

CP Companies Share Their Successes With Business Weather Intelligence

by Kevin Sternecker

Planalytics, a provider of business weather intelligence (BWI), recently hosted a symposium with nearly 85 consumer products (CP) manufacturers and one significant retailer, **Wal-Mart**. The group assembled to understand how companies significantly improve the accuracy of their merchandise plans through the inclusion of an important demand lever—the weather.

Most attendees agreed the weather impacts consumer buying, but what's not as clear is how, to what degree, or where these impacts occur. Business weather intelligence, however, can deliver product and location-specific insights, allowing companies to deliver a better merchandising plan.

In the mix were those that initially scoffed at the idea of utilizing weather insights to improve business performance. “We can't even get a straight answer from the local weatherman for tomorrow,” one attendee joked. But five leading companies shared their experiences, making it apparent that a careful examination of the weather and its influence on merchandise, combined with sophisticated weather trending data, can yield key improvements in meeting the demands of retailers—even the world's largest. Here are their stories.

Alberto Culver

Mark Kreuter, senior customer business manager at Alberto Culver, which is the maker of Static Guard, TRESemmé, Nexxus, Noxzema, and Mrs. Dash, highlighted Static Guard as an item where sales track closely with changes in the weather, favoring cool and dry conditions. Using business weather intelligence, Alberto Culver can customize its planning approach by time and location.

In the past, waves of product distributions that were spread evenly throughout the country led to many missed opportunities. The company found that incorporating weather intelligence throughout the planning process decreased weather-related lost sales.

General Electric

National Account Manager Ed Mammorella discussed the relevance of business weather intelligence for room air conditioners. With the industry down 35% compared to last year, and with a double-digit decline the year before that, Mr. Mammorella addressed the weather implications for this key category. While the connection between air conditioner sales and the weather seems obvious, the balance of how, where, and when remains the challenge.

GE uses business weather intelligence to understand the most efficient positioning of room air conditioner inventories. Courtesy of its BWI usage, the company's current inventory position aligns closer with demand and even contributed to a 25% reduction in retailer inventory. Mr. Mammorella spoke confidently that without weather intelligence, GE's retail inventory position would be heavy, requiring the extra costs of returns and inventory rebalancing that traditionally plagues this category.

Jarden Consumer Solutions

Brand owners of Sunbeam, K2, Mr. Coffee, and Coleman also presented its experience with business weather intelligence. National Account Manager Keith Linn shared his story about warming blankets, and although you don't need a PhD to understand the link here, understanding the weather effects on consumer demand still remains a tough nut to crack.

Jarden uses business weather intelligence to create seasonal plans and determine how it can pinpoint opportunities and minimize overstock risk throughout the selling season. Mr. Linn discussed his work with a retailer's replenishment team and how business weather intelligence played a significant role in creating pre-season and in-season allocation plans. Using the Planalytics weather trend data for 2008-2009, Jarden identified areas where the season would extend longer than normal and built plans to satisfy demand and extend the sales window.

Nestle Waters North America

John Seubert, Nestle Waters customer supply chain director, provided insight into his company's use of business weather intelligence in the water category. With limited bottled water inventory, it's critical for Nestle to anticipate demand during specific periods of the year. Mr. Seubert described how weather-driven demand (hurricanes and changes in temperature, for example) can account for up to 30% of the total demand during the summer months. Nestle's use of business weather intelligence provides an understanding of the tipping point for consumers by describing when and where it will be hot enough to spike water sales, but not so hot that sales fall off, since people tend to stay indoors.

While Nestle was careful to share the specific benefits of BWI use, the company clearly communicated its consistent utilization to improve trading plans with retailers.

Shell Lubricants

Matt Edwards, inventory manager with Shell Lubricants, which is the maker of brands such as Slick 50, Rain-X, Pennzoil, and AutoShade, shared his

company's three-pronged approach to utilizing business weather intelligence. It was first used for in-season support, then to measure weather-related impacts to its promotional plans, and finally to demonstrate leadership by providing insights missed by other manufacturers to retail trading partners.

For example, using BWI information for the sunshade category during April and May 2008, Shell learned there would be a shift in demand from the traditional May period by one month. Working with its retail trading partners, the company incorporated weather insights into the ordering process, which resulted in a 50% sales increase for the targeted SKUs.

The lessons learned

Consider the following:

- **Incorporate business weather intelligence into the entire lifecycle (pre, post, and in season)**—Excluding a segment of the planning process may cause a blind eye to important opportunities.
- **Understand how to extract the right intelligence for the right audience**—There will be believers and skeptics. Demonstrate leadership through success and as your organization absorbs change.
- **Open channels of communication internally and externally with your trading partners**—All presenters found larger improvements when their trading partners were involved.
- **Close the loop of the season with a post-mortem evaluation**—Learn from your successes and misses. As this will be new to many, the BWI application will require a process of continuous improvement.

BWI: Another piece to the demand puzzle

While the Planalytics event largely highlighted the activities of manufacturers, business weather intelligence represents a significant consumer demand management tool available to companies looking to remove the excuse of weather from poor performance. While understanding the effects of weather on many items seems intuitive, the business weather intelligence's power lies in highlighting the demand effects on the less obvious. Utilizing it provides another piece of the complex sensing and shaping consumer demand puzzle.