THE Smart Cube

CASE STUDY

The Smart Cube helps a major frozen food producer isolate the impact of COVID-19 to understand true incremental and ROI of media levers

Client:
Large frozen food manufacturer in Europe

Sector:
CPG

Solution:
Revenue Growth Management

Business challenge

The COVID-19 pandemic had a huge impact on every industry. In particular, supermarket sales went through the roof as restaurants closed their doors. And frozen food products specifically saw a massive surge in demand due to their longevity.

This situation presented our client, a large frozen food manufacturer in Europe with a unique challenge. The company wanted to ensure its marketing mix was optimised to take advantage of the opportunity, but that meant finding a way to separate the sales driven by natural demand and the impact of COVID-19, from those driven by the results of its marketing activities.

The client came to The Smart Cube to help understand exactly how the pandemic was impacting demand, competitors' activities, and media consumption. It wanted data-driven insights into the short-term ROI of its campaigns and the cross-category halo impact of its media activities. This involved examining commercial drivers such as price, consumer promotions, and media spend, and how each was impacting sales volumes.

The Smart Cube solution

To help our client gain these insights, we began by collecting, collating, cleaning and standardising cross-category data from a variety of internal and external sources. This included:

- EPOS data covering sales, distribution, price, promotions, etc.
- NPD data covering new product launches
- Media spend, GRP and impressions data
- Holiday and events data
- Macroeconomic data
- Weather data
- COVID-19 data
- Competition data

Key Highlights

- Provided insights into marketing mix during an unprecedented surge in demand
- Optimised £15 million media spend across categories and channels
- Generated 1% incremental volume through improved synergy between media and promotions
- Disaggregated the true contribution of media, promo, and NPD from underlying category demand

We then ran a detailed analysis of this data, looking to draw out patterns that would help us to understand the category and competition dynamics within the market. We collaborated with the category insights team and sought an understanding of how the pandemic had effected changes in market share, distribution, new product launches, price evolution, and media and promotional activities.

Next, we carried out extensive feature development followed by feature selection techniques and correlation analysis to identify relevant sets of variables, before developing a set of multiplicative regression models to uncover the impact of commercial levers, both with and without the impact of COVID-19.

To assess the demand patterns during the pandemic, we engineered features for capturing the panic-buying effect and estimating the sustained impact in the 'new normal'.

We then compared the real market scenario with our estimated values in the absence of COVID-19 to provide the client with insights into the impact of its marketing campaigns – and the full extent of the pandemic's disruption on the category.

In doing so, we were able to quantify the impact of COVID on consumer demand, and explain the response effectiveness of media, pricing, promotions, and all other factors related to the clients MMM strategy.

Finally, with our econometric models, we conducted deep dives to assess the halo impact of media activities across categories, synergies between promotions and media, and also explained the contribution of NPD to drive incremental sales. We provided consultation through in-depth discussions, and conducted "what-if" scenario analysis to inform opportunities and benefits through a combination of media activities.

Results

The results of our data exploration are delivered through presentations and executive dashboards which provide on-demand insights to marketing teams, commercial teams, country and category leaders.

By calculating the impacts of the pandemic on the frozen food market, the contribution of different media activities, along with the optimum GRPs for TV, and the short-term ROI and effectiveness of campaigns, **we were able to help our client optimise £15 million in media spend through a more effective marketing mix.**

At the same time, we analysed the activities of two key competitor brands, gathering intelligence on their strategies to provide further insight into how the market was operating.

In doing so, **we helped the client deliver a 1% incremental volume** by creating new synergies between media and promotional activities.

Learn more about The Smart Cube's Revenue Growth Management solution to see how our comprehensive insights can help you drive profitable growth.

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