

# Growth Case Competition

CLIENT : CLIENT  
INDUSTRY: RETAIL

XXX XXXX

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# Growth transformation : Driving indirect growth in retail

## Growth



# \$111M+

increase in Risk free Investment



# 9.5%

More risk free investment

## Actions

### Invest

- Put in place a company-wide **re-usable solution to forecast sales** for the promotions applied in the stores.
- Help the business to analyze and strategize their promotions and business
- Gave the assurance to the clients in investing **\$ 1B+** in promotions across stores

### Create

- Deployed a weekly data refresh process to present more accurate forecasts and reflect the new products and data into the application every week
- Deployed a new **re-usable** solution Ad\_Builder to provide the merchandisers with instantaneous picture of the promotions
- Improved the accuracy of the promotions with **Net Variance of 2.5% only.**

### Perform

- Raised the game in advanced analytics for promotion planning by having more effective promotions for perishable and Non-Perishable products
- Simplified overall planning process and established a sustainable go to market coupon expense planning process
- Our forecasts drive the weekly development of CLIENT's front page advertisements in all the divisions in US.

# Transforming data into usable, measurable information for a large North American retailer

## Client context

- **Study background & objective:** A North American retailer needed a tool to forecast promotions across its most significant categories (190+ categories in total)
- **Key question to answer:** To develop the following:
  - Model which could accurately predict volume sales across all products/categories for any promotion type
  - A tool for promotion planning using the data received from client and the above model
  - Data operations model to process and upload the data on a weekly basis in the above tool

## Approach

### Designing

- Engaged with CST, client to analyze client dataset and processes
- Planned the overall delivery across multiple phases and formed project teams across 3 work streams

### Leveraging M&S Ventures' diverse capability

- Formed a data and solution team for automated data operations on a weekly basis
- Engaged with CoC/AI teams to develop a forecasting model across all product-division-week combination using econometrics
- Leveraged the Development team to deploy a promo tool which users would access to plan their promotions



## Impact

- Client is extremely happy with the accuracy of the forecasts and overall success of the promo planning results.
- We have been able to renew contracts and get new projects from the same client continuously.
- We introduced Ad\_Builder & associated support tools which actually saved 1.75 days per week for 2 CLIENT merchandisers i.e. **182 FTE manager level days**.
- Weekly refresh process increased overall accuracy - as a result, McKinsey is responsible for generating the Non-Perishable business commercial (financial) forecast on a weekly basis
- McKinsey's accuracy is **5x better (and consistent)** than CLIENT merchandiser forecast
- CLIENT invests \$ 1.1B+ in annual net coupon expense out of which forecast miss of 12% used to come from CLIENT merchandiser forecast while our tool gave better forecasting and forecast miss reduced to 2.5% only. Thus giving them **\$111M+ risk free investments**.

# Client has been continuously evolving in CLIENT's journey

Knowledge based planning	Designing the right strategy	Building the Forecast model Tool	Launch the customized planning tool	Quarterly model refreshes for updated patterns	Weekly model refreshes for updated patterns	Ad-Builder Launch to build front page ad	Brand Re-structuring
							
Before McKinsey	Setting up the combination of having the right people, processes and technology	Calculates the volume based on the price, promotions and date for the planned promotion	Customized tool for easy of planning, reporting and performing financial analysis	Robust processes across teams to accurately forecast and update tool	Utmost efficient, standardized, automated processes to accurately forecast and update tool	Enhancing the process of building front ad and reducing resource costs	Helping in the brand stand-up initiative for better planning

# Testimony from the clients

*“...One of the things I like about Client is that they customize their approach to our needs, and our relationship with them is continuing to evolve. We’re getting better at customizations and promotions.....”*

*“.... Client really rose to the top when we were looking for a partner in planning analytics and workflow....”*

*“...In the past, that was done manually or it was done on institutional knowledge, our promotion advisor tool enables us to see the historic trends. It lets us model what could take place if we did things differently, and it has given us information in a readily available and understandable application environment.”*

*By Nick Bertram, SVP of Merchandising Strategy at*

**CLIENT**

*Mckinsey was awarded **CLIENT Corporate SIMPLICITY award (Wall of Fame)** for delivering the weekly refresh process, simplifying the overall planning process and establishing a sustainable go to market coupon expense planning process.*

# Team Page



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