

How To Unlock CPG Growth: AI-Powered Forecasting & Unified POS Intelligence

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Introduction

Current market conditions for consumer packaged goods (CPG) companies are erratic. Inflationary pressures, erratic consumer demand and unpredictable supply chain disruptions have made traditional forecasting methods and timelines all but obsolete in recent years. Yet, many companies still run promotions, inventory management and point-of-sale (POS) activities based on data pulled from manual spreadsheets and siloed systems.

In a recent Supply Chain Dive webinar, sponsored by digital transformation partner Vision33, experts from SAP, SPS Commerce and Vision33 explored how using modern ERP and AI to unify supply chain, retail and operational data can help CPGs reduce costs, optimize promotions and boost collaboration between functions.

Leaving Fragmented Systems Behind

Most CPG brands still don't work from a single source of truth. POS information, trade promotions, and supply chain metrics live in separate tools, often with access limited to specific teams, creating inefficiencies and blind spots that hamper good decision-making.

“Having good, clean, normalized and available data is important,” Prothero said. “But data alone is not enough to solve these problems. People and processes are also needed to solve the problem. Good processes that enable good communication keep supply and demand teams within an organization aligned.”

By consolidating POS, promotional, and operational data into a single integrated environment, CPGs can finally move away from traditional firefighting and work more proactively, using a unified view of supply and demand.

“Companies sometimes think that the more data they get, the better off the forecast will be,” Buckley said. “The reality is that’s not always the case. But getting the right data and using it will give you the insights you need to move forward.”



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KEY TAKEAWAYS

- Siloed systems and manual workflows prevent accurate forecasting.
- Unifying POS and operational data lets leaders see the full demand signal in real time.

Breaking Down Silos With Strategic Partnerships

Most CPG companies struggle just to break down internal silo walls and integrate cross-functional data. But stepping outside the four walls of the business and integrating third-party data from vendors and retail partners is just as crucial.

“CPGs don’t have to reinvent the wheel and create all these retailer-specific integrations and processes,” said Prothero.

Vision33’s McMahon explained how CPG companies can build a data repository for all this external data, making it easy to feed it into SAP. There, it can be used to improve forecasts,

boost the effectiveness of trade promotions, and ensure inventory is in the right place at the right time. SAP can also optimize marketing spend by leveraging continuous, real-time data rather than waiting for monthly or quarterly updates.

“I think this is where partnership comes together,” Buckley said. “SPS brings in data that SAP doesn’t have. SAP Cloud ERP can integrate that point-of-sale data. Then, Vision33 can look at the processes and say: ‘How do we use this?’ Bringing these parts together is going to help customers break down silos that exist in their business.”

KEY TAKEAWAYS:

- Better forecasting based on real-time unified data requires collaborative partnerships.
- Mid-market CPG brands can now achieve advanced data analytics once reserved for massive enterprises.

Amplifying People With AI

Once CPGs have successfully unified their internal and external data, they are primed to use artificial intelligence. AI doesn’t replace planners, however — it amplifies them. AI can analyze large amounts of data, account for halo effects and cannibalization risks, and enable planners to make smarter decisions with more information than ever before.

“AI can go in and do the math for us to identify that we’re not going to have the inventory available based on what we’re projecting to sell,” Buckley said. “I can do that math. You can do that math, too. But can you do it at every Walmart across the United States? That’s where some of this AI can come into play. It can help us from the predictive side, to at least throw up a flag and say when there’s a problem.”



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McMahon flagged another growing use case: AI can dynamically update lead times based on real-time data. "Lead times are a big challenge for companies today," he said. "A lot of companies look at the last quarter and update their lead times through Excel into the system or manually at a SKU level. Being able to use AI to actually look at that information, analyze it and make real-time adjustments is key for companies today."

KEY TAKEAWAYS

- AI allows planners to make decisions based on higher volumes of data.
- Using AI enables real-time adjustments based on supply and demand data.
- With AI, human planners shift from spreadsheet managers to strategic analysts.

Cost, Collaboration and Competitiveness

CPGs that have implemented a unified intelligence model are already realizing measurable results. For example, access to real-time and near-real-time data has greatly reduced the guesswork in trade promotions.

"In the old days, you did a lot of promotion planning up front and then waited to see if it worked or not," Prothero said. "Now you can plan, launch a promotion, and then interact and intervene throughout the course of it based on this near-real-time data."

Buckley went on to point out how essential this capability is, given that trade promotions are often a company's second-largest expense behind the cost of goods. Optimizing them in real time ultimately strengthens retail partnerships.

It isn't just the trade promotion team that wins, either. "There's a big benefit from the automation on the back end for the finance team," McMahon pointed out. "They are the ones receiving the sales, the trade promotions, the credits that are coming through that need to be offset. This enables them to do that and report on it more effectively to the executive team."

KEY TAKEAWAYS:

- Unified systems reduce costs associated with stockouts, deductions, and overproduction.
- Real-time POS visibility allows immediate trade promotion corrections.
- Better data collaboration strengthens a CPG's position with retail brands.

Unlocking Growth Through Partnership and Data Alignment

The CPG brands that will win in the future are not those with a perfect plan, but those that can course-correct in real time. Unified POS intelligence gives mid-market CPGs the agility and resilience necessary to compete with even their largest competitors.

Ready to modernize your forecasting through unified data?

Vision33 helps CPGs integrate data across systems, facilitating faster actions, smarter planning and more robust growth.

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