

# When will my promotion go stale?

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This is the most common question we get asked every day at Eversight. While there are numerous factors that can make or break your promotional strategy, there is one truth we have learned...



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# All promotions are at risk of becoming less effective over time.

That's right. Every single promotion. Not only is it inevitable, the loss of effectiveness begins right away.

How can you build an effective promotional strategy when decline is inevitable?

**This is the million dollar question** we have answered at Eversight by analyzing tens of thousands of promotions and best practices. More to come on that...

# Let's first understand a basic truth about the role of a promotional offer.

*“The fundamental role of a promotional offer is to disrupt habit. But it's hard to disrupt habit when the offer itself becomes habit”.* – Jonathan Levav (Associate Professor of Marketing, Stanford GSB)

This makes sense, however; historical methods used by marketers have involved averaging results over years and repeating the highest performing offers with shoppers. As a result, shoppers are exposed to small pools of repetitive offers and they quickly learn to align their purchase timing and frequency with those deals. In turn, this accelerates promotional decline. Why? How?

The answer is complex, but ultimately comes down to a combination of factors at play...



# When disrupting habits creates new unintended habits

Let's consider how these habit-forming factors play out from both the consumer and retailer/brand point of view...



**Consumers develop a habit of waiting for deals they can forecast by watching long-term cyclical promotions:**

## 1ST TIME REACTION

Wow! What a great deal on detergent!  
I'll buy two.

## LONG-TERM REACTION

Well, I really need detergent, but if I wait two more days, I'll get the shallower promotional price.

**Retailers and Brands develop a habit of avoiding risk and effort associated with changing promotions:**

## 1ST TIME REACTION

Wow! Detergent was flying off the shelf with this promotion. People were doubling up!

## LONG-TERM REACTION

Even though our margins are going down on this promotion. I don't want to risk the entire year's effort by making a change that might not work.

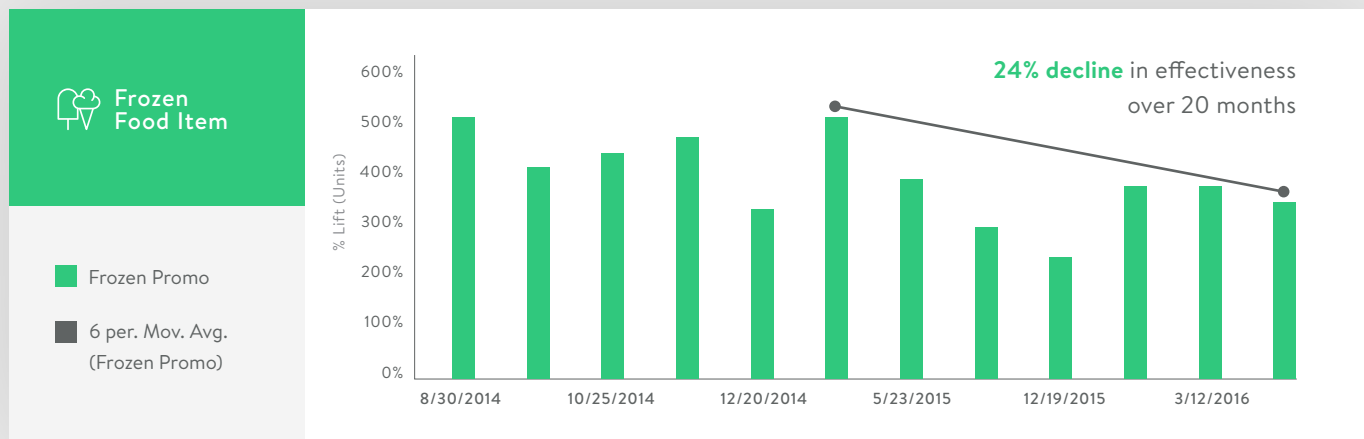


# How a Good Offer Wears Out

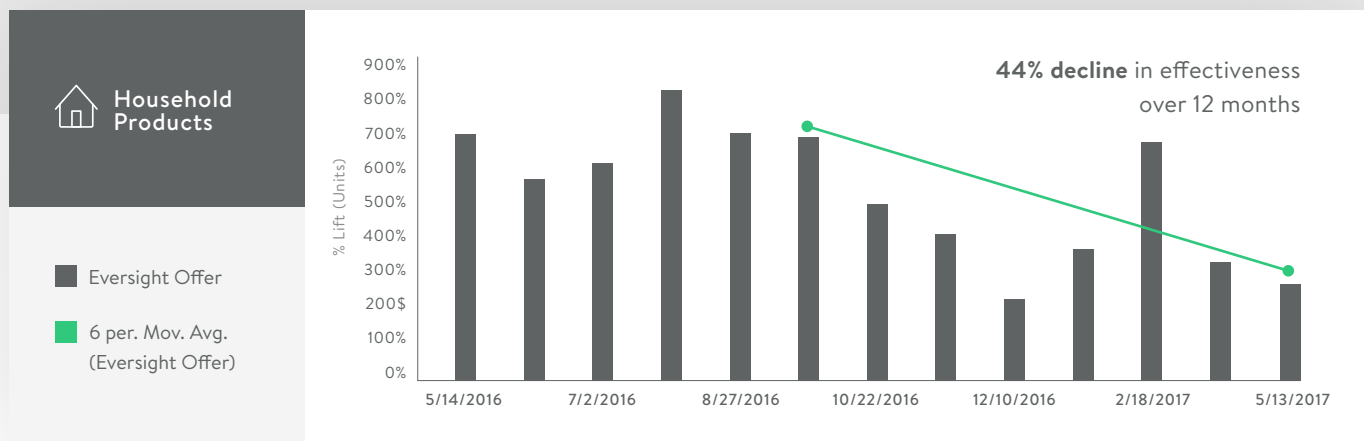
On the next page you will find a few examples of how good offers wear out. You can see the decline in effectiveness varies based on the mix of factors involved in each case, primarily product dynamics



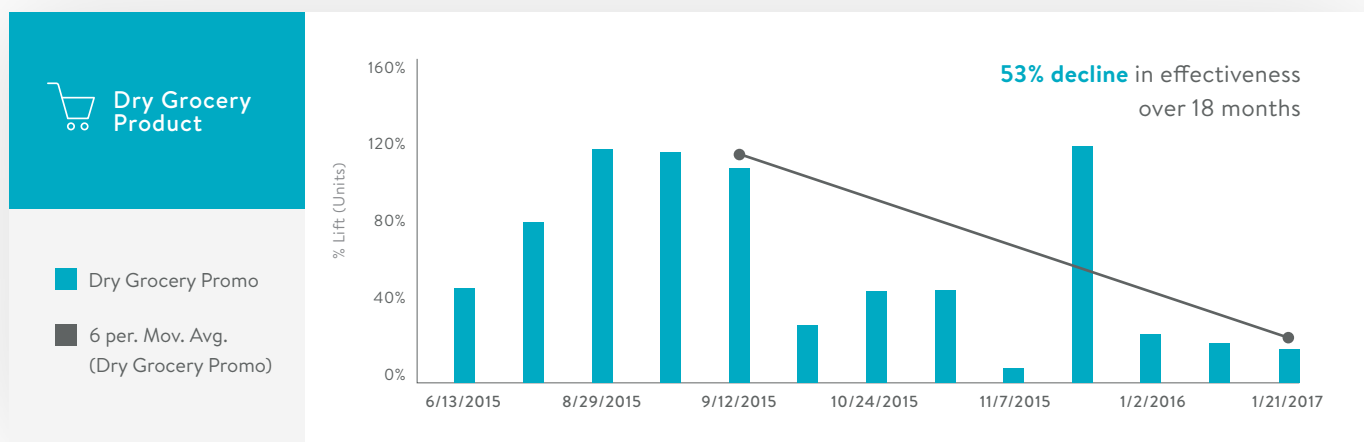
We've seen "long-lasting" promotions that only declined 24% in effectiveness over a period of more than two years



and we've seen some getting stale with a 44% decline over 12 months...



and somewhere in between...



## THE GOOD NEWS:

# Offer Innovation Exists

We know you feel the pressure to grow the top-line and the perceived risk of changing promotional strategy.

**However, we have developed proven ways to uncover high performing promotions that leave the old methods behind.**

One major break-through is the shift away from legacy tools such as Trade Promotions Optimization (TPO) and Trade Promotion Management (TPM) tools that focus on measuring historical data and performance averages over the past few years. Today, AI can uncover better performing promotions via real-world experimentation with shoppers.

We know there are correlations between promotional decline, how often a promotion is run, and the baseline levels of variety in the promotions. We also know that shoppers are driven by a variety of social, emotional and cognitive influences which makes identifying the right promotion incredibly complicated. This knowledge has led to the development of a faster, more agile approach to offer creation relevant to today's shoppers.

**We offer something you will not find anywhere else, and that's our ability to continuously evaluate and optimize all offer components that drive performance through experimentation:**



Quantity



Artwork



Claims Language



Call to Action



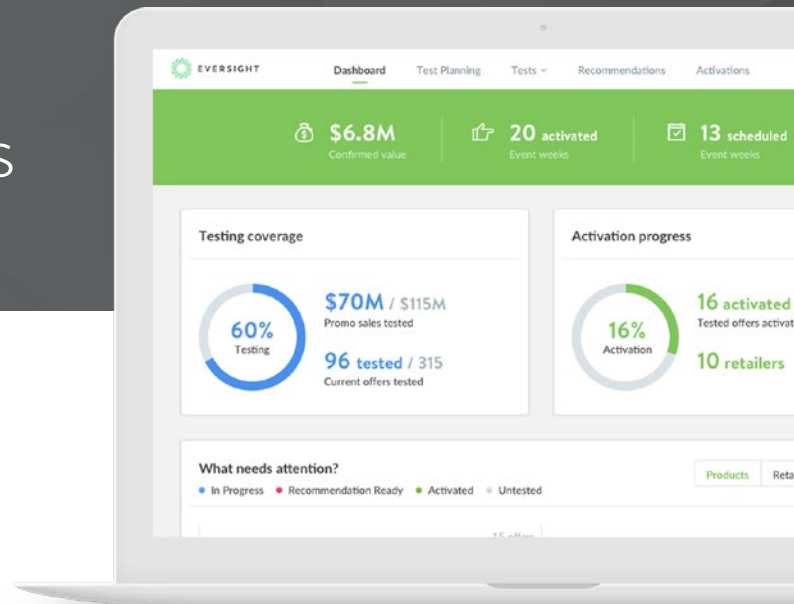
Discount Depth



Offer Structure



And more...





## CASE STUDY #1

# Improved ROI for Category Leading Beverage Promotion

### CHALLENGES

- Low shopper engagement with current promotions
- Grocery partners hesitant to activate new offers without real data on expected performance
- Tight budgets & pressure to reallocate trade funds to holiday events

### RESULTS

- New offer drove incremental sales & margin dollars without sacrificing volume performance
- **12%+ retail sales dollars** vs prior offer
- **4x margin** vs prior offer
- **7%+ margin dollars** vs an everyday value week
- Results validated through experimentation increased sales team and retailer confidence in new offers
- Improved margin benefits freed up trade investment for holiday events

“Experimentation on the Eversight platform identified new offers at the same economics as current promotions. The supporting analytics allowed us to **deploy in-store quickly and confidently.**”

– Trade Strategy Manager, Leading Beverage Manufacturer







## CASE STUDY #2

# Delivered Volume Lift Across Health & Wellness Aisles

### CHALLENGES

- New Minimum Promoted Price dynamics & retailer preferences on offer structures required updating promotions
- Existing offers had gone ‘stale’, generating diminishing ROI

### RESULTS

- Optimized offers across 8 brands & 10 promoted product groups
- **Average 48% ROI increase** vs. prior promotions
- **\$3M+ incremental revenue** in year 1
- **2X ROI in year 1**, with projected **4-5X ROI in year 2**
- Targeted key shopper segments & retailers to support personalization efforts
- New offers supported retailer goals & improved collaboration

Optimized promotions delivered a **25% lift** in unit volume across the retailer’s Health & Wellness aisles, allowing brands to achieve **2X ROI in the first year.**





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# Keep your promotions fresh with eversight.

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For more information or to **request a demo**, visit us online at

**EVERSIGHTLABS.COM**