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

CPG Case Study

**GLOBAL**

# 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.

**Proprietary and Confidential to Mastercard**

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

**Proprietary and Confidential to Mastercard**

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

**Proprietary and Confidential to Mastercard**

# 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 Stores**

**Matching**

**Randomized Control Group**

**Potential Control Stores**

**Leads to**

Revenue

Performance

Time

■ Test
■ Control

**Proprietary and Confidential to Mastercard**
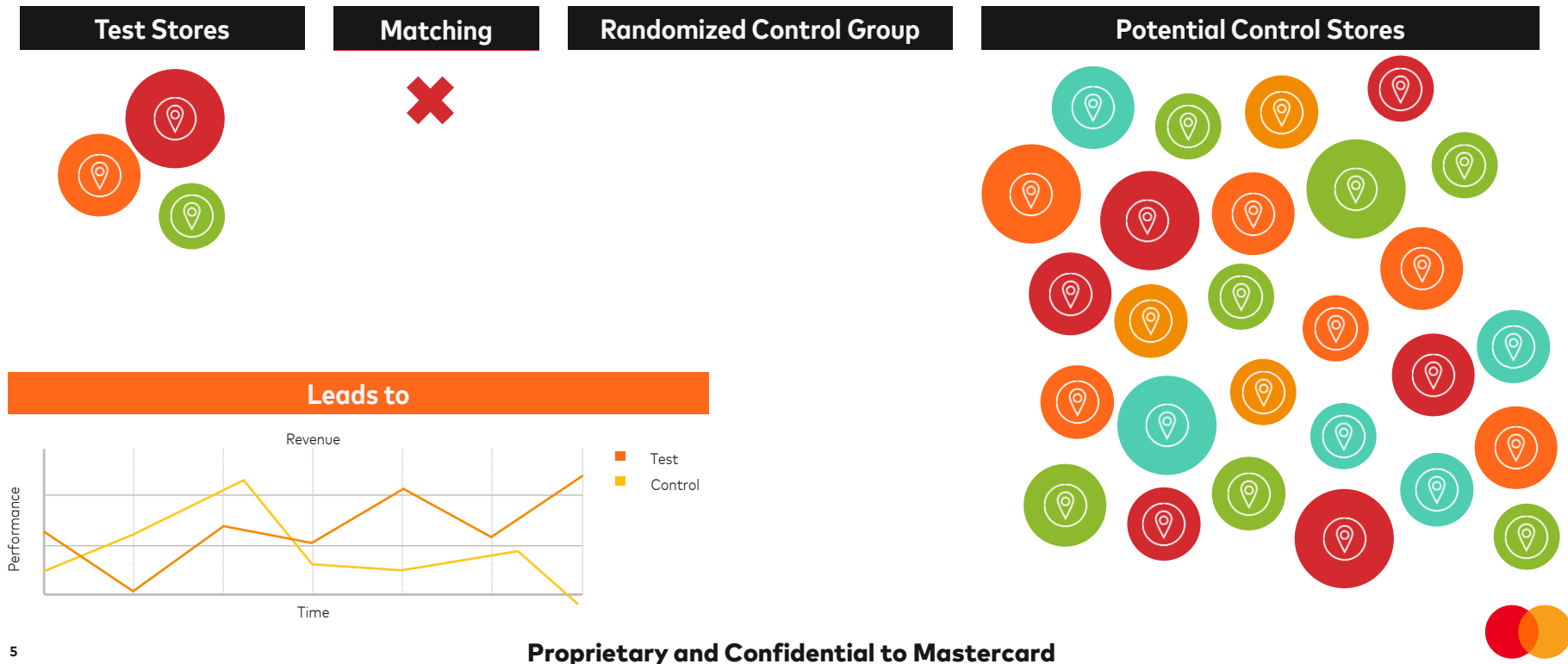
Test & Learn® created a custom control group to compare each test store with similar stores from the same retailer, leading to a better test vs. control match

| Test Stores | Matching | Randomized Control Group | Potential Control Stores |
|---|---|---|---|



**Leads to**



Revenue

Test
Control

Performance

Time

**Proprietary and Confidential to Mastercard**
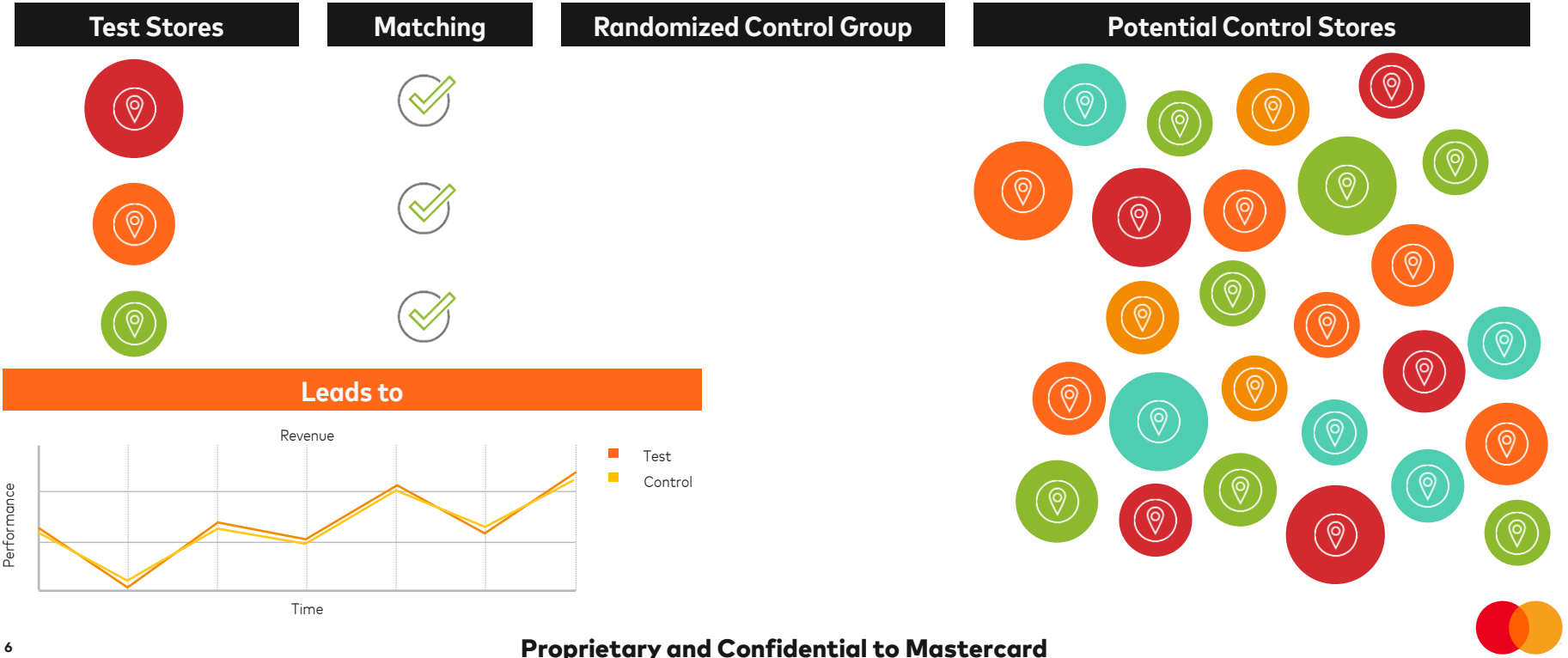
# Test execution was successful, with most stores in compliance

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

**Proprietary and Confidential to Mastercard**

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

**Proprietary and Confidential to Mastercard**
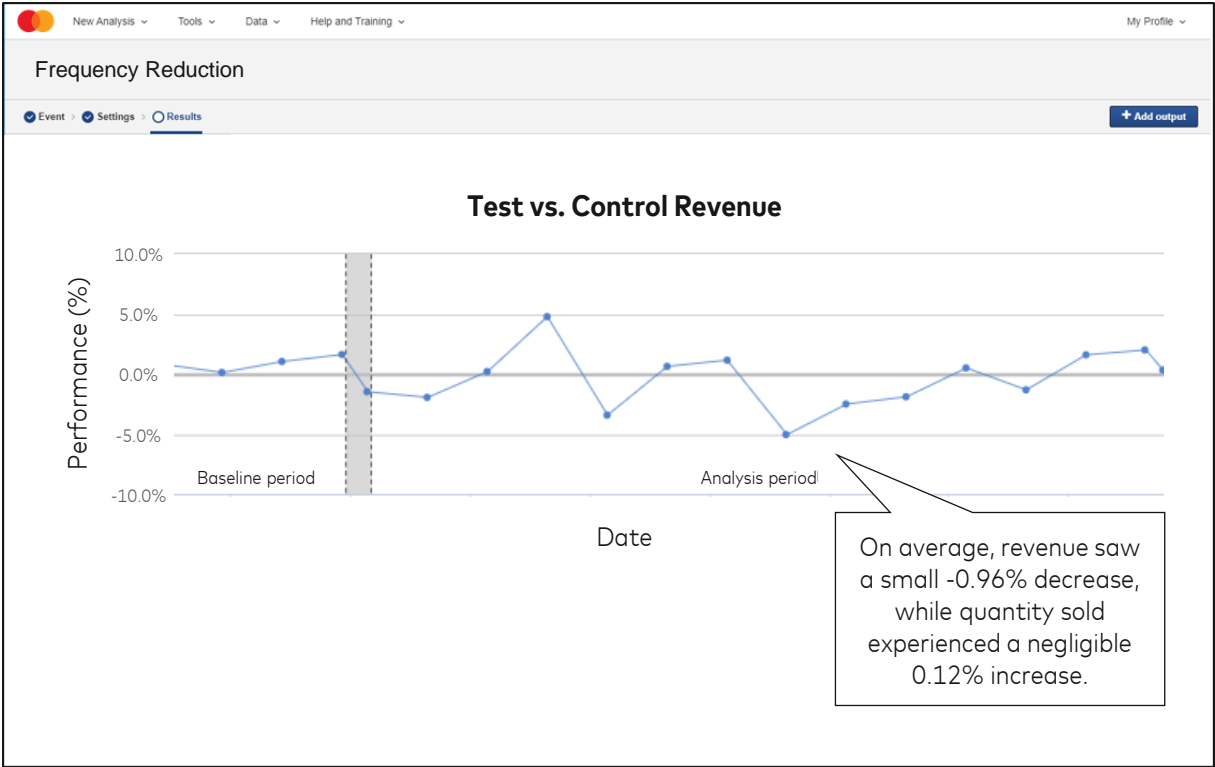
# Test & Learn® analyzed hundreds of drivers to identify which were most influential in stores' performance

### Sales Volume
*Significance: 94.3%*

Sales – Revenue Lift (%)

1.3%

3.9%

3.0%

0.01%

Lower Volume ← → Higher Volume
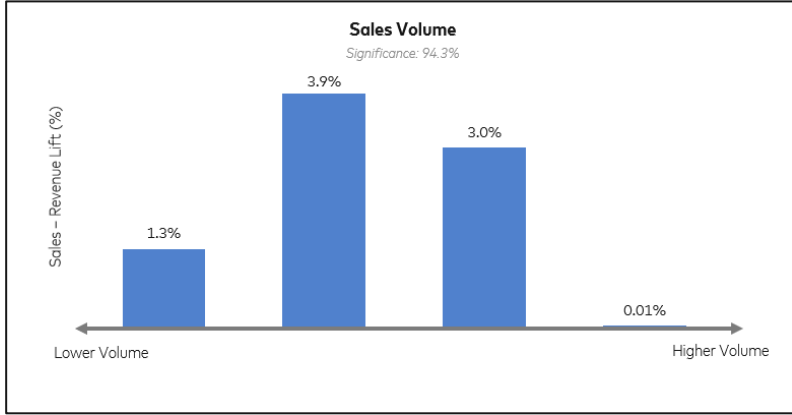
Stores with low to medium sales volume (3.6-6K) saw greater performance.

### Region
*Significance: 98.9%*

Sales – Revenue Lift (%)

-16.8%

-1.9%

2.4%

2.1%

Region 1    Region 2    Region 3    Region 4
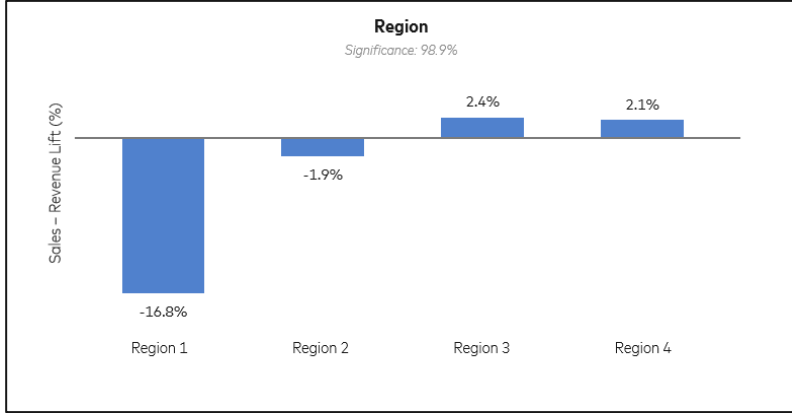
Stores in regions 3-4 (the south and southeast) also saw greater performance.

**Proprietary and Confidential to Mastercard**

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

**Proprietary and Confidential to Mastercard**
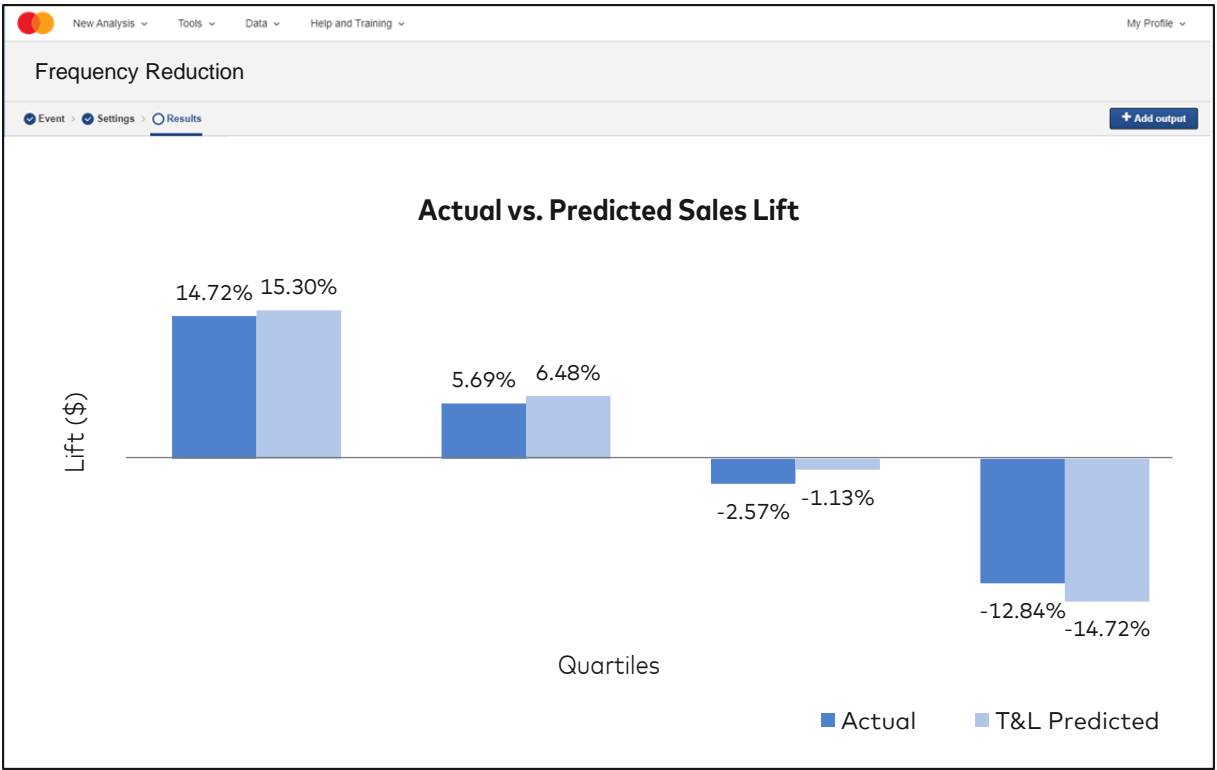
# The model revealed that there were certain store profiles in which reducing servicing would hurt sales

**Proprietary and Confidential to Mastercard**

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 | | |

**Proprietary and Confidential to Mastercard**

# Next Steps

For more information, please contact your account representative.

# 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.

## 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.

**Proprietary and Confidential to Mastercard**