

HOW A RETAILER IMPROVED ITS ASSORTMENT WITH MARKET FORECASTING

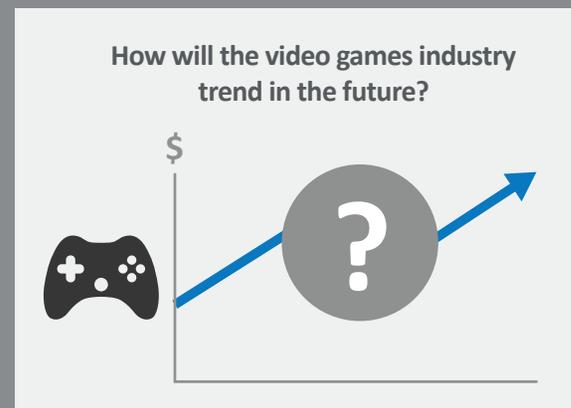
THE BUSINESS CHALLENGE

If you're a retailer, how can you possibly predict retail's future? How do you know what items might trend next season, which you should stock up on next quarter, and what real estate to give them on your shelves? Often, retailers rely on historical performance to inform future decisions. But the past doesn't always account for other influencing sales factors, like manufacturer behavior or economic changes.

Our retailer partner approached us with such a challenge. Its customer insights team needed to inject data-driven decisions into its planogram process for video games—a high-revenue,

and highly complex, category. Although the team understood how the category performed historically, it wanted to know how video games might trend in the future. Simple models provided by its suppliers wouldn't cut it;

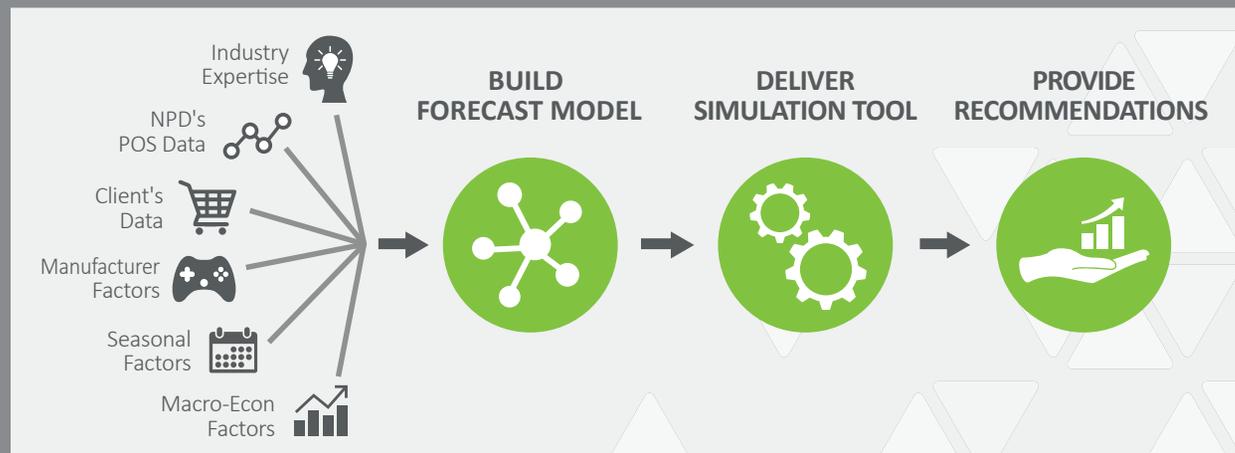
“The client needed a dynamic, accurate, un-biased forecast that took into consideration seasonality, manufacturer behavior, macro-economic factors, and industry expertise — something it lacked before.”



HOW WE HELPED

Using our **market forecasting** solution and our Store-Level Enabled point-of-sale (POS) data of record, our modeling and analytics team built a forecast model for the video games category that projected how hardware and software sales would fare over the next 18 months. The model incorporated the retailer's own data and seasonal, manufacturer, and macro-economic factors, and also integrated insights from our video games industry analysts. Quarterly updates enabled us to factor in new marketplace dynamics to refine the model. As part of the process, we also identified subcategories, brands, items, and features that would decline or grow.

HOW IT WORKS



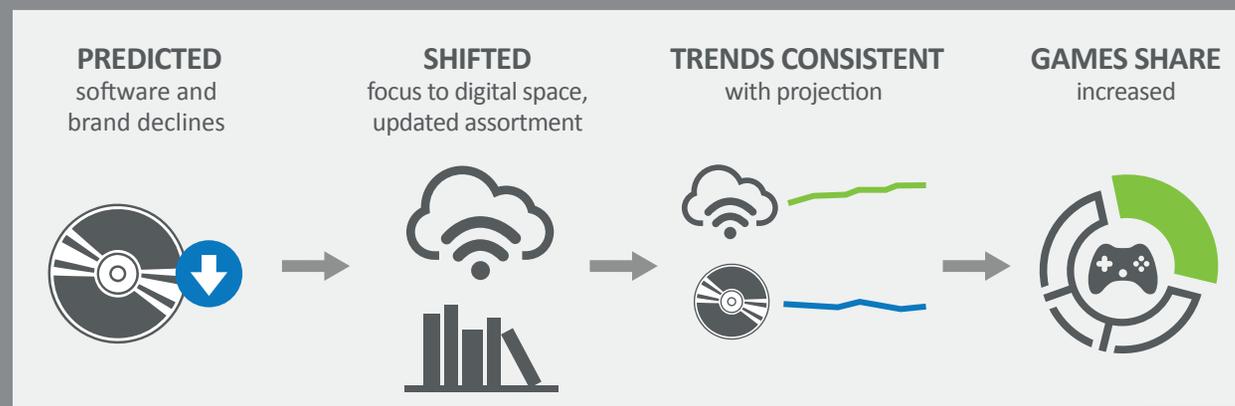
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THE OUTCOME

Our market forecast suggested that physical software sales would face strong digital competition—much more than our client thought. The new information, paired with valuable context from our industry analysts, prompted the retailer to shift its chips immediately to the digital space. We also projected rising selling prices for three particular features of video games, which compelled our client to carry in its assortment items with those features. And, several months later, we learned that we accurately predicted the decline of a specific brand as well as a particular attribute.

Our client benefitted from an early read by shifting its product assortment in advance of declines, and our forecasting success led the client to enlist our support to take on five additional high-revenue categories.

Several months later, we learned that we accurately predicted the decline of a specific brand as well as a particular attribute.



NPD'S ANALYTIC SOLUTIONS GROUP

NPD's Analytic Solutions Group includes a team of senior leaders with extensive experience developing and delivering analytic solutions that address strategic marketing, sales, and planning issues. By investing in its information infrastructure and establishing new retailer partnerships, NPD now collects and delivers more granular information. And by combining its unique data assets and industry expertise with state-of-the-discipline research techniques and proprietary solutions, NPD is equipped to answer clients' most pressing business questions.

LEARN MORE

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