

HOW ITEM-LEVEL DATA UNCOVERED A RETAILER'S TRUE COMPETITIVE DISADVANTAGE

THE BUSINESS CHALLENGE

Retailers and Manufacturers know that understanding the sales of their competition can give them leverage and allow them to take more targeted actions against their competitors.

This year, a top retailer came to us as after realizing they'd lost a significant portion of their core customers over recent years. Through other studies, they were able to see the key competitors they were losing to for each industry. They had also reached out to many of their lost customers — and found that one key way the competition was attracting them was with a more optimal assortment of items.

At that point, our client needed to understand the difference between their assortment and the competition. Traditionally, they would send

people out to the competitor's stores and onto the competitor's websites to get an idea of the items they are carrying.

While they can see items in the competitive stores, what they wouldn't know without us is which items are selling well, which they should consider adding to their assortment, and which they can avoid.

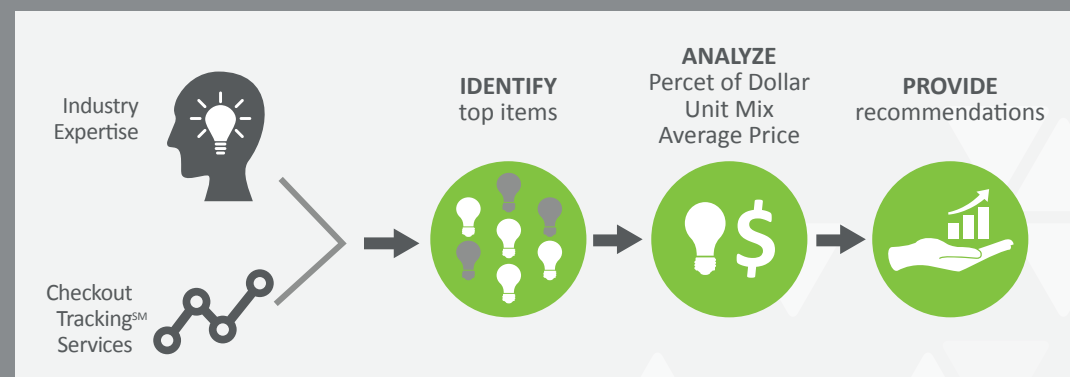
How can we understand the difference between our client's assortment and the competition?



HOW WE HELPED

We worked with the client to identify within their internal data the key categories where they were losing core customers. It became clear that one competitor in particular posed the biggest threat. Once we knew that, we used our Checkout TrackingSM services to see exactly what the top items that competitor was selling in those categories, and looked at Percent of Dollar, Unit Mix and the Average Price for each item.

HOW IT WORKS



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WHAT WE FOUND

A key discovery was that the competitor's private label offered a much broader assortment of items across multiple categories. Checkout Tracking showed that 10 of the top 20 items at their key competitor were sold under the store's brand.

We also looked at the prices the competitor charged for those private-label items and found they were often priced comparably to what our client charged for big-name brands.

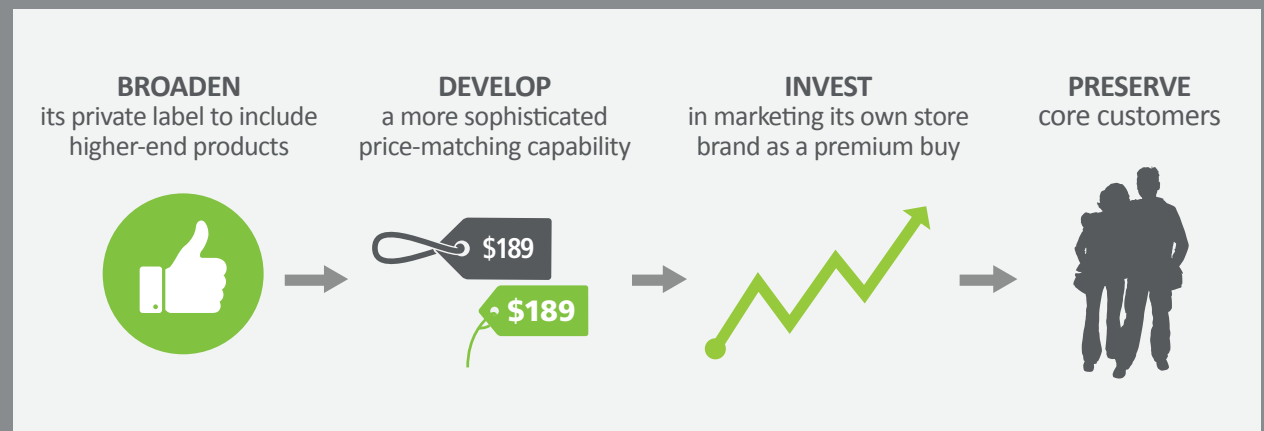
The key issue was that the competitor's private label offered a much broader assortment of items across multiple categories, and that customers had come to think of the private label as a premium brand.

WHAT WE RECOMMENDED

Our client was shocked by the breadth of its competitor's private label offering and the prices it commanded.

Having the item-level data for key competitors allowed us to offer a tactical, immediate solution to our client to help defend their position in the industry.

We urged our client to broaden its own private label to include higher-end products.



In addition, we recommended our client work with us to develop a more sophisticated price-matching capability, and invest in marketing its own store brand as a premium buy.

We also urged our client to continue to track this item-level information over time to further shape their pricing and assortment strategy, and to monitor when the competitor added items to its store brand.