



# STORE SEGMENTATION

AN IRI WHITE PAPER



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## 1.0 INTRODUCTION

### **In-depth store level knowledge allows you to pinpoint issues**

Knowing your how your product is performing in terms of the total market is key, but what if you are missing important details about what is happening at a more local level?

Aggregated data can tell you your overall performance, but what is happening in individual stores or clusters? Do you know how your sales are affected by being stocked in, for example, a convenience store versus a hypermarket?

This in-depth store level knowledge allows you to pinpoint issues, making it easier to effectively target and resolve problems associated with distribution, price and sales performance.

It's not only problems that can be solved. You can also test specific areas to check what you are doing is delivering the best return on investment. Store level sales data analysis can allow you to perform tests against sample stores to isolate the effect of individual sales stimulus such as price, promotion, assortment, and media or sampling campaigns.

By using a set of test stores versus a control group of stores, where sales stimulus is present versus the control stores the resulting effect on sales can be analysed. This will yield information that simply cannot be discovered at an aggregated level.

## 2.0 SHOPPERS ARE INDIVIDUAL TOO

**Leverage trip mission insights to build marketing and merchandising plans that drive sales growth and enhance consumer satisfaction**

Each store has individual characteristics, as do the people that shop there. Purchase needs and time considerations dictate the consumers shopping trip, which influences their channel and store selection.

IRI analysis of over eight million shopping trips recognised 31 distinct trip types, which roll up into four primary trip missions, as summarised in the chart below.

Trip Missions Typology					
Type	# Items	All Outlet Average \$ Spent	Mindset	% of All Outlet Trips	% of All Outlet CPG \$
Quick Trip	1-5	< \$40	Need it now, have to make a trip	54%	21%
Special Purpose	2-10	\$20-\$50	Buying for a specific event (not routine)	17%	18%
Fill In	5-15	\$30-\$80	Routine fill-in on heavy use categories	16%	21%
Pantry Stocking	15+	\$50+	Prepare for the coming week	14%	40%

\*Note: The IRI Trip Typology™ is based upon an assessment of consumer purchase behavior across 8 million+ trips captured over a 52 week period; 31 distinct trip types were identified that roll up into the 4 trip mission types represented here.

Source: IRI Shopper Insights™

Consumers exhibit characteristic shopping and purchase behaviour within each of these trip types – including bundles of products typically purchased, quantities typically purchased, and common paths through the store. Manufacturers and retailers can leverage trip mission insights to build marketing and merchandising plans that not only drive sales growth but also enhance consumer satisfaction.

Those who understand the trip mission mix of their key shopper segments by store can leverage these insights to identify the optimal store layout, products to display and quantities to promote to maintain or reshape their optimal trip mix.

### 3.0 MARKETING STRATEGIES

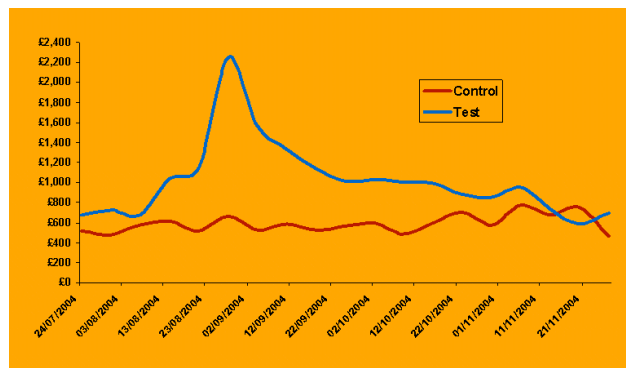
**By analysing the difference in data between two store sets, a company was able to see the sales effect of a voucher initiative**

Marketing strategies that are focused on the stores that provide the greatest returns are ultimately more cost effective. Budget can be saved by not applying irrelevant or unproductive promotions and merchandising.

For example, a manufacturer needed to measure the effectiveness of a local voucher mailing campaign. The idea was to boost sales of different types of wines.

By using IRI to measure the weekly wine sales in stores near to households that received the vouchers, the company was able to compare sales against a similar store group that did not receive the vouchers. By analysing the difference in the data between the two store sets, the company was able to see how much sales had increased as a result of the voucher initiative.

As can be seen from the chart below, the results were spectacular as sales rocketed within the mailing area. The uplift averaged 41% but certain lines saw a huge, if short-lived, increase in purchasing.



## 4.0 TARGETING NPD

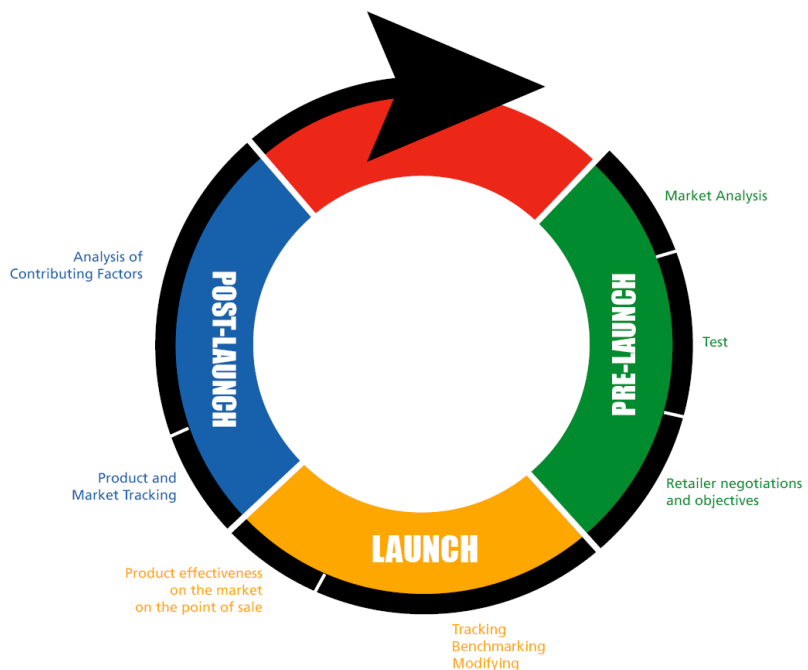
**“...It would be commercial negligence not to use store level data at a product launch...”**

Innovation is often held to be the most important driver for business success. Globally, new products are launched every three minutes. But with as many as 80% ending failure, getting it right has never been more important

According to our studies, 79% of the costs associated with launching a new product are incurred during the launch stage. By testing your new product in specific stores before a national launch, you can anticipate how the market will react, without the costs of a national launch.

Distribution is a critical success factor in establishing a new product at launch. Successful products achieve a base minimum of 60% distribution in the first four weeks from launch. Knowing that your product is listed in all stores and the right stores can be the difference between success and failure.

Being aware of the criticality of achieving full distribution from launch, a manufacturer commissioned IRI to produce a Profiler analysis to track the distribution of a new product in Tesco stores. Armed with this information, over four weeks the clients' field marketing agency identified and resolved out-of-stocks and late implementation issues, which boosted sales by 11%. By week four of the launch the new product had achieved full distribution.



## 5.0 MONITOR OUT OF STOCKS

### **Monitor your stock levels by store to target non-performers**

If your product isn't on the shelf, how can consumers buy it? By monitoring stock levels by individual stores you can target persistent non-performers, which an aggregated view may hide.

For one manufacturer, store level reports demonstrated higher and higher levels of out of stocks on a confectionery item in the run up to Christmas, especially when it was on promotion.

These reports were used with the retailer to demonstrate the mutual need for increased facings. This issue was resolved in time for new season.

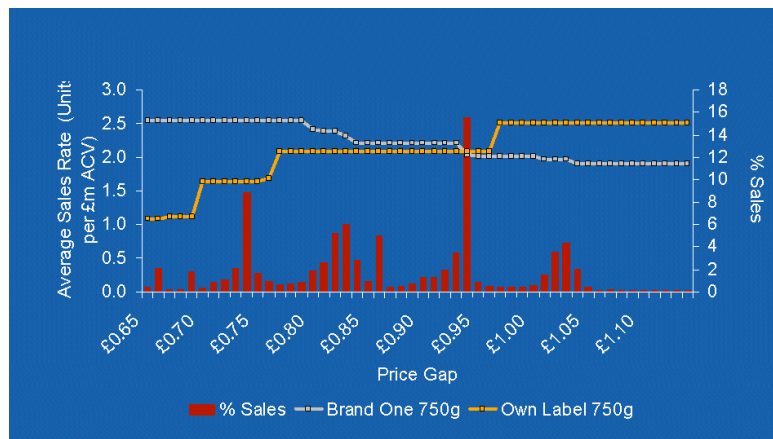
## 6.0 PRICE

**Price by store can vary, especially across different store formats**

At a total market level, your price may look correct. But your price in each store may vary, especially when you consider the different pricing strategies employed by retailers across different store formats.

A price gap analysis provided a leading cereals manufacturer with a comprehensive guide to an optimum pricing strategy. By matching key products to own label and branded rivals, IRI was able to test the willingness of shoppers to pay a premium price for the manufacturer's cereals.

The work, as summarised in the chart below, has been an excellent tool for providing insight into brand equity and shopper loyalty for the manufacturer.



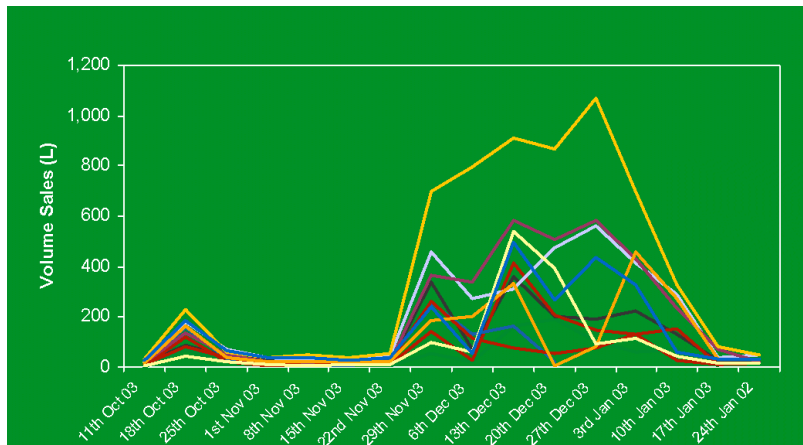
## 7.0 PROMOTIONS

**Knowing if promotional budgets are being implemented and targeted correctly is vital**

Big budgets are spent on promotions, but knowing if they are being implemented correctly and are targeted at the right stores is vital.

A client wanted to know which retailers delivered the best returns and uplift from their promotions. IRI was asked to measure sales at 11 stores where the client had introduced display units, as seen in the chart below.

A single store was proven to generate 26% of total volume sales over the period, ensuring that the client knew where to best target their budget.



## 8.0 CONCLUSION

**The need to target campaigns to generate breakthrough returns on investment is critical**

With budgets being squeezed ever tighter, the need to specifically target campaigns to generate breakthrough returns on investment is critical.

The Profilers group of products from IRI utilise store level data and observation providing fact based insights to support key commercial decisions made in the marketing and sales divisions of FMCG manufacturers and retailers.

Whether the requirement is for simple store level reports, details of in store promotions or complex custom analyses utilising store clustering and test versus control methodology, Profilers offer flexibility whilst providing the lowest level of detail and subsequent insight.

To find out how Profilers can help your business, please contact your IRI account representative or call +44 (0)1344 746000.