



FoodService Denmark

Lifting sales and boosting profitability with predictive analytics from IBM

Overview

The need

FoodService Denmark wanted to drive its profitability by boosting sales and margins. With 30,000 products in its catalogues, how could it design effective promotional bundles to achieve this goal?

The solution

The company is using business analytics software from IBM to enable advanced predictive modeling that helps to uncover sales-driving product combinations and design more effective promotions.

The benefit

With promotional bundles tailored to individual customer groups, FoodService Denmark can capture incremental sales, increase its margins and drive up profitability.

As a wholesale supplier of food products, FoodService Denmark aims to drive its profitability by capturing incremental sales from its customers – retailers and food processing companies.

The company realized that promotions were a powerful method to create new cross- and up-selling opportunities – but with more than 30,000 products in its catalogue, it faced a complex analytics challenge. How could it gain the insight it needed, and turn that insight into action?

Niels Peter Habekost, CFO at FoodService Denmark, explains: “To achieve our profitability objectives, the first goal was to identify the hidden affinities between products. This was important, because it would enable us to create compelling promotions that combine our staple, visit-driving products – which tend to have lower margins – with higher-margin products that customers may not otherwise have considered.

“With so many products in our catalogue, analyzing product combinations manually in spreadsheets would have been impractical. We sought a solution that would help us analyze our customers’ online shopping baskets and identify the optimal mix of products to create effective campaigns.”

“Working together with our partner EG, we were able to hit the ground running with predictive analytics. Combining IBM SPSS Modeler with IBM Cognos Business Intelligence gives our users fast, easy access to the results – they don’t have to ask IT or an analyst to produce the reports,” says Niels Peter Habekost, CFO at FoodService Denmark.



Solution components

Software

- IBM® Cognos® Business Intelligence 10.2.1
- IBM Cognos TM1® 10.2.1
- IBM SPSS® Modeler Server Professional 16.0
- IBM Cognos Controller 8.5

IBM Business Partner

- EG
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Augmenting analytics capabilities

As a long-term user of business analytics solutions from IBM, FoodService Denmark decided to augment its existing IBM® Cognos® solutions by introducing predictive analytics.

“For more than 14 years, we have relied on a suite of IBM Cognos solutions to offer our users the insights they need to steer the business effectively,” says Niels Peter Habekost. “We use IBM Cognos TM1® to integrate operational and financial data from our five ERP systems to deliver a single source of truth for budgeting, forecasting and activity-based costing – ensuring that we are obtaining the expected value from sales to our largest customers.

“In addition, IBM Cognos Controller helps us to roll up our financial position across the group at the touch of a button, which enables us to deliver timely financial reports to our internal and external stakeholders. And for operational reporting, IBM Cognos Business Intelligence offers us an intuitive platform to visualize and share data on sales, margins and service levels across the organization.”

He adds: “Because of our extensive experience with the IBM solution portfolio, we felt that IBM SPSS® Modeler software was the right choice for predictive analytics.”

Building on a strong partnership

FoodService Denmark engaged IBM Premier Business Partner EG to help deploy the IBM SPSS® Modeler software.

“We have worked with EG for many years, and our partnership has always been extremely productive,” says Niels Peter Habekost. “The EG team has deep expertise in analytics solutions, and we were convinced that they could help us succeed in our rollout of IBM SPSS Modeler.”

“Insight from IBM SPSS Modeler software helps us turn insight into action – ensuring that we hit the optimal margin for each promotion, and helping to drive profitability.”

– Niels Peter Habekost, CFO, FoodService Denmark

Harnessing sales-driving promotions

Today, IBM SPSS Modeler is the heart of FoodService Denmark’s marketing process – offering detailed, granular analysis of product affinities. The results are presented in portable Active Reports, delivered by IBM Cognos Business Intelligence – allowing users to download all the relevant data and slice, dice and segment it to meet their needs.

“Analyzing the results from SPSS is now the first step of our marketing process,” continues Niels Peter Habekost. “With the Active Reports, we can instantly see which combinations of products are frequently purchased together, the ‘lift’ that one product gives to another, the confidence score assigned by the model, and key sales figures such as revenue, gross profit and gross margin. We can even drill down by store or by customer group.

“Thanks to the IBM solution, we can now identify the most popular and profitable product combinations for each individual customer, and design our promotions accordingly. Understanding which products are frequently bought together is empowering our marketers and dramatically boosting the effectiveness of our campaigns. In turn, focusing on marketing campaigns that offer the greatest gross margin helps to boost our overall profitability.”

Preparing for the future

Based on the success of the IBM SPSS Modeler solution, FoodService Denmark is planning further predictive analytics initiatives.

Niels Peter Habekost comments: “We introduced IBM SPSS because we wanted insight, not just information. When one size fits all, it doesn’t fit anyone very well. Thanks to IBM SPSS, we can treat our customers in a more personalized way, and tailor the purchasing experience to meet their needs.

“Looking to the future, we are investigating the possibility of using IBM SPSS to plan store layouts, and also enhance our website to make it more personalized for each customer.”

He concludes: “Innovation is very important in our industry, and analytics helps us to stay ahead of our competitors. We pride ourselves on always moving forward with the way we use technology, and we know that IBM and EG have the solutions to keep us on the road to growth.”

About FoodService Danmark

Headquartered in Stamholmen, Denmark, FoodService Danmark is a leading wholesaler of chilled, frozen and canned food products to food processing companies and retailers. With more than 1,000 employees across the country, the company generates annual revenues equivalent to approximately USD670 million.

To learn more about FoodService Danmark, please visit www.foodservicedanmark.dk

About EG

With more than 35 years of experience, EG is one of Scandinavia's leading IT service companies. From 25 regional offices, EG's 1,450 employees help enterprises across Scandinavia to gain the insights they need to steer their businesses effectively, track operational performance, and realize their productivity objectives.

To learn more about EG, please visit eg.dk



Adding value to business

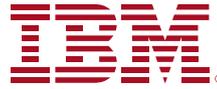
About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals.

For more information

For further information please visit ibm.com/business-analytics



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