

Introduction: The Strategic Imperative of RGM

With 30 years of CPG experience, I have seen how economic shifts and consumer psychology dictate every purchase. At ahatis, our mission is simple: **Create Incremental Value.**

We have a proven track record of driving growth across the entire store—from Ambient and Refrigerated to Frozen goods. Whether optimizing high-turnover staples like Soft Drinks, Snacks, and Water, or navigating complex categories like Household Cleaners, Personal Care, and Frozen Entrées, we provide the precision needed to win.

In an era where 87% of shoppers are pivoting to manage expenses, growth can no longer be bought with simple annual price hikes; it must be earned. We leverage **Revenue Growth Management (RGM)** as a disciplined, predictive framework that integrates pricing, promotion, and assortment. By **converting complex data into clear strategies**, ahatis helps CPG leaders move beyond "gut-feel" to deliver the right product, in the right channel, at the perfect price for every consumer occasion.

Why RGM is Critical in 2026

- **From Inflation to Volume:** As inflationary price hikes reach their ceiling, companies must now drive growth through **volume and mix**. RGM provides the surgical tools to find growth in specific shopper "missions" (e.g., the quick convenience trip vs. the weekly pantry restock).
- **The "Private Label" Challenge:** With nearly 90% of consumers viewing store brands as equal in quality to national brands, RGM helps Tier-1 brands justify their price premium through better **Price Pack Architecture**.
- **Trade Spend Efficiency:** CPG companies typically spend **20% of gross revenue** on trade promotions, yet over **half of those promotions lose money**. RGM identifies and eliminates this "non-working" spend.

Our Key Components of RGM

1. Price Pack Architecture (PPA)

PPA is the foundation of RGM. It is the strategic design of product sizes, formats, and price points to meet specific consumer "occasions" and shopper "missions."

- **CPG Focus:** Moving beyond a "one size fits all" approach. It involves creating "entry-level" packs for low-income consumers (e.g., small sachets), "value" packs for families (e.g., bulk sizes), and "premium" formats for convenience (e.g., on-the-go packaging).
- **Objective:** To capture a wider range of consumer "willingness to pay" and ensure the brand is present at every relevant price threshold.

2. Price Optimization & Elasticity

This area uses advanced analytics to determine the "ideal" shelf price for every SKU. It relies heavily on **Price Elasticity**, measuring how much volume you lose (or gain) when you change the price.

- **CPG Focus:** Understanding cross-elasticity (how a price change in *Product A* affects sales of *Product B*) and competitive elasticity (how shoppers react when a competitor drops their price).
- **Objective:** To find the "sweet spot" where price increases maximize revenue without triggering a catastrophic drop in volume.

3. Trade Promotion Management (Terms & Conditions)

This covers the "hidden" part of the P&L—the investments made directly to retailers (e.g., Walmart, Carrefour) to secure shelf space, listing rights, and distribution.

- **CPG Focus:** Shifting from "non-working" trade spend (fixed payments) to "pay-for-performance" terms. It involves auditing "Everyday Low Price" (EDLP) vs. "High-Low" strategies across different retail partners.
- **Objective:** To ensure that every dollar given to a retailer drives a measurable return in visibility, distribution, or volume.

4. Promotion Effectiveness (TPO & Deduction Management)

Consumer goods companies often spend up to 20% of their gross revenue on promotions, yet a high percentage of these do not break even. This area focuses on **Post-Event Analysis** and **Predictive Modeling**.

- **CPG Focus:** Analyzing "lift" (incremental sales) versus "cannibalization" (sales stolen from your own full-priced products). It evaluates the "mechanic"—is a "Buy 1 Get 1" more effective than a "30% off" sticker?
- **Objective:** To stop "non-working" promotions and redirect those funds into events that drive genuine incremental growth.

5. Marketing Mix Management (MMM)

This area looks at the "big picture" of demand generation. It evaluates the ROI of all marketing investments—from TV ads and social media to influencer campaigns and in-store displays.

- **CPG Focus:** Attributing sales growth to specific media channels. In an omnichannel world, this means understanding how a digital ad on Instagram might drive a physical purchase in a grocery store.
- **Objective:** To optimize the marketing budget by shifting spend from low-performing channels to high-converting ones.

6. Mix, Volume, Price (MVP) Analysis

Often called "Variance Analysis," this is the diagnostic tool of RGM. It breaks down *why* revenue changed compared to last year or the budget.

- **CPG Focus:** Distinguishing between "Volume Growth" (selling more units), "Price Growth" (charging more per unit), and "Mix Growth" (selling a higher proportion of expensive, high-margin products).
- **Objective:** To provide a "clean" view of performance. For instance, if revenue is up but it's only due to price hikes while volume is crashing, the MVP analysis flags this as an unsustainable growth trend.

7. Competitive Insights & Strategy

The offensive and defensive layer of RGM that monitors market movements in real-time.

- **CPG Focus:** Managing the price gap to the nearest branded competitor and private label threats. It involves "Promotion Pre-emption" -- analyzing retailer circulars and data to ensure your brand is "in front" of the competitor's promotional window.
- **Objective:** To maintain market share by ensuring price gaps never exceed the "switching threshold" and to dominate the retail calendar by out-planning competitors at the account level.

Use Cases & Expected Results

When implemented effectively through a platform like ahatis, RGM delivers measurable P&L impact. Below are typical use cases and the results observed across the industry:

| Use Case | Strategy | Expected Results |
|---------------------------------|--|--|
| Margin Expansion | Using Price Elasticity modeling to identify SKUs where a small price increase won't trigger a volume drop. | 2-5% increase in gross margin without losing market share. |
| Promotional ROI | Shifting budget from "Buy 1 Get 1" (high cannibalization) to targeted loyalty-based discounts. | 10-20% improvement in promotional effectiveness and ROI. |
| Portfolio Optimization | Rationalizing underperforming SKUs and introducing "Entry Price Point" packs for value shoppers. | 5-10% revenue growth by capturing new consumer segments. |
| Market Share Defense | Simulating competitor price drops to determine the exact "counter-move" required to protect volume. | 92%+ accuracy in demand forecasting during market volatility. |
| Trade Term Redesign | Moving retailers to "Pay-for-Performance" models rather than fixed annual lump sums. | 1.5x improvement in portfolio-level profitability per channel. |
| Competitor/Category View | Defining and recording the annual strategy of key competitors and relevant adjacent products to plan our strategy "in-front" of the competition. | 2-5% increase in market share by having an improved view of the total category. |