categories, target demographics, and external factors like economic indicators.

▶ **Model Development and Training:**
An Elastic Net Regression model was developed and trained on the prepared dataset. This model could identify complex relationships between promotional activities and their impact on sales.

▶ **Model Evaluation and Refinement:**
The model's performance was evaluated using appropriate metrics, such as mean squared error (MSE) or R-squared. The model was iteratively refined based on the evaluation results.

▶ **Model Deployment and Integration:**
The trained model was deployed into their existing systems, allowing for real-time predictions and recommendations.

Improved Business Outcomes

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✅ **Increased Sales:**
A 3% increase in sales revenue due to more effective promotional campaigns

✅ **Enhanced Campaign Effectiveness:**
A 21% improvement in the effectiveness of promotional campaigns as measured by KPIs

✅ **Improved ROI:**
An 8.4% increase in return on investment (ROI) for marketing expenditures

✅ **Reduced Marketing Costs:**
A 3% reduction in overall marketing costs through optimized resource allocation