



Quaker Uses Weather Intelligence to Maximise Sales of Porridge Oats



Planalytics has been able to pinpoint exactly when consumers start to buy more porridge.

Overview

In a crowded market place with two major brands as competitors, a cereal brand such as Quaker Oats needs to use a variety of innovative tactics in order to maximise sales.

With such a seasonally-affected product, gaining a greater understanding of the weather, and how weather conditions affect sales, is just one of the tactics used by the organisation to ensure that the business exceeds year-on-year growth targets.

Quaker uses long-range and short-range Business Weather Intelligence® from Planalytics to ensure that the company does not miss any weather-driven opportunities to maximise sales of porridge oats and to ensure that there is always enough stock available in the warehouse and on supermarket shelves for when people need it.

Quaker Oats — A Weather-driven Business

The team at Quaker is well aware that porridge is a seasonally affected product with approximately 65% of sales occurring between September and March. And following a piece of analysis from Nielsen which showed that a warmer than average winter 07/08 had adversely affected supermarket sales of porridge oats – the team clearly understood the significance of the weather to the Quaker Oats business in a very tangible way.

Growth targets, however, pay no attention to the vagaries of the weather and a poor season weather-wise cannot be used as an excuse for missing sales targets. The Quaker team realised that in order to maximise sales it would be advantageous to know more about how weather will impact demand for the forthcoming season

as compared to previous seasons, and to know well enough in advance to make some sound planning decisions.

Hayley Stringfellow, Marketing Manager, Quaker, explains, “It was at the time of the Nielsen report that we first met with Planalytics and began to see the benefit of understanding the weather in advance rather than using it to explain away the past.”

Following a 6 month trial, the Pepsico board approved the business case for a continuing relationship with Planalytics. The Business Weather Intelligence data is now used throughout the Quaker Oats supply chain from manufacturing and production through to marketing, demand planning, finance and sales in order to maximise the sale of porridge oats.

Taking the Guesswork Out of Planning

Using several years of supermarket sales data alongside weather reports for the same period, Planalytics has been able to pinpoint exactly when consumers start to buy more porridge.,

Hayley Stringfellow comments, "We'd always known that the product was seasonal, with higher sales during the winter, but for the first time we'd understood the significance of the temperature. Customers have to feel the cold before they buy the product.

Using Planalytics' weather-driven demand forecasts, Quaker was able to pinpoint when the porridge buying season will start and end. Additionally, Planalytics' short-range forecast tools allowed Quaker to address any other weather-related factors that affect demand once the season starts.

Business Weather Intelligence — Influencing the Manufacturing Cycle

Quaker buys oats from its own farmers in Scotland, so the Planalytics intelligence isn't used to influence purchasing decisions. It does, however, influence the manufacturing cycle. In January 2008 Planalytics was already forecasting a colder winter 2008/9 than the previous winter. This immediately prompted Quaker to bring forward the manufacture and stock-building of oats to June 2008, three weeks ahead of usual.

Hayley Stringfellow comments, "Once the porridge-buying season starts, we run at full manufacturing capacity to stay ahead of demand, so with the news from Planalytics that the winter would be colder than average, we needed a head-start on the season to ensure that there was no likelihood that we'd run out of oats later in the season. The intelligence proved to be accurate, sales were up and we maintained healthy stock levels throughout."

Business Weather Intelligence — Influencing Marketing Planning

Quaker has used Planalytics weather intelligence over two seasons now to forecast the start of the winter season and to pinpoint the optimum time to start marketing campaigns to drive customer demand.

Hayley Stringfellow explains, "For the last two years we've planned our advertising campaigns depending on when Planalytics has forecast snow and colder weather. Last season we used the outlooks to decide exactly which weeks we'd run our winter advertising campaign, and to help decide whether we wanted to run a radio sponsorship through into

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March to make the most of the weather-driven opportunities."

During winter 2007/08, Quaker produced two completely different TV commercials, one with a snow scene and one without, and used the insights from Planalytics to decide which of the two ads to run, and when. The accurate, short-range snow forecasts from Planalytics gave Quaker the confidence to schedule the snow-scene ad only when it was snowing outside.

Business Weather Intelligence — Influencing the Supermarkets

In 2008, Quaker used data modelling tools to look retrospectively at store by store porridge sales for a major supermarket, to check stock availability during periods where there had been significant weather-driven demand. If stores hadn't

seen a significant uplift in sales during these periods, this indicated an availability problem in store. This retrospective look at sales provided useful information to take to the supermarket cereal buyers to demonstrate that the Quaker Oats is a very weather-driven product and that sales were missed due poor stock availability.

Planalytics weather-intelligence has given Quaker another way of engaging with the major supermarkets, to the advantage of both the supermarket and Quaker.

Securing prominent store positions for stock and marketing materials is essential for both parties during those periods when the weather conditions are favourable for porridge sales. Hayley Stringfellow explains, "The Planalytics intelligence has given us a bargaining chip with the supermarkets and a louder voice than we'd generally have as a smaller player in the cereal market. Using store-level sales data, we're now able to highlight where some supermarkets in a chain have underperformed, generally due to stock-outs, when the weather conditions were indicating strong sales. This intelligence, alongside the Planalytics weather-driven demand outlooks for future seasons, ensures that we're invited to sit down with the supermarkets to discuss how we all avoid missing future sales opportunities."

Future Plans

Quaker will continue to use strategic and tactical weather intelligence from Planalytics and hopes to continue demonstrating the accuracy of the data both to internal teams and to the supermarkets. "There's a growing confidence in the accuracy of the forecasts and we're now looking at ways in which we can use the data as effectively as possible to influence sales," concludes Hayley Stringfellow. ●