



WHITEPAPER

A Case For Change...

The Need For A New Era Of Market Analytics

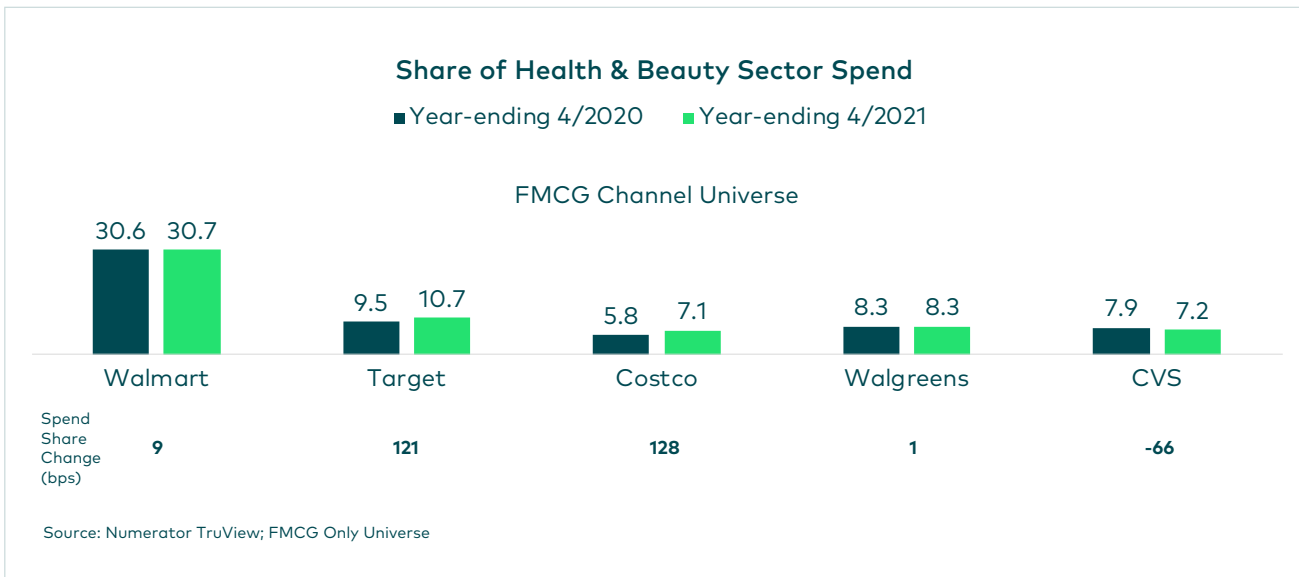


Executive Summary

The Importance of the Right Visibility and the Risk of Using A Restricted Share Universe

The limited view that the industry has been accepting for years, basing retailer and brand performance on POS share from brick and mortar stores, is no longer acceptable. A simple but true story exemplifies the point. Using the current POS view of the marketplace (a subset of brick and mortar retailers), the conclusion most marketers would make is that Target and Costco are showing substantial share growth for the Health & Beauty Sector while Walmart is flat.

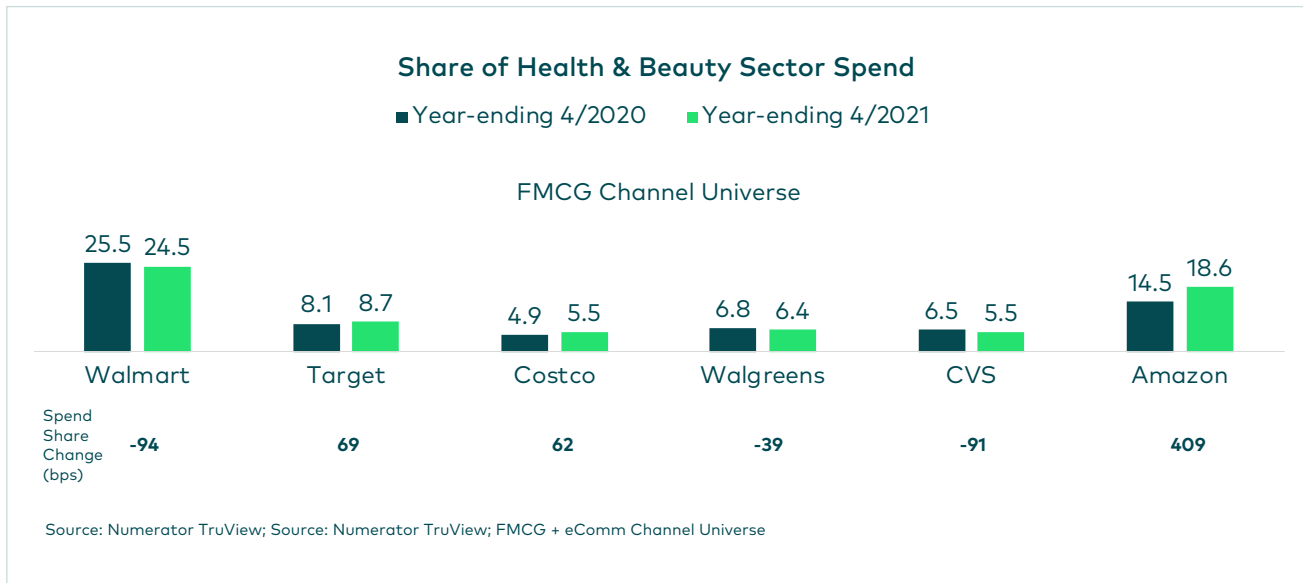
Figure 1



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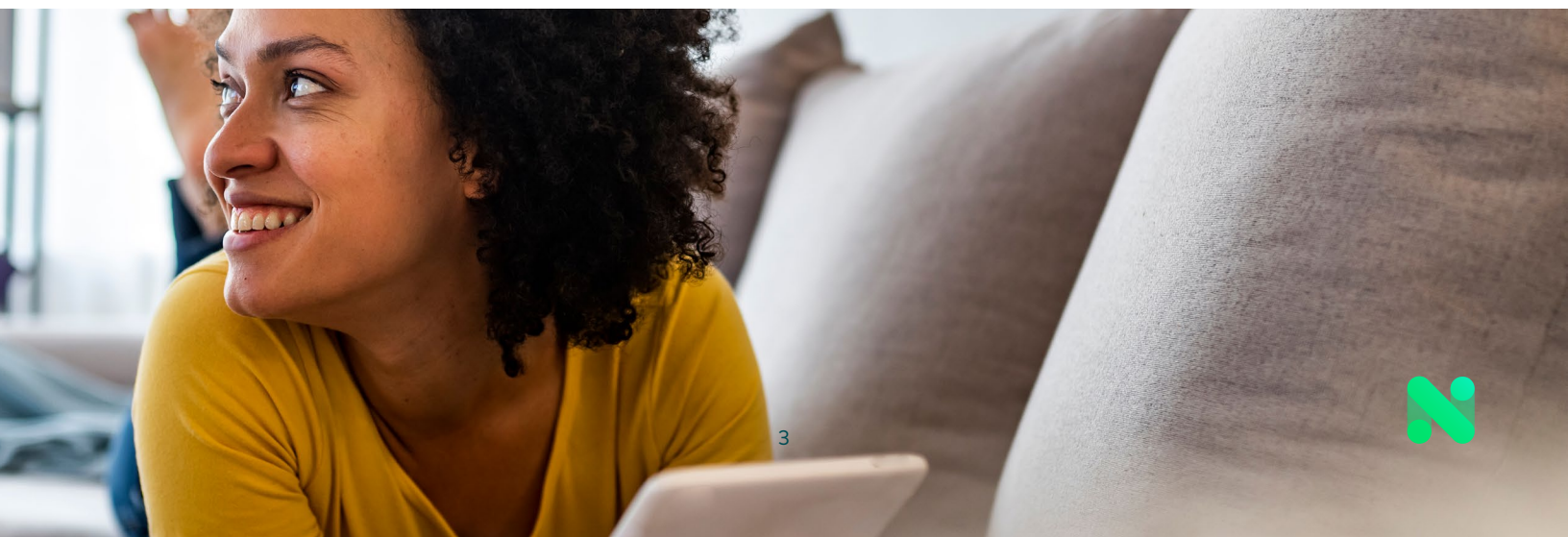
In truth, Walmart’s share of this sector declined and Target’s and Costco’s growth was tempered by Amazon.

Figure 2



Similar incomplete/incorrect views can be found within the other Sectors, because focusing conclusions on a brick and mortar world obfuscates progress Amazon and other untracked retailers have been making. The traditional (and restricted) view of share can lull marketers into a false sense of security, lead to incorrect competitive reactions, and result in missed growth opportunities.

If POS data is obscuring the right conclusions, then it’s time for a new era of market analytics — one that is more complete and people-based.



The Importance of Market Share

The most fundamental and arguably the most important metric in assessing the health of a brand is market share. Share provides an assessment of how competitive a brand is, helps you understand market growth or decline and enables you to assess market opportunity for a brand. But what if this basic metric or the way it's been measured in the past is wrong? What decisions would you make differently if you had a true view of the complete marketplace? Furthermore, what if this metric could be tied directly to the consumers who drive it?



**Understand Brand
Competitiveness**



**Understand Market
Growth/Decline**



**Assess Market
Opportunities**

Given all the changes in the marketplace, advancements in technology, and the growing voice of the consumer, it is time to modernize our view of market share.

Traditional Options

Some retailers provide data aggregators access to their point-of-sale data (POS) which is collected by their in-store scanners at checkout. The data aggregators then sell this data to manufacturers and retailers. This data is of variable use to the consumer goods industry. It provides an absolute view of a brand's sales at a participating retailer (for which the brand already has directional understanding from their sales to the retailer) as well as an absolute view of the brand's competitors at the store. It gives insight into what is being sold on sale or promotion versus at full price, as well as a drill-down into specific product sizes and flavors which is useful for inventory planning. But an assessment of market share requires brands to collect data from multiple retailers.

Syndicated Store Data (POS) was created to provide an aggregated view of shopping across stores. It is, by its nature, a summary of data from multiple store locations from a collection of retailers. When this concept was first introduced decades ago, a majority of retailers cooperated and shared their data. Back then there were fewer major retailers, much less fragmentation of the marketplace and a significant concentration of sales moving through brick and mortar stores.



An important fact that is frequently overlooked or unknown about Syndicated POS Store data is that this source contains projections to estimate the universe it is measuring. For example, not all grocery retailers in the \$2MM+ ACV (All Commodity Volume) universe cooperate or share their data with the syndicated providers (e.g., Aldi, Trader Joe's, Whole Foods, etc.). To account for this gap in coverage, syndicated providers apply projections to the data that is collected to represent or estimate the total universe.

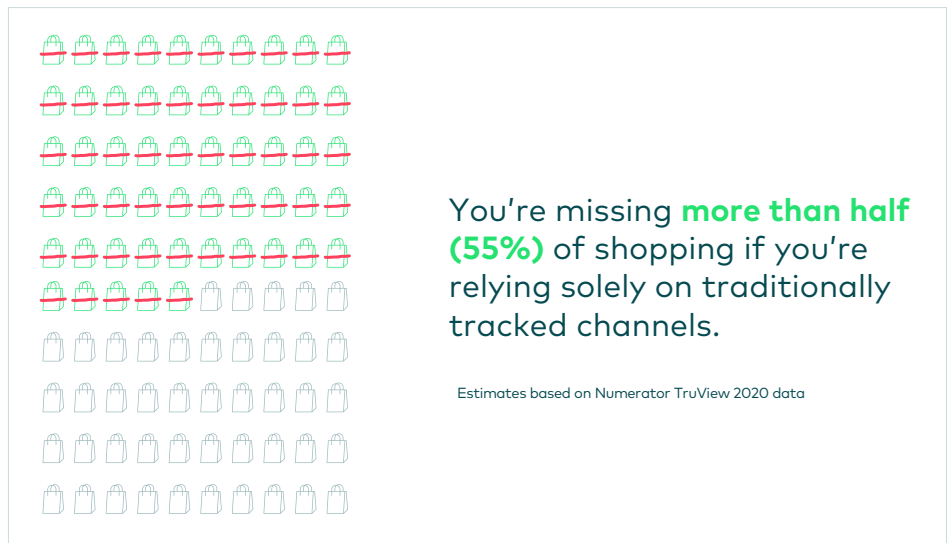


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And even census data collection is not perfect. In fact, research companies have an established practice of matrixing in data to "fill in the holes" for errors in store data by using historical data to predict what the missed data likely would have been.

Due to the changing landscape and the shrinking universe that Syndicated POS data can track, the "tried and true" Point-of-Sale measurement available today, just isn't that "true" anymore with an estimated 55% of shopping occurring outside of what POS systems can see.

Figure 3



Key Milestone Predictions

As consumers continue to shop across more and more channels, POS becomes more obsolete and incapable of measuring true market share. Consider these predicted milestones and how they will further impact the ability of a marketer to assess the health of their brand using POS data:

1. Amazon surpasses Walmart as largest U.S. Retailer

- Given its current trajectory, Amazon is poised to overtake Walmart as the number one retailer in the U.S. within the next 5-6 years.

2. POS coverage of total consumer spending falls even further

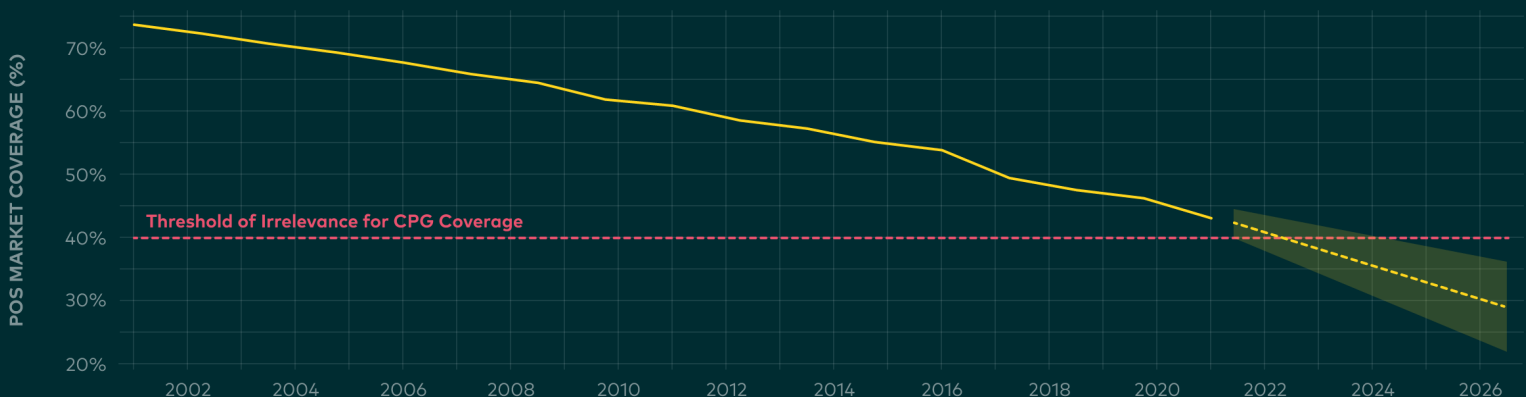
- Traditional POS solutions are estimated to be covering less than half of consumer spending; given its current rate of decline, coverage will fall to only 30% to 40% of the shopping universe in the next 2 to 5 years.

3. 1 out of every 5 dollars spent goes online vs. brick and mortar

- Online shopping has gone mainstream with 9 out of 10 consumers shopping both online and in brick and mortar stores. This is in part due to eCommerce trends accelerating with COVID-19 as well as the natural growth of ecommerce spending due to Click & Collect, Ship-to-Home and 3rd party delivery services like Instacart and Shipt — within the next year, consumers will likely be spending one out of every 5 of their dollars online.

Figure 4

Syndicated Store Data Coverage, In Decline



This projection shows an extrapolated, estimated trajectory using multiple sources, including: Numerator TruView Panel, the US Census, publicly-available retailer financials, and industry benchmarks. All projections are estimates and subject to change.

The bottom line is that current POS data is just not enough anymore. The largest consumer buying trends, representing the highest growth, aren't adequately tracked by current single source POS data. POS is covering a contracting share of CPG that is based on a retailer view, not the consumer. Innovation is needed within this space to deliver a consumer-based measurement option of market share of spend on an omnichannel basis.

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TruView: Consumer-Based Omnichannel Market Share

The need is clear: a tracking tool to provide omnichannel market share measurement from a single source. But a new, modern measurement tool needs to go further than that. It needs to provide a more clear link to the consumer, as consumers are the driving force behind share performance. Thus, any new market share solution needs to be further contextualized by people-based attributes. In other words, it needs to have scale with the ability to see which segments are behind share growth or decline so one can identify all opportunities and take action faster.

At Numerator, we have access to information from 1 million+ households through the Numerator Measurement Panel. Our panel design is based on current technology and the habits of the modern consumer — making participation easy. Numerator's modern receipt capture technology makes it easy for these households to share paper receipts as well as automatically share their digital, in-app and loyalty card purchase data using the smartphones they have at their fingertips. And all of this data is collected holistically from the same users.

It was a natural step to leverage our large pool of active and engaged consumers providing purchase information across all outlets and channels to address the industry's need for a better understanding of market share. The Numerator Measurement Panel enables innovation in market measurement with the scale needed to provide share of spend data for Brands — as well as the depth needed to look at detailed demographics. Our



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data provides a more holistic and textured story behind share of spend across and within channels, banners, and retailers for categories and brands.

Using this robust asset, Numerator has introduced a new solution: Numerator TruView. This solution empowers brands to understand their relative market share performance across all channels with panelist-specific demographic cuts. This allows brands to move beyond evaluating share at a limited set of retailers, and instead answer whether or not they are winning/losing share for specific consumer segments regardless of where they shop. For example, a brand can understand its share among Low Income Millennials living in California across both brick and mortar and online channels. It provides a view of market share through the specific consumer audiences who buy your products.



Business questions that can be addressed with TruView include questions such as:

- What is my true share of shopper spend in the category across the omnichannel market including eCommerce? (Brick & Mortar + Click & Collect + Ship to Home)
- Which brands or banners are winning or losing share of shopper spend across various time periods in the omnichannel market?
- How does my share of spend change across demographic cuts in the data?
- What is my share of spend among Low Income Millennials (or other key demographic groups)? Which brands are gaining/losing share among this cohort?
- In which retailers/channels across the total market is my brand underdeveloped? Where am I losing share of shopper spend?
- In which regions in the country am I gaining/losing share of shopper spend? How are my competitors performing in these regions?
- Do I have my fair share of spend online vs in-store?

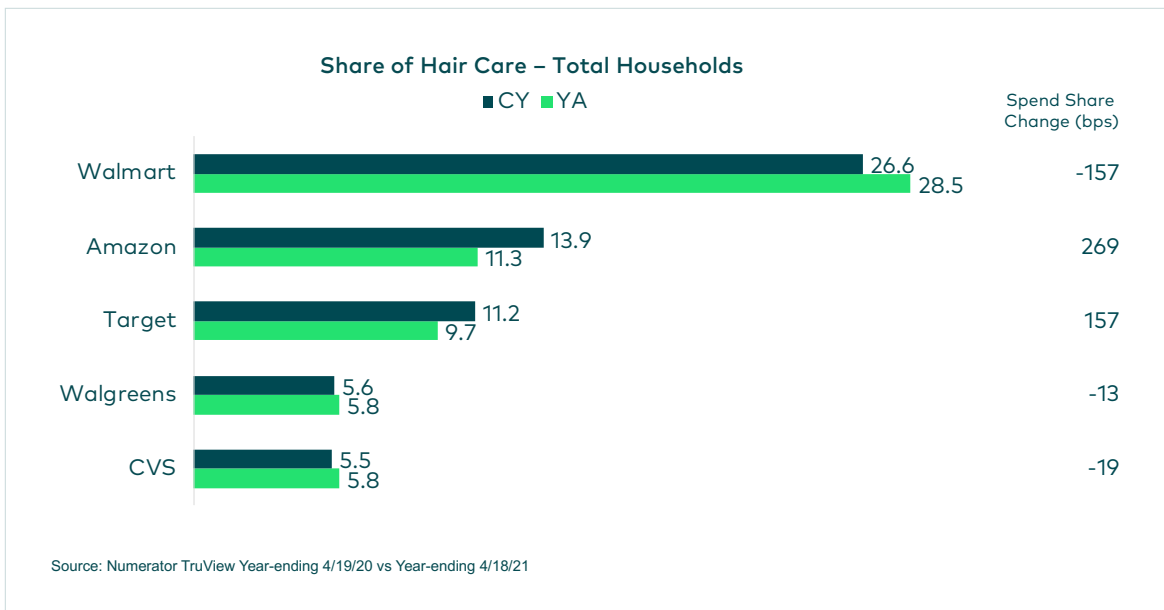


Clarifying Example

To illustrate how Numerator TruView can provide a better, more complete view of share performance and the insights a true consumer-centric share measurement can bring, let's consider an example using the Hair Care category.

For the Total Hair Care Sector, Walmart lost share while Amazon and Target gained ground. Specifically, Walmart lost 157 bps (basis points) while Amazon and Target posted gains of 269 and 157 bps, respectively. But Numerator TruView can provide even more context around those performances.

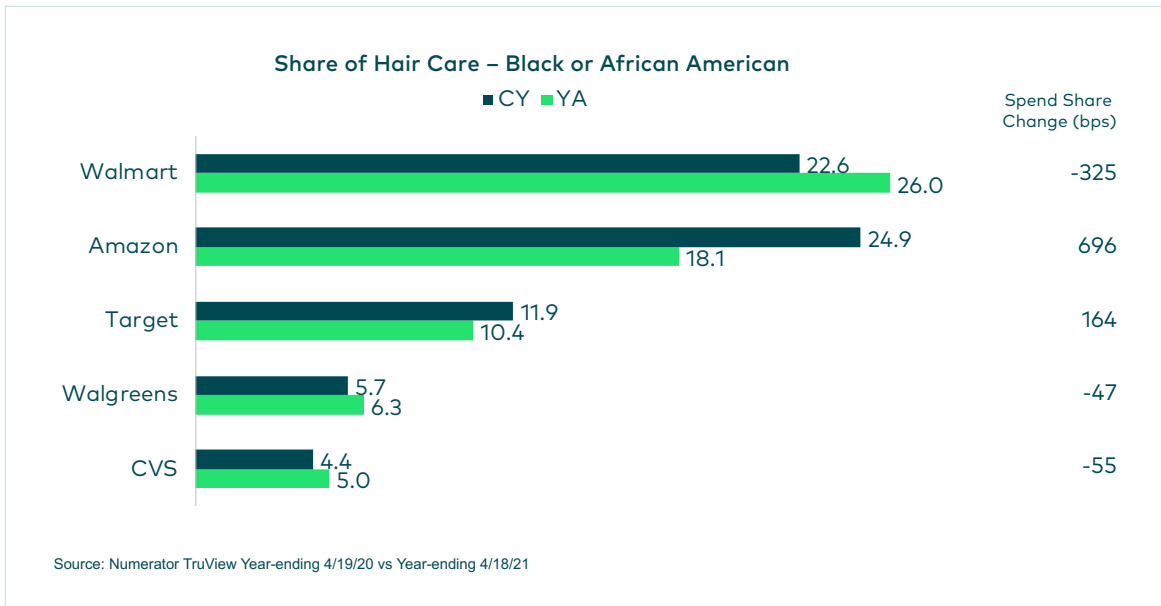
Figure 5



In fact, through a consumer-centric lens, we can see that Walmart's performance within Black/African American consumers fell even more substantially, while Amazon made significant gains within this key demographic group. These consumers are now spending more of their Hair Care dollars with Amazon than they do in Walmart. This level of insight can be extremely valuable in identifying the right strategies to deploy to turn losses around and to capitalize on growth opportunities.



Figure 6



Summary

The time for a modern, people-based share measurement has come. Marketers need the agility to understand the most fundamental measurement – market share – in a way that is reflective of the true omnichannel universe in which they compete. They also need to be able to take action by building marketing plans tailored to the consumer segments that present the largest opportunities to grow their share.

With Numerator TruView brands can move beyond evaluating share at a limited set of retailers to answering whether or not they are winning/losing share for specific consumer segments regardless of where they shop.

A new era of market analytics has begun; Numerator has risen to the challenge to deliver the next generation of market share.



