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AI-BASED REVENUE GROWTH FOR CONSUMER BRANDS

Executive Summary

Consumer brands are navigating one of the most challenging commercial environments in recent memory. Inflation, tariff headwinds, channel proliferation, rising trade costs, and increasingly selective shoppers have combined to render the traditional levers of revenue growth — broad price increases and undifferentiated trade spend — largely ineffective. At the same time, the data and analytical infrastructure that most brands rely on remains fragmented, slow, and siloed, leaving most revenue and margin opportunity unrealized.

This paper makes the case that Revenue Growth Management (RGM) — executed through a unified AI platform rather than disconnected functional tools — represents the most significant near-term opportunity available to consumer brand leaders. The four core RGM levers of pricing optimization, promotion and trade optimization, assortment and price pack architecture, and inventory optimization are each individually capable of delivering material financial improvement. When managed as an integrated system, their combined impact is substantially greater.

The financial opportunity is significant and well-evidenced. AI-driven pricing optimization delivers 3–5% revenue improvement and 2–3 points of gross margin expansion. Reallocating trade spend using AI-driven promotion optimization generates 4–6% incremental revenue and 10–25% improvement in trade ROI. Disciplined assortment rationalization and Price Pack Architecture contribute a further 2–5 points of sales growth alongside 1–4 points of margin improvement. Inventory optimization — an often-underappreciated lever — recovers 3–5% of lost sales while reducing inventory carrying costs and supply chain disruption. Across the four levers, the aggregate opportunity amounts to several points of net revenue growth and meaningful gross margin expansion — without requiring incremental investment.

Realizing this opportunity demands more than better analytics. It requires an AI platform that unifies RGM data, automates insight generation, drives toward decisions, and enables commercial teams to act within the rhythm of their planning cycles. Sciemo provides an end-to-end AI RGM platform that embeds intelligence across all four levers and operationalizes them within Integrated Business Planning — turning data into decisions, and decisions into revenue.

The RGM Imperative: Why Traditional Approaches Fall Short

Consumer brands today face a perfect storm: high inflation and tariff headwinds, rising trade costs, channel proliferation, private label pressure, and increasingly sophisticated shoppers who respond selectively to promotional offers. In this environment, broad-brush price increases and undifferentiated trade spend — the blunt instruments of the past decade — are rapidly losing effectiveness.

The fundamental problem is structural. Revenue growth data is fragmented across systems: pricing lives in the ERP, trade spend in a standalone TPM tool, channel data in retailer portals, and consumption data in syndicated scanner feeds. Planning cycles are slow — often months — and cross-functional alignment between sales, marketing, finance, and supply chain is largely manual and very time consuming.

Roughly 4 out of 5 large consumer brands still rely on siloed demand and supply planning with limited AI enablement or RGM integration across functions — leaving billions of dollars of potential revenue on the table.

The answer is not better analytics, action and impact are needed. An AI-based revenue growth platform with agents that unify RGM data, automate insight generation, drives to wards decisions and enables teams to act on recommendations.

The Four RGM Levers: Opportunity and Performance Benchmarks

The following sections examine each of the four core RGM levers, the typical performance gap between current-state and best-in-class, and the financial opportunity available to brands that close that gap.

Lever 1 – Pricing Optimization

Pricing is the highest-leverage RGM action: a 1-point improvement in net price realization typically generates two to four times the operating profit impact of an equivalent volume increase. Yet most consumer brands still set prices using annual list price reviews combined with ad hoc exception management, leaving significant margin opportunity unrealized.

Post-COVID price elasticities have shifted substantially by category, channel, and consumer segment. Brands that continue to apply historical elasticity assumptions risk either underpricing — leaving margin on the table — or overpricing, accelerating trade-down to

private label. AI-driven elasticity modeling, calibrated continuously against sell-out data, including competitor dynamics, enables brands to find the optimal price point for every SKU in every channel. Dynamic pricing also requires real-time competitive intelligence. Brands that monitor and respond to competitor pricing moves, consistently outperform peers in both revenue realization and market share defense.

Modern AI-driven pricing tools have been shown to improve revenue by 3–5% on average while simultaneously boosting gross margins by 2–3 points.

Lever 2 – Promotion & Trade Optimization

Trade spend and promotions represent one of the largest and often most poorly managed cost lines in consumer brands, typically consuming 15–25% of gross revenues. Industry research consistently finds that 30–40% of promotional events generate negative ROI when fully loaded costs — including supply chain disruption, pricing signal damage, and forward-buying by retailers — are factored in.

The root cause is systemic: promotion planning is often anchored in prior-year patterns rather than forward-looking demand modeling, ROI is calculated post-event using incomplete baselines, and the learnings from underperforming events are rarely systematically applied to future planning cycles.

Compounding this challenge, the new approach must account for the key retailer levers that large retailers like Walmart and Amazon actively orchestrate on products that are critical to category volume and loyalty. These levers — including algorithmic shelf placement, buy box control, sponsored product suppression, and retailer-driven promotional windows — can dramatically alter the true ROI of any given promotional event. Brands that fail to model these dynamics risk optimizing their trade plans in isolation, blind to the forces that most directly influence in-store and online conversion at the moments that matter most.

The opportunity is substantial. McKinsey research finds that reallocating trade budget from the bottom quartile of promotions to average-performing events can lift promotional ROI by 10–25% without increasing total trade spend.

AI-driven promotion optimization — which models promotional lift, cannibalization, competitor response, etailer lever activation, and supply chain implications simultaneously — enables brands to design high-ROI trade plans from the ground up rather than

optimizing last year's plans at the margins. By incorporating retailer-specific signals and behavioral patterns from dominant players like Walmart and Amazon, this approach ensures that promotional investments are calibrated against the real-world levers that drive category volume and retailer loyalty — not just historical baselines.A shift of just 10% of trade budget from bottom-quartile to average-performing promotions can generate ROI improvements of 10–25% — the equivalent of several points of net revenue growth without any incremental investment.

Lever 3 – Assortment & Price Pack Architecture

Assortment strategy — deciding which SKUs to range, in which channels, at which price points — is one of the most consequential and analytically complex RGM decisions. Brands with long-tail portfolios frequently experience significant value dilution: high-complexity, low-volume SKUs absorb disproportionate supply chain cost, reduce forecast accuracy, and crowd out shelf space that could be occupied by higher-margin, faster-turning products.

Bain research finds that simplifying product portfolios — rationalizing the bottom 20–30% of SKUs by contribution margin — can add 2–5 points of sales growth for the retained portfolio while improving gross margins by 1–4 points, as manufacturing efficiency and forecast accuracy both improve when complexity is reduced.

Price Pack Architecture (PPA) — the deliberate design of pack sizes, formats, and price points to serve distinct shopper needs and consumption occasions — sits at the intersection of assortment and pricing strategy, and represents one of the most underdeveloped RGM opportunities in the industry. Roland Berger's 2025 research finds that brands with sophisticated PPA programs deliver 2–5 points of sales growth alongside 1–4 points of gross margin improvement, as premium and occasion-specific pack configurations command higher per-unit price realization without triggering mainstream elasticity resistance.

The analytical challenge is that assortment and PPA decisions involve complex, interdependent trade-offs: eliminating a low-margin SKU may disadvantage a key retail customer, or adding a new pack format may cannibalize an existing high-margin line. AI-driven portfolio simulation — modeling the revenue, margin, share, and channel impact of different assortment and PPA configurations simultaneously — enables brands to make these decisions with full visibility into downstream consequences before committing resources.

Brands that align assortment decisions with channel-specific shopper behavior — using AI to identify the right SKU-channel combinations — consistently outperform peers in both revenue growth and gross margin expansion.

Lever 4 – Inventory Optimization

Inventory optimization is an often-underappreciated RGM lever: poor availability directly destroys revenue, while excess inventory erodes margins through write-offs, scrap, and carrying costs. IHL Group estimates that inventory distortion — the combined cost of out-of-stocks and overstock — costs the retail industry over $1.7 trillion annually, and consumer brands bear a significant share of that burden.

AI-driven demand sensing — which combines point-of-sale data, weather signals, local event data, and promotional calendars to generate short-cycle demand forecasts — can improve forecast accuracy by 10–12% versus traditional statistical methods. Critically, unlike static statistical models that are recalibrated infrequently, AI forecast models are continuously updated as new data flows in, enabling ongoing forecast refinement that captures emerging demand shifts, promotional responses, and market disruptions in near real time. This compounding improvement in accuracy translates directly into 3–5% recovery of lost sales through improved in-stock rates, alongside greater than 10% inventory reduction as safety stock is right-sized using probabilistic risk models rather than rule-of-thumb buffers.

Better inventory positioning also reduces the supply chain costs that erode RGM gains: cross-shipping, expedited freight, and emergency production runs that can consume 3–5% of net sales are all driven by demand forecast error that AI-powered sensing can substantially eliminate. Because AI models learn and self-correct with each planning cycle, the forecast errors that trigger these costly interventions become progressively less frequent — turning what is typically a recurring cost leak into a source of sustainable margin improvement. Leading CPGs have cut scrap and write-off costs by 10–25% using AI-driven replenishment — a direct contribution to net revenue realization that falls squarely within the RGM agenda.

Right-sized inventory — informed by continuously refined AI demand sensing and linked directly to promotional and pricing plans — simultaneously recovers lost revenue from out-of-stocks and removes the cost drag of overstock and waste.

RGM Lever Impact Summary

The table below summarizes the financial opportunity associated with each of the four RGM levers, based on industry benchmarks and published research.

RGM Lever	Impact Area	Revenue Growth Impact
Pricing Optimization	Revenue + Margin	3–5%
Promotion & Trade Optimization	Revenue + Efficiency	4–6%
Assortment & Price Pack Architecture	Revenue + Margin	2–5%
Inventory Optimization	Revenue + Cost	3–5% of lost sales

Critically, these levers are interdependent: pricing decisions affect promotional depth requirements, assortment choices drive which SKUs need to be in stock in which channels, and inventory accuracy directly determines whether pricing and promotion plans can be executed without costly supply chain disruption. The brands that capture the full RGM opportunity are those that manage all four levers as a connected system — not as independent workstreams.

How Sciemo Activates Every RGM Lever

Sciemo provides an end-to-end AI platform specifically architected for consumer brand RGM — embedding intelligence across every lever within the rhythm of Integrated Business Planning, so insights are not produced in isolation but are acted upon within the planning cycle.

Unified RGM Data Foundation: Catalyst AI

The prerequisite for AI-driven RGM is a unified, continuously refreshed data foundation. Sciemo's Catalyst AI data mart merges brands' internal operational data — sales, pricing, trade spend, inventory, channel sell-through — with third-party market intelligence

including syndicated scanner data, consumer demographics, competitive pricing benchmarks, and digital shelf analytics.

This unified layer eliminates the root cause of most RGM failures: decisions made with incomplete or inconsistent data across pricing, trade, and supply teams. With Catalyst AI, every RGM lever is informed by the same version of the truth, updated in near real-time.

Sciemo integrates all your valuable data into one place for you to make decisions. We both explain what's happening and show you what's next to drive revenue, all in a familiar chat interface.

AI Agents Across All Four RGM Levers

Pricing Optimization Agent: State-of-the-art Machine learning models continuously assess price elasticity by SKU, channel, and consumer segment, calibrating against live point-of-sale data rather than annual survey estimates. The pricing agent monitors competitive price moves in near real-time and recommends price adjustments with quantified revenue and margin impact — capturing 3–5% of pricing-related revenue opportunity that static annual pricing reviews routinely miss.

Promotion & Trade Optimization Agent: Sciemo's promotion agent builds data-driven trade plans from the ground up, modeling the incremental lift, baseline cannibalization, competitor response, and supply chain cost for every promotional event. ROI is recalculated in real time as actuals flow in, enabling mid-cycle course corrections that compound into 4–6% gains in incremental revenue and 10–25% improvement in overall trade ROI.

Assortment & Price Pack Architecture Agent: AI-driven portfolio simulation enables brands to model the full P&L impact of assortment and PPA decisions — including downstream effects on retailer relationships, shelf space, competitive exposure, and manufacturing complexity — before committing to changes. The PPA agent models alternative pack configurations and quantifies the revenue and margin impact of each option, replacing subjective portfolio reviews with objective, scenario-driven recommendations.

Inventory Optimization Agent: Short-cycle demand sensing combines point-of-sale data, external signals, and AI-driven forecasting to improve accuracy by 10–12%, directly recovering 3–5% of lost sales through improved availability. Supply alignment ensures that RGM-driven demand signals — new promotions, pricing changes, assortment shifts — are

immediately reflected in replenishment and production planning, eliminating the execution gap that causes RGM plans to underdeliver.

Conclusion: The AI-Powered RGM Advantage

Revenue Growth Management is not a new discipline — but AI has fundamentally changed what is achievable. The four RGM levers that drive consumer brand performance — pricing, promotion and trade, assortment and price pack architecture, and inventory optimization — can now be managed with a precision, speed, and cross-functional integration that was simply not possible with traditional planning tools.

The financial stakes are significant: brands that close the gap between current-state and best-in-class RGM execution stand to recover 5–15 points of net revenue growth and 2–5 points of gross margin improvement — without requiring incremental trade investment or pricing actions that risk consumer backlash.

The prerequisite is an AI platform purpose-built for RGM: one that unifies data across pricing, promotions, assortment, and inventory; embeds intelligence into every planning decision; and integrates seamlessly with the IBP process that governs how consumer brand teams align and execute. Sciemo has been built from the ground up to be that platform.

Consumer brands that move first to embed AI into their RGM architecture will establish durable competitive advantages in price realization, trade efficiency, and market responsiveness. Those that wait risk finding that their competitors have already captured the revenue and margin that technology has made available — and are compounding that advantage quarter by quarter.

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