

FOR IMMEDIATE RELEASE
TABS GROUP PRESIDENT, KURT JETTA, GRADUATES WITH Ph. D. FROM FORDHAM
UNIVERSITY; RELEASES REVOLUTIONARY THEORY ON RETAILER PROMOTIONS

TABS Group, a marketing research and consulting company based in Shelton, CT, has announced the graduation of their President and Founder, Kurt Jetta, from Fordham University with a Ph.D. in Economics. His doctoral dissertation is named, “A Theory of Retailer Price Promotions Using Economic Foundations: It’s All Incremental,” and it offers a revolutionary take on the effect and potential profitability of retailer promotions.

Specifically, Dr. Jetta provided both empirical and theoretical proof that the temporary sales lift from retailer promotions is truly incremental at the brand, category and retailer level. According to Dr. Jetta, “it does not source from future weeks, other brands or other retailers. Sales exhibit a Complete Category Expansion Effect, and this effect is consistent with the fundamentals of microeconomic theory.”

Most intriguing for retailers and manufacturers is Jetta’s derivation of Arbitrage Opportunity Conditions (AOC) where both parties can make riskless profits. “In a narrow, but meaningful, set of circumstances the conditions are ripe for riskless profits, assuming that retailers and manufacturers are willing to collaborate on areas where they have typically been unable to in the past. These areas would include sharing of margin information, flexibility on Advertising costs, and promotional structure. If both parties can transcend these traditional barriers to collaboration, then the potential profitability benefits are huge.”

The dissertation lays out several groundbreaking findings in the area of promotional research:

- It provides a formal set of rules to determine the accuracy of baseline estimates. Baseline estimates are used in promotional analysis to estimate the sales that would have occurred.
- It applies those rules to prove that the current industry baseline estimates are flawed because they exhibit excess weekly sales volatility and they are incorrectly correlated with promotional activity. This correlation is sometimes referred to as “phantom spikes” by industry practitioners. Jetta estimated these phantom spikes overstate baseline sales estimates by 20%, on average.
- It provides a superior baseline model using a Dynamic Linear Model methodology that does not rely on costly causal measures. This new model was found to reduce weekly sales volatility by 80% and virtually eliminated correlation with promotional activity.
- Using an extensive database of over 50 retailers, across two categories and 11 brands, the research showed that there was no post-promotion dip in sales, nor was there any brand switching due to promotion nor was there any adverse effect on sales from retailers that did not promote.
- Most importantly, the research demonstrated that these findings are entirely consistent with the foundations of economic theory established by some of the giants in the academic field like Eugen Slutsky, J.R. Hicks and Antoine Augustin Cournot.

Dr. Jetta also explained that more trade spending need not be sourced from consumer marketing dollars. “Traditionally, manufacturers have viewed consumer marketing and promotional dollars as a fixed pot. However once again I call on everyone to get past the paradigms because profitable trade spending actually generates more dollars to invest in to consumer spending, which helps the baseline. A higher baseline will make promotional spending even more efficient and profitable. Each spending strategy can be self-supporting for the other.”

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