

PepsiWorld

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**Dawn of the
Bottler Information Network**



SPARTAN

Pepsi-Cola's Crystal Ball

Imagine a billion dollars.

Very few people realize just how much money one billion dollars really is. Think of a man standing on a street corner, handing out one thousand dollars for 12 hours every day. He'd have to stand on that street corner for about 230 years to give away a billion dollars. That's a lot of money.

Now imagine *eight* billion dollars. That's how much *Fortune Magazine* estimates U.S. business spent on price-off promotions last year. Wall Street analysts say that figure is conservative.

With this in mind, making the *most* of price promotion should be a *key* priority for all soft drink bottlers. And "making the most" means making sure that *every* feature ad is powered by a display in the *best* possible location.

Of course, before any bottler can improve display execution, he must know exactly what's happening in the retail outlets in his franchise area. Certainly, retail audit systems provide bottlers with some of this data. But unfortunately, none of these current systems offer an *accurate* picture of display activity—information that would let bottlers know if they are actually getting the extra in-store territory.

Even more critical is the fact that bottlers are not receiving information in time to take action—to build the display that somehow was never built.

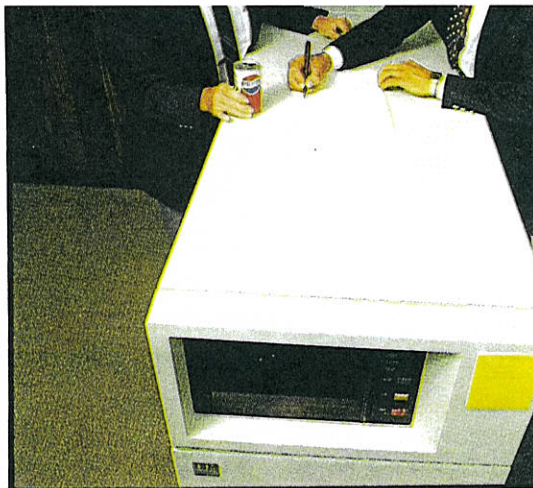
Spartrac has the power to change all this and more. Some might refer to it as Pepsi-Cola's *crystal ball*—gazing into it can tell bottlers just how well their sales teams are executing account displays.

Computer Tracking Program

Simply put, Spartrac is a computerized tracking program that allows a bottler to monitor display execution *overnight*—a competitive edge the Pepsi-Cola enterprise has never had before.

Developed by Spar, Inc. (Elmsford, NY) for Pepsi-Cola in early 1983, and later field-tested by Alpac (Seattle, WA), Pepsi-Cola/Salt Lake City and Pepsi-Cola/Memphis, TN, Spartrac is designed to remedy display execution problems while a promotion is *still active*.

In conjunction with a Bottler-initiated weekly audit system, the Spartrac computer program provides bottlers with weekly, monthly and year-to-date reports



Pepsi-Cola/Salt Lake City's Bob Golding, director of sales and marketing (left), and Brent Romig, area marketing manager, have a clear and accurate picture of display execution in the marketplace—thanks to Spartrac.



An auditor takes some notes on end-aisle real estate in a Seattle, WA supermarket. The Seattle Alpaca Pepsi-Cola franchise was one of the initial testing grounds for the Spartrac retail auditing system.

on display execution the *day following the audit.*

Considering that Pepsi-Cola Bottlers will spend an estimated *one billion dollars* on promotional discounts in 1984, it's essential to have the capability of maximizing the effectiveness of those dollars.

"Spartrac is the type of program I've been after for a long time," says Pepsi-Cola/Salt Lake City president Burt Bruns. "Most bottlers *believe* they execute better than they *actually* do. Once we cranked-up the Spartrac program, we moved from 60 percent to 90-plus percent display execution against feature ads."

Similar success is being reported in Spartrac expansion markets like Louisville, Memphis, Tulsa, Ft. Smith, the Pepsi Bottling Group, Lexington, Miami and Cincinnati. And the list is growing rapidly.

"I've always been skeptical of programs that claim to do everything," says John Ott, the Pepsi-Cola Bottler in Memphis, "and even more so when the program is

tied into a computer. But Spartrac works. It *really* works."

Indeed, Spartrac works on the principle of *complete* monthly auditing.

At least one day of every week, an auditor—hired by the bottler and trained by a Pepsi-Cola district manager—checks display execution in approximately 25% of the million-plus outlets in the bottler's territory. The auditor then fills out a pre-printed report form, specifically tailored to the bottler's needs.

The survey is capable of reporting on *all* display and feature ad execution by market, account, brand and package.

Separating it from other retail audit systems, Spartrac also provides critically important data on display *location*. It tells the bottlers exactly where that display was built—in what outlet and the location within that particular outlet.

Location is Important

According to *Progressive Grocer*, display location is extremely important. In a recent article, the magazine pointed out that a display in the front of the store

pulls—on the average—*four times* more than a display in the rear of the store.

One problem with current auditing techniques is that racks are not counted as displays. However, racks are recognized by the Spartrac auditing system.

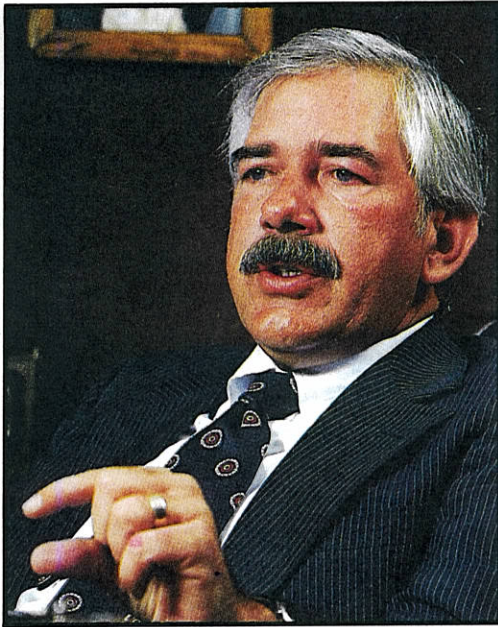
This capability is extremely valuable in those areas of the country where display locations do not follow traditional lines.

Of course, Spartrac also tracks pricing and P-O-P for all Pepsi-Cola brands and competitive brands.

How Spartrac Works

Once the weekly audit is completed, the data is keypunched into a "dumb terminal" (a terminal that has no micro-processing capability) by an operator that same evening. (Editor's Note: While Spartrac is a computerized system, the bottler does not need a computer to input information. A "dumb terminal" is all that's necessary to transmit all data to the central computer for analysis and to receive printed reports on the following morning.)

"It intrigues me to be able to get information that quickly," says Pepsi-Cola/Salt Lake City, UT president Burt Bruns (Below).



Next-day knowledge in today's highly competitive marketplace is a vital tool for bottlers.

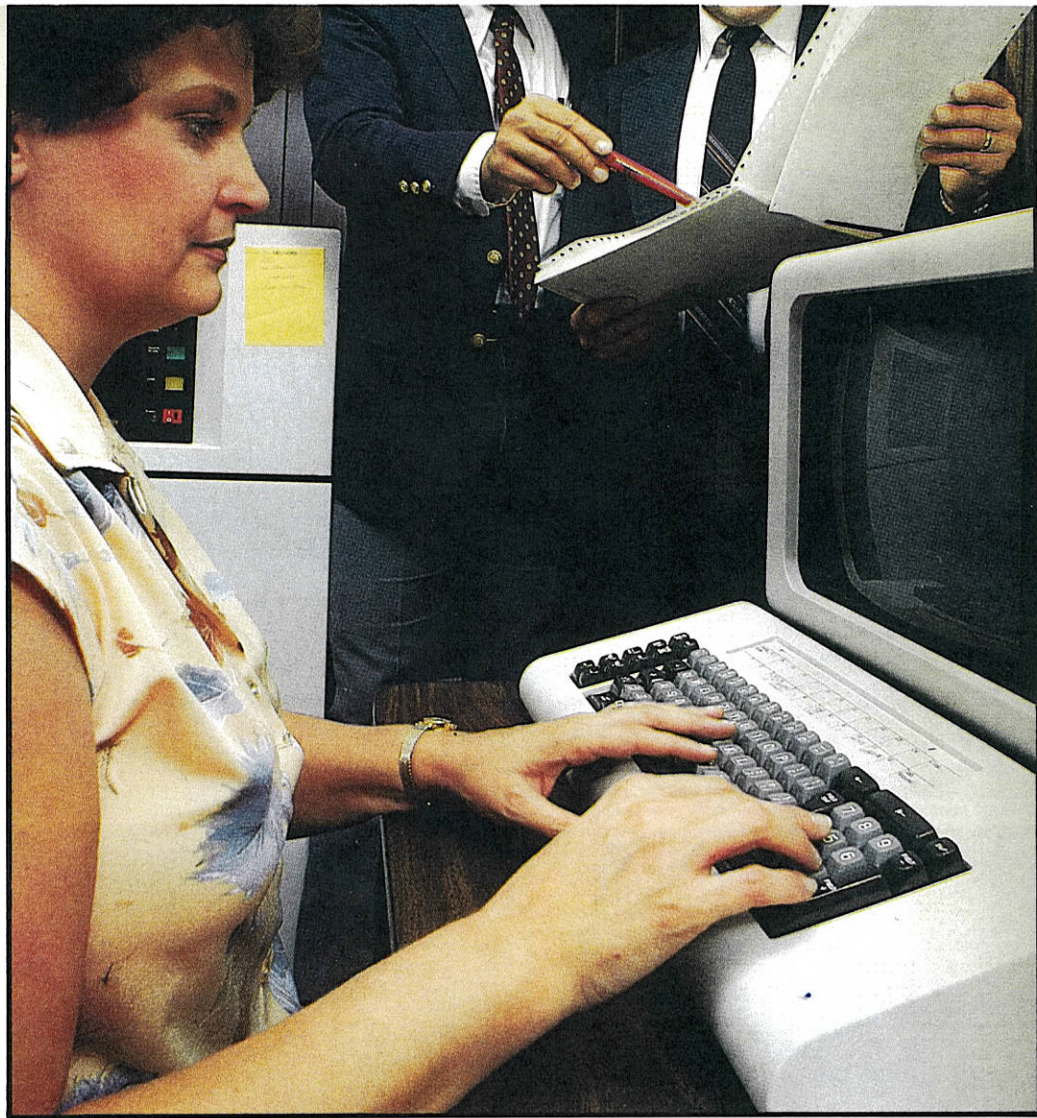
"It intrigues me to be able to get information that quickly," says Bruns, "At 6 am on Thursday mornings I have a clear snapshot of the marketplace. It gives us the chance to correct problems rapidly."

Removes Any Doubts

Extremely attractive to the bottler is the fact that Spartrac removes all doubts concerning display execution.

One bottler using the Spartrac system tells an amusing anecdote: "My district manager was telling me that my level of display execution was only 60%, and I didn't believe him. My own people were telling me that it was 100%, and I didn't believe them either. I needed something I *knew* was true, and Spartrac has given it to me."

Spartrac is a valuable tool, enabling the sales manager to pinpoint problem areas and alert his salesmen, pre-salesmen and sales supervisors. The sales manager at Alpac in Seattle, WA



says: "It's told us more than we've ever known before."

The system also enables the general manager with responsibility for franchises several hundred miles apart to monitor display execution on a weekly basis *without even leaving his office.*

Costs for installing Spartrac run approximately \$1800 per month, roughly \$22,000 per year—a relatively small cost when compared to a bottler's annual promotional budget. This includes time-sharing costs, Spar Inc.'s fee for the use of the software and the estimated salary of retail audit personnel. There is also a one-time only charge of \$1000 which pays for documentation, training of key punch operators, setting up master files for the bottlers and for various instruction manuals.

Time-Sharing Costs

"The cost of time-sharing is about \$7200 a year," says Joel Mesh, Pepsi-Cola USA's manager of sales analysis.

"But that cost can be substantially reduced if the bottler has access to an IBM or HP personal computer."

Very simply, the bottler is able to analyze the data he's collected on the personal computer before tying into the Spartrac database.

The PC owner can then transfer all of the information into the Spartrac mainframe in minutes as compared to hours (on a dumb terminal).

Some of Spartrac's fans might go so far as to say that the system is "a dream come true." Doubters only need to call Burt Bruns in Salt Lake City, John Ott in Memphis, or any other Spartrac user to be transformed into believers.

How fast can Spartrac be installed in a franchise? The answer is *very fast*. Incredible as it sounds, Spartrac can be set in place within only two weeks of receiving key information from the bottler.

Imagine. Only two weeks away from receiving your very own crystal ball—Spartrac.