

eFinancialModels

FINANCIAL MODEL CASE STUDY

Product Rollout Financial Model Case Study

How we built a custom Financial Model to plan the rollout of a packaged consumer food product through retail partners

In a consumer food rollout, results depend on how well the marketing works and on how fast each location pays back its marketing spend. The financial model let the client plan the rollout as an investment, location by location.

KEY TAKEAWAYS

- A serial entrepreneur planned the rollout of a packaged consumer food product through retail partners and needed a financial model.
- What mattered: the investment view. Marketing is paid first at each location, payback shows how long profits need to recover it, and that cash funds the next location, all tested in one model before money was committed.
- Turning point: from a volume-first wholesale push to direct retail partnerships with full marketing packages, with the rollout order set by payback.
- Outcome: a fully dynamic model with a plan by location, payback per location, reinvestment of profits and room to run scenarios.

At a glance

INDUSTRY	Consumer food product rollout (packaged food, retail)
CLIENT	A serial entrepreneur
PURPOSE	Plan the rollout of a packaged consumer food product to retailers
MODEL SCOPE	Rollout by location, volumes and market share, incentives and commissions, marketing and discount costs, profitability, payback of marketing spend, reinvestment of profits
DELIVERABLES	Fully dynamic financial model for running scenarios and updating the plan

The situation

The client, a serial entrepreneur, was bringing a packaged consumer food product to market through retail partners. The plan became a rollout, location by location, and the financial model had to follow. Every new location needs marketing money before it earns anything, and the profits of locations that are already open can pay for the next ones. The model therefore had to show how long a location needs to earn back its marketing, and how fast the rollout can fund itself.

The investment view: what is the payback period?

At each new location the client invests in direct marketing first: the marketing package for the retailer. The location then earns profit, which builds up as sales ramp up. The payback period is the time a location needs until its cumulative profit has recovered that marketing outlay. A short payback means the money is back early and can be used again. The model calculates it for every location.

What was at stake: Why the model was built around marketing and payback

A retail partnership plan puts marketing spend, its effectiveness and its payback at the center, and every new location is paid for before it earns. By building the model on those drivers, the client could test the marketing plan, see how long each location ties up cash and judge how fast profits can fund the next launch.

How a retail rollout works, and where the model comes in

A packaged consumer food product is sold through retailers, one location after another. Each location starts with a marketing package. Its profits first repay that spend, then fund the next location. The chart reads from left to right: cash starts at the marketing outlay, rises as profit builds up and crosses zero at payback.

1 Marketing package
The retailer receives a full marketing package, mostly on-site activities. This is the outlay, paid before sales ramp up.

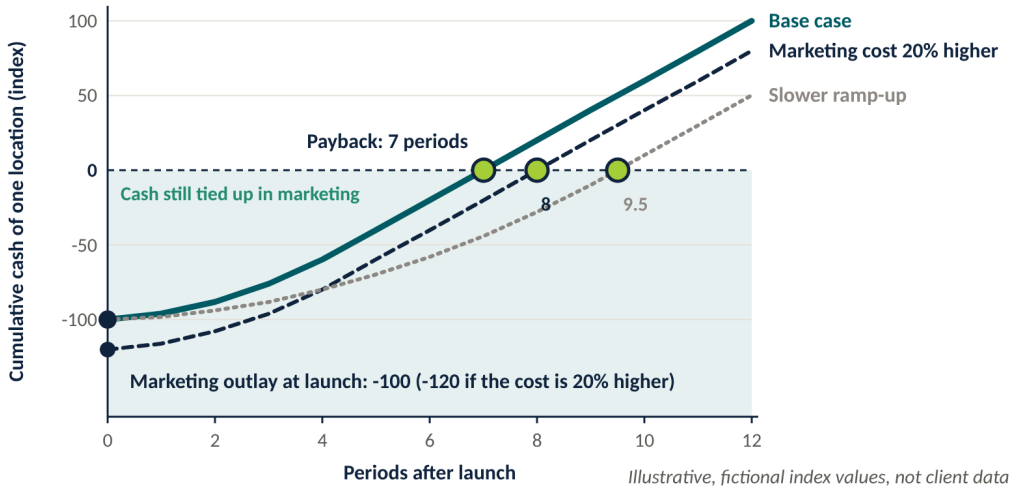
2 Retail sales
Volumes grow with traffic, competitors and expected market share, so profit builds up step by step.

3 Marketing test
Working with retailers directly makes the effectiveness of the marketing plan testable.

4 Payback
Cumulative cash crosses zero when the profits of the location have recovered the marketing spend.

5 Reinvest
Profits of open locations pay for marketing at the next locations, in order of payback.

When does one location pay back its marketing?



Cumulative cash of one location: marketing outlay first, then profit build-up, crossing zero at payback (illustrative index values, not client data).

What drives the value?

Marketing effectiveness and the payback period per location matter most. Payback moves with three inputs: the marketing cost per location, how fast sales ramp up and the margin earned. A lower cost, a faster ramp-up or a higher margin brings the crossing of zero forward. Margin per channel and reinvested profits complete the picture.

Driver tree: product rollout



Driver tree: from rollout profit and payback to the inputs (structure only, no client values).

What made it hard to model?

1 A strategy built on marketing effectiveness

DIFFICULTY Selling directly to retailers with full marketing packages shifted the key driver from volume to how well the marketing works. A model built on volume alone would miss it.

OUR SOLUTION We built the model around the rollout and its marketing effectiveness, so the marketing plan can be tested and its effect on results is visible.

2 Payback of the marketing outlay per location

DIFFICULTY Marketing is paid before a location earns, so each launch starts with negative cash. Payback depends on marketing cost, ramp-up speed and margin, and it sets which location comes first.

OUR SOLUTION We calculate cumulative cash per location, from the marketing outlay to the point where profits recover it, so the rollout order and the levers behind payback are visible.

3 Funding the rollout from its own profits

DIFFICULTY Profits of open locations pay for the next ones, so the pace depends on payback and on how much profit is reinvested instead of taken out.

OUR SOLUTION We modeled the reinvestment of profits in waves, with reinvestment share, pace and any outside funding as inputs, and show when the rollout funds itself.

4 Marketing packages and discounts as the main costs

DIFFICULTY Marketing and discount costs became the main cost items. Their size and timing depend on the pace of the rollout, as most of the spend goes to on-site marketing activities.

OUR SOLUTION We modeled marketing and discount costs and their timing in line with the planned rollout pace, and analyzed the cost structure and profitability drivers.

5 Every location has its own profile

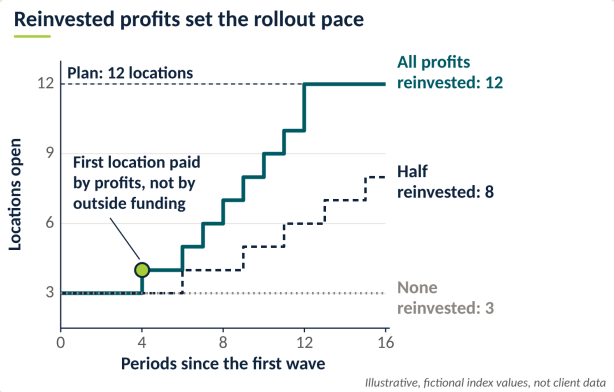
DIFFICULTY Each location has its own traffic and volume growth rate, its own competitors that affect the expected market share, its own start date, and its own sales incentives and commissions.

OUR SOLUTION We built a model that reflects traffic, growth, expected market share, rollout timing, incentives and commissions for each location, so launches are compared on their own economics.

THE TURNING POINT

From volume-first wholesale to direct retail partnerships

The first plan was to sell large volumes quickly through wholesale. For this food product, success depends on the effectiveness of the marketing campaign. So the plan moved closer to the end consumers: working with retailers directly, offering them full marketing packages and supporting their sales. This made it possible to test the marketing plan and its effectiveness, and in the long term it offers better margins. That was the deciding factor. The question for the model changed from how many units to ship to what each location returns on its marketing spend. The rollout order then follows payback: the shortest payback comes first, so that marketing spend is recovered quickly and the profits can be reinvested.



Locations open over time with and without reinvestment of profits (illustrative index values, not client data).

Cash deployment: profits pay for the next locations

Rolling out fast is a question of cash at the right time. A first wave of locations needs funding. Once these locations earn, their profits pay for marketing at the next ones, wave by wave, so the shorter the payback, the sooner each wave can start. The model tests the reinvestment share, the pace, the outside funding needed and the period from which the rollout funds itself. In the illustrative chart, reinvesting all profits opens all 12 planned locations by period 12, reinvesting half opens 8 by period 16, and with no reinvestment the rollout stays at the first 3. Testing the marketing plan in the first locations also limits the money exposed to an assumption that has not yet proven itself.

What we built

INPUTS	CALCULATION MODULES	OUTPUTS
Locations and rollout timing	Rollout by location	Volumes and profit by location
Traffic and growth by location	Volumes and market share	Payback by location
Competitors and market share	Costs and profitability drivers	Rollout order and reinvestment
Incentives and commissions	Payback and reinvestment of profits	Company financials
Marketing and discount costs	Scenarios	Scenario comparison

How we worked together

Step 1

Kick-off call

We analyzed the strategy and led the discussion on the business model and its key value drivers.

Step 2

Build the model

Built the model around the rollout, the payback of marketing spend and the reinvestment of profits.

Step 3

Review call

Reviewed the results and value drivers with the client.

Step 4

Handover call

Handed over a fully dynamic model the client can change independently.

What came out of it?

The client received a fully dynamic financial model. The client can update the rollout plan and run scenarios at any time.

- A plan by location: timing, volumes, market share, incentives and commissions.
- Payback per location and a view of cash deployment: rollout order, share of profit reinvested, outside funding needed and the point from which the rollout funds itself.
- Marketing and discount costs linked to the rollout pace, with profitability drivers analyzed.
- Assumptions can be changed, so new scenarios can be run at any time.

Lessons for a consumer product rollout

1. Let the product set the drivers. For a consumer food product, marketing effectiveness comes first, because every location repeats the same marketing assumption.
2. Plan by location. Traffic, competition, incentives and growth differ, so averages mislead and hide the locations that pay back fast.
3. Roll out where payback is shortest. Profits come back sooner and can be reinvested, so each wave of locations starts earlier.

Questions your model must answer

1. How effective is the marketing campaign, and how will you test it?
2. What does a full marketing package cost per location, and how long does a location need to pay it back?
3. What moves the payback period: marketing cost, ramp-up speed or margin per channel?
4. Which locations pay back the marketing spend fastest?
5. How much of each location's profit is reinvested in the next one?
6. How much outside funding does the first wave need, and from which period does the rollout fund itself?
7. How do traffic, competitors, incentives and commissions differ by location?
8. What happens to payback and the rollout order if marketing effectiveness is lower than planned?

Client details are anonymised to protect confidentiality. Charts, schematics and worked examples are illustrative and contain no client data.

Planning a product rollout project?

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