

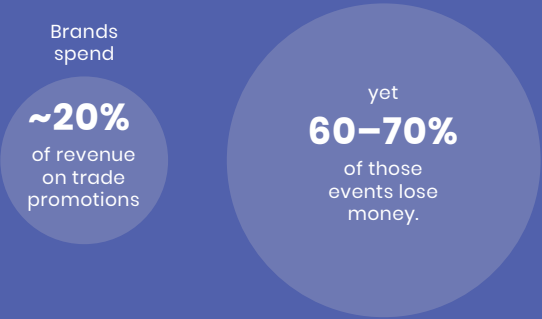
THE MOST
EXPENSIVE LIE IN CPG:

WHY VOLUME MISLEADS AND HOW TO SCORE PROMOTIONS BY PROFIT

Introduction –
The Lie That Wastes Millions

“If volume is up,
the promo worked.”

That’s the most expensive lie in CPG.



Why? Because teams still celebrate “lift” as success, when volume spikes hide the truth: **margin destruction**.

Volume is easy to see. Profit is harder to measure.

But profit is the only thing that pays salaries.

Why Volume Lies

Here are the **six reasons** lift misleads:



Pantry loading
Tomorrow’s sales dressed up as today’s win.



Cannibalization
You grew SKU A by killing SKU B.



Subsidy
You paid discounts on units you would’ve sold anyway.



Forward buying
Retailers & distributors win, you lose visibility.



Execution leakage
You paid for a promo that never actually ran.



Post-promo dip
The hangover that wrecks next month’s margin.

The result?
A P&L that looks worse even while the sales chart looks better.

Story: When Volume Lied

A brand ran a two-week discount:

10,000
Base units

22,000
(+120% sales lift)
Total promo units

TEAM REACTION:
High fives Repeat next quarter

On paper:
Sales doubled.

But here’s what finance saw:

\$20,000
Baseline profit (no promo)

\$7,500
Cannibalization loss

\$7,000
Promo profit (with discount + spend)

–\$20,500
Final incremental profit

ROI: –0.55X

On the P&L:
\$20K lit on fire.

The Real Measure

The metric that tells the truth

Incremental Profit per Store-Week.

This isolates what the promo added (or destroyed) vs. what would have happened without it.

It’s the difference between “celebrated lift” and **profitable growth**.

Benefits for CPG Teams



Objectivity
No more debating “was this good?”



Alignment
Sales, trade, and finance speak the same language.



Efficiency
Brands using this system cut 20–30% of wasted promos.



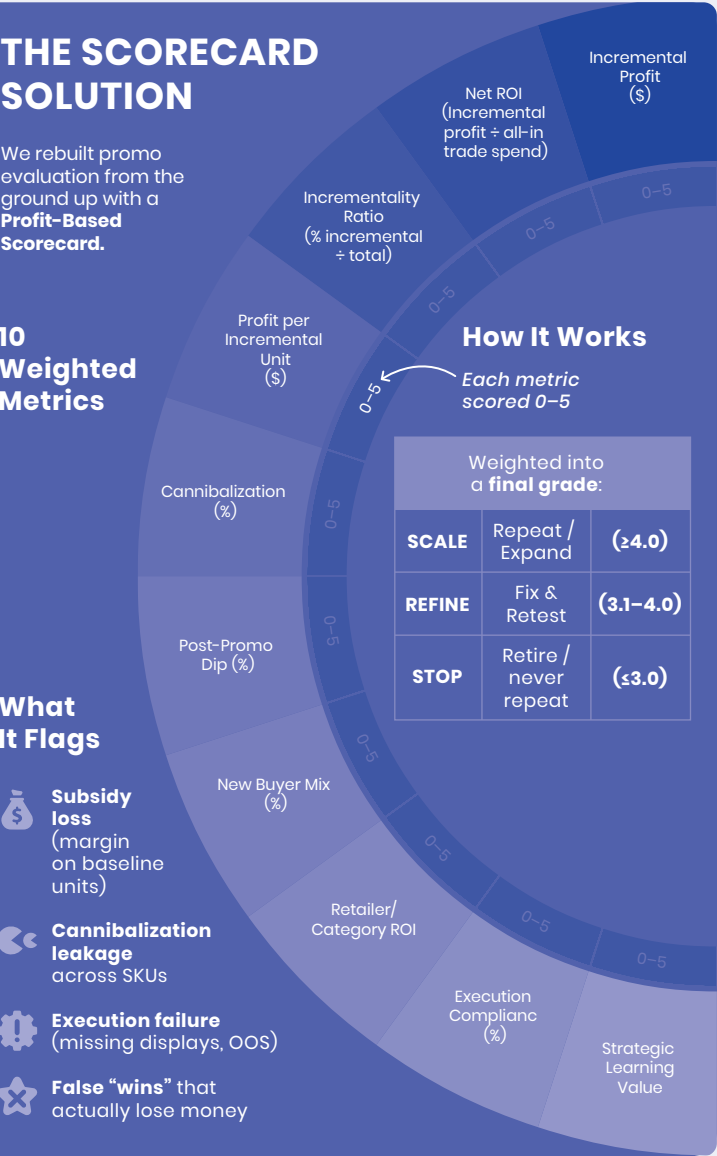
Clarity
Focus calendars on SCALE events, cut STOP events fast.

THE SCORECARD SOLUTION

We rebuilt promo evaluation from the ground up with a **Profit-Based Scorecard**.

10 Weighted Metrics

How It Works



What It Flags



Subsidy loss
(margin on baseline units)



Cannibalization leakage
across SKUs



Execution failure
(missing displays, OOS)



False “wins” that actually lose money