

Competitive Intelligence for Today's Business Climate



The author, Rick Stanits, is senior director-client services for Vista Information Services, a division of Activant Solutions Inc.

It is difficult to think of a business segment that has not been adversely impacted in some way by the current economic downturn. We see it all around us and read about it everyday. Yet, in my work with manufacturers who market largely to the home improvement retail sector, there are those that clearly are faring the storm (or more properly, the doldrums) better than some of their competitors—within the same product categories, nonetheless. Certainly, there are a variety of factors at play here. Let me point to one indicator that I have noticed.

Through these tough times, leading manufacturers continue to keep an eye on competitive position within their product categories. In other words, even though sales in general may be challenged, these companies focus their efforts on performing at least equal to the category trend. Holding market share is their main objective. The question becomes, what actions can you, the manufacturer, take to stay, if not in front of the pack, at least with the pack? Plus, how will you know?

Accurate marketplace measurement is the key. This means carefully monitoring and acting on category dynamics in a timely manner—related to your retail sales and those of your competitors. There are excellent systems available for understanding competitive intelligence, even as the nature of this has changed due to constraints in availability of full category point-of-sale data. Consumer panel information has gained traction as a source of retail sales

information. 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 is especially useful in these more competitive retail environments and times.

IMPROVEMENTS IN PANEL DATA

Consumer panel information represents the retail purchases of a large and nationally projectable sample of households. Very large panels of more than a half of a million households are necessary to ensure that even slower velocity hardware/home improvement categories will be reported accurately. Online Internet capabilities 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 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 such advancement is to survey households monthly rather than quarterly. Households are called upon to remember what categories, brands or items they purchased within the most recent four weeks (this is sometimes integrated with quarterly recall data). In addition, a select few research providers construct the surveys in such a way as to improve that recall by visually identifying the logos of the individual brands and retailers on the questionnaire. Furthermore, only the eligible brands sold in any particular retailer are shown. The net result of all of these steps is a sophisticated system designed to better understand what and how much of home improvement/hardware products were purchased during the period.

ADDED DIMENSIONS

Manufacturers who subscribe to consumer panel information are very interested in sales volume and trends for competitive brands, along with market share data. 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 retailers. In effect, subscribers to panel services 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 share information. 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 products, what is their ethnic background, income, marital status, age, whether they own or rent their residence and other valuable-to-know facts. Manufacturers can specifically identify who are each brands' buyers. Indeed, household demographics add significant levels of insight to consumer panel reports.

Consumer panel information offers the ability to receive critical competitive intelligence that is especially needed in difficult times like these.

To learn more about Vista Panel Service, contact us at 847.768.3122 or visit our website at www.activant.com.