

Performance Measures Help Track Brands



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One of the first steps a manufacturer needs to take in improving future performance of its products at retail is to adequately analyze current performance. Typically, this is done in relation to competing brands, as well as to the category in general.

It can be accomplished by evaluating the several straightforward point-of-sale measures available through a syndicated retail tracking service. The regularly used measures include monthly or quarterly retail sales figures, market shares and retail pricing.

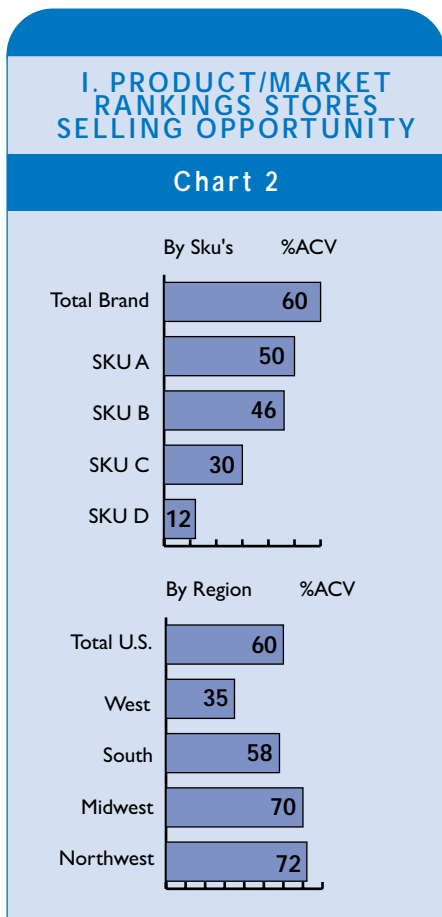
There is also a less familiar yet potentially powerful retail performance measure that, in its applications, relates individual item or brand sales to availability and total "all-products" sales. It is % All Commodity Volume (or % ACV).

% ACV DEFINED

Let's begin with a definition of terms. The basis of "percent" ACV is ACV itself. All Commodity Volume is a measure of total dollar volume of retail sales for a particular channel in a given market. This would include all products or "commodities" that are sold in that store type.

ACV examples are shown on Chart 1. As indicated, the term can be used in different contexts—Total U.S. or specific geographies, all stores or

ACV EXAMPLES	
Chart 1	
	2007 (Est.) -Millions
Total Hardware Retailers -Total US	\$41,100
Total Hardware Retailers - Midwest	\$9,600
Total Retailer X	\$12,700
Average Retailer X Store	\$3.26



A. EVALUATION OF MULTIPLE BRANDS -1		
Chart 3		
Which Of These Brands Is Outperforming The Other Two Competitors?		
	Unit Sales	Share
Brand A	9240	(15.4)
Brand B	4320	(7.2)
Brand C	6360	(10.6)

A. EVALUATION OF MULTIPLE BRANDS -2			
Chart 4			
What If "%ACV" Is Considered?			
	Unit Sales	Share	%ACV
Brand A	9240	(15.4)	79
Brand B	4320	(7.2)	37
Brand C	6360	(10.6)	54

individual stores or organizations. The term % ACV is the conversion of all commodity volume to a percentage that relates a product's availability to the sales importance of the total stores in which it was sold in a specified period of time. It is the percentage of total ACV dollars which are represented by the stores that sold a brand or item.

$$\text{BRAND A } \frac{\text{Stores Selling ACV } \$37.2}{\text{Total ACV (in billions) } \$67.5} = 55\% \text{ ACV}$$

% ACV may also be referred to as % availability, % stores selling or % penetration.

A. EVALUATION OF MULTIPLE BRANDS - 3

Chart 5

	Unit Sales	Share	%ACV	SPP
Brand A	9240	(15.4)	79	117 (19.5)
Brand B	4320	(7.2)	37	117 (19.5)
Brand C	6360	(10.6)	54	118 (19.6)

Taking into account %ACV, their sales and shares are the same.
The sales and share differences are a function of varying levels of retail availability.

C. A TOOL TO GAIN AVAILABILITY

Chart 7

	Unit Sales	Share	Unit Sales/Point
Brand A	234,199	44	5,323
			(+31% Vs. Brand B)
Brand B	243,922	60	4,065

- Brand B outsells Brand A by nearly 10,000 units
- However, this relationship exists because Brand B has 16 points of higher retail placement.
- Where handled, on a sales per point comparison, Brand A actually outsells Brand B by 31%

Using this simple computation, several meaningful applications become possible.

- a. Evaluation Of Multiple Brands/Items.
- b. Evaluation Of One Brand Across Multiple Periods.
- c. A Tool To Gain Availability.
- d. A Tool To Estimate Potential Sales From New Retail Placement.

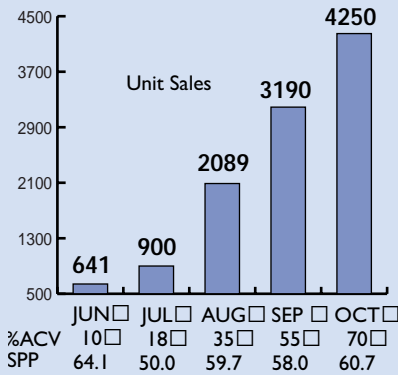
A. EVALUATION OF MULTIPLE BRANDS/ITEMS

Reviewing the series of Charts 3-5, it becomes clear that brand sales performance be interpreted differently. Availability can have a lot to do with results.

B. EVALUATION OF ONE BRAND ACROSS MULTIPLE PERIODS

Chart 6

Is This Product Roll-Out Successful?



Per Store Sales (Sales Velocity) Has Kept Pace With New Placement

USING % ACV TO ANALYZE PERFORMANCE

A deeper level of understanding of marketplace dynamics becomes possible with certain % ACV applications. Some are very simple and direct; others require a few quick calculations.

I. PRODUCT/MARKET RANKINGS

Our first example is a straightforward ranking of % ACV by brand SKUs and by geographies. This allows us to isolate opportunities or successes (See Chart 2). It can provide flags for SKUs or markets that require attention.

II. SALES/SHARE PER POINT OF ACV SELLING

“Sales Per Point” is a computation used to equalize a brand or item’s sales (or share) position by neutralizing the % ACV differences.

Calculation:
$$\frac{\text{Sales Volume (Or Shares)}}{\%ACV}$$

In other words, we are relating sales (or shares) to each 1 percent of all commodity volume to which that product is exposed at retail.

B. EVALUATION OF ONE BRAND ACROSS MULTIPLE PERIODS

To judge a new product’s performance as it enters the marketplace, you need to take into account same-store sales. In other words, are sales increasing only because of new availability or because of stronger consumer takeaway response? Sales Per Point can help answer this, as shown on Chart 6.

C. A TOOL TO GAIN AVAILABILITY

Chart 7 provides an illustration of how Sales Per Point results might be used to successfully handle a retail sales situation. It shows a persuasive story for retailers not currently stocking Brand A.

D. A TOOL TO ESTIMATE SALES POTENTIAL

Another calculation gives an example of extending the Sales Per Point analytic to a forecast of the value of new sales placements at present sales rates. Even if sales velocity was not expected to be equally sustained in new stores as in current stores, this calculation places a tangible value to retail placement and an estimated percentage can then be added, for example, 50 percent of additional sales volume.