HOW A HEADPHONE MANUFACTURER GREW SALES BY EXPANDING DISTRIBUTION

THE BUSINESS CHALLENGE

Be it a wireless, in-ear model for an outdoor run, a noise-canceling, over-the-ear pair for a transcontinental flight, or nimble, discreet buds for mid-day office focus—headphones abound. After years of skyrocketing sales, they've become the modern ear accessory. But even though the category is still growing, its pace has slowed. As new players enter the game, and as continued innovation gives consumers a plethora of options for different listening occasions, the market has become more competitive than ever.

Recently, a consumer electronics manufacturer approached us in its effort to grow its headphone business. It needed a retailer to carry its latest headphone model, but there was just one problem: the item's overall sales and market share were lower than that of competing brands. Even so, our client knew it had a winner.

THIS CLIENT ASKED US,

" How can we convince the retailer to carry our headphones in its stores? "

HOW WE HELPED

Total sales and market share only tell part of the story. Store-Level Enabled data allows us to calculate the rate of sales by showing how products are selling *in the stores that are selling them*. Sales rate, also known as **velocity**, identifies the fastest turning products, not just those that are the highest selling because they have the best distribution and/or assortment.

Our **Store-Level Enabled tracking** showed the client's in-ear headphone segment not only had the largest category share, but was among the *fastest-turning* segments. Compared to other styles like around-the-ear and on-the-ear, in-ear headphones sold more quickly. And though sales and market share for the client's new headphone offering trailed the rest of the market, **velocity**, which shows sales controlled for distribution, told a different story: comparing and evaluating all items based on where they were carried, it sold third fastest.
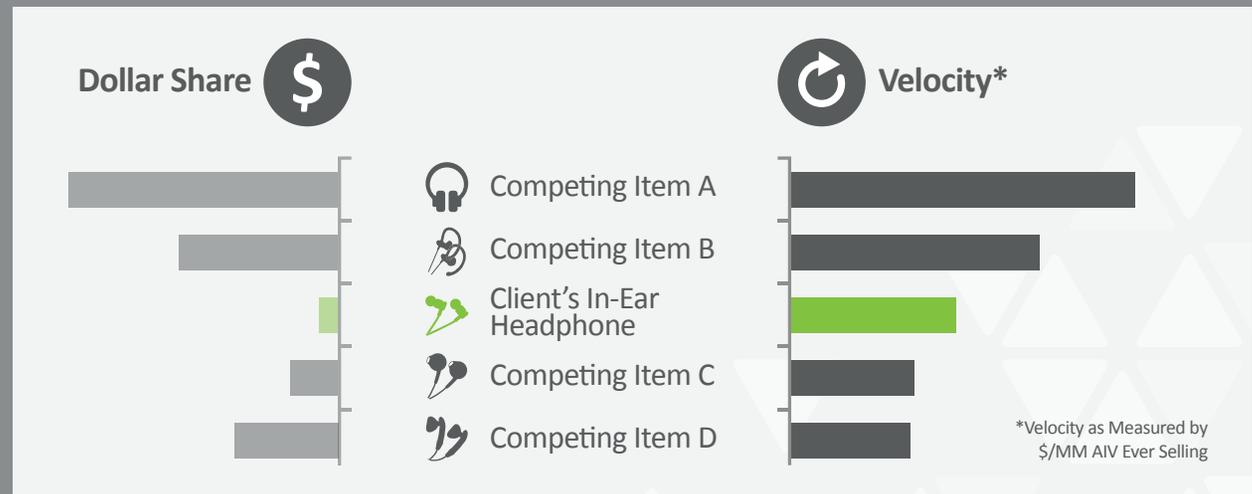
This is an illustrative case study, inspired by our actual work with clients, but fictionalized to protect client confidentiality.

Dollar Share $

Velocity*

Competing Item A

Competing Item B

Client's In-Ear Headphone

Competing Item C

Competing Item D

*Velocity as Measured by $/MM AIV Ever Selling

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THE OUTCOME

Our client recommended an additional metric—**velocity**—to drive the retailer's decision-making process for which new items to stock, and **convinced the retailer** to add the new headphone to its assortment.

By doing so, the client **doubled** its headphone **distribution** and **sales**, and also contributed to the retailer's category growth.

Velocity, which controls for distribution and assortment differences, provided an **equitable way** to **identify top performing** items.

ABOUT NPD'S STORE-LEVEL ENABLED RETAIL TRACKING

It's not just how much you're selling; it's how fast. By capturing store-level data feeds directly from retailers, we're able to offer new metrics, at new levels. We now measure velocity, which tells you **the rate** at which products are selling for a better measure of performance. And, we can report below a national level, so you can monitor sales by retailer, region, or territory. Want to know if consumers love what you make? Velocity can tell you. What's the upside potential, if any, of winning wider distribution for a particular item? Velocity can tell you.

LEARN MORE

Contact your NPD account representative, call 866-444-1411, or email contactnpd@npd.com.

HOW VELOCITY WORKS

Velocity tells you how well your product sells *where it's available for consumers to purchase.*

SALES

DISTRIBUTION
How widely available is your product?

ASSORTMENT
How many items are carried?

VELOCITY
How well does your product sell where it's available?