



CONCENTRIC

HOW PRESCRIPTIVE ANALYTICS PROVIDES A ROADMAP TO YOUR REVENUE TARGET

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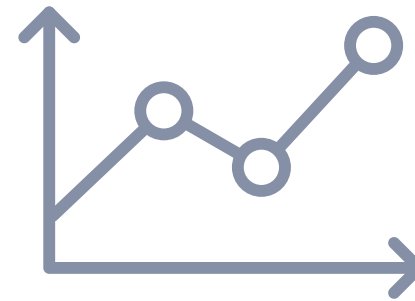


1 A DESIRE FOR BETTER STRATEGY



Every day, organizations utilize analytics to inform their decision-making and investment strategy. Business leaders rely on analytics to help them understand how to respond to consumer behavior and shifting market dynamics.

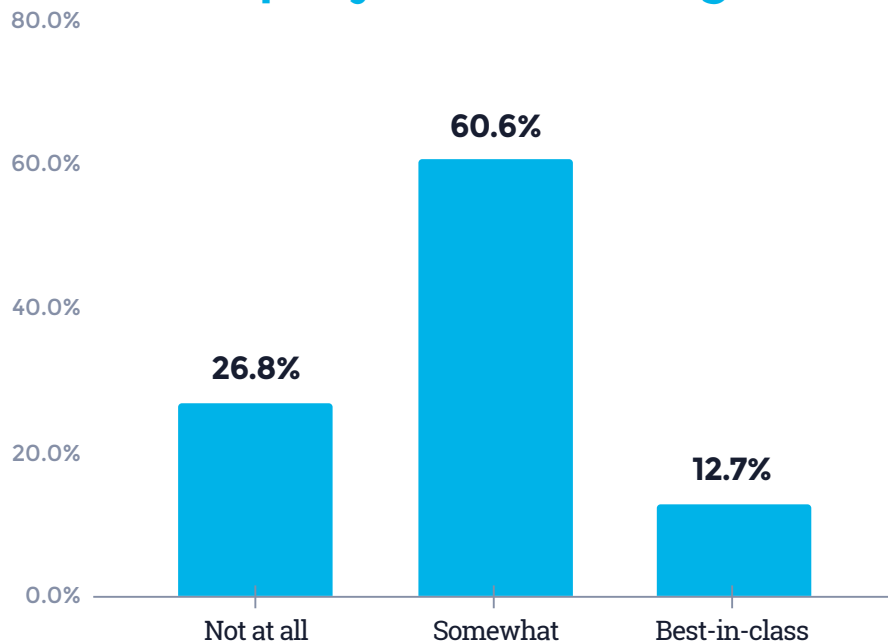
The momentum behind this analytics push is showing up in budgets. A majority of businesses are expected to allocate more than 10% of their IT spend to analytics by 2023, according to a study conducted by Retail Information Systems.



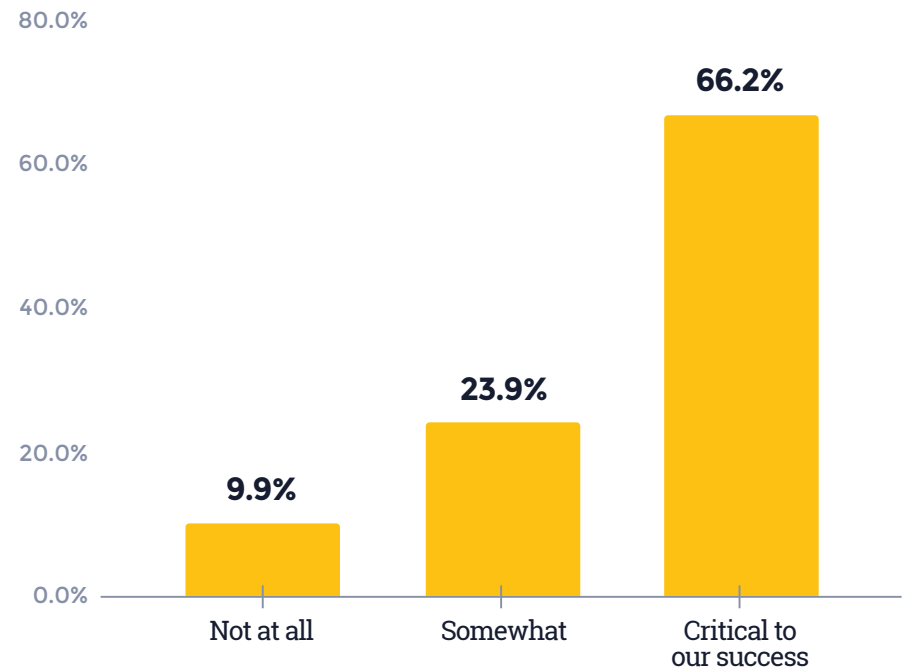
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It's clear that these businesses are using analytics to ask questions about their strategy for the future, but it is unclear if they are getting the answers. In a survey of 3,000 respondents, Concentric discovered that most companies need better forward insight but they are not getting it. Clearly, forecasting remains a challenge for most businesses.

How effective is your company at forecasting?



How important is forecasting?



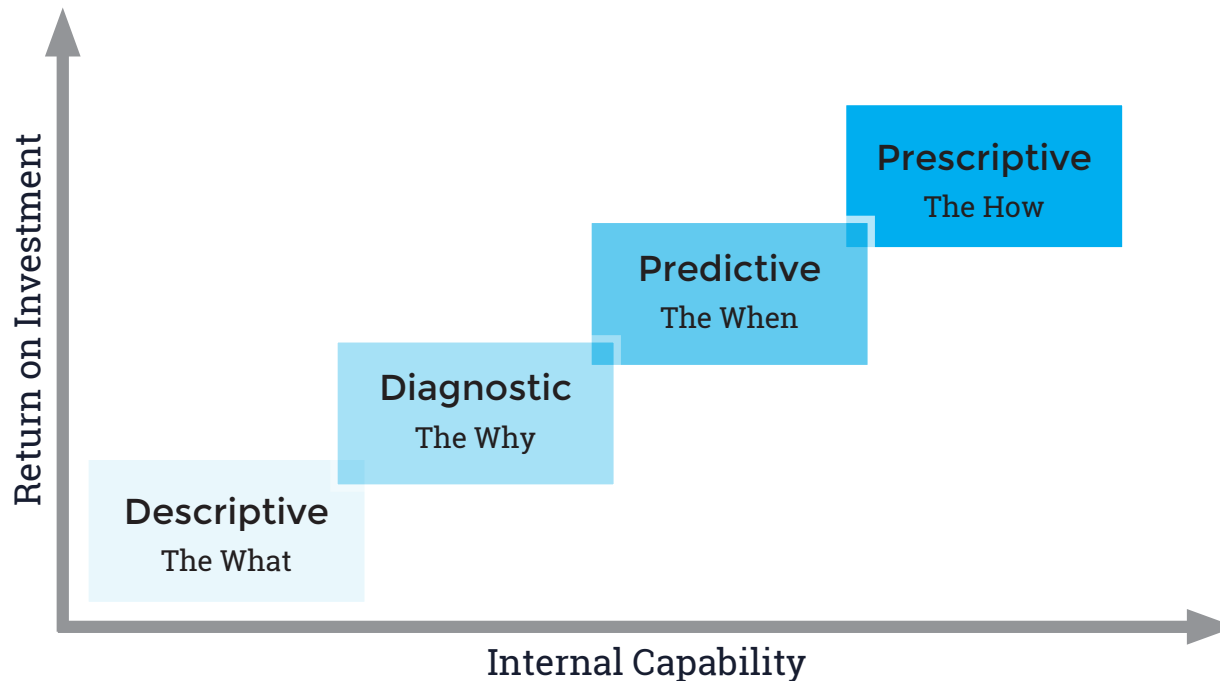


2 THE EVOLUTION OF ANALYTICS



When companies need answers, the first step is to understand what analytic tools are available. Gartner first explored the unique uses of analytic tools by defining an analytic ascendancy model. Over time, this industry point of view has evolved into a formula for success that accounts for internal analytics capabilities and return on investment. The relationship is depicted below:

The Concentric Customer Evolution





Prescriptive analytics provides the most value to businesses hoping to optimize their actions. Each prior capability builds upon the other to provide businesses with the decision support they need the most: The ability to make forecasts come true.

Predictive analytics only provides an idea of what the future holds, and the forecast itself is still malleable. Prescriptive data analysis takes this baseline forecast a step further to provide business leaders with a roadmap to attaining the revenue they require to remain competitive.



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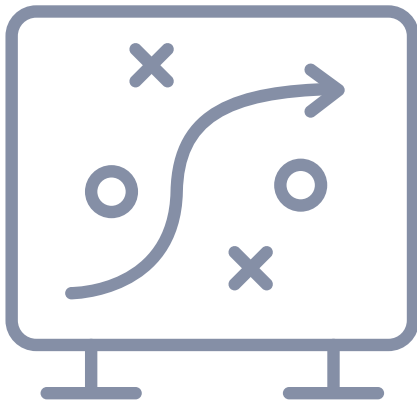
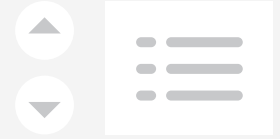
A PRESCRIPTION POISED FOR SUCCESS



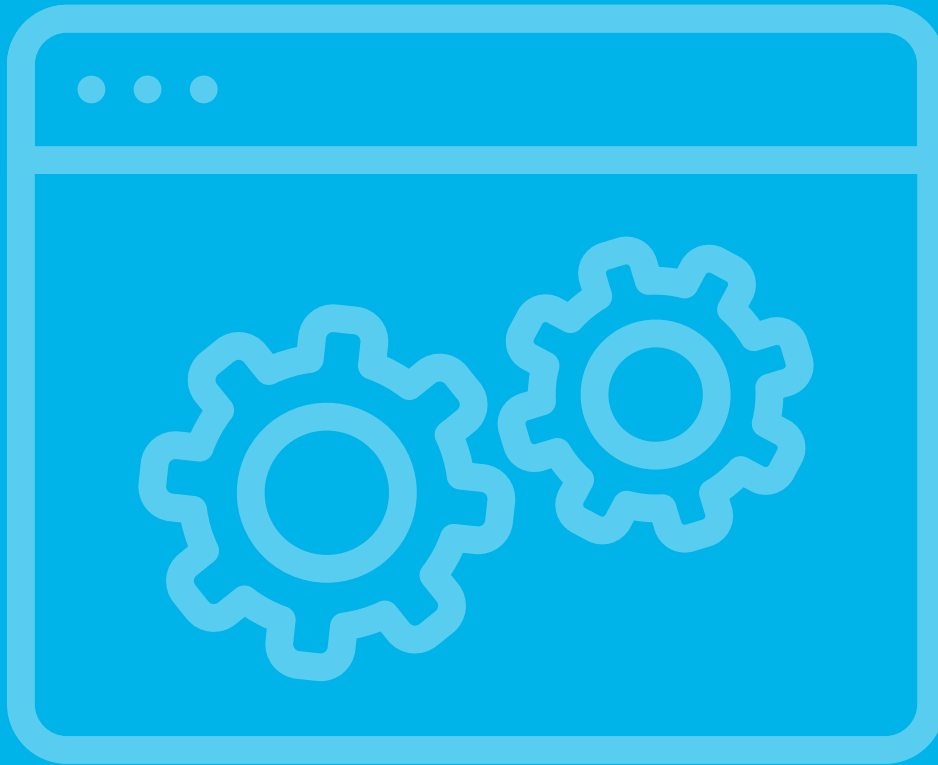
Why should a business trust a prescriptive analysis? Picture this: You don't feel well so you go to the doctor. They ask for your symptoms, diagnose the problem and provide a prescription. Sometimes, the solution may be to follow a routine for medication, but it may also be to rest and hydrate.

After you receive the doctor's prescription, should you follow it? Of course you should. They are health experts and it's their job to provide you with the most effective plan to feel better.



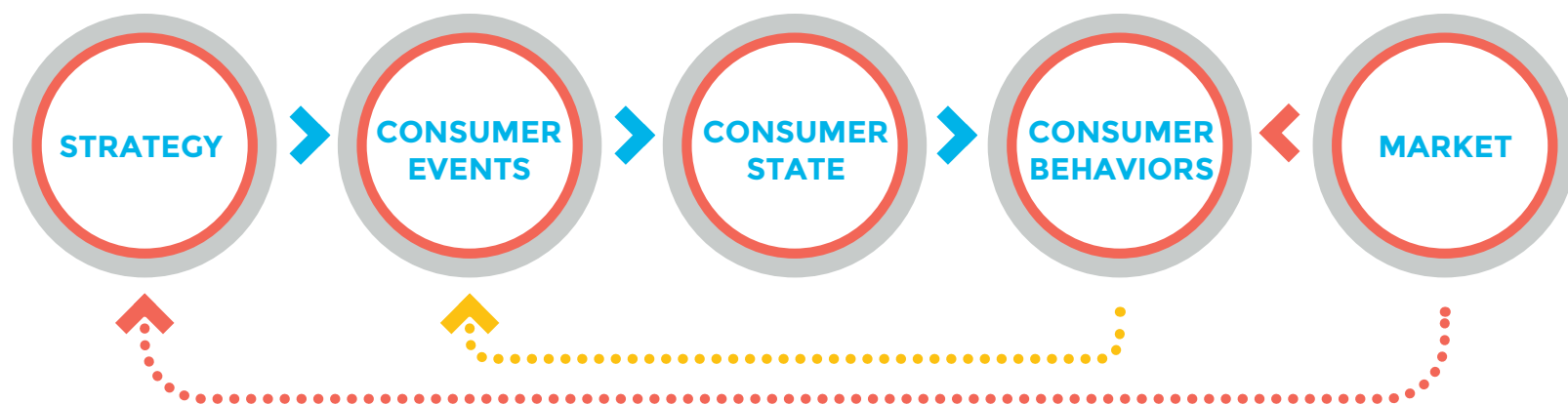


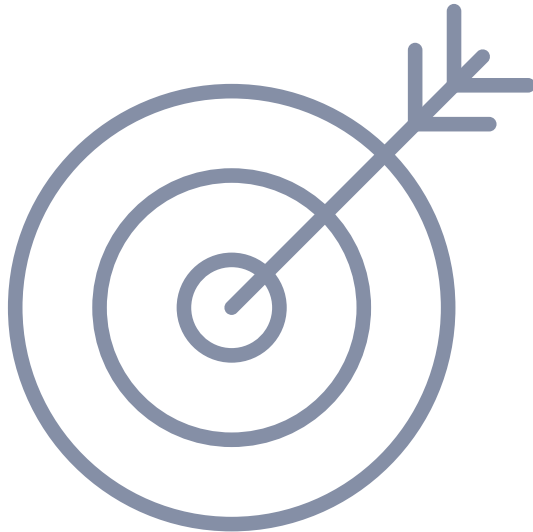
This is what prescriptive analytics does for businesses. Once business intelligence tools with forecasting capabilities are in place, managers identify problems or goals. Prescriptive analytics provides them with the best plan to achieve success in current or future market conditions by testing which levers cause strategic change. The system is trusted because it is calibrated to in-market results; proving the validity of the model while increasing the usefulness of the recommendations.



MARKETING STRATEGY APPLICATIONS

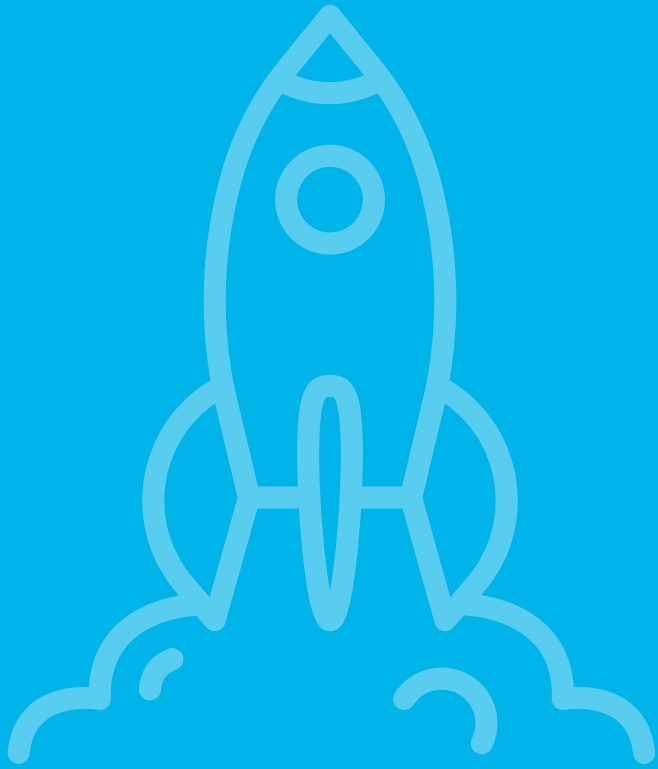
Prescriptive analytics is used to answer a variety of questions across industries, but is especially useful when it addresses specific business issues. One of the top use cases for prescriptive analytics is **marketing strategy**. Concentric provides a prescriptive analytics platform that enables users to incorporate the whole marketing landscape including paid, owned, and earned touchpoints. With an underlying model of human behavior that incorporates system dynamics with feedback loops, users recreate how marketing impacts consumers at different points on their journey. This allows for an understanding of how word-of-mouth, in-store experiences, product usage, and paid media interact to drive market outcomes. This system dynamics approach allows users to test a broader range of marketing levers than traditional approaches allow.





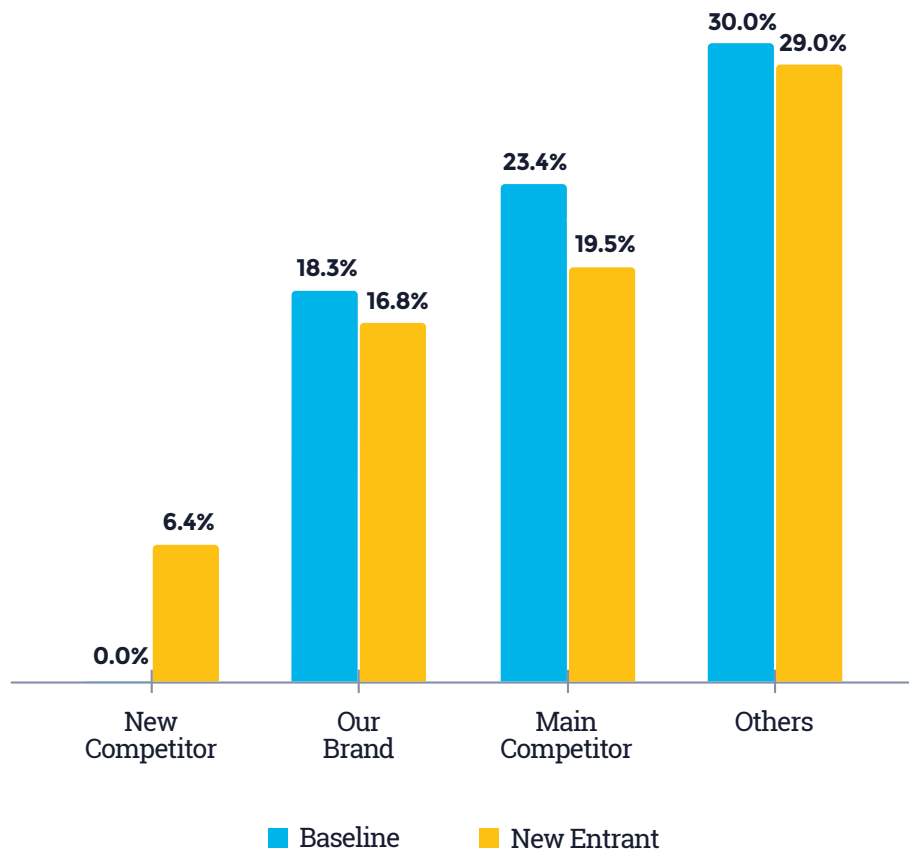
By adjusting their OTC marketing strategy, they met and surpassed their launch target.

A pharmaceutical company was transitioning one of its products from prescription to over-the-counter, which is no easy feat. The marketing team was accustomed to prescription launches and understood how to reach the health care provider audience, but did not know how to approach the complex consumer retail environment. With prescriptive analytics, they were able to test their marketing plans in a simulated market to see which strategy worked best. The company tested strategies including traditional media, influencer marketing, and in-store tactics. By adjusting their OTC marketing strategy, they met and surpassed their launch target.

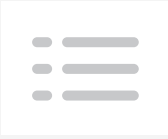


5 PRODUCT LAUNCH APPLICATIONS

Baseline vs. New Entrant



Prescriptive analytics is also used to create the best plan to introduce a product into new or existing markets. Concentric’s platform allows users to model out a competitive market, as opposed to looking at one brand or product in isolation. This market-level view makes the approach well-suited for product launches because it is not dependent on historical data for the product of interest. Users leverage data on existing in-market competitors or alternatives to build out a replica of the market. They are then able to simulate the launch of their new product into that market. This allows organizations to go beyond making qualitative estimates about their launch and to use market research and competitive intelligence in a quantitative manner.



An automotive company was introducing a hybrid version of a flagship SUV. They began planning their launch three years in advance and wanted to know what design, marketing channels and pricing would help them reach their sales targets. They used prescriptive analytics to help. The process enabled the company to focus marketing on the product features that would drive the most sales. A streamlined approach helped them cut the go-to-market time by six months and forecast their first year sales within 3%.



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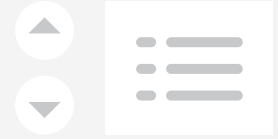
SPEND OPTIMIZATION APPLICATIONS



Organizations use prescriptive analytics to **allocate budget to maximize market share**. Concentric's platform allows organizations to understand the impact of shifting investments between marketing channels and tactics by modeling out the ecosystem. It also allows organizations to estimate the impact of shifting investments across geographic regions by incorporating different assumptions for different regions. Lastly, the platform allows for portfolio optimization when organizations have more than one brand in the space, because market competitors may be included. Ultimately, organizations have the flexibility to make smarter investment decisions through the optimization capability.



Concentric's platform allows organizations to understand the impact of shifting investments between marketing channels and tactics.



For a large resort owner, shifting guest dynamics, fierce competitive pressure, and exogenous shocks to their business increased the need for optimization and scenario planning. Prescriptive analytics allowed them to optimize their budget by shifting spend across regions as well as being able to easily weigh return on investment in media versus other capital investments. Their media team and agency partners were able to use the insights from Concentric to adjust investment levels while their tactics were still in flight, shifting spend to higher performing areas and delivering a 4x higher return for their business.



Shifting spend to higher performing areas delivered a 4x higher return for their business.



DEMAND FORECASTING APPLICATIONS



Prescriptive analytics also has applications for demand forecasting. It goes beyond predicting outcomes based on static assumptions, and allows users to estimate how levers are likely to influence demand. The Concentric platform allows users to incorporate drivers of human behavior that result in demand for specific products or brands. The platform allows users to integrate external factors and economic variables with other information to better project market trends. Prescriptive analytics may uncover surprising insights about demand, because it helps synthesize a wide range of quantitative and qualitative information that is typically analyzed in isolation.



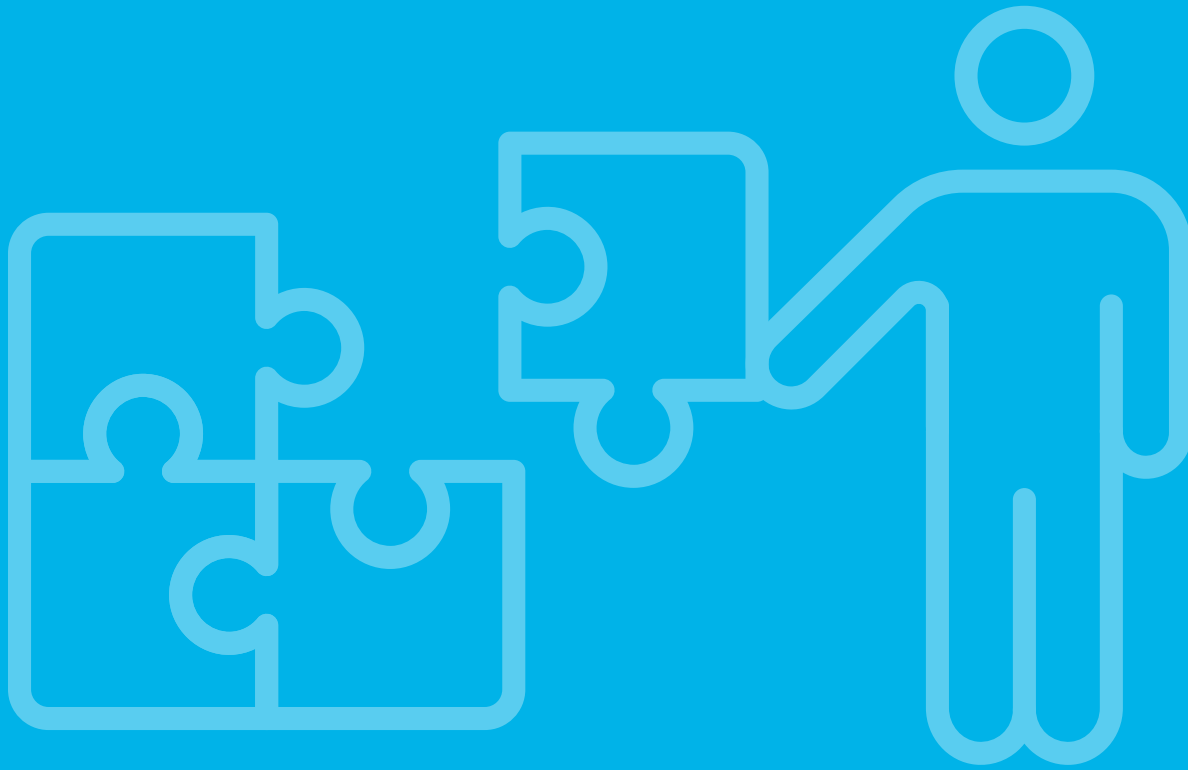
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An appliance manufacturer faced a market full of changes, including competitive entrants, a shifting retailer environment, and economic conditions. Without a unified approach for forecasting, they were left making a series of estimates and overlays to forecast sales in the year ahead. Using the Concentric platform, they were able to directly account for various drivers of the forecast in a single model, and forecast out their sales within 3%. They were also able to understand the likely impact of possible competitor actions and tariffs that applied in their market.



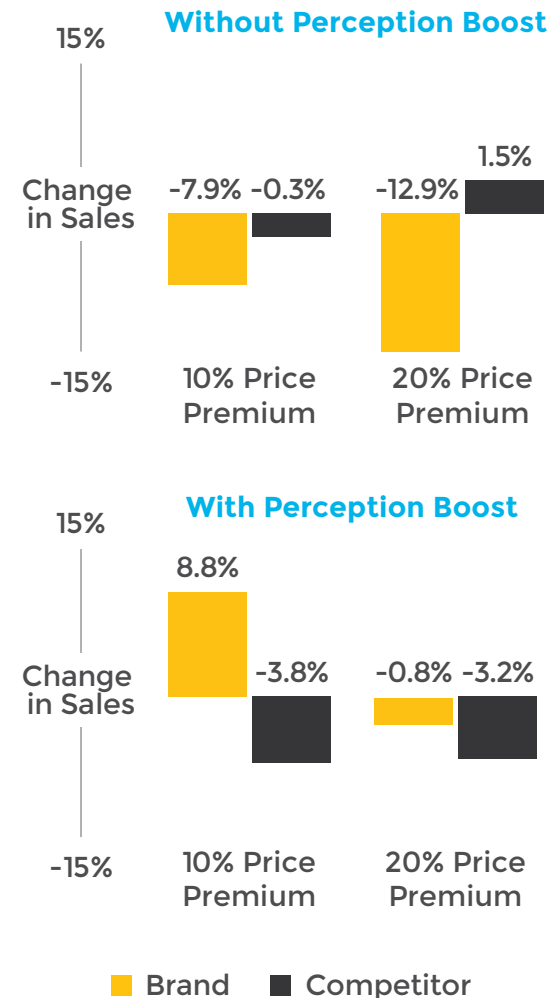
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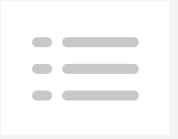


COMPETITIVE GAMING APPLICATIONS

Prescriptive analytics helps organizations navigate how to respond to competitor actions. Concentric's platform allows users to incorporate competitive information as it is available, and harmonizes this data with internal company data that is typically more granular and detailed. By including competitor information and building out a view of the market, users are able to run what-if analyses to see the impact of competitor actions on their brands and products. Additionally, users test out how responses to competition are likely to impact outcomes.

Pricing Analysis

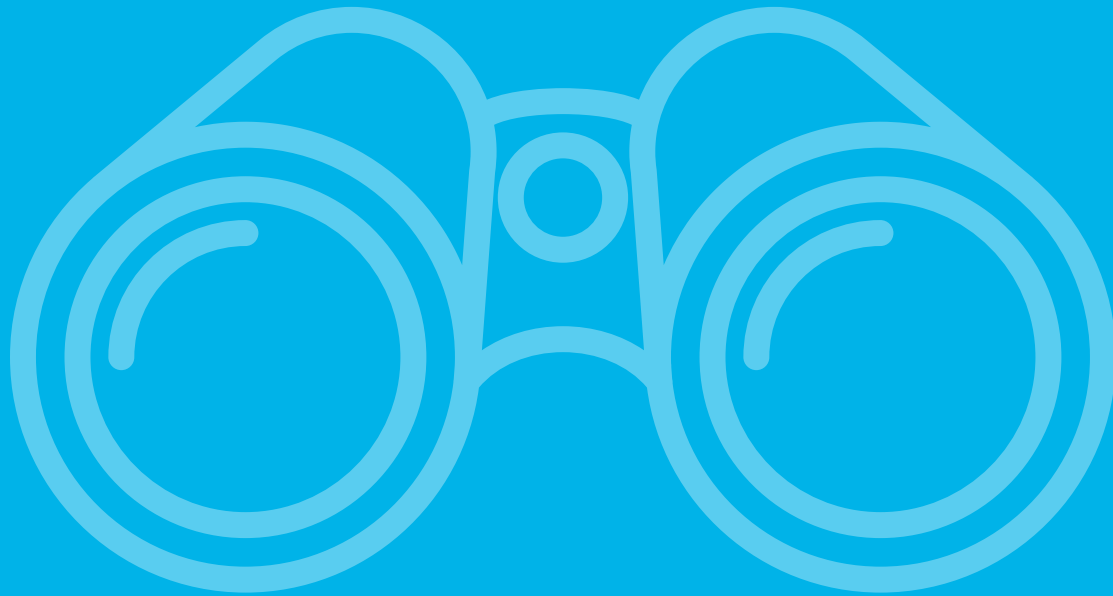




A sparkling beverages company launched a new energy drink that underperformed expectations in some markets. The company wanted to understand how they performed relative to competitors in terms of price, perceptions, and in-store presence. They also wanted to learn which factors had the greatest impact on their performance. They learned that contrary to internal hypotheses, they had priced the new product appropriately. However, sales were harmed by poor in-store placement, limited retail shelf space, and consumer perceptions that the product did not have the same energy benefits as its main competitors. These insights allowed them to better plan competitive positioning in new markets where the product would soon be launching.



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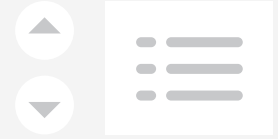
THE IMPORTANCE OF LOOKING AHEAD



Not all analytics tools are alike. Most predictive tools rely on historical data like sales and augment that with information like weather, epidemiological or other exogenous variables. These models, while accurate in some cases, rely on conditions remaining stable and falter under changing circumstances.

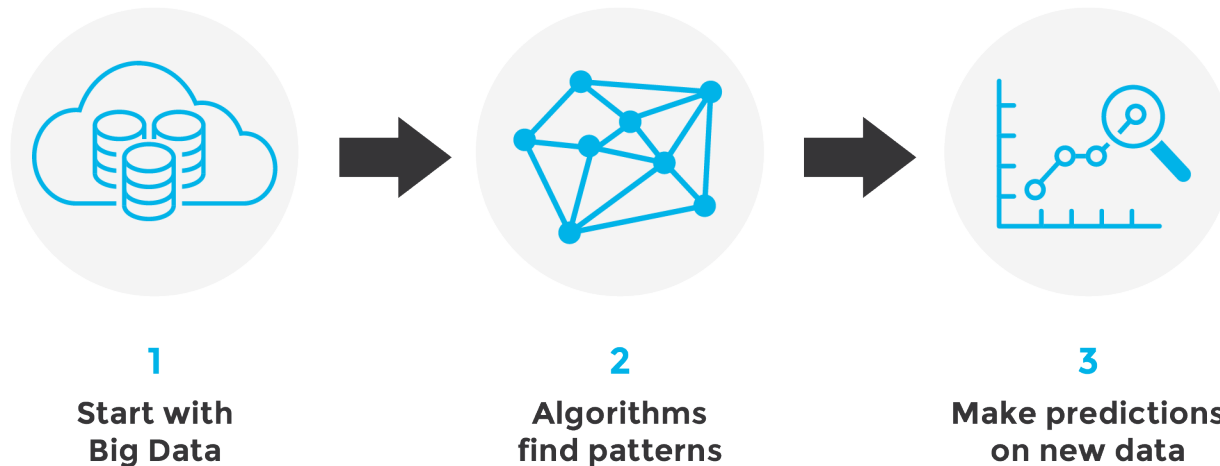
Moreover, they lack context of how consumers and competitor behaviors change over time and influence one another. They use regression or machine learning models to explain results in the past. While backward certainty allows for counterfactual prescriptions, these models struggle to make recommendations when emergent patterns form or underlying conditions change.

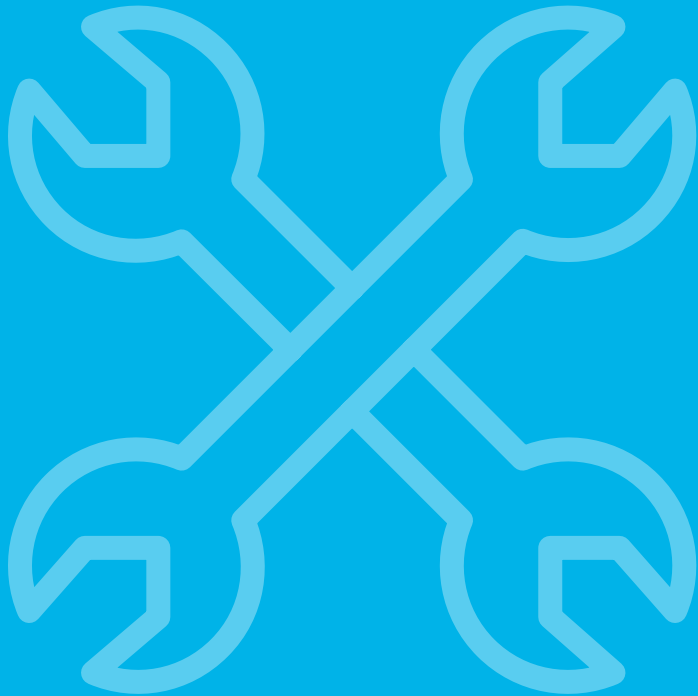




Having an understanding of the past and experience with predictive analysis sets the foundation for uncovering opportunities in the future. Decision makers need another level of analytics to understand how changing strategy is likely to influence business outcomes going forward. By building on predictive analysis with the right tools that account for human behavior and allow for future events to shift dynamics, prescriptive analytics brings the most value to an organization.

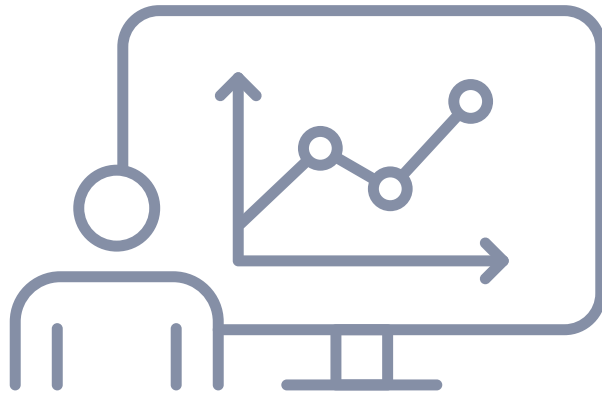
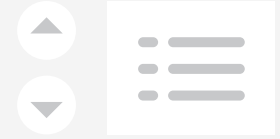
Predictive Analysis Reveals Patterns in Data





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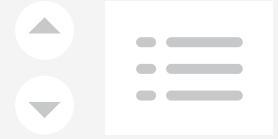
TOOLS TO UNDERSTAND BEHAVIOR



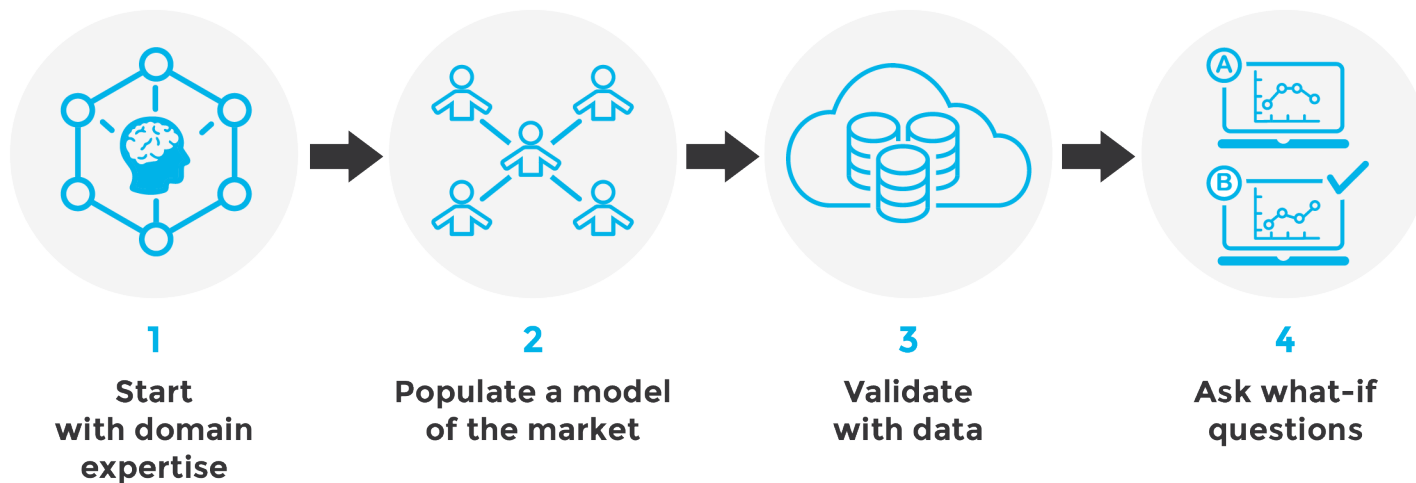
Instead of observing past correlations, they are devised to find the rules of the market and the ways consumers navigate their choices

Another class of analytic tools reframes the process and creates a forward-looking prescriptive model. Instead of observing past correlations, they are devised to find the rules of the market and the ways consumers navigate their choices. Once the rules are established, they use simulations of the market to see how brands will need to adapt as consumer behaviors evolve.

McKinsey [defines the process](#) in three phases: Understanding consumer behavior, adding additional data sources for validation, and running what-if scenarios. This process is now known as simulating a market.



Market Simulation Reveals Patterns in Human Behavior



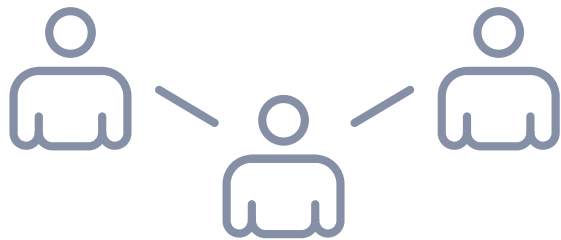
Solely scrutinizing the past does little to account for a future that is full of uncertainties; only prescriptive analytics with simulation capabilities has the consumer built into its functionality. With this knowledge, businesses accurately forecast how and why consumers in the market respond a certain way to change.



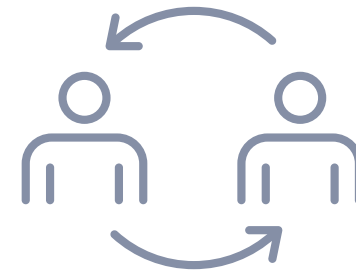
11 READY OR NOT?



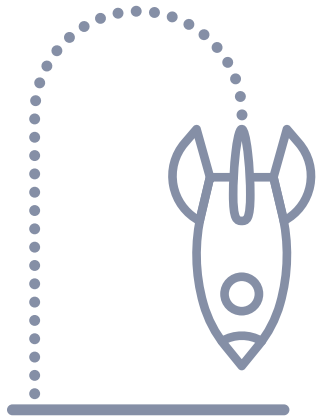
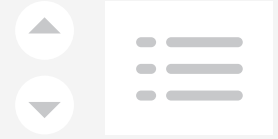
Most organizations wonder if they are ready for prescriptive analytics. Breakthroughs in technology platforms have made prescriptive analytics more accessible than ever before. What businesses need are four key resources for success:



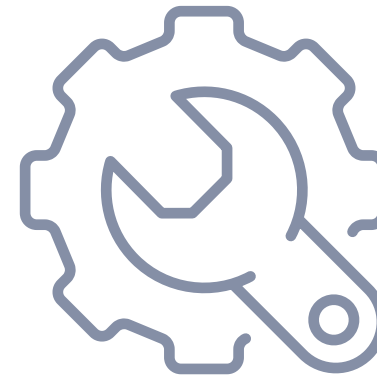
Team: Software enables teams as small as three people to build prescriptive models. Three key roles are a process leader, a data wrangler and modeler.



Alignment: Analytics teams need to align with a business user to solve a problem and engage them with the process.



Need: Companies that face a SEE ([significant emotional event](#)) are often ready to try a new method to address an issue. The causes range from competitive forces to failed launches or pandemics.



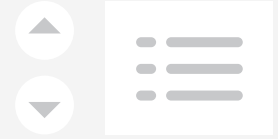
Data & Tools: Even basic progress on enterprise data management and business intelligence tools provides access to the insights needed to build a simulation.

With these pieces in place, most analytics teams successfully prove prescriptive analytics works and have an opportunity to gain more momentum for future investments.



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**THE PRESCRIPTIVE POWERS OF
THE FUTURE ARE HERE TODAY**

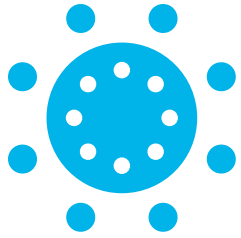


Once, the power to receive recommendations that help you reach your revenue targets from analytics was something out of a science-fiction film; but today, businesses can harness that capability.

With prescriptive analytics, your business utilizes the data it has on hand – no matter how much or how little that may be – to optimize strategy. As the best form of analytics available to date, now is the time to begin utilizing it in your business to remain competitive even in uncertain market conditions.

Concentric created a prescriptive analytics solution that provides a path to achieve forecasts and reach goals, all available in-house to promote collaboration and keep your data secure.

Contact us today to book a meeting.



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Case studies and SME calls