

Consumer Packaged Goods

B2B program

A Consumer Packaged Goods (CPG) company was spending between \$5 - \$6 million dollars annually on trade rebates for their retailers representing 6% - 9% of total sales. The CPG wanted to completely eliminate the trade discount but they did not want to create a negative financial impact on their business through the loss of their valuable retailer customers.

The distributors of CPGs products had historically been an obstacle to direct access to the retailers who bought and stocked the CPGs products. So the CPG had no way of knowing who their customers were and therefore no way to directly contact them in an attempt to reduce the negative repercussions of the rebate change.

With the collaboration of CPG and the distributors, a move to develop a sense of partnership, we designed and launched a long-term loyalty program to reward the retailers for their continued support. The CPG attended several distributor meetings around the country to present the concept, rally support and to provide and train on the program materials.

Each distributor was given an enrollment "sales" kit. They were appreciative of the opportunity to have another reason to meet with their retailers. And more so with the positive and exciting story they could tell about the program.

For the retailers, after they enrolled in the program they received a welcome kit and rewards catalog. An interesting interactive device was used to deliver the program benefit. Every time they made a specific purchase, the distributor delivered a Scratch-off Rewards card. Each card delivered either an instant reward like a discount or free product or points. They enjoyed the surprise and the gaming aspect of the cards. Our processing center entered the points data from the barcode on the card to credit the retailers account. Every month the retailer received a statement with their accumulated points balance and program activity so they could track their progress to their desired reward.

The program has been in market successfully for 11 years. The CPG was able to completely eliminate the rebate with this much more sustainable and engaging value proposition. They saved between \$4 - \$5 million in the first year and have experienced similar savings since then. In addition, they now had visibility into their retailer customer base and have thus been able to

recruit program partners. The partner help fund the program in exchange for access to their valuable database. And the retailer earns their rewards even faster.