

# Strategic Use of Sales Information

## Category Management Approaches

Trade Sales and Marketing Track

WITS – July 17, 2007



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# The Nielsen Company...

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ACNielsen

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# *The “informal” Nielsen Winery Category Management Survey ...*



- 46 companies surveyed; 33% response in 1 week
- Respondent profile
  - Almost all (but one) >100K cases
  - Most do >50% off-premise (but 3 do less than that)
  - >50% have no “official” category partner or validator retail roles
  - 50% have some dedicated staff to Category Management; but 50% do not





# What is Category Management?

- A **joint** Retailer/Supplier process for evaluating and managing categories
  - as **separate** business units
  - on an **item by item** basis by ...
  - focusing on delivering **consumer value** , and
  - developing and monitoring **targeted** strategies for **profitable** growth

*Customizing marketing, selling, and merchandising strategies to meet the specific needs of a retailer's customers*

## *When you discuss business with your distributors or retail customers...do you...*

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# 93%

...say they talk about how their brands relate to overall wine trends/make recommendations for the whole category

- As the name implies, “Category” Management requires a “CATEGORY” perspective
- Looking at your product’s through “rose colored glasses”, OR holding your products to lower standards than a competitor, does not belong
- Depletions only tell you “part of the picture” – about your products

# Does your company follow a formal category management process?

There is more than 1 way to practice Cat Mgmt



47% ...follow their "own" process

33% ...have no formal process

13% ...adopt formal industry process

# What are the major reasons why you practice category management?

Nielsen  
CM Survey





# You Can Help Your Customers By...

- ✓ Increasing their Store Traffic
- ✓ Building their total Transaction Size
- ✓ Building their total Transaction Profit
- ✓ Reducing their Costs
- ✓ Enhancing their Image

Wine can play a very favorable role in achieving several of these desirable outcomes!!!

# Category Management Enablers

## Information/Technology

Data, tools, technology

Knowledge of the....  
Market AND Consumer

## Scorecard

Measurement of  
progress vs objectives

## Organizational Capabilities

Structure/responsibilities  
people skills, training

## Collaborative Partnerships

# Your Knowledge is Critical; Do You Know...

## THE MARKET/CUSTOMER

- How Wine fits into the Retailer's overall mission? What is the retailer's strategy and objectives for the category?
  - pricing, promotion, assortment strategy?
- What is their scorecard for success?
- How the retailer defines/segments the category?
- Who shops the Retailer? Who's the target consumer?
- Who the Retailer defines as its competition?
- Does the Retailer cluster its stores? How?
- How the Retailer is doing in this category? Overall? By segment? Where are they over and under-developed? What are the opportunities?

## TACTICS

Pricing

Promotion

Assortment

Shelf  
Pres'n

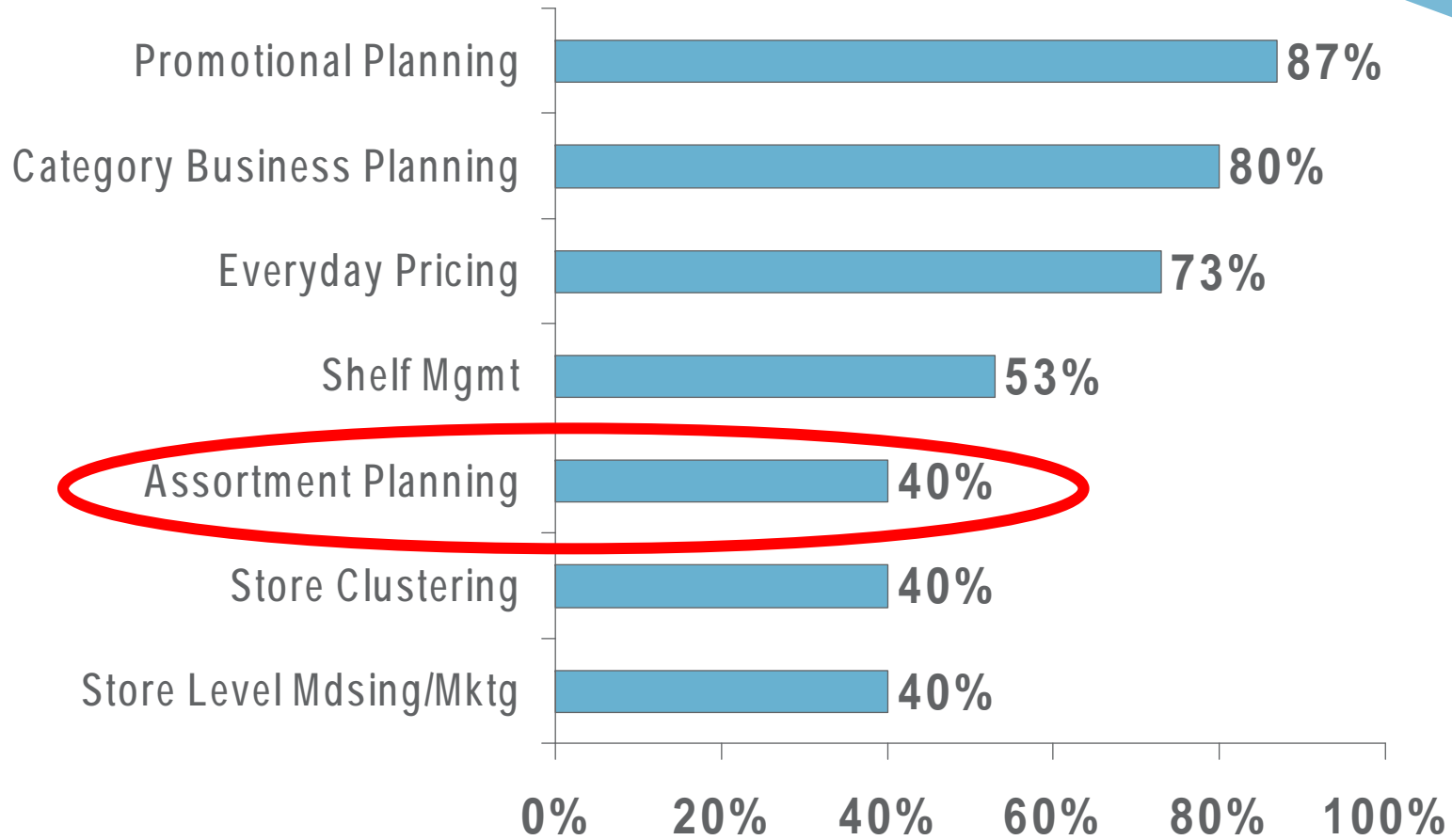
Service,  
Product Supply

## THE CONSUMER

- **WHO** buys your Wines?
- **WHERE, WHEN** (what types of trips or occasions), **HOW, WHY?**
- What other Wines do they drink?
- What else to they buy besides Wine?
- Where else do they buy/drink Wine where you are not available?
- How does your consumer fit with the retailers' target shopper?
- What does the Consumer think about your product(s)?
- How wine educated are they?

# Which of these activities does your company do?

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# Wine Leads Other Big Name Categories in Shelf Variety, but Not in Sales Productivity. Assortment is and will be a major focus!!!

Rank

GROCERY	Avg Items per Store	Total # Active Items	Annual \$ Sales (mill)	\$ per Item Carried (mill)
<b>Wine</b>	<b>588</b>	<b>13,861</b>	<b>\$4,936</b>	<b>\$8.4</b>
Juices & Drinks	586	10,331	\$10,250	\$17.5
Cookies	450	9,820	\$3,534	\$7.8
Soup	398	4,453	\$3,878	\$9.7
Carb Beverages	340	6,944	\$12,419	\$36.6
Cereal	317	3,340	\$6,776	\$21.4
Crackers	303	3,201	\$3,331	\$11.0
Salad Dressing/Mayo	269	3,975	\$2,591	\$9.6
Beer/FMB	268	5,107	\$8,340	\$31.1
Spirits	207	6,936	\$2,426	\$11.7
Sliced Lunch Meat	155	3,397	\$3,385	\$21.9

# Information Enablers

- Retail sales information

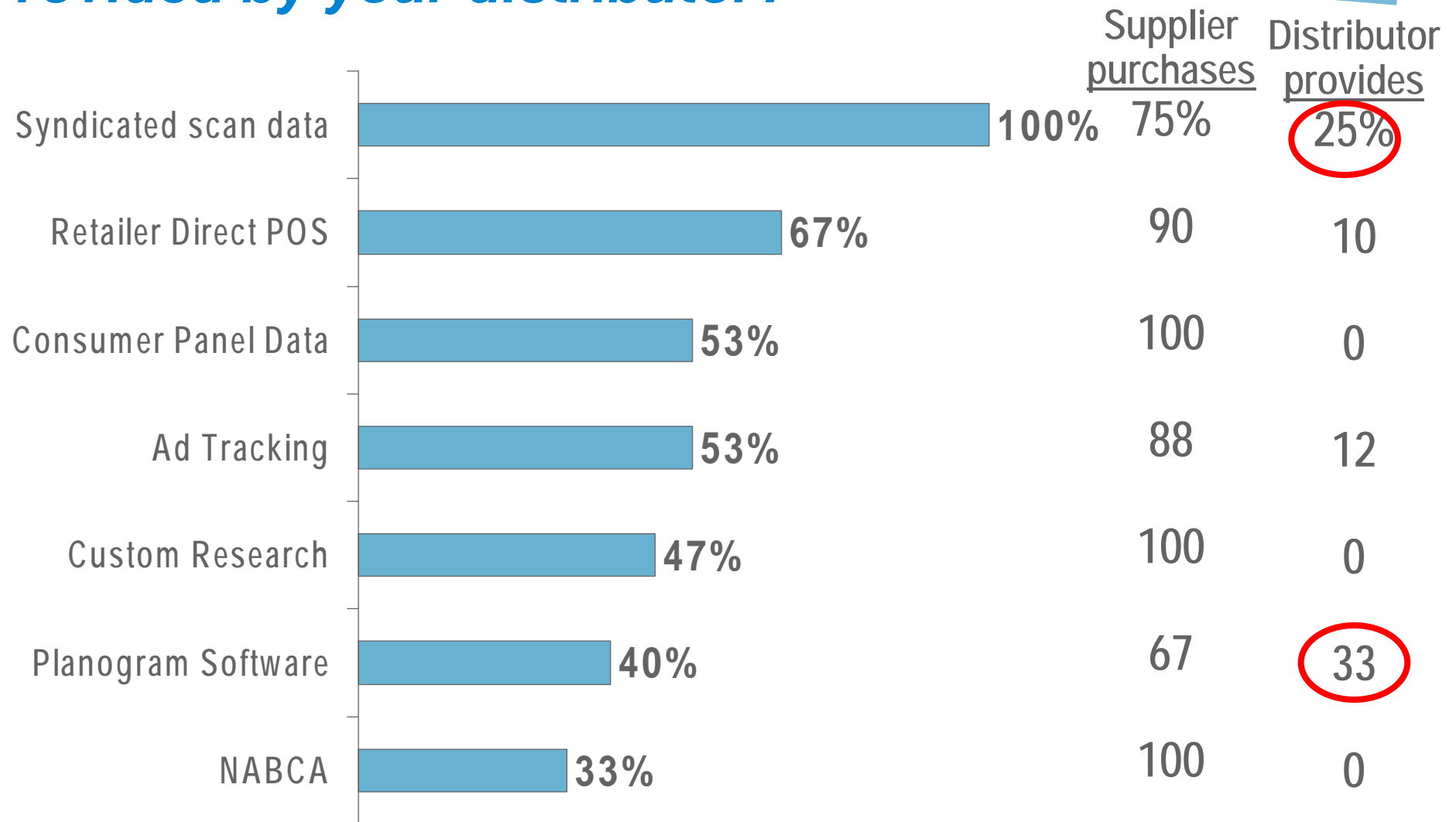
Geographic market Account Individual outlet	Category Segment Brand/Item	Current/Historical ...by week	Sales - \$/Volume Price/Promotion Distribution
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- Consumer information – segmentation/targeting

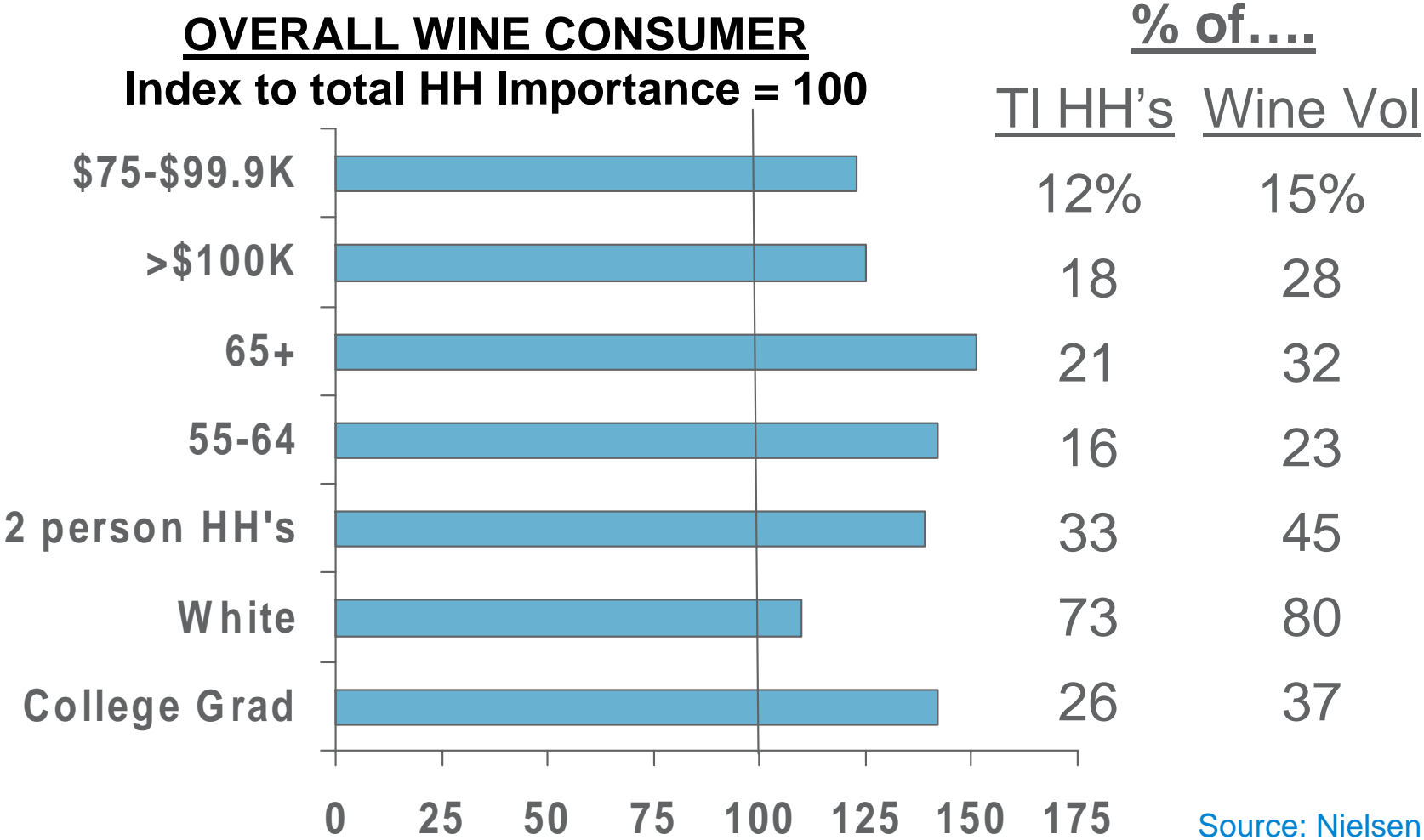
Who...  -buys Wine? -shops at stores? -What's the fit?	How/why... How often? How much/trip? What else is in the basket – Wine? Other?	Brand Loyalty? Store Loyalty?  What else do they buy? Where else do they shop?	Other Consumer Insights
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# Which of the following tools are purchased and used... By you? Provided by your distributor?

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This is the overall Wine consumer (higher income, older, highly educated)...What does your consumer look like?



Source: Nielsen Homescan



# This is the overall Wine consumer... what does your consumer look like?

Strongest development in Affluent Suburban Spreads and Cosmopolitan Centers; generally older

BehaviorStage	LifeStyle						Total
	Cosmopolitan Centers	Affluent Suburban Spreads	Comfortable Country	Struggling Urban Cores	Modest Working Towns	Plain Rural Living	
<b>Start-Up Families</b> HHs with Young Children Only < 6	84	80	48	34	45	34	54
<b>Small Scale Families</b> Small HHs with Older Children 6+	82	101	73	40	55	44	66
<b>Younger Bustling Families</b> Large HHs with Children (6+), HOH <40	63	85	48	34	43	31	49
<b>Older Bustling Families</b> Large HHs with Children (6+), HOH 40+	87	126	72	49	63	46	78
<b>Young Transitionals</b> Any size HHs, No Children, < 35	92	91	60	57	59	63	70
<b>Independent Singles</b> 1 person HHs, No Children, 35-64	123	115	78	92	76	56	89
<b>Senior Singles</b> 1 person HHs, No Children, 65+	126	140	118	93	93	73	101
<b>Established Couples</b> 2+ person HHs, No Children, 35-54	146	157	131	75	122	73	120
<b>Empty Nest Couples</b> 2+ person HHs, No Children, 55-64	177	243	177	136	131	101	165
<b>Senior Couples</b> 2+ person HHs, No Children, 65+	195	249	194	131	167	135	179
<b>Total</b>	121	146	107	71	87	69	100

Source: Nielsen Spectra Behaviorscape

# Top 15 Wine selling stores of major Retailer “Alpha”

Strong development in Affluent Suburban Spreads, Comfortable Country, and some Cosmopolitan Centers; generally older but with some younger elements

Behaviorstage		LifeStyle						Total
		Cosmopolitan Centers	Affluent Suburban Spreads	Comfortable Country	Struggling Urban Cores	Modest Working Towns	Plain Rural Living	
With Children	<b>Start-Up Families</b> HHs with Young Children Only <6	92	121	145	83	35	10	79
	<b>Small-Scale Families</b> Small HHs with Older Children 6+	115	128	120	75	23	12	73
	<b>Younger Bustling Families</b> Large HHs with Children (6+), HOH <40	96	117	98	70	23	8	62
	<b>Older Bustling Families</b> Large HHs with Children (6+), HOH 40+	84	120	123	57	21	11	74
No Children	<b>Young Transitionals</b> Any size HHs, No Children, <35	134	177	164	116	67	16	103
	<b>Independent Singles</b> 1 person HHs, No Children, 35-64	145	213	201	143	59	25	119
	<b>Senior Singles</b> 1 person HHs, No Children, 65+	146	190	179	114	60	25	98
	<b>Established Couples</b> 2+ person HHs, No Children, 35-54	119	175	215	100	44	17	115
	<b>Empty Nest Couples</b> 2+ person HHs, No Children, 55-64	120	168	251	87	35	23	123
	<b>Senior Couples</b> 2+ person HHs, No Children, 65+	138	192	297	82	53	28	132
	<b>Total</b>	123	158	186	97	45	18	100

Source: Nielsen Spectra Behaviorscape

# Bottom 15 Wine selling stores of major Retailer “Alpha”

Strong development in Struggling Urban Cores and Plain Urban Living, both “younger and older bustling families” and older couples.

Behaviorstage		LifeStyle						Total
		Cosmopolitan Centers	Affluent Suburban Spreads	Comfortable Country	Struggling Urban Cores	Modest Working Towns	Plain Rural Living	
With Children	<b>Start-Up Families</b> HHs with Young Children Only <6	118	57	31	166	84	162	99
	<b>Small-Scale Families</b> Small HHs with Older Children 6+	120	55	40	115	64	146	88
	<b>Younger Bustling Families</b> Large HHs with Children (6+), HOH <40	212	94	51	185	128	238	149
	<b>Older Bustling Families</b> Large HHs with Children (6+), HOH 40+	170	63	43	161	120	246	124
No Children	<b>Young Transitionals</b> Any size HHs, No Children, <35	64	69	34	132	65	124	83
	<b>Independent Singles</b> 1 person HHs, No Children, 35-64	56	43	42	119	71	169	88
	<b>Senior Singles</b> 1 person HHs, No Children, 65+	52	26	36	140	119	148	98
	<b>Established Couples</b> 2+ person HHs, No Children, 35-54	98	59	27	137	71	110	76
	<b>Empty Nest Couples</b> 2+ person HHs, No Children, 55-64	120	47	31	154	93	148	88
	<b>Senior Couples</b> 2+ person HHs, No Children, 65+	94	39	39	185	151	186	114
<b>Total</b>		100	55	37	147	96	168	100

Source: Nielsen Spectra Behaviorscape

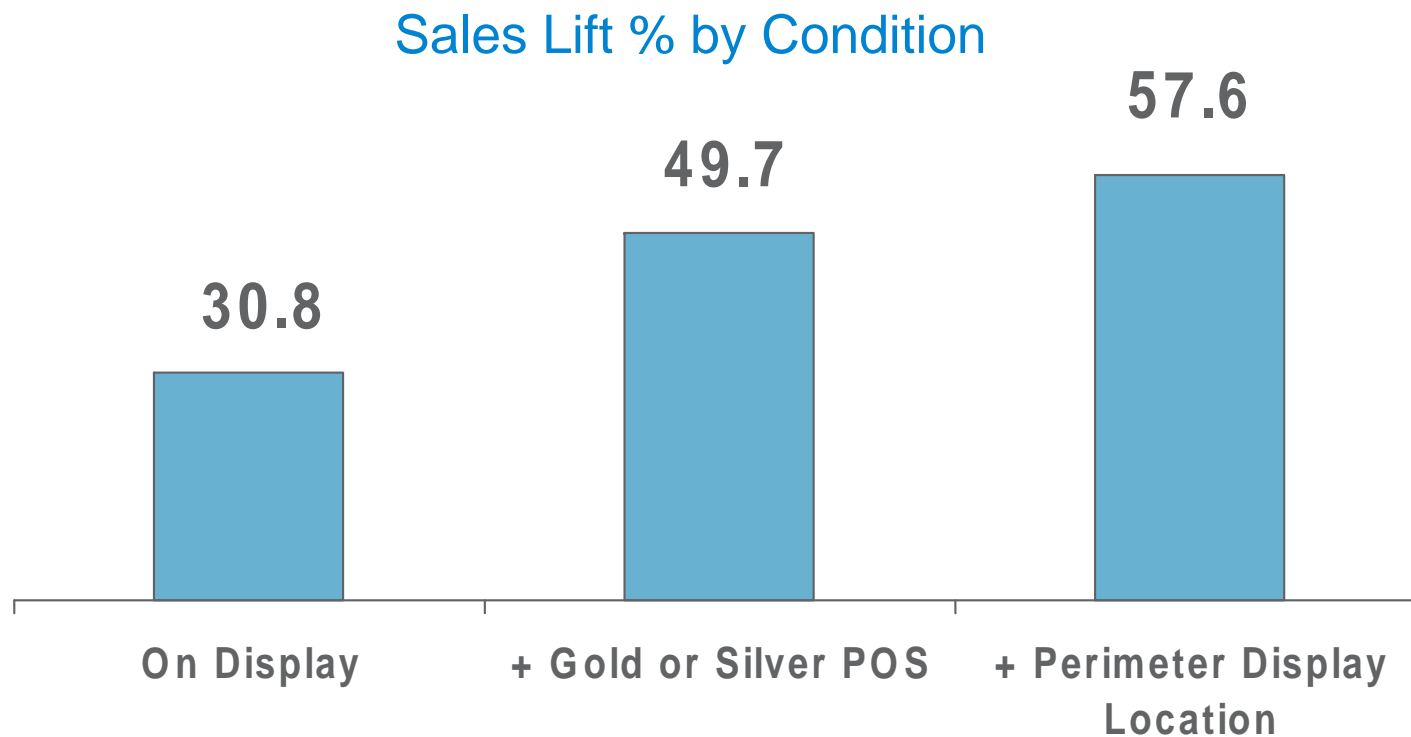
# Category Management is practiced on a continuum...



- Tools, resources (people, \$\$)
  - Multiple data sets
    - e.g. scan data, retailer direct POS, depletions by account, account/channel coding, consumer and shopper insights/segmentation, custom research
- Analytics (price, prom'n, assortment, merchandising)
  - Applications
- Data “integration” capabilities

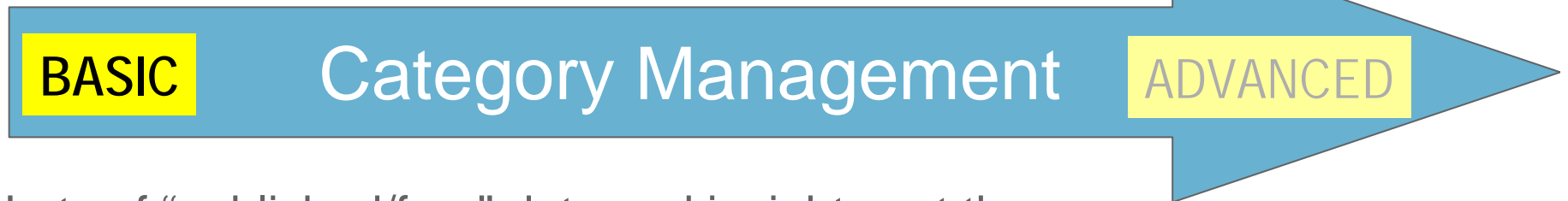
# Effects of promotions/location can be quantified


Displays accompanied by POS and the desired display location(s) resulted in a +58% sales increase



Source: Nielsen Analytic Consulting Promotion Analysis

# Category Management is practiced on a continuum... it's not only for the "big" guys



- Lots of “published/free” data and insights out there
- Wine “handbooks”
- Obtain Distributor support
  - Several large Distributors purchase information from 3rd parties, and have built Cat Man capabilities...
- Simple basic “consumer-based” information
  - Basic purchasing dynamics
  - Demographics
- Simple excel reports that “with a click” allow you to see what’s happening within the category 
  - You, your competitors, the category, key segments

# Nielsen Item Master Report (any market or account)

TOTAL Table Wine (Food, Drug, Liquor); almost 15K items ranked

Brand Description	Wine Type	Origin	Base		\$ Seg		%chg	Eq Seg Shr	Eq Vol	%chg	750 Eq		%ACV		WL- Chg	WL- Promo	W% Promo	\$ Sales Per Pt	Eq Sales Per Pt	Price Seg
			Size	Cat	Pkg	Shr					\$ Vol	Price	Chg	WL						
<b>TOTAL TABLE WINE</b>					\$ 7,458,992,646		6.5		110,108,832	3.0	\$ 5.65	\$ 0.19								
<b>TOTALSEGMENT (Sum of FILTERED ITEMS)</b>					\$ 7,458,992,646		6.5	100.0	110,108,832	3.0	\$ 5.65	\$ 0.19								

BRAND DESCRIPTION	TYPE	ORIGIN	SIZE	EGO	NTA	Shr	\$ Vol	Chg vs	Eq Seg Shr	Eq Vol	Chg vs	750ml	750ml	WL	WL	WL	Promo	Pt	Sales	Seg
Kendall-Jackson	Chardonnay	Usa	750 ML	Dm	Glas	1.7	\$ 126,929,472	5.1	0.9	953,279	2.2	\$ 11.10	\$ 0.31	85.9	(1.4)	75.0	58.9	\$ 1,476,997	11,093	\$10-15
Woodbridge Rbrt Mhdv	Chardonnay	Usa	1.5 L	Dm	Glas	1.0	\$ 73,336,541	0.8	1.0	1,093,999	1.5	\$ 5.59	\$ (0.04)	82.8	0.3	70.3	51.7	\$ 885,573	13,211	\$4-6
Cavit	Pinot Grigio	Italy	1.5 L	Imp	Glas	0.9	\$ 64,933,261	4.7	0.8	906,751	4.0	\$ 5.97	\$ 0.04	68.8	0.5	48.4	38.0	\$ 944,484	13,189	\$4-6
Clos Du Bois	Chardonnay	Usa	750 ML	Dm	Glas	0.7	\$ 54,993,195	13.2	0.4	469,864	14.2	\$ 9.75	\$ (0.08)	76.6	1.6	64.1	65.8	\$ 718,278	6,137	\$8-10
Santa Margherita	Pinot Grigio	Italy	750 ML	Imp	Glas	0.7	\$ 52,019,770	18.2	0.2	218,172	20.0	\$ 19.87	\$ (0.30)	50.0	4.0	26.6	40.1	\$ 1,040,395	4,363	\$15+
Beringer	White Zinfandel	Usa	750 ML	Dm	Glas	0.7	\$ 48,588,186	(6.4)	0.8	832,121	(5.7)	\$ 4.87	\$ (0.03)	92.2	(1.5)	70.3	53.3	\$ 527,058	9,026	\$4-6
Beringer	White Zinfandel	Usa	1.5 L	Dm	Glas	0.6	\$ 48,431,704	3.6	0.8	843,801	6.1	\$ 4.78	\$ (0.11)	85.9	0.2	57.8	38.7	\$ 563,569	9,819	\$4-6
Yellow Tail	Chardonnay	Australia	1.5 L	Imp	Glas	0.6	\$ 45,422,651	8.7	0.6	659,902	\$ 9	\$ 5.74	\$ (0.04)	71.9	2.0	54.7	43.3	\$ 631,967	9,181	\$4-6
Sutter Home	White Zinfandel	Usa	1.5 L	Dm	Glas	0.6	\$ 43,441,714	3.1	0.9	963,365	1.8	\$ 3.76	\$ 0.05	89.1	(1.4)	71.9	43.8	\$ 487,767	10,817	\$0-4
Franzia	Blush	Usa	5 L	Dm	Box	0.5	\$ 34,978,620	(1.2)	1.7	1,926,800	(1.4)	\$ 1.51	\$ 0.00	76.2	-	45.3	35.9	\$ 459,094	25,289	\$0-4

And with a couple of “filtering” clicks...

“only” Australian 750 ml Chardonnays, \$10-\$15, all “reshared”

Brand Description	Wine Type	Origin	Base		\$ Seg		%chg	Eq Seg Shr	Eq Vol	%chg	750 Eq		%ACV		WL- Chg	WL- Promo	W% Promo	\$ Sales Per Pt	Eq Sales Per Pt	Price Seg
			Size	Cat	Pkg	Shr					\$ Vol	Price	Chg	WL						
<b>TOTAL TABLE WINE</b>					\$ 7,458,992,646		6.5		110,108,832	3.0	\$ 5.65	\$ 0.19								
<b>TOTALSEGMENT (Sum of FILTERED ITEMS)</b>					\$ 5,996,902		(4.1)	0.0	44,453	(5.2)	\$ 11.24	\$ 0.13								

BRAND DESCRIPTION	TYPE	ORIGIN	SIZE	EGO	NTA	Shr	\$ Vol	Chg vs	Eq Seg Shr	Eq Vol	Chg vs	750ml	750ml	WL	WL	WL	Promo	Pt	Sales	Seg
Yellow Tail	Chardonnay	Australia	750 ML	Imp	Glas	31.0	\$ 1,859,922	(16.7)	34.3	15,245	\$ (19)	\$ 10.17	\$ 0.30	28.1	(0.4)	15.6	35.2	\$ 66,131	542	\$10-15
Greg Norman Estates	Chardonnay	Australia	750 ML	Imp	Glas	21.0	\$ 1,259,453	12.0	19.8	8,820	13.4	\$ 11.90	\$ (0.15)	12.5	-	4.7	33.3	\$ 100,756	706	\$10-15
Mad Fish	Chardonnay	Australia	750 ML	Imp	Glas	6.9	\$ 414,870	(29.1)	6.4	2,844	(26.0)	\$ 12.16	\$ (0.53)	1.6	-	-	31.6	\$ 261,368	1,792	\$10-15
Jacob'S Creek	Chardonnay	Australia	750 ML	Imp	Glas	5.7	\$ 343,194	(4.5)	6.1	2,711	(4.1)	\$ 10.55	\$ (0.04)	6.3	(0.1)	3.1	36.9	\$ 54,911	434	\$10-15
Penfolds	Chardonnay	Australia	750 ML	Imp	Glas	5.6	\$ 336,445	(5.4)	5.6	2,493	(5.5)	\$ 11.25	\$ 0.01	4.8	-	1.6	24.2	\$ 70,653	524	\$10-15
Evans & Tate	Chardonnay	Australia	750 ML	Imp	Glas	3.1	\$ 185,182	(13.4)	2.7	1,200	(7.3)	\$ 12.86	\$ (0.91)	-	-	-	27.0	\$ -	-	\$10-15
Rosemount Estate	Chardonnay	Australia	750 ML	Imp	Glas	2.7	\$ 161,377	(36.2)	2.3	1,034	(44.4)	\$ 13.01	\$ 1.68	1.6	(1.6)	-	32.8	\$ 101,668	651	\$10-15
Rock Bare	Chardonnay	Australia	750 ML	Imp	Glas	2.7	\$ 159,373	229.4	2.2	993	202.7	\$ 13.37	\$ 1.08	-	-	-	27.3	\$ -	-	\$10-15
Teal Lake	Chardonnay	Australia	750 ML	Imp	Glas	2.4	\$ 144,559	(19.1)	2.3	1,007	(18.8)	\$ 11.96	\$ (0.05)	1.6	-	-	40.5	\$ 91,072	634	\$10-15
Climbing	Chardonnay	Australia	750 ML	Imp	Glas	2.0	\$ 121,606	1,271.0	2.0	911	1,498.2	\$ 11.12	\$ (1.84)	3.1	1.5	1.6	48.1	\$ 38,914	292	\$10-15

The Nielsen logo is centered within a white circle. It features the word "nielsen" in a lowercase serif font, with the "ni" in blue and the rest in grey. Below the text is a horizontal line of eight grey dots.

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**THANK YOU!!!**