

Kraft Heinz Overcomes COVID and Consumer Shifts to Transform its Forecasting, Planning, and Go-To-Market Strategy

Kraft*Heinz*

CUSTOMER STORY

Using Global Data + AI to Navigate Uncertainty



FEATURED CUSTOMER STORY

The Kraft Heinz Company partnered with Prevedere to modernize its forecasting, planning processes, and culture to respond to two significant go to market challenges:

CONSUMER SHIFTS
COVID + MARKET VOLATILITY

KRAFT HEINZ OPERATES WITHIN VOLATILE GLOBAL MARKETS

The Kraft Heinz Company (KHC) is one of the largest CPG organizations in the world with over \$26 billion in annual revenue. It manufactures and sells products worldwide within 80 food and beverage categories, and has a consumer penetration rate of 97% in the US.

Forecasting and planning is a critical function, performed on a monthly, quarterly and annual basis by teams around the world. Budgets and resources are constantly re-assessed.

In 2020 KHC reorganized and regrouped its categories into 6 new product platforms, based around consumer behavior, supporting a transformational new growth strategy.

COVID has rocked even their most stable categories, and triggered a new initiative to commence all planning with macro economic views and predictions of each of their key markets.

THE KRAFT
HEINZ
STORY

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“All retailers and CPGs should consider macroeconomic factors to improve their business planning. Not only will forecasting accuracy improve, but go-to-market planners will be fully educated as to what external factors are important to their markets.”



BERNARDO FIAUX
GLOBAL HEAD OF EXCELLENCE
AND CAPABILITIES

CHALLENGES

Consumer Shifts in Behavior

In 2019 KHC saw that consumer behavior in their markets was shifting, even before COVID. An increase in eCommerce, a desire for greater convenience, more snacking and mini-meals and a willingness to experiment with taste. KHC saw a real opportunity to reorganize and focus on a new growth strategy.

KHC decided to regroup its categories into consumer behavior-based platforms, and to develop objectives, plans, and marketing around these new trends. They really needed visibility and intelligence around these go to market platforms, especially regards CAGR predictions, in order to optimize forecasts, budgets and resources.

And then COVID struck.

COVID + Volatility

In 2020 the business world was shaken by the pandemic as every industry was impacted in varying ways. KHC experienced a surge in demand and their teams adjusted the best they could. It was clear that forecasting based on historical performance and internal projections was not going to cut it anymore.

This was the realization that strategic planning and ongoing forecasting needed to incorporate external market dynamics, and to quantify the unique set of market drivers for each platform and market.

Was it possible to fulfill two global objectives?

- 1 To gain predictive insight into the new consumer-behavior based platforms, to be able to optimize resources for growth?
- 2 To build market volatility into planning and forecasting processes, and create top-down macro views of markets?

SOLUTION

Proof of Concept

KHC discussed with Prevedere their desire to incorporate macroeconomic views into forecasting and planning. An initial project that targeted one of its key consumer platforms was executed. The goal was to identify contributing market drivers, then create economic-based forecasts and industry outlooks from econometric predictive models.

- Prevedere's team leveraged its global data repository and AI/ML engine to identify the leading indicators and create platform forecasts and scenarios.
- These were presented to the KHC team, along with back tested forecasts. Prevedere was able to review the identified economic drivers and validate their potential impact on KHC's business.
- Forecasts were compared to internally generated forecasts, which were then adjusted based on Prevedere's input.
- The KHC team now had a platform forecast validated by correlated economic data and macro predictions.

Global Solution

After a successful pilot resulting in a high degree of forecast accuracy and market visibility, KHC decided to greatly expand the number of predictive models across the organization, including Canada and 80 international territories.

The company's senior financial leadership realized that they needed to supplement planners' own internal knowledge with a better understanding of established and emerging market external drivers.

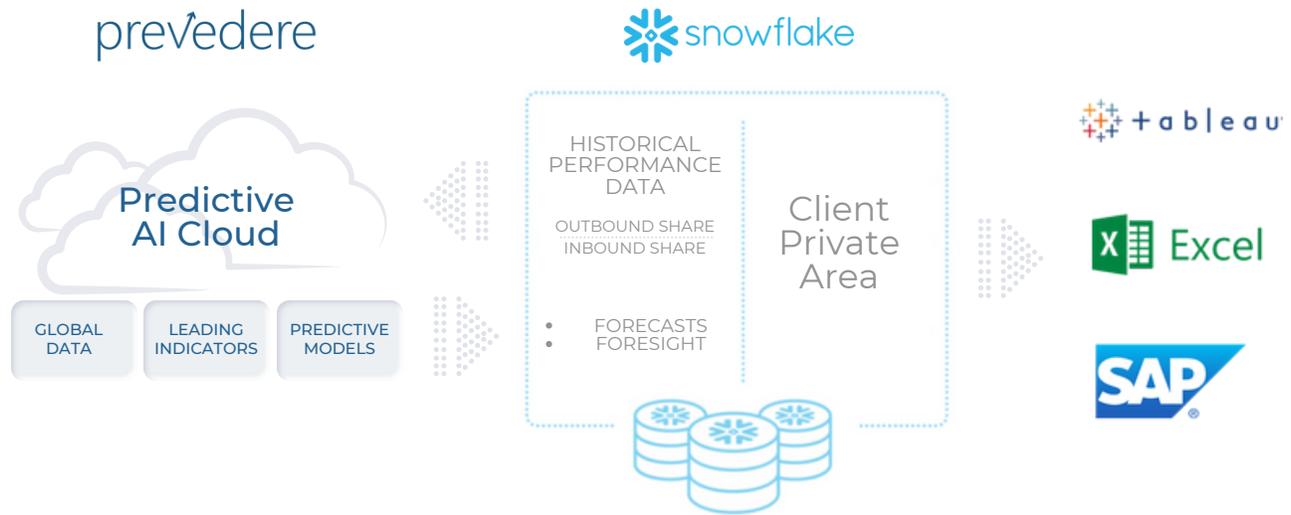
Increased Standardization

- KHC teams across the world do not all use the same practices for forecasting, so adding a macro based first step creates a common foundation for planning.

Planning Culture

- All planners are now enabled with macro data and views that relate to their own businesses. Their knowledge has greatly increased into the real drivers of their markets.

TECHNICAL OVERVIEW



THE OUTCOME

**ENABLE TRANSFORMATION and GROWTH,
MANAGE VOLATILITY and RISK**

Contributing drivers from Prevedere



Forecast Accuracy

KHC leverages Prevedere economic forecasts and scenarios for each platform and key market around the world. Forecast accuracy is improving, and confidence in planning has skyrocketed.



Guard Rails

Economic baseline forecasts combined with market assessments by Prevedere's economists provide critical intelligence and the ultimate safety net for KHC planners.



Market Savvy

Planners and leaders around the world now understand what really drives their business, and are way more knowledgeable about economic impact on supply and demand.



THE KRAFT HEINZ STORY

CONCLUSION

KHC has recently experienced two significant changes to their global business, namely shifts in consumer behavior and significant market volatility due to COVID and beyond. They are ready for all types of operating conditions, leveraging data driven predictive analytics and economist intelligence.

KHC is realizing both tactical and strategic advantages working with Prevedere's global data, AI technology and economists, including:

- Forecast accuracy, where a 1% improvement results in millions of dollars of cost savings or revenue growth
- A new layer of understanding, as to what is happening in the industry, with data driven predictions to help drive their supply chain decisions
- Ability to attain insights and discover new and impactful consumer level drivers
- Ability to attain CAGRs, market size projections and other financial metrics that were previously difficult to produce
- No more surprises, with a new confidence and ability to plan for future opportunity and risk

Kraft Heinz is an industry leader, now armed with an understanding of market drivers and predictive models that are custom fitted to their global operation. Kraft Heinz has literally transformed its go to market strategy.

PLANNING FOR "WHAT'S NEXT"

Plan and forecast more intelligently in the new world

Add predictive analytics and economic intelligence to your business.

Getting started is easy:

- Select a layer or line of business
- Provide 36 - 60 months of performance data
- That is all we need to get the ball rolling

Talk to Prevedere to identify how we can benefit your organization.

CONTACT

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