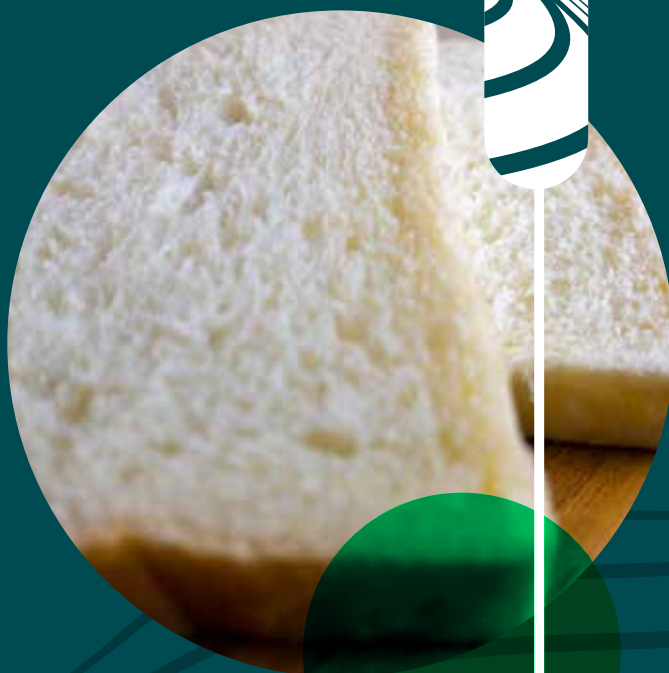


CASE STUDY

Bimbo Bakeries USA shifted their strategy to increase profits despite supply chain constraints

Learn how Bimbo Bakeries USA (BBU) leveraged Numerator Promotions Intel & Numerator Promo Insights to identify the optimal promotional strategy and confidently make the shift, resulting in increased profits across the brand and broader BBU product portfolio.



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In response to compounding industry pressures driven by economic turbulence, supply chain constraints, and the evolving promotional landscape, BBU partnered with Numerator to reassess historically successful promotion strategies.

CHALLENGE

For years, Bimbo Bakeries USA successfully leveraged “Buy One Get One” (BOGO) offers to entice shoppers to purchase Ball Park Buns & Rolls. Amid the industry wide supply chain constraints and economic turbulence of Summer 2022, BBU knew there would be negative consequences to continuing to leverage promotions that required giving away free product. It was crucial that they shift their promotional strategy to optimize product supply while still attracting consumers to shop their brand. BBU needed to identify a new promotional strategy for Ball Park Buns & Rolls that would maximize ROI.

NUMERATOR SOLUTIONS

BBU partnered with Numerator for its unique ability to longitudinally measure scaled promotions data across brands, retailers, and formats, then connect those insights to purchase behaviors. By leveraging Promotions Intel and Promo Insights solutions, BBU was able to quantify the impact of BOGO to their bottom line and determine if adjusting or removing one of their most utilized promotion strategies could improve their ROI.

Quantifying the Opportunity

To kickstart their analysis, BBU ran a Promo Optimization report to analyze YoY performance, identifying that Ball Park Buns & Rolls

BACKGROUND



Grupo Bimbo is the largest baking company in the world, focused on delivering delicious and nutritious baked goods and snacks in the hands of all. The organization operates in 33 countries around the world with 208 production bakeries and approximately 1,700 sales centers. Bimbo Bakeries USA (BBU), a subsidiary of Grupo Bimbo, is responsible for a plethora of household brand names, including Thomas', Sara Lee, Entenmann's, and Ball Park Buns & Rolls.

Grupo Bimbo

can decrease their annual promotions by ~10% without negative impact to business. In fact, an adjustment to Ball Park's promotional strategy to offer a lesser promotion could increase margins, increase YoY sales, and drive ~3% more purchases from incremental brand switchers. Uncovering that a decrease in promo volume or offer type did not negatively impact overall performance suggested that Ball Park Buns & Rolls has the brand equity to be more selective on the types of promotions offered, especially in peak seasons.

Comparing Promotional Offer Types

While BOGO was a successful strategy in previous years, it was not a sustainable strategy in 2022. Analysis across promo types found that increasing "X/For" and "Sale Price" promotions would lower cost to Ball Park Buns and Rolls, while keeping more supply on shelves, resulting in:

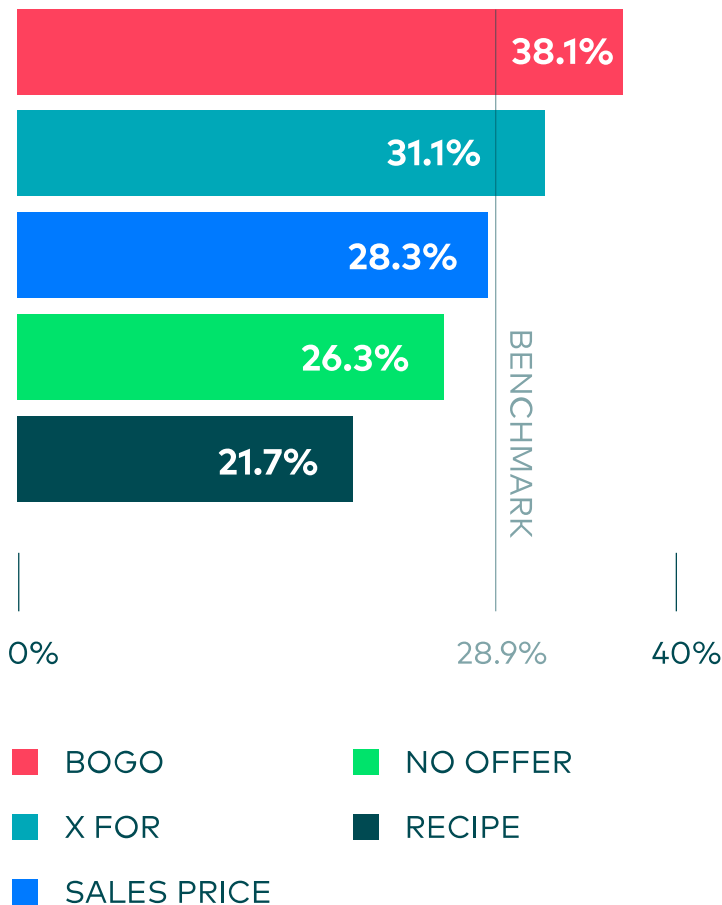
- Increasing spend from incremental brand switchers, driving category growth
- Increasing category conversions from new buyers at top retailers, minimizing leakage from key retailers

Redirecting Promotion Investment

While Ball Park's brand equity was strong enough to drive incremental sales with fewer promotions, cross portfolio analysis found another brand within BBU's buns and rolls portfolio would benefit from deeper investment in promotions. An increasing share of spend within Sara Lee buns and rolls was being driven from repeat shoppers, while spend from incremental shoppers decreased YoY. This highlighted an opportunity to reinvest promotional spend that would direct additional incremental shopper spend to Sara Lee buns and rolls without sacrificing any from Ball Park, driving an increase in profitability across the entire buns and rolls portfolio.

% SPEND FROM INCREMENTAL BRAND SWITCHERS

BALL PARK 6/1/21 - 7/31/21



RESULTS

A strategy shift that increased profit despite supply chain constraints.

Armed with the data needed to re-evaluate Ball Park Buns and Roll's strategy, Ball Park eliminated BOGOs from their Summer 2022 promotions. By gaining a complete view of sales and purchase behaviors across multiple offer types, BBU was able to pivot their promotional strategy with confidence and increase "X For" (+43% YoY in offer type) and "Sale Price" (+25% YoY in offer type) offers to grow ROI.

Despite a flat YoY in units, and industry wide decrease in trips and households, shifting the promotional strategy away from BOGO resulted in increased trade effectiveness and higher profitability. These results positively impacted not only their Ball Park Buns & Rolls brand, but also the larger product portfolio as they reinvested those profits into other BBU brands.

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