

Using Point-of Sale Data to Stay Ahead



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In the ever-demanding retail arenas in which hardware/home improvement manufacturers compete, fact-based market intelligence may be the edge you need for staying or moving ahead in the battle for market position.

Often, a large part of the challenge lies in correctly assessing what's really taking place in and out of the retail environment, and then properly using that information to make better decisions. Furthermore, it is one thing to possess such knowledge about your own company and products and another to be comparably informed about your competition.

In other words, it has become increasingly important to have an accurate and full understanding about those who directly vie with you for your customers' business—both the retailer and the final consumer.

POINT-OF-SALE INTELLIGENCE

As difficult to achieve as this may seem, the good news is that several market research companies offer knowledge such as this from a variety of sources. For the independent hardware, lumber and, recently, electrical distribution channels, the source for Vista Information Services is point-of-sale (P-O-S) data.

Let's examine this P-O-S reporting capability in more detail to illustrate what

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insights it can bring regarding brand performance in the hardware/home improvement marketplace, including that of competition.

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One of the strengths of P-O-S information is that it is based on actual consumer purchase events—not recall, not opinion, but true consumer takeaway. This adds to the accuracy, precision and credibility of the reports.

The question then becomes “What is it that you, the manufacturer, can learn about your category's retail dynamics from P-O-S data that will assist or support your decision-making processes or sales actions?”

The answer to this can be classified into groups of performance measures,

which we might term Volumetric, Store-based and Availability facts. Under each are several specific facts that are directly reported or can be easily calculated from other reported measures. Again, these are reported for all category items—yours and those of competitors.

VOLUMETRIC FACTS

- Sales Level
- Sales Trend
recent and long term
- Sales Velocity
(sales related to % stores selling)
- Relative Position
market share, share change, item ranking
- Areas of Strength
by category segmentation
- Item Contribution
To the total brand

STORE-BASED FACTS

- Retail Pricing
- Relative Pricing
to other items or brands
- Promotional Efforts and Results

AVAILABILITY FACTS

- Percent Stores Selling
(based on all commodity volume importance of those stores)
- Number of Stores Selling
- Number of Stores Not Selling
- Average Number SKUs carried

INSIGHTS PROVIDED

Most of these facts are very straightforward and offer a variety of **Product-Based** insights on competitive retail performance. In addition, they are points of reference to evaluating your own products.

At another level are **Company-Based Insights** that these measurers provide.

For example:

- Strength of Position
What are the core products and company direction?
- Primary Focus
What is their M-O?
- Mainstream or Niche
Is product portfolio broad or specialized?
- Proactive or Reactive
Do they create their own dynamic?
- Status Quo or Leader
Do they innovate or follow?
- Vulnerabilities

What are weaknesses related to performance and positioning in the market?

Finally, it might be asked, “How do your competitors view your company?”

Marketplace intelligence can take many forms. Point-of-sale Information is one. Because it is fact-based—based on actual retail sales—it can add precision to your important and sometimes critical decisions. Plus, it can provide an objective frame of reference for communicating issues, opportunities and successes.

To learn more about Vista Information Services, contact us at 847.253.6063 or visit our Web site at www.activant.com.

Check Payable

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So what do we do? Mandate individual and employer participation? I still am not sure how you force individuals to have health insurance; it is not like having auto insurance to drive a car. For those that cannot afford it, no matter what the mandate, the subsidies will be huge. I can think of many other reasons why it won't work. But then again, I am sure the same things were said about Social Security.

Let me make it clear, I am not jumping on the big government bandwagon. I still see the potential for this being a huge deficit maker. But I cannot stop thinking about the fact that you are writing the check anyway. Should we care about to whom you make the check payable if we can stop the amount of the check from growing?

The president has waded into the health-care debate and has proposed

The reality is, according to the 2006 Annual Employer Health Benefits Survey released by the Kaiser Family Foundation and the Health Research and Educational Trust (HRET), between spring of 2005 and spring of 2006, premiums for employer-sponsored health insurance rose by 7.7 percent.

the creation of a personal tax deduction for health care insurance. He would eliminate the provision that allows individuals to exclude from their taxable income the value of health-care insurance provided by employers. Basically, if the president's proposal were enacted, employer-provided health insurance would be considered taxable compensation

to the employee. If nothing else, the president's concept would force individuals to become a bit more aware of where they are spending their health-care dollars.

One thing for sure, it appears that Washington is willing to think “outside the box” with respect to health-care reform. I consider that a hopeful sign.