

## RETAIL MEASUREMENT SERVICES

# MEASURING & IMPROVING THE BUSINESS WITH SALES, SHARE & GROWTH DATA

## OVERVIEW

This job aid provides an overview of the business questions, metrics or facts, and calculations that can be used to drive business performance in sales, share and growth.

## BUSINESS QUESTIONS

When considering the business questions, you should evaluate your business against **your own business**, **your competitors' businesses** and the **overall category or market**. The questions in the chart below offer some insight into the types of business questions that RMS sales, share and growth data can help you resolve.

### SALES

- Which areas\* of my business have the highest/lowest value sales in value, volume and units?
- How does my business perform in sales over time? Is current performance in-line with trends?
- How do sales in one area\* of my business compare to sales in other areas\* of my business?
- How big is the category or market?
- How do my sales compare to the category sales?
- How do my sales contribute to overall growth in my category or market?
- How do my sales compare to sales for my competitors?

### SHARE

- How do my share compare to sales for my competitors?
- How does my business perform in share over time? Is current performance in-line with trends?

### GROWTH

- Which areas\* of my business have the highest/lowest change in sales and share in value, volume and units?
- What is the growth rate for my business over time? Is current performance in-line with trends?
- How do sales in one area\* of my business compare to sales in other areas\* of my business?
- How does my growth compare to my competitors' growth?
- What areas\* are emerging?
- How do my sales compare to the category sales?
- How do my sales contribute to overall growth in my respective are\*?

### USE YOUR ANSWERS TO



- Define strategic goals and objectives
- Benchmark strengths and weaknesses in your business
- Determine areas of the business that are good models for best practices (What to do) and lessons learned (What NOT to do)
- Recognize key opportunities for improvement and watch-outs
- Cross-reference with other RMS data to determine sales drivers and impacts
- Highlight competitive advantages and threats

\*Throughout this chart, the term "Area" or "Areas" refers to any product or market data dimension, such as Brand, Segment, Item, Country or Region.

## MEASURING & IMPROVING THE BUSINESS WITH SALES, SHARE, & GROWTH DATA

### KEY SALES, SHARE, AND GROWTH TERMS AND DEFINITIONS

| Term                                           |                                                                                                                                                                                                                                                                                                                     | Origin or Calculation                                                                                                                     |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sales</b>                                   | General terms to represent actual reported sales, expressed in Value, Volume or Units.                                                                                                                                                                                                                              | Reported database fact in terms of value, volume and units                                                                                |
| <b>Value Sales</b>                             | Actual reported sales in global or local currency.                                                                                                                                                                                                                                                                  | Volume Sales*Average Price<br><i>Will depend on your market. In some areas value sales is reported as a database fact.</i>                |
| <b>Volume Sales (Equivalent Units)</b>         | The number of packages/units purchased converted to the most appropriate unit of measure. The most appropriate unit of measure varies by product type. (e.g. Liters, Kilograms, 1000's).                                                                                                                            | Reported database fact<br><i>Will depend on your market. In some areas volume sales is a calculated field.</i>                            |
| <b>Unit Sales</b>                              | The number of packages/units purchased.                                                                                                                                                                                                                                                                             | Reported database fact                                                                                                                    |
| <b>Share</b>                                   | Percent of volume that a product represents of a category, segment, sub-segment or market. Expressed in local currency, units or Equivalentized volume.                                                                                                                                                             | Volume of product / Volume of the Category, Segment, Sub-segment or Market                                                                |
| <b>Growth</b>                                  | Represents the amount (actual growth) or percentage in growth or decline from one selected reporting period to another. Most growth comparisons occur using the same metric from a prior period (Last period or Year Ago) versus the current period.                                                                | Absolute Change vs. YA = Sales This Year - Sales Last Year<br>% Growth vs. YA = [(Sales This Year - Sales Last Year)/Sales Last Year]*100 |
| <b>Fair Share Opportunity (Fair Share Gap)</b> | A difference when comparing shares that provides a recognizable opportunity to increase sales. Used in performance comparison for brands, channels/retailers, types of shares or share of shelf/sector. Can be expressed in terms of points or amount (actual) for value, volume or share.                          | In Points = Value of one share point * # of opportunity share points<br><i>OR</i><br>Actual = Value Sales * Opportunity Share             |
| <b>Share Change Tolerance</b>                  | Guardrails to enable you to determine whether a share change level is significant. It recognizes external market conditions impacting reporting stability and precision, which enables country specific guidelines based on macro and retail conditions.<br><i>Applies only where retail audit practices exist.</i> | Varies by category                                                                                                                        |
| <b>Product Share</b>                           | The percent of total sales that a brand or manufacturer represents.                                                                                                                                                                                                                                                 | Total target sales /Total sales of base product (category) *100                                                                           |
| <b>Market Share (Share of Trade)</b>           | The percent of total sales that a retailer represents.                                                                                                                                                                                                                                                              | Total target sales /Total category sales in the market *100                                                                               |

## RELATIONSHIP BETWEEN VALUE, VOLUME AND UNIT GROWTH

The relationship between Value and Volume can indicate causal factors for performance in your business. Here are some examples:

If growth in **Value > Volume**, you can assume that increase in sales is, at least partially contributed to price increases or fewer promotions, and/or consumers are trading-up more expensive items.

If growth in **Value > Units**, you can assume that your increase in sales is, at least partially contributed to consumers purchasing more expensive packs.

If growth in **Units > Volume**, you can assume that your increase in units is, at least partially contributed to a shift to smaller pack sizes, fewer pack sizes and/or less consumption.