Channel and Category Optimization

Retail Measurement Study

What is Retail Audit?

- A retail survey measuring sales and other in-store observations.

- An observation study of retail activity

- A sample based study to measure consumer off-take and other measures at the point of sale.

Key characteristics of a Retail Audit

- Must measure sales to consumers

- All measurements are at retail level

- Data collection from a randomly chosen sample and projected to the real world.

- Must be a continuous tracking study with fieldwork scheduled to a regular timetable.

Outline of Method…

- Our auditors will make periodic visits to outlets to collect information on all brands:
  - Stock levels
  - Deliveries to the stores
  - Prices
  - Facings
  - Display – merchandising activities
- The data collected presents sales and other market activity for the whole market. It tells:
  - Market shares (volume and value)
  - Price per unit
  - Out of stock
  - Numerical and weighted distribution

The Five Steps of Retail Audit…1

- We follow the five key steps to producing Retail Audit data:
  1. Define the Universe
     - What are we attempting to measure?
     - How many outlets are there in the market?
     - How are they segmented by channel?
     - How large is each segment?
     - For this component – there is need to conduct a census

What is a Retail Census…?

– An attempt to enumerate all the retail outlets in a market and thoroughly define the key characteristics of that market.

– The following information is gathered:
  - Ownership of store
  - Type of outlet
  - Location of outlet
  - Products stocked in the outlets
  - Total volume sales of outlet
  - Total category volumes
  - Buying mode from manufacturers –deliveries vs. self
  - Mapping –accessibility details

The Five Steps of Retail Audit…2

Select a Sample

- A sample which is representative of the market should be selected

- Note that the number of the outlets in the sample is a function of the complexity of the trade rather than the size of the Universe.

- We apply disproportionate sampling with weights attached to volume rather than number of outlets

- Normally between 1% to 4% of the market is the sample size.

The Five Steps of Retail Audit…3

Conduct Fieldwork

- Ideally all data should be collected at midnight on the last day of the month…but in reality there is a time lag normally plus or minus two days.

- Normally fieldwork can be conducted over 20 days of the month although each outlet is audited on the same day of the month +/- two days

- Auditors move in teams:

- Develop rapport with outlet team

- Do actual counting of stocks (forward and back)

- Go through delivery notes and purchases receipts

- Evaluate Point of Sale material

The Five Steps of Retail Audit…4

Extrapolate the data

- All our published retail audit data is weighted data rather than sample data – except for distribution, which shows weighted versus numerical distribution

- The extrapolation process is also referred to as weighting the data

- Once we complete data collection, we multiplied the sales from each individual sample shop by a factor

- All shops are then added together to come up with the market picture

The Five Steps of Retail Audit…5

Four Dimensional Database:

- Our output is normally a four dimensional database:
- Facts about:
  - Market size
  - Market share
  - Out of stocks
  - Facings share
  - Manufacturer share
  - Price per unit
  - Product e.g. Telco
  - Market e.g. Lagos
  - Time e.g. January 2013

# Our Quality Control Measures

Four Dimensional Database:

- Gaining collaborations

- Collecting information

- Back checking

Brand A-Sales Market Share (quantity)
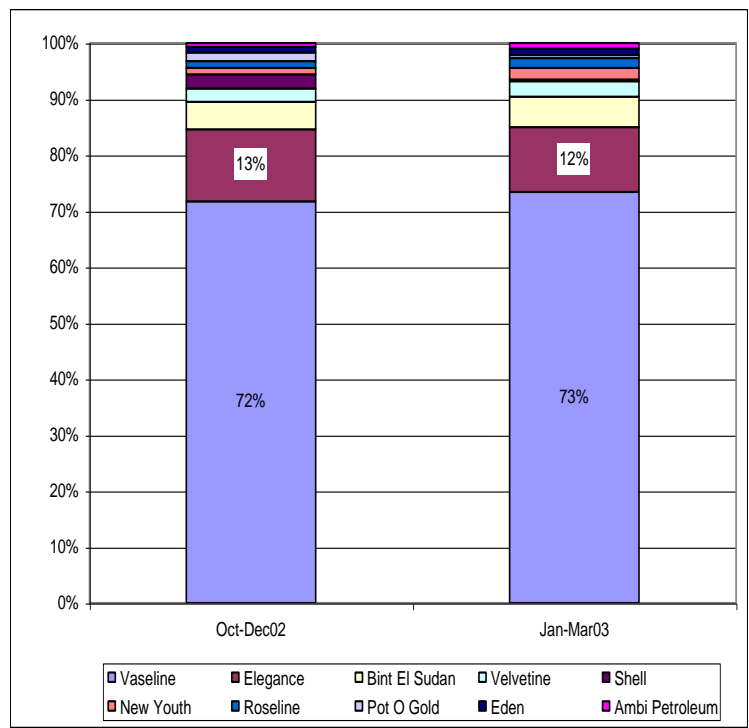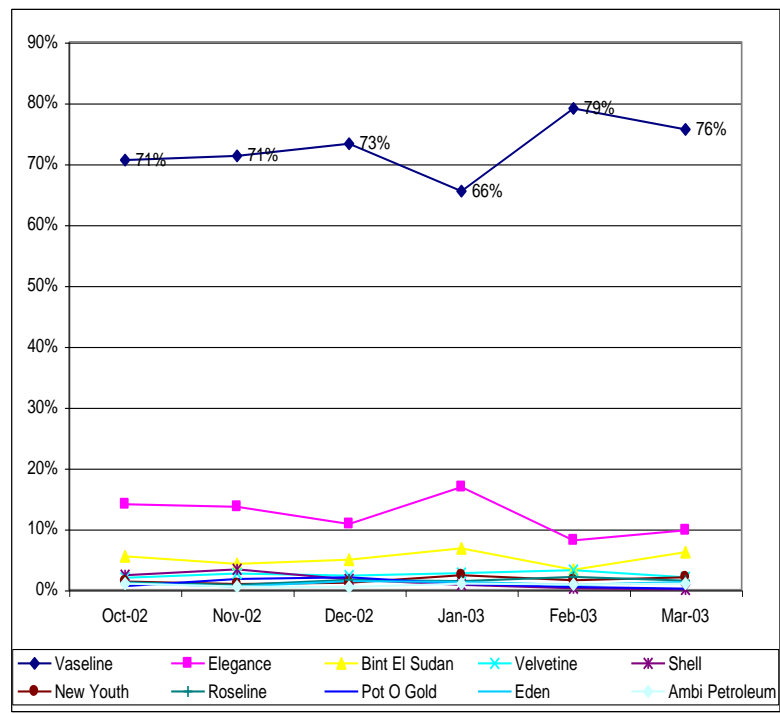
productname	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03		Oct-Dec02	Jan-Mar03
Vaseline	71%	71%	73%	66%	79%	76%		72%	73%
Elegance	14%	14%	11%	17%	8%	10%		13%	12%
Bint El Sudan	6%	4%	5%	7%	3%	6%		5%	5%
Velvetine	2%	3%	2%	3%	3%	2%		2%	3%
Shell	2%	3%	2%	1%	0%	0%		3%	0%
New Youth	1%	1%	1%	2%	2%	2%		1%	2%
Roseline	1%	1%	2%	1%	2%	2%		1%	2%
Pot O Gold	1%	2%	2%	1%	0%	0%		1%	1%
Eden	1%	1%	1%	1%	1%	1%		1%	1%
Ambi Petroleum	1%	1%	0%	1%	1%	1%		1%	1%
Market Size	212,973	207,698	175,369	125,477	162,284	132,823		198,680	140,195

Brand A- Market Size (value)
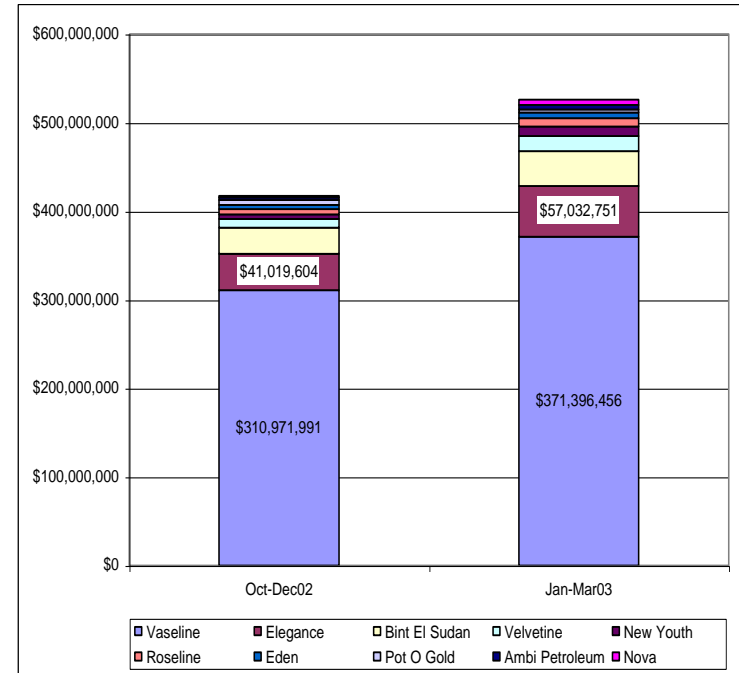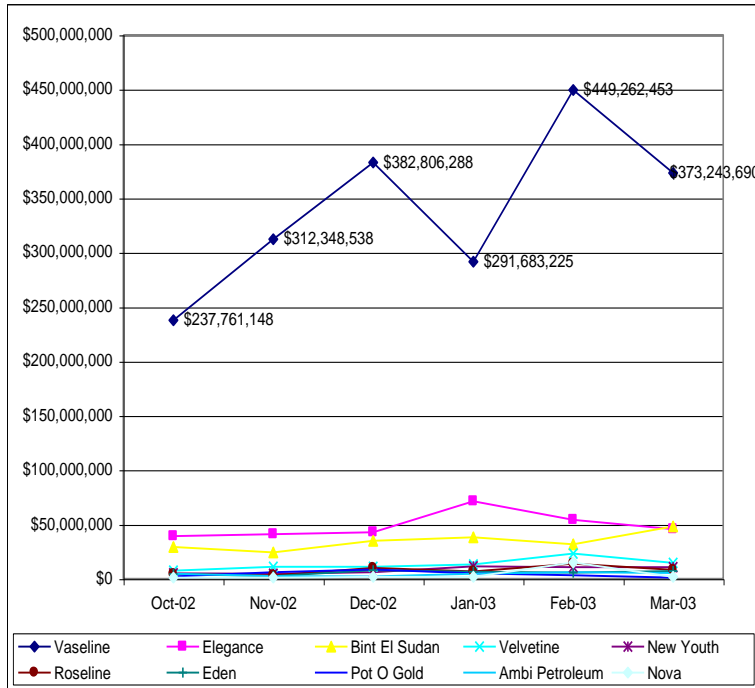
productname	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03		Oct-Dec02	Jan-Mar03
Vaseline	$237,761,148	$312,348,538	$382,806,288	$291,683,225	$449,262,453	$373,243,690		$310,971,991	$371,396,456
Elegance	$39,308,981	$40,849,097	$42,900,733	$71,166,067	$54,188,797	$45,743,389		$41,019,604	$57,032,751
Bint El Sudan	$29,131,062	$24,384,308	$34,923,464	$38,267,475	$31,693,078	$48,248,732		$29,479,611	$39,403,095
Velvetine	$7,629,316	$10,933,555	$10,888,808	$13,079,036	$23,061,049	$14,767,118		$9,817,226	$16,969,068
New Youth	$4,846,410	$4,522,919	$6,134,727	$11,410,017	$10,554,186	$10,570,107		$5,168,019	$10,844,770
Roseline	$4,415,319	$3,171,114	$9,867,129	$6,680,463	$13,908,853	$8,170,382		$5,817,854	$9,586,566
Eden	$4,317,717	$2,637,868	$7,979,633	$6,435,928	$5,572,090	$7,250,870		$4,978,406	$6,419,629
Pot O Gold	$2,018,977	$5,937,633	$8,432,590	$4,814,086	$3,294,162	$1,121,652		$5,463,067	$3,076,633
Ambi Petroleum	$4,524,942	$2,538,128	$2,306,300	$4,684,575	$5,933,232	$5,287,403		$3,123,123	$5,301,737
Nova	$1,228,720	$1,003,945	$1,897,736	$1,706,036	$14,952,549	$1,788,083		$1,376,800	$6,148,889