

Marketplace Intelligence Continues to Evolve



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At the start of this new calendar year—while manufacturers' business plans and goals are still relatively fresh—let us take the opportunity to reflect on the role that new forms of marketplace intelligence can play in reaching those objectives.

As the retail arena has become increasingly concentrated, competitive and complex, the level of knowledge brought to the sales and marketing process often distinguishes the category leader from all others. Manufacturers who successfully compete in the vast hardware/home improvement terrain have long understood the value of market research information.

The nature of marketplace intelligence has changed over the past couple of years in the home improvement industry due to constraints in availability of retail point-of-sale data. Most recently, consumer panel information has gained renewed popularity. While it has been around for many years, fresh techniques and technologies have raised the quality of panel data to higher levels of accuracy and reliability. In addition, panel information has always provided supplemental insights not available with other research data, which are especially useful in these more competitive retail environments and times.

IMPROVING PANEL DATA

Consumer panel information represents the retail purchases of a large and nationally projectable sample of households. In the

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case of my company's Vista Panel Service, for example, that number of households available to survey on home improvement product categories is one million. Large panels, such as this, improve the chances that even slower velocity hardware categories will have sufficient response rates and can, therefore, be reported accurately. This is due to online Internet capabilities, which have made it easier and more efficient to communicate with large numbers of people.

One of the traditional challenges of panel information has to do with the fact that most systems are dependent upon consumer recall; and this, naturally, could have an influence on data precision if that recall were faulty. New systems, however, have advanced the art of measurement in ways to alleviate this potential problem. One is to survey households monthly, rather than quarterly. Households are called upon to remember what categories, brands or items they purchased within only the most recent four weeks.

In addition, a select few research providers construct the surveys in such a way as to improve recall, visually identifying the logos of the individual brands and retailers within the purchased category. Furthermore, only the eligible brands sold in any particular retailer are shown. The net result of this is a sophisticated system designed to better understand what hardware/home improvement products were purchased during the period.

ADDED DIMENSIONS

Of prime interest to subscribers of consumer panel services are category and brand sales volumes, along with market shares. These are reported across a broad spectrum of market level splits—from a total combined home improvement retail arena view to individual channels (chain home centers, for example) to specific retailer. In effect, subscribers to panel service now have the ability to understand what the sales and share levels are for their brand and each of their competitors' brands in total and within individual key retailers. Obviously, this is critical information for use in sales reviews with retailers, as well as, internal marketing decisions.

In the course of making marketing and sales decisions, manufacturers require more than just sales volumes and market shares. This leads to a significant distinction in the capabilities of panel report services compared with other information sources. That is the ability to know the purchase demographics underlying the sales and share data. The large base of consumers who agree to participate in online panel services register themselves and other family members as ongoing panel participants. In so doing, research companies know and can report who in the household purchased the

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products, what their ethnic background is, income, marital status, age, whether they own or rent their residence and other valuable-to-know facts. Now manufacturers can identify who, specifically, are each brand's buyers. Indeed, household demographics add significant levels of insight to consumer panel reports.

Furthermore, the latest panel report enhancements have refined demographics insights to even higher levels of what are termed "lifestyle profiles." These are market segmentations based

on the socioeconomic and demographic compositions of neighborhoods. An earlier EAGLE article (Nov. Dec. 2005) addresses this emerging information tool, which places at the forefront the manufacturers' need to know the customers and competitors of their products better.

Consumer panel information has raised the stakes for understanding the dynamics of retail sales performance, and of having the competitive edge that such information brings.

To learn more about Vista Panel Service, contact us at 847-253-6063 or visit our Web site at www.activant.com.