The journey of predictive analytics in Nestlé

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Nestlé, like many CPG companies, face the same challenges in increasing demand volatility and competitions, and thus facing a growing portion of sales made on promotions, which is one of the most difficult to predict events.

We are also in an environment where more data become more accessible, notably consumption data from syndicated scanners or retailers (namely sell-out data). The use of such data becomes increasingly critical to gauge the “True Demand” at the point of sales to consumers.

This in turn helps manage our supply to retailers (namely sell-in) in a far more accurate and controlled way to ensure that we provide the right services to them, in both deliveries and maintaining retailers’ inventory holding. It is a win-win situation.

Over the past two years, Nestlé has established a much improved “Demand Planning” process and advanced analytical solution to fundamentally change the way we capture and utilize data, analyze the historical demand patterns and predict accurately the future demand at both sell-out and sell-in levels. Nestlé can also use the data and solution to track, measure and eventually optimize promotional sales. This is only possible with the use of advanced analytical solution such as what “SAS Forecasting Solutions” can offer.

Nestlé will share its experiences from its data segmentation and process, forecast modelling from sell-out to sell-in, to its attempts to optimize promotion effectiveness.