



Case Study: RTM Optimizer



A global FMCG company operating in emerging markets wanted Cogitaas to analyze its coverage model to find out...

- What is the potential increase in turnover if direct coverage is increased in tranches over time? (Dynamic revenue function)
- What is the rate of increase in costs? (Dynamic cost function)
- What therefore is optimum spend on direct coverage?
- What is the optima if future initiatives can bring down the cost structure?

Cogitaas developed and implemented the **RTM Optimizer** for several emerging markets and regions....

Dashboard for ABC Russia Foods

ESF Coverage Today **20.5%**

Cost to Serve Today **22%**

Incremental opportunity from achieving Optimum Coverage (@ current Cost to Serve)

Optimal Coverage

**44.19%
Coverage**

**53,952
Additional Stores**

Incremental revenue opportunity

40 M €

**6.67% growth
in revenue**

Total Potential – 53,952 MORE STORES, delivering ~40M € Incremental

Total New Stores Potential – 39,185 MORE STORES, delivering ~34 M € Incremental

Total MSF to ESF Stores Potential – 14,767 MSF STORES, delivering ~6 M € Incremental

Why RTM Optimizer?

- ❑ Direct distribution targets, due to usual advantages, are set with usual notion that **“More stores are good”**
- ❑ But as number of directly covered stores increase, so does the cost of servicing.
- ❑ In large markets, additional stores give marginal benefits, and incremental sales per store declines as coverage keeps on expanding
- ❑ **RTM(Route-To-Market) Optimizer** optimizes direct service levels given the incremental cost-benefit analysis of Direct servicing vs. Wholesale.
- ❑ RTM Optimizer works for all markets, based on dynamic algorithm of a) Diminishing sales from marginal stores and b) increasing marginal costs of servicing larger numbers of stores.
- ❑ This optimizes spends and work force for direct reach and differs from regions, to markets to countries.

THANK YOU!



Email: contact@cogitaas.com