NIELSEN LOYALTY ANALYTICS

USING THE SALES TREE AND PERFORMANCE DRIVERS

The Sales Tree and its key Performance Drivers are the starting point of any performance analysis within our solutions. There are two flavors of the analysis: one based on *all transactions* covering the entire tLog database, and one based on *Cardholders* which is more granular and covers any transaction made with a corresponding loyalty card.

Decompose sales performance into key tactical levers

When your brand is experiencing sales growth or declines, you need to investigate which key performance indicators are driving this so you can apply the correct strategic or tactical lever to course correct; for example visits, spend per visit, units per visit or average price.

Our key performance indicators are more granular when using the loyalty card data by decomposing sales change into buying households, spend per household, spend per visit, visits per household, units per visit and average price.

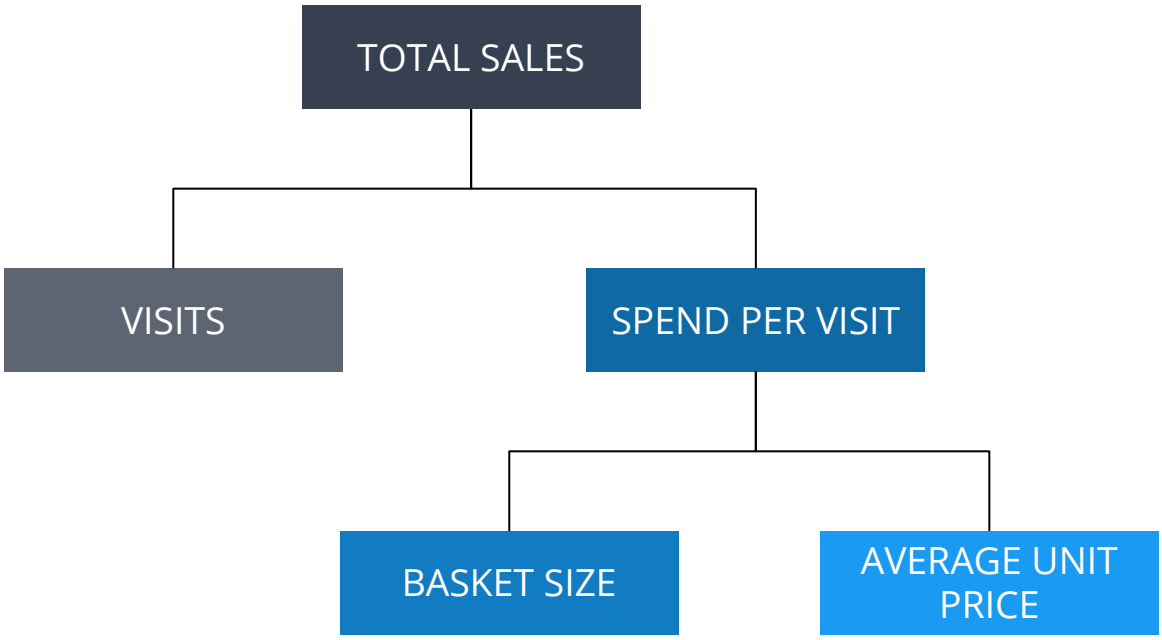
Answer Critical Business Questions

- Which underlying facts are driving overall performance?
- Should I focus on bringing in more visits or households or on building bigger baskets amongst existing purchasing customers?
- Where should I focus my marketing spend; build bigger baskets or increasing buying frequency
- Are specific customer segments performing differently over time?

Key Benefits

- Discover what is driving category growth or decline amongst the entire store transaction base or decomposed amongst the retailers loyalty card holders.
- Analyze differences in performance drivers by different product groups, geographies, customer segments or over time.

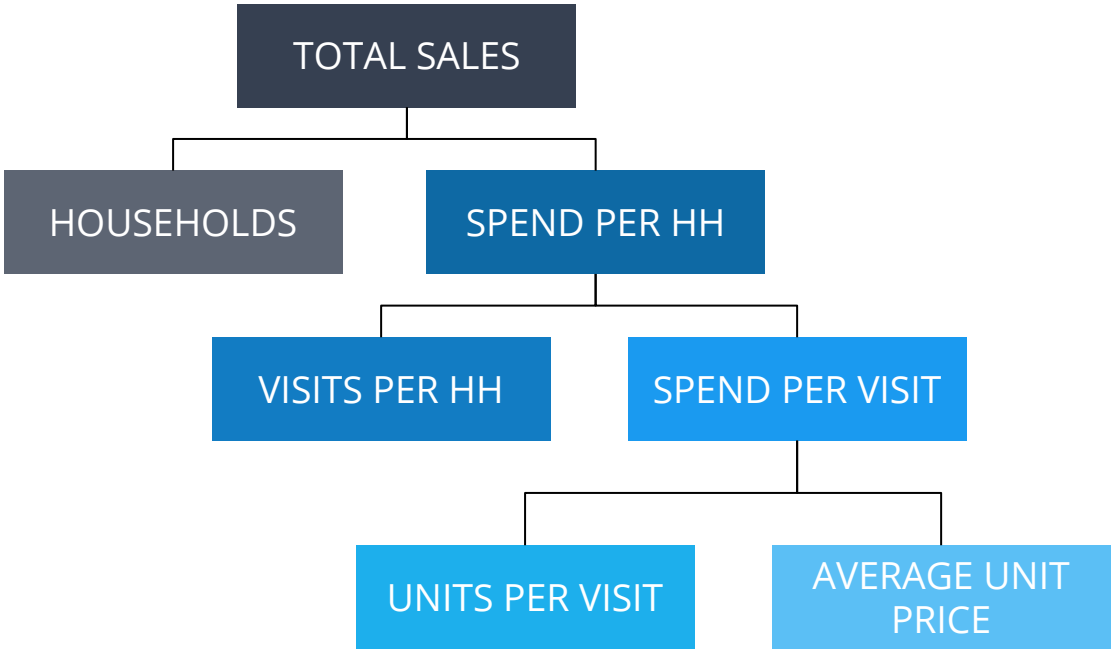
HOW DO THE FACTS IN THE SALES TREE RELATE TO EACH OTHER FOR ALL TRANSACTIONS?



The Sales Tree measures the **causes of performance change** and allows you to investigate the **most important drivers of change**, which - in turn - enables you to learn whether you need to focus on attracting new visits or target existing customers to visit more frequently, build basket size or trade up to more expensive products. For All and Non-Carded Transactions, the tree consists of five core facts:

1. **Total Sales**: total of the amount spent on the product in the selected geography and period.
2. **Visits**: the total number of visits when the product is bought.
3. **Spend per Visit**: the average amount spent on the product per shopping trip.
4. **Basket Size**: the number of product units bought per shopping trip.
5. **Average Unit Price**: total of the amount spent per single unit of the product.

HOW DO THE FACTS IN THE SALES TREE RELATE TO EACH OTHER FOR CARDHOLDERS?



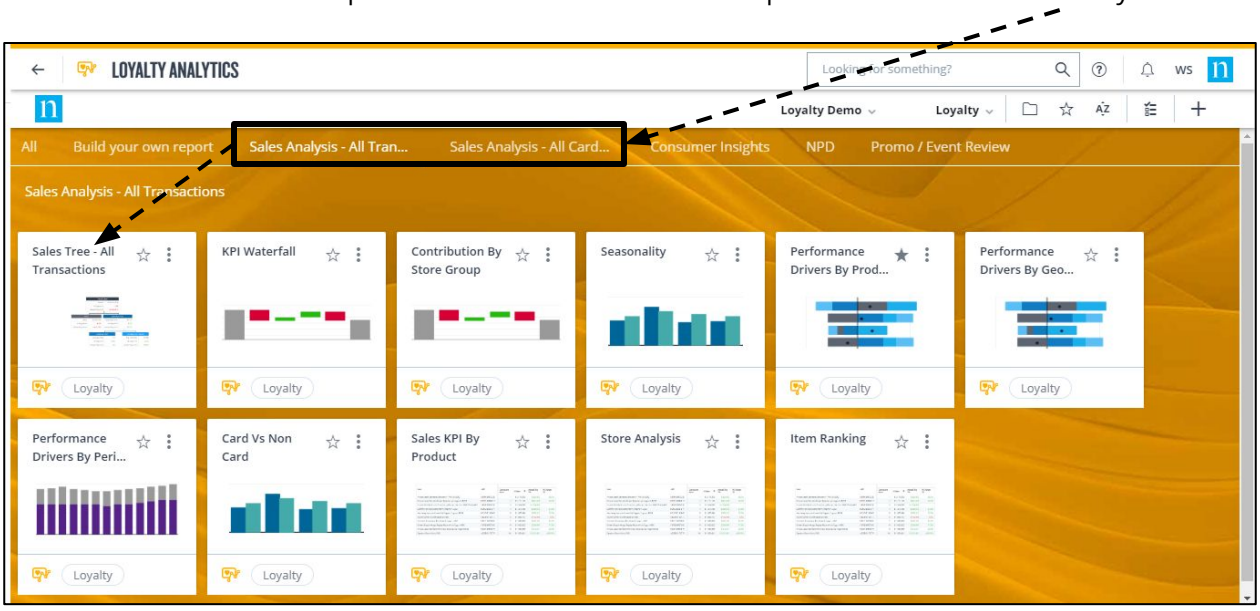
The Sales Tree measures the **causes of performance change** and allows you to discover the **most important drivers of change**, which - in turn - enables you to learn whether you need to focus on attracting new households or target building basket size. For Carded Transactions, the tree has seven core facts:

1. **Total Sales**: total of the amount spent on the product.
2. **Households**: the total number of households buying the product.
3. **Spend per HH (Household)**: the total average amount spent by a buying household on the product.
4. **Visits per HH**: the number of times a buying household has bought a basket containing the product.
5. **Spend per Visit**: the average amount spent on the product per shopping trip.
6. **Units per Visit**: the number of product units bought per shopping trip.
7. **Average Unit Price**: total spent per single unit of the product.

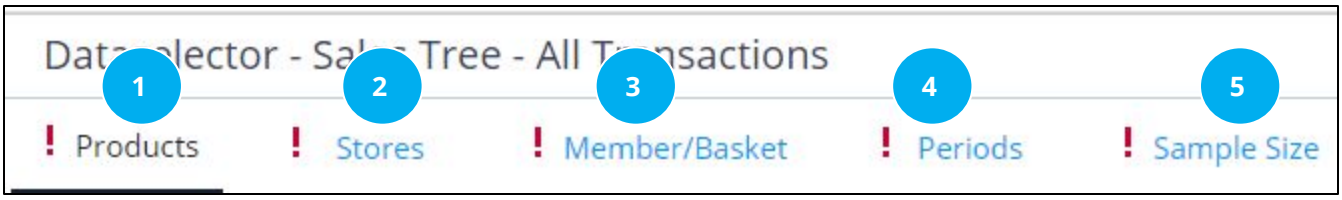
USING THE SALES TREE AND PERFORMANCE DRIVERS

SETUP YOUR SALES TREE ANALYSIS

Navigate to the list of available templates and click the sales tree template listed under Sales Analysis.



SELECT THE DATA REQUIRED FOR YOUR REPORT



1. **Products**: Select your product groupings either from the hierarchy or alternatively use Sum and Group By to select a combination of product characteristics.
2. **Stores**: Select any store group for this report.
3. **Customer Basket**: Select any value
4. **Periods**: Select any time period you are interested in.
5. **Sample Size**: Run the report on 10% or 100%.

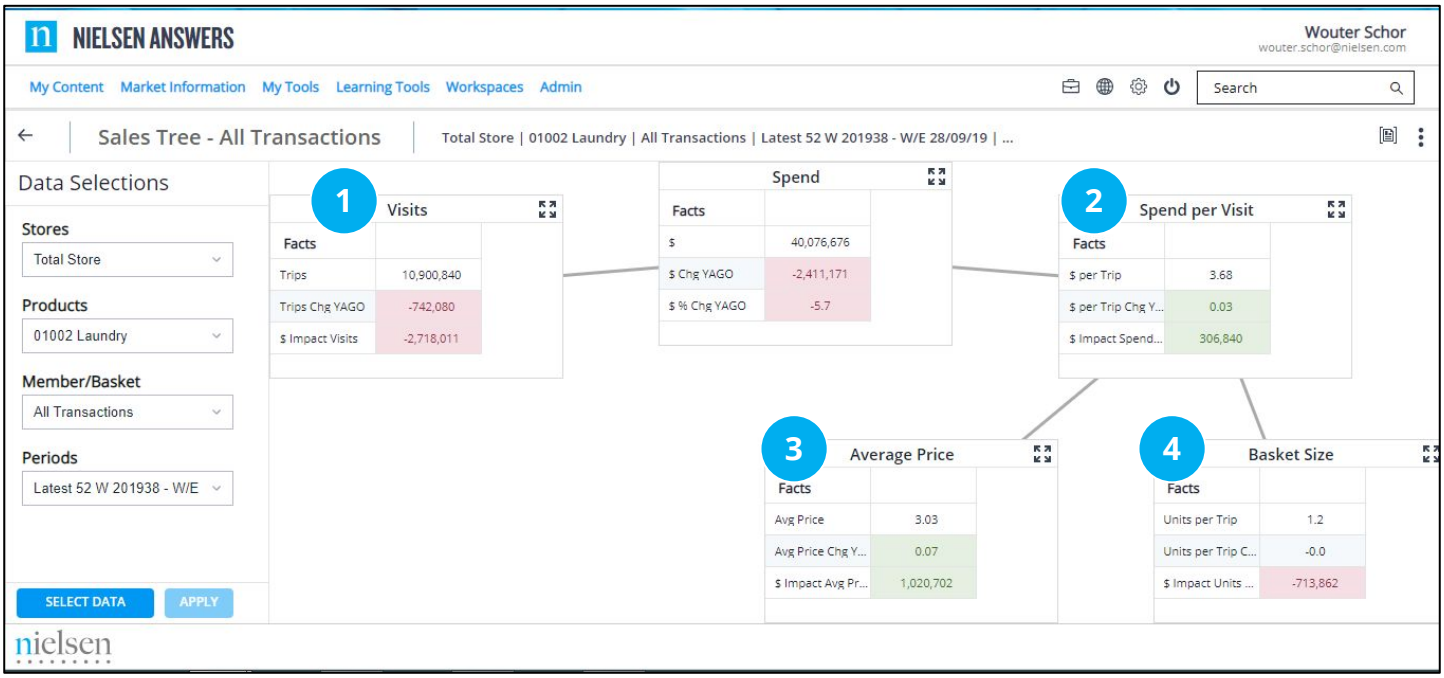
Tip: Set a default selection for Product Share base so you don't have to select it in the majority of reports.

TIPS & WATCHOUTS

1. The Sales Tree - all transactions works on any value selected in the customer / basket dimension, the cardholders version only works on values based on carded transactions.
2. The change and contribution facts are only calculated for the equivalent period last year.
3. Analyze the sales tree from the bottom up and left to right to fully investigate the underlying drivers.
4. Select multiple Store, Period and Product groups before running the report. Use the **+** function in the data selector if you want to see your target product and its children correctly in the product dimension.

Tip: Once you have run the report with multiple product, store or time period selections use the context carry functionality to compare the performance drivers side by side

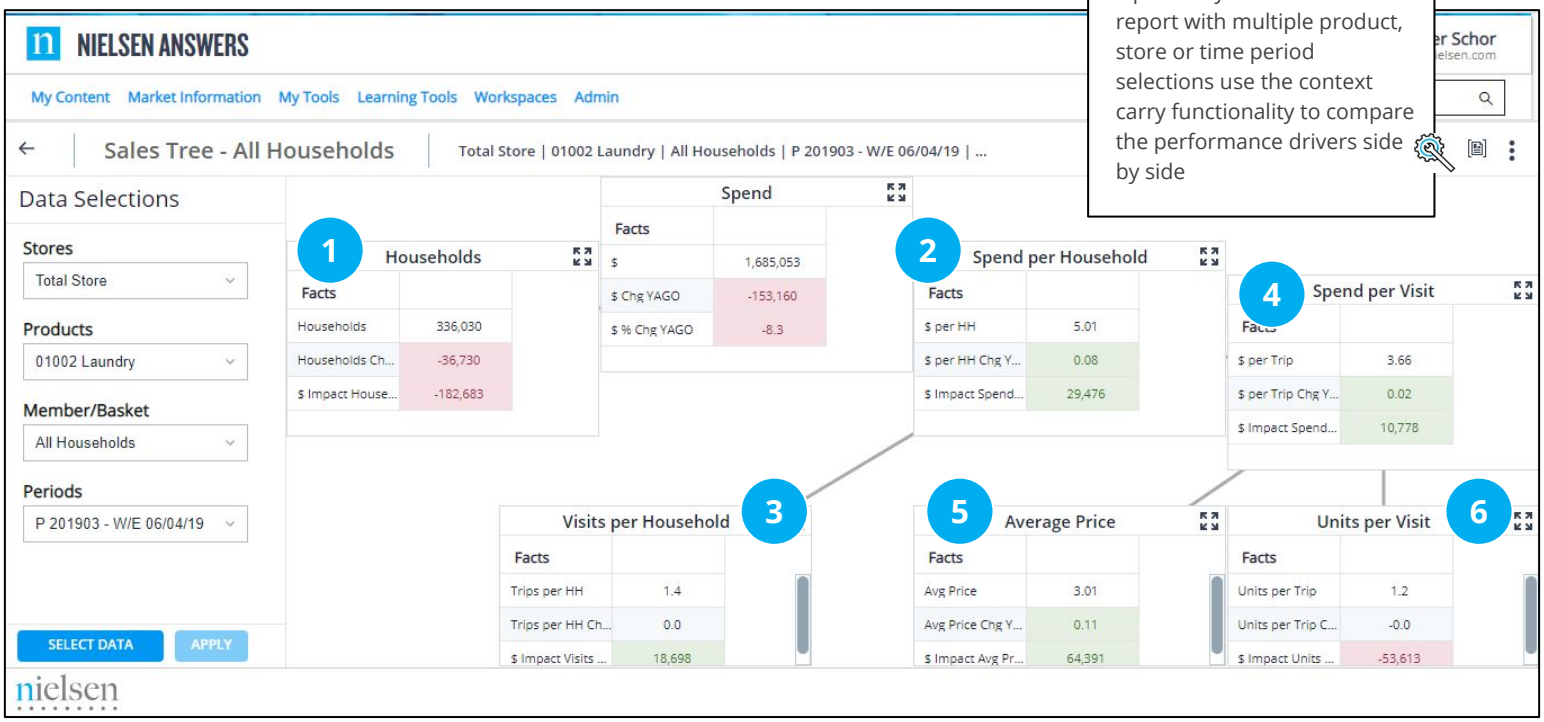
DATA & FACT DEFINITIONS (ALL TRANSACTIONS)



1. **Impact Visits**: The impact expressed in local currency due to the increase or decrease in number of visits where the product is bought for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
2. **Impact Spend per Visit**: The impact expressed in local currency due to the increase or decrease in the average amount spend per ticket on the product for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
3. **Impact Average price**: The impact expressed in local currency due to the increase or decrease in the average price per unit paid for the product selected for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
4. **Impact Basket Size**: The impact expressed in local currency due to the increase or decrease in the number of units bought per visit or basket on the product for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.

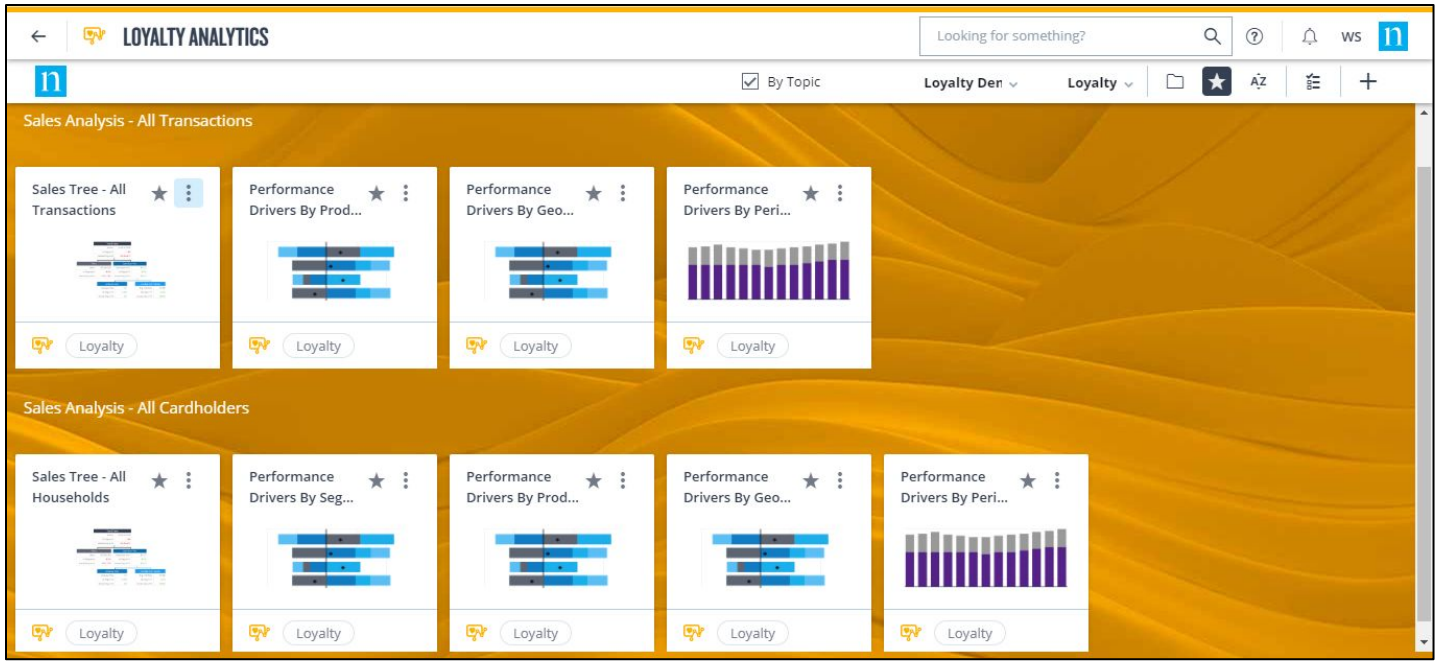
DATA & FACT DEFINITIONS (ALL CARDHOLDERS)

Tip: Once you have run the report with multiple product, store or time period selections use the context carry functionality to compare the performance drivers side by side



1. **Impact Households**: The impact expressed in local currency due to the increase or decrease in number of Customers buying the product for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
2. **Impact Spend per Household**: The impact expressed in in local currency due to the increase or decrease in the average amount spent on the product bought per Customer for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
3. **Impact Tickets per Customer**: The impact expressed in local currency due to the increase or decrease in the number of tickets when the product is bought for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
4. **Impact Spend per Visit**: he impact expressed in in local currency due to the increase or decrease in the average amount spend per ticket on the product for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
5. **Impact Average Price**: The impact expressed in local currency due to the increase or decrease in the average price per unit paid for the product selected for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.
6. **Impact Basket Size**: The impact expressed in local currency due to the increase or decrease in the number of units bought per visit or basket on the product for the selected Stores, Customer Segment and Time Periods vs the equivalent periods the previous year.

VARIATIONS OF PERFORMANCE DRIVERS REPORTS



1. **Sales Tree**: Decomposes sales change into the underlying performance drives, the report visualises in a tree form and has Actual and % change facts.
2. **Performance drivers by product**: Allows you to analyse multiple products in one report, this report shows how the performance drivers have impacted the performance of all selected products side by side.
3. **Performance Drivers by Geography**: Allows you to analyse multiple store groups in one report, this report shows how the performance drivers have impacted the performance of all selected store groups for one specific product side by side.
4. **Performance Drivers by Segment**: Allows you to analyse multiple customer groups in one report, this report shows how the performance drivers have impacted the performance of all selected customer groups for one specific product and store combination side by side.
5. **Performance Drivers by Period**: Allows you to analyse multiple time periods in one report, this report shows how the performance drivers have impacted the performance over time for one specific product and store combination.