



A CPG used Test & Learn[®] to optimize servicing visits across its retail locations

CPG Case Study

GLOBAL

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A leading confectionary manufacturer leveraged Test & Learn® to optimize retail servicing

Context and Challenge

Retail servicing is one of the largest expenses that CPGs face. Looking to minimize costs, a confectionary manufacturer was considering reducing service visits. Reductions could increase profits but could also have a negative impact on sales and retailer relationships. The CPG wanted to find the optimal servicing cadence to maximize profitability.

Approach

Using Test & Learn®, the CPG designed a test in which the frequency of servicing visits would be reduced by 50% across four key grocers and mass merchants. This design enabled the CPG to "right size" the test by minimizing the initial intervention while maximizing learnings.

Using this analysis, the CPG accurately assessed the investment's impact before rolling it out.



Solution

Three Test & Learn[®] capabilities enabled the CPG to accurately assess the impact of the servicing frequency reduction

- ✓ Proprietary Control Matching Methodology
- ✓ Flexible Breakouts and Deep Segmentations
- ✓ Precise Targeting for Maximum ROI



Test & Learn[®] identified which stores to include in the test, determining that a 295-store test was the optimal size

The screenshot shows the 'Frequency Reduction' setup page in the Mastercard Test & Learn interface. The breadcrumb trail is: Event > Settings > Setup > Clean > Control > Evaluate > Finalize > Results. The 'Test Details' section includes:

- Eligible Site Pool:** A dropdown menu with the text 'Select a group'.
- Test Dates:** Includes a 'Begins on' date field set to '07/24/2021' and an 'Analysis Period Length' of '90 Days'. A warning icon and text state: 'Test timelines are recommended to be dates in the future.'
- Test sizing dates:** A text block stating 'Test Design will analyze performance around 07/25/2020 to determine how many sites you need for your test.' with a link 'Change test sizing dates'.
- Test variations:** A dropdown menu set to 'Single Scenario (Only test one scenario against control)'.

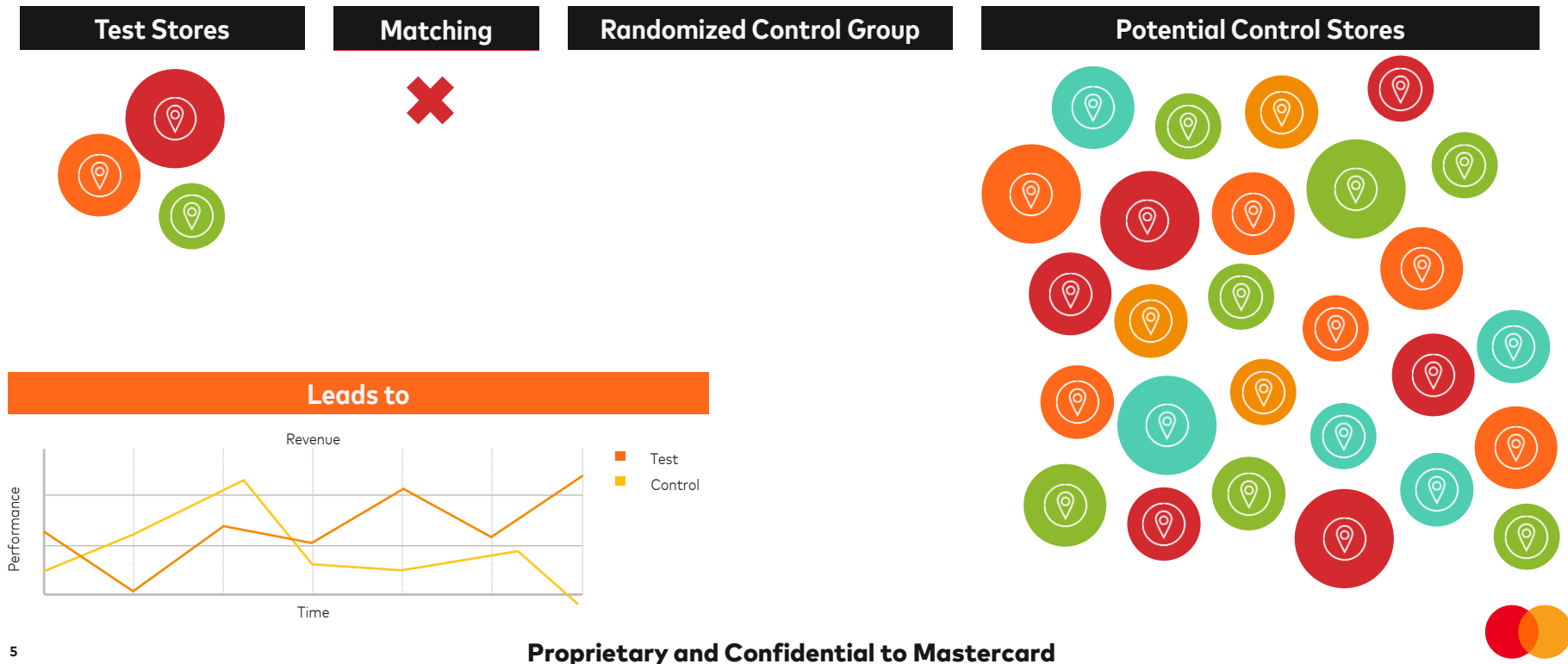
On the right side, there are three informational sections:

- How do I determine the eligible site group?** The eligible site group should contain clean sites, meaning they do not have other tests or major initiatives going on around the anticipated time of this test. Link: [Learn how to find a clean site group](#)
- How do I determine expected test dates?** It's okay to use an approximate date or duration if you're unsure. Link: [Learn why](#)
- How are test sizing dates determined?** By default, Test Design assumes that your selected sites' performance one year ago will be representative of performance you expect during your planned testing period. Link: [Learn why you might change these dates](#)

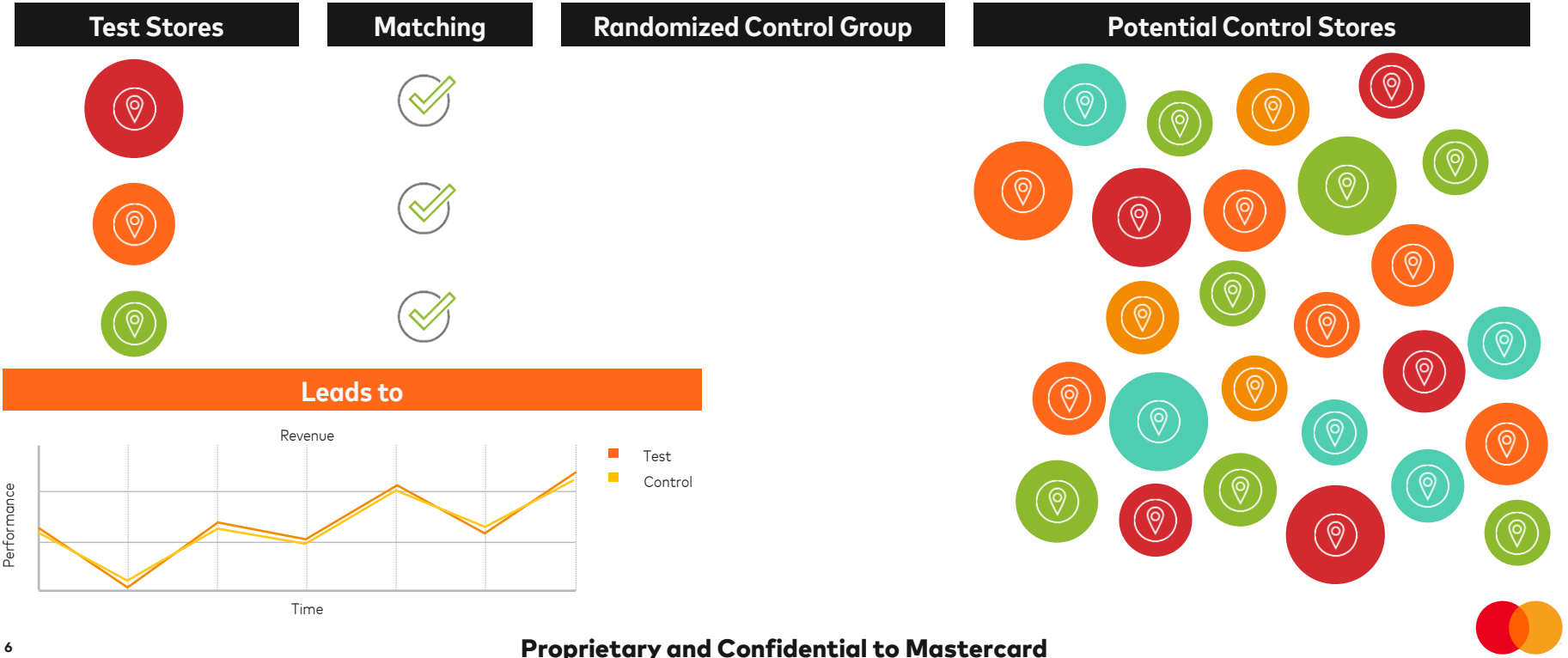
At the bottom, there is a feedback prompt: 'Help us improve Rate your experience on this page' with a rating scale and a close button.



Without Test & Learn®, the CPG would have used a “group-to-group” control strategy, which often results in mismatches that could lead to misleading results



Test & Learn[®] created a custom control group to compare each test store with similar stores from the same retailer, leading to a better test vs. control match

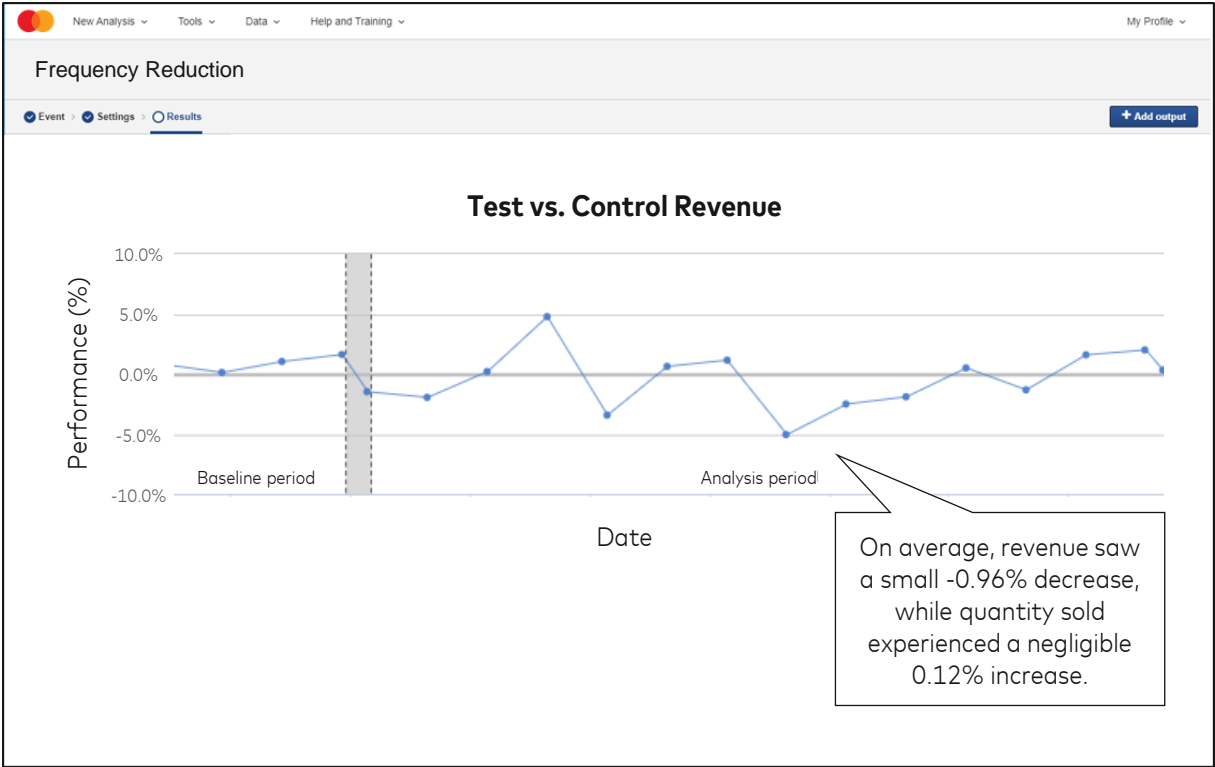


Test execution was successful, with most stores in compliance

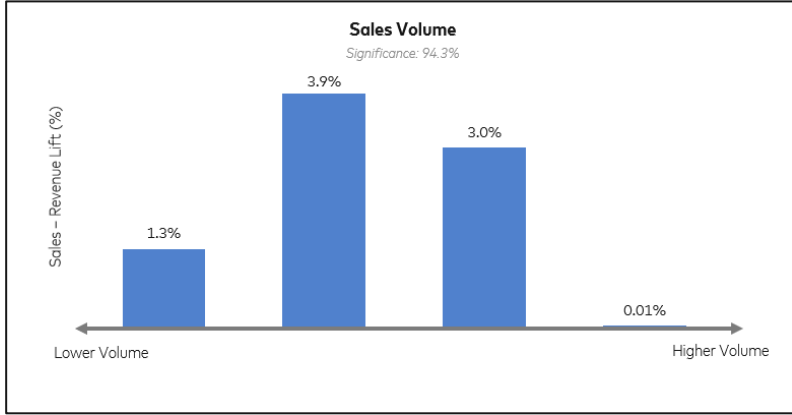
Some store managers did not allow a full 50% reduction, given its potential impact to retailer relationships



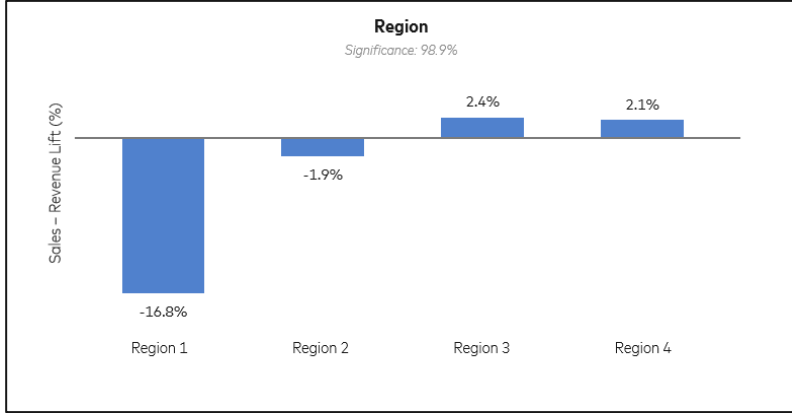
Overall, retailers did not see a significant decline in sales from the reduction in servicing frequency



Test & Learn® analyzed hundreds of drivers to identify which were most influential in stores' performance



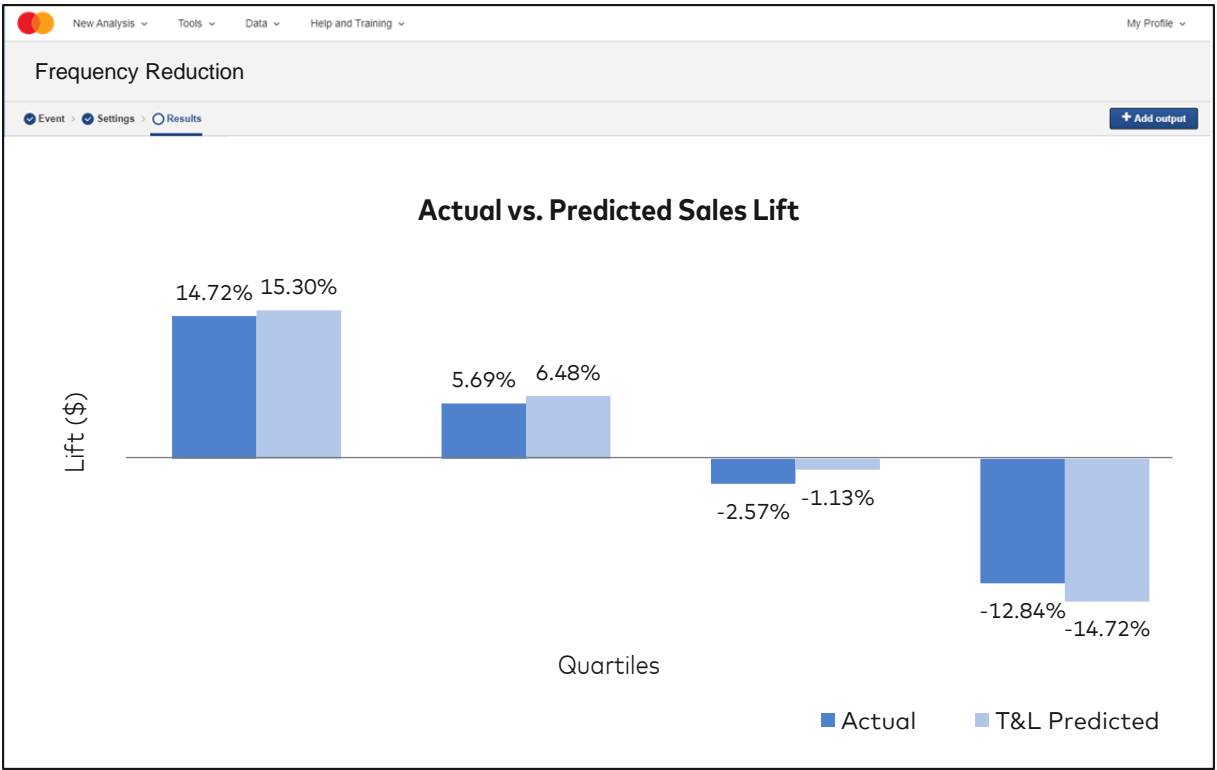
Stores with low to medium sales volume (3.6-6K) saw greater performance.



Stores in regions 3-4 (the south and southeast) also saw greater performance.



Combining these drivers, Test & Learn[®] built a model to predict the sales impact of introducing the frequency reduction



The model revealed that there were certain store profiles in which reducing servicing would hurt sales



Results

By targeting the frequency reductions using the Test & Learn® model, the CPG could save over \$2.6MM, freeing budget for other initiatives

Retailer	Number of Stores	Average Cost Savings per Store	Total Cost Savings per Retailer
Retailer 1	118	\$4,644	\$213,600
Retailer 1	702	\$5,190	\$1,800,000
Retailer 3	22	\$2,731	\$49,200
Retailer 4	167	\$6,556	\$537,600
Test & Learn® Value Added	\$2.6MM		



Next Steps

For more information,
please contact your
account representative.



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Results

-0.96%

The CPG found that reductions did not, on average, result in lost sales, having less than a 1% impact.

\$2.6MM

However, there were specific store profiles where reducing servicing *did* negatively impact sales. By targeting frequency reductions and excluding these stores, the CPG could save over \$2.6MM.

