

OPTIMAL MARKETING BUDGET ALLOCATION STRATEGY FOR A LEADING BEVERAGE COMPANY

THE CLIENT PROBLEM

Our client, one of the **largest beverage companies** in the world wanted to **objectively allocate marketing funds** amongst countries, categories and brands to maximize profit. The client's aim was to find an **optimal marketing allocation** within an overall budget with known **long term volume targets**.

THE AQ SOLUTION

AQ built a model that used key business metrics and relative competitive positions to derive an optimal marketing fund allocation. The allocation model was rule based, but allowed for management judgement and strategic priorities to be incorporated. Objective optimal allocation triggered discussions regarding brand or country funding levels and acted as the "voice of data" in meetings.

AQ followed a four step approach to solution this problem.



UNDERSTAND

Understand marketing spends

Classify and finalize items e.g. category level, brand-product level, equity vs. execution spends

Consolidate metrics from various sources for the client and competition



ESTIMATE

Estimate marketing funds at the required level of detail

Build a model that can be replicated easily in the future



VALIDATE

Validate marketing fund allocation results using impact analysis or market mix
Establish a process to run the model every year



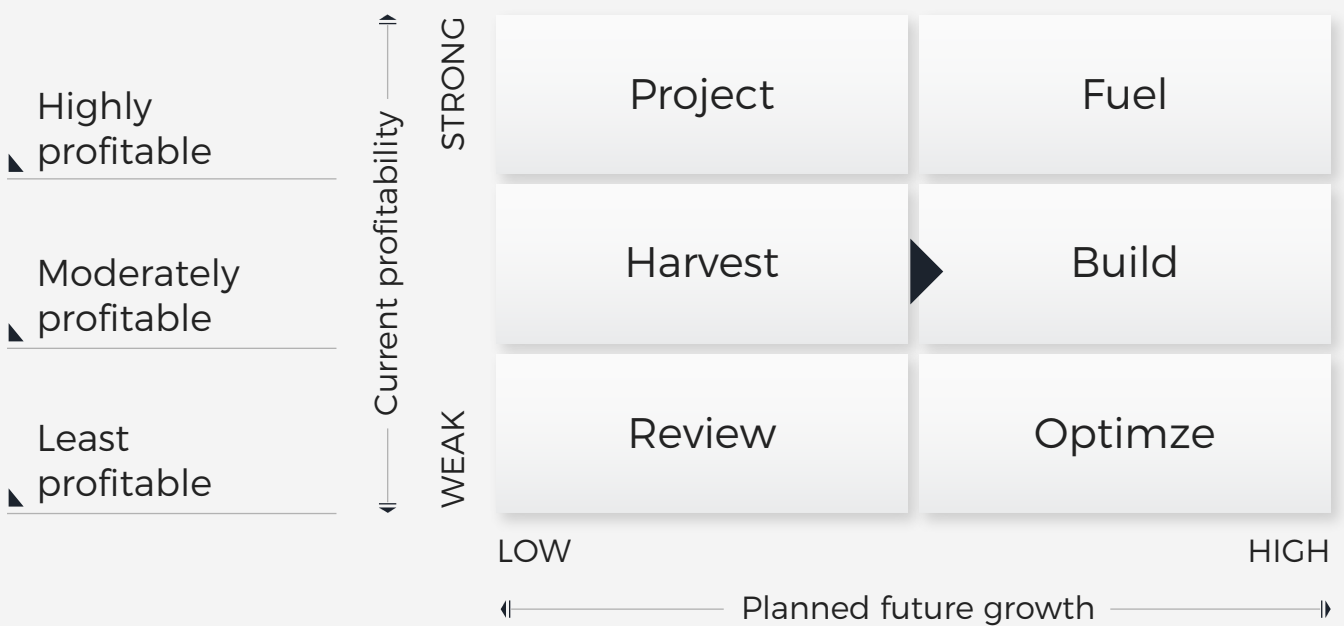
OPTIMIZE

Optimize the marketing fund allocation

We allocated the marketing funds in four steps.

STEP 1

We defined strategic roles for each category/brand using a strategic grid.



STEP 2

We ranked country-category/brands based on their performance.



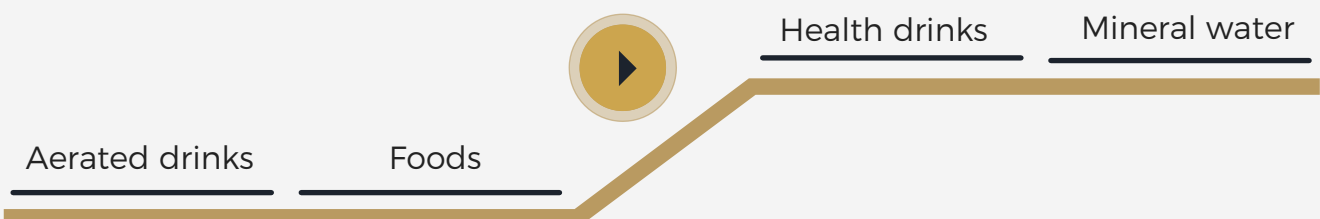
STEP 3

We ranked country-category on their past performance, future volume projections and the ability to make and move products.



STEP 4

We reallocated funds to high priority, high performance country-categories.



THE CLIENT BENEFIT

Objective, data based analysis could now be used to **drive marketing investments.**

Re-allocation of funds between country-categories helped achieve medium term (one to three years) strategic objectives.

Through the year, process iterations took into account changing local market conditions.

The analysis was done annually to allocate marketing spends across brands and country-categories globally.



Thank You

For any queries, get in touch with us.

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