## 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

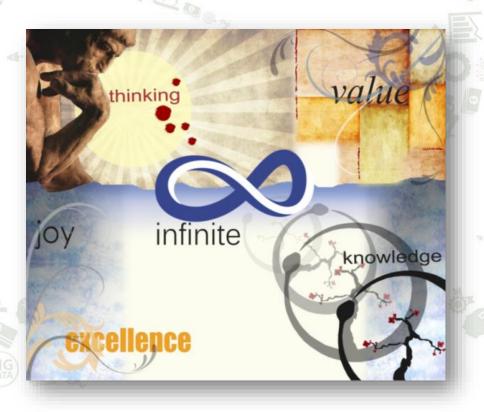
Total New Stores Potential – 39,185 MORE STORES, delivering ~34 M € Incremental

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!**



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