



Consumer goods eBook.

The top KPIs consumer goods wholesalers and distributors must know and measure

Phocas.
Got data. Get results.

Table of Contents.

The top KPIs consumer goods wholesalers and distributors must know and measure	3
Asking the right questions	5
Financial KPIs	6
Operations KPIs	8
Marketing KPIs	10
Benefits of Business Intelligence for consumer goods wholesalers	11
Why Phocas for CPG wholesalers?	12
Get in touch	14

The top KPIs consumer goods wholesalers and distributors must know and measure.

Competition in the consumer packaged goods (CPG) industry is fierce.

Whether you are a CPG distributor wholesaler or a retailer, you are likely working to improve efficiencies, remove costs from your supply chain and manage margins to squeeze as much profit as you can from every transaction.

A recent McKinsey & Company [survey](#) of North American consumer-packaged-goods companies found the gap between industry winners and losers in terms of sales growth “has narrowed significantly” decreasing from 5.4 percentage points in 2014 to only 1.1 percentage points in 2016. In other words, companies are struggling to differentiate themselves. One way that many experts agree can help companies stand out from the crowd is using data and analytics to improve their operations, from launching new products and eliminating dead stock to monitoring trends and managing product assortment. Winning companies, says McKinsey, recognize the value of data and have executives that are “twice as likely to view advanced analytics as critical to business strategy.”

A commitment to data and analytics is a key to market differentiation, but only a handful of companies is using data effectively. A Grant Thornton [survey](#) of food and beverage CPG companies found that less than a third are turning their data into actionable insights and only 40 percent are confident in how they are using big data. An Accenture [study](#) found that while 54 percent of CPG executives believe their businesses have a fully defined analytics operating model, only nine percent say their companies have implemented the model completely across their operations. The research further indicates that for many, the data is simply providing a historic perspective of performance rather than “forward-looking insights” that can be used to make more strategic, educated business decisions.

Data and analytics are a “top-three investment priority for the next three years” for CEOs according to [KPMG 2016 CEO Report](#), and companies are investing billions in big data programs. While the understanding of the value of data is there, what data is important and collected, and how the data is used still remains a challenge.

McKinsey suggests three [ingredients](#) to maximizing the potential of data and analytics.

“First, companies must be able to choose the right data and manage multiple data sources. Second, they need the capability to build advanced models that turn the data into insights. Third and most critical, **management must undertake a transformational change program so that the insights translate into effective action.**”

In this eBook, we will focus on the top KPIs that you need to know and measure; the importance of finding the right [business intelligence](#) tool to help aggregate, slice-and-dice, and analyze the data; and how this data can benefit you in multiple areas and activities within your business, from launching new products, and tracking product sales, to identifying trends and margin analysis.



Asking the right questions.

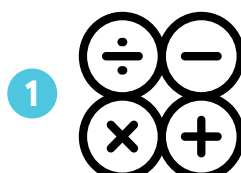
Understanding what data to collect and how to use it begins with asking the right questions.

- 1 What information should we be reviewing on a consistent basis?
- 2 What do we want to learn from our data?
- 3 What data would help us to better understand our customers, products, sales' trends?
- 4 What products are selling and in what retail stores?
- 5 What is the seasonal or holiday impact on product sales trends and how will that impact stock on hand?
- 6 Where are new business opportunities and potential challenges within the supply chain or with existing customers or areas?
- 7 Where are our strongest competitors and what influence are they having on our sales?

There is a lot that you can measure, but what data points you choose to collect, track and analyze should be centered on your business goals and objectives.

Your key performance indicators (KPIs) can be a combination of data points from financial transactions and operations metrics, to marketing activities and promotions. As you analyze your data and answer your business questions, you can begin to formulate a story that can provide the insights you need to data-driven business decisions.

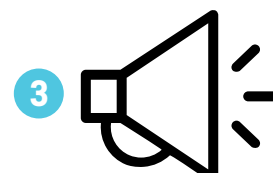
The KPIs CPG wholesalers and distributors should track can be broadly placed into three different categories:



Financial



Operations



Marketing

Financial KPIs.

Sales Revenues vs. Forecast

As a company, you likely establish sales targets that your business is trying to achieve.

You look at what is possible and estimate using previous sales figures to determine what are realistic sales expectations for a specific product, retail outlet, period of time or sales team member. While this number is an educated guess, you, your team and your company have something that you are working towards.

It's important to track your sales revenue so that you have a complete understanding of whether you are meeting the established financial goals. As you track the real sales figures across product lines, stores, regions or people, you have a more clear picture about whether you have underestimated the demand or overshot the expectations of a trend. The ability to see current metrics of your sales performance allows you to modify [financial forecasts](#) for an individual team member or your entire organization, so they more accurately reflect sales trajectory.

As you review sales KPIs related to various aspects of your business, you will discover new opportunities to increase revenues, as well as issues that could impact your ability to meet future projections.

Profit per customer

This KPI represents the financial relationship with a customer, while also creating a reflection on how well your team is doing with customer service.

This number reveals not only how much your customer is buying from you, it can also serve as a signal for concern when customers start to purchase less from you. This number can grow as you work to build the business relationships, and likewise, can decrease because of bad customer experiences or because of a change in the customer's business.

The KPI can also show you who your top customers are, which should signal to your sales team the need for additional attention to maintain and strengthen the relationships. In addition, as you and your team learn to understand what is going right with your top customers, you can capture and implement best practices to help with other customer accounts.

Growth rate

The future of your business depends on your ability to understand whether or not your company is growing.

Data collected in a central BI solution, allows you to track [growth](#) across a variety of variables, from products and customers to stores and geography. With a clear understanding of growth across all these areas of your business, you will have the information you need to make more informed, strategic business decisions about strategy, staffing, product mix, customers and more.

Examples of additional financial KPIs that your business intelligence can track and measure:

- 1 Sales order changes from prior week, month, quarter year
- 2 Product sales by store, region, by product, by sales rep
- 3 Profit margin per product, per sales rep
- 4 Customer retention rate
- 5 Value of outstanding purchase orders



Operations KPIs.

Existing products in the supply chain

To run smoothly, you must manage your inventory well, which means understanding what stock you have on hand, as well as the ability to calculate [overstock, understock or dead stock](#).

Using historical sales trends and comparing them with current stock on hand can help you determine if you have enough stock to meet demand and ensure you stop purchasing more of the same product if you do. When you have too much of a product that is not selling, this represents dead stock, meaning you may need to run special discounts and promotions to reduce the loss to your business. Equally important is the ability to see when you don't have enough products to meet your sales trends.

This is especially critical when dealing with products that are in high demand or when there is a long lead-time from suppliers. Managing your existing products in your supply chain will make sure that your customers receive the products they need when they need it while protecting your business from the costs associated with unhappy customers, too much product and dead stock.



Delivery in full on time

This is the most commonly used KPI that measures delivery accuracy.

Your customers have an expectation that when they place an order that you will deliver on time. Tracking the performance of your deliveries will help you to identify where challenges may exist in the supply chain, as well as opportunities to improve.

Is there a problem in inventory management that is requiring shipments of partial orders? Are your orders from manufacturers not being delivered on time? Do you have the right amount of staffing to meet demands for seasonal orders?

While you may be achieving a reasonable average expectation, a deep dive into your data can reveal ways to drive a better delivery in full on time performance.

Managing product assortment

Retailers are constantly working to manage their product assortment so they have the most profitable mix of merchandise in their stores.

Their assortment challenges impact the products you supply and can be overcome through detailed historical data and product performance.

With business intelligence, you can identify trends and buying patterns across stores, geography and demographics; conduct pre-season analysis to help determine inventory needs such as sizes, styles and quantities of clothing items and review [product profitability](#) to help determine what products should be included in their assortments.

Examples of additional operations KPIs that your business intelligence can measure:

- 1 Weeks of inventory on hand
- 2 Product returns
- 3 Gross margin return on inventory investment
- 4 Logistics costs to revenue ratio

Marketing KPIs.

Customer Value

How much are your top customers worth to your business?

This is an important question with an important answer that not only shapes your sales strategy, it also shapes your [marketing](#) efforts. By understanding the overall value of your customer, you can create targeted campaigns that can further strengthen their loyalty to your business. Business data about each customer's value allows you to see where you and your team can focus your attention, from identifying new cross-sell and upsell opportunities to developing targeted promotional rebates that can grow your business relationship and expand sales opportunities. Your customer value data can also identify challenges before they impact your bottom line.

Perhaps a customer was placing orders on a monthly basis for a length of time but stopped suddenly. Tracking this information will allow you to ask the right questions so that you can determine if it were due to competition, a change in pricing or marketing strategies or simply a blip in time.

Marketing Spend and ROI

For many companies, marketing represents one of the most significant expenses.

Tracking promotional campaigns and costs provide data points that help you understand the effectiveness of your marketing efforts, and whether those efforts are producing the results that are hoped for and needed to justify further investment. Is your marketing producing quality leads for sales? Did your last promotional campaign attract new customers or drive additional purchases from existing customers? How much has your marketing spending changed during the last quarter? Year? You can use your data to answer these questions, as well as identify any trends and customer buying habits based on previous marketing efforts. The data can help you focus and customize your message, and identify the appropriate customers and marketing channels to create future promotions and marketing campaigns that produce a better return on investment.

Examples of additional marketing KPIs that your business intelligence can measure:

- 1 Marketing impact on revenue
- 2 New product launch ROI
- 3 Customer satisfaction
- 4 Lead to sales ratio

Benefits of Business Intelligence for consumer goods wholesalers.

[Data analytics software](#) can turn all of your distribution data into actionable intelligence.

While most wholesalers and distributors rely on ERP systems to aggregate their data, they aren't great at making data usable, particularly legacy ERP systems that can be difficult to use and may not reflect the current state or needs of your business.

Your data must be accurate and timely so that you are arming your sales, financial, operations and marketing team with the data that not only provides an historical perspective, it also paints a current picture of your company's performance. Your data also needs to represent a broad spectrum of your business, meaning that information needs to come from different areas and systems.

To manage the data, turn their raw data into actionable insights and create a single source of truth for their businesses, many CPG companies are integrating BI systems. Deploying a BI tool provides you and your team access to a complete picture of your business operations and performance. The ability to mine data, query and report in real-time can help you reduce costs, identify new opportunities, [optimize sales](#) and marketing strategies, and eliminate the need for gut-feel decisions.

As you compile your data in your BI software, you will have evidence of activities and proof of performance to help you better understand what is working, who is having success and where you can invest additional time and resources. Your data becomes the validation points that you need to make decisions that allow you to navigate through the competitive market, pursue opportunities for growth, and continue to move your company forward. You have the statistical facts to guide your choices with a more complete, long-term view of your business, the market and competition. As you battle for customers, business intelligence software is the tool to help you aggregate and analyze data to create a strategic advantage through smarter sales decisions, better marketing and promotions, improved customer service, engaged and educated executives, optimized inventory management and a more complete real-time picture of your financial situation.

Why Phocas for CPG wholesalers?

Phocas is used by hundreds of consumer products goods companies that turn to the BI software to keep stock moving and manage diminishing margins.

Phocas was built from the ground up make business intelligence easy to use and readily available to everyone in the organization.

While it offers powerful sales analytics and reporting, companies are using Phocas to take advantage of their data for all areas of their business, including IT, HR, marketing, logistics and finance. Consider GAZMAN, an apparel retailer with 65 stores in Australia, which deployed Phocas BI software providing access to everyone from the chairman to general management, operations, merchandise and staff.

Phocas is used on the road and in the office to analyze a variety of data points. The software turns raw data into charts and graphs to help the visual merchandising team decide how to arrange products or whether move products to the front of the store or the back-of-house based on sell-through data. Human resources uses Phocas to test people against their productivity with KPIs such as dollars generated per hour, while general managers use Phocas on their iPads and laptops so they can walk into stores to see what happened in a store yesterday or check how a store is performing today.



“Because of the dynamic nature of Phocas, we not only have sales information in Phocas, we also have the human resources information system and staff scheduling/rosters. We introduced Phocas because of its non-centric nature. If you are using an ERP system generally, which has a built-in BI tool, they are centric to the actual ERP system. **When working in retail, you use a culmination of different systems for particularly different reasons.** Even though we have a fully integrated ERP system, there are still external influences on what data you may need to actually incorporate within a data set. We really found that with Phocas it was possible to adopt and use it very, very quickly.”

Peter Denison, Chief Information Officer at GAZMAN.

In addition to making business intelligence available to everyone, Phocas turns information into power, helping users improve productivity, be more proactive and base their decisions on data rather than hunches or gut-feel. [Splosh](#), a home and giftware wholesaler with 1,500 product lines sold in 3,000 retailers, gets benefits from Phocas every day by tracking sales and margins of new product launches, and sales trends to advise import and export teams about stock on hand in order to maintain appropriate inventory levels.

Laura Colman, General Manager, said:



“Phocas gives us a competitive advantage because it helps us coordinate with our teams to ensure we are always on track for what’s trending in the market. We use Phocas Dashboards to track monthly promotions and the ebbs and flows of customer sales, which helps our sales team understand the information and act on things faster.”

The ability for you to be agile enough to respond changing business conditions and threats to your success depends on how well you track and understand your KPIs. Prior to business intelligence software such as Phocas, aggregating and analyzing KPIs would be a time consuming, daunting and frustrating process. For some CPG companies, it still is.

Phocas makes your business data accessible and usable from one central location for anyone in your organization. Phocas [Dashboards](#) provide easy-to-understand visual representation of your information from across your company and can be pre-loaded with your KPIs and targets so that you can quickly see how a product is selling, track an underperforming customer, monitor a sales team contest, compare revenues against forecasts, track profit margins by store, analyze stock on hand, review customer retention rates and monitor your growth trajectory. When KPIs are supported with accurate, timely and complete data, you can focus your attention on the right things. You will have the validation you need to dedicate sales, marketing, IT, logistics and financial resources to the opportunities that can help you stand out from the crowd.

Get in touch.

Learn how Phocas can help you achieve your business goals.

Give us a call:

UK/Europe: +44 1865 364 103

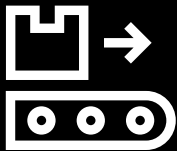
Asia/Pacific: +61 2 6369 9900

North America: +1 877 387 4004

Or email us directly:

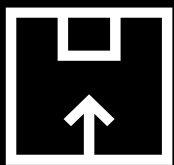
Email: marketing@phocassoftware.com

Want to know more?



Phocas Software is used by Wholesale Distribution customers globally.

See some of these leading businesses [here](#).



Want to see how Phocas has improved sales, reduced costs and enabled better inventory management?

See our Wholesale Distribution customer testimonials [here](#).

Visit our [Wholesale Distribution + Phocas page](#)

Book a demo – <https://phoc.as/BookDemo>

Phocas.
Got data. Get results.