

WHITEPAPER

Making the Leap

Leading Transformation for Better Consumer
Insights and Business Decisions

Executive Summary

"The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic." This observation by Peter Drucker is certainly applicable to today's quest to better understand your consumer. If you're still relying on yesterday's logic of understanding your consumer, it's time for a change. A move to an omnichannel solution to assess the total commerce behavior of the modern consumer is necessary to truly transform your consumer insights, especially as legacy panels are becoming less and less relevant. But now what? Moving means change and change can be tricky or sometimes downright scary.

This white paper will help you navigate the transformation in panel data and be prepared for shifts in panel metrics.

● Contents

- 1. The Inevitability of Change
- 2. Navigating Through a Transformation in Panel Data
- 3. Common Changes in Panel Metrics When Moving to True Consumer-Centric Panel Data
- 4. Summary



1. The Inevitability of Change

The market is changing because the consumer has changed. For example, consumer preferences for more convenient, flexible and safer shopping choices have led to changes in retailer formats, increases in home delivery and the growth of ecommerce to name a few. Given these changes in the market and with the consumer, you can expect data will likely change as well. Data providers need to be able to keep up with the state and pace of change to be able to equip you with the consumer understanding you need to grow your business. At Numerator, we've been at the forefront of these changes for nearly a decade and continue to adapt and innovate to keep pace with the accelerating amount of changes that are happening in the market.

Why Change



**Uncovered
Opportunities**



**Insights at the Speed
of the Consumer**



**Answers from
Known Purchasers**

Often, seeing examples of the superior consumer insights provided by Numerator's omnipanel solution and/or how these insights can be applied to taking action drives clients to make the switch. For example:

- **Understanding True Penetration Rates** - It is common for clients to discover they have unknowingly already met the household penetration goal within their strategic plan and need to transform marketing strategies to focus on other ways to continue to grow their brands
- **Finding Important Nuances in Buyer Behavior** - Reshaping individual brand strategies to take advantage of more valuable brand buyers uncovered by studying more nuanced buyers
- **Opportunities to Improve Channel-Level Marketing Actions** - Finding opportunities to add or discontinue items within their product offering and reprioritizing marketing spend by channel
- **Reacting to Consumer Behavior Changes in Real-Time** - Having more agility to react to retailer needs quickly and to pivot as the consumer pivots to fulfill consumer demands
- **Determining Clear Purchase Motivations** - Connecting directly with consumers to understand the "why's" of their behavior via surveys sent to verified buyers that reveal purchase motivations and behaviors with results available in days (not weeks or months)
- **Uncovering White Space** - Especially for category and brand innovations



2. Navigating Through a Transformation in Panel Data

As consumers continue to change and evolve, so should your panel data. Changes in the panel space can and will happen for a variety of reasons, such as:

- The need to move from a legacy panel solution to a total commerce and consumer-centric solution
- Continued innovation to support things like
 - Panel expansion
 - Modifications, innovations and investments in collection methodologies (such as Numerator Link) needed to react to marketplace changes (such as retailers limiting data collection to be in-house or forcing pay-to-play solutions, or the move to digital receipts)
 - Leveraging new technologies (like enhanced machine learning capabilities) that lead to increased speed and accuracy of data

These advancements will lead to changes in data, but these changes are positive in nature – without them, you will not get the correct view of your consumer's behavior. It does, however, mean that Change Management is required to reduce/minimize any negative impact on your organization or team as you make this transformation. At Numerator, we know these changes are a pivotal and crucial part of innovation. It is part of our DNA to innovate and have a pioneering spirit which is why we embrace these changes. We've been leading the market in developing omnichannel solutions for over a decade and have helped some of the world's largest brands navigate through these transformations. Our experience has shown us the importance a true partner plays in helping you navigate through the changes of innovation.

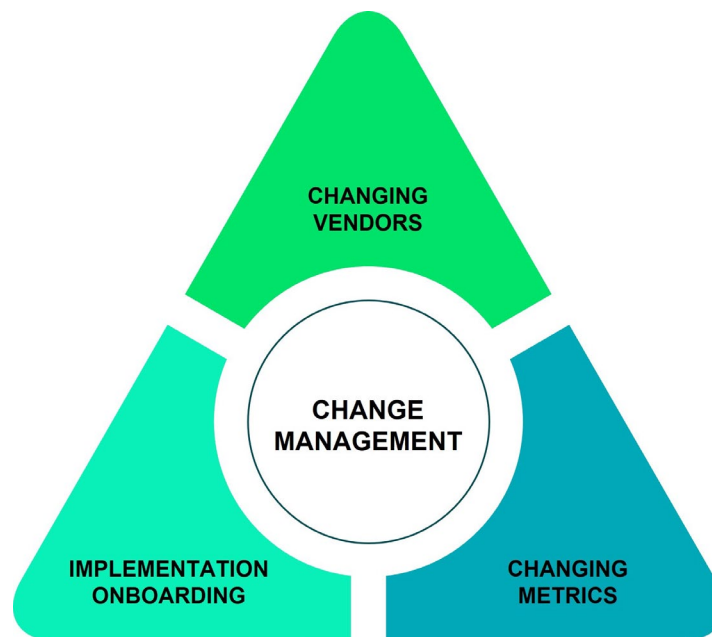


Three Potential Focus Areas for Change Management - What Transformation Are You Managing?

Once you realize change management is inevitable, it's best to tackle it head on. Proactivity and being a champion for change is key to success. It starts with defining the primary focus of your change management activities, as different stakeholders will be involved depending on what type of change or transformation is being managed. The three primary focus areas are:

- Managing a change in a data supplier
- Managing the change in the data metrics (and socializing this change with your users)
- Managing the change to a different tool (including education/training and onboarding)

Figure 1



Best Practices for Successful Change Management

There are several key factors and activities that can reduce the "pain of change" and which need to be front and center in your Change Management process through the transformation:

- Senior leadership actively endorsing the change
 - By far one of the most important factors in ensuring a successful change; senior leadership needs to be engaged in communicating why the decision was made to change and what benefits it will bring to the organization and individuals being affected



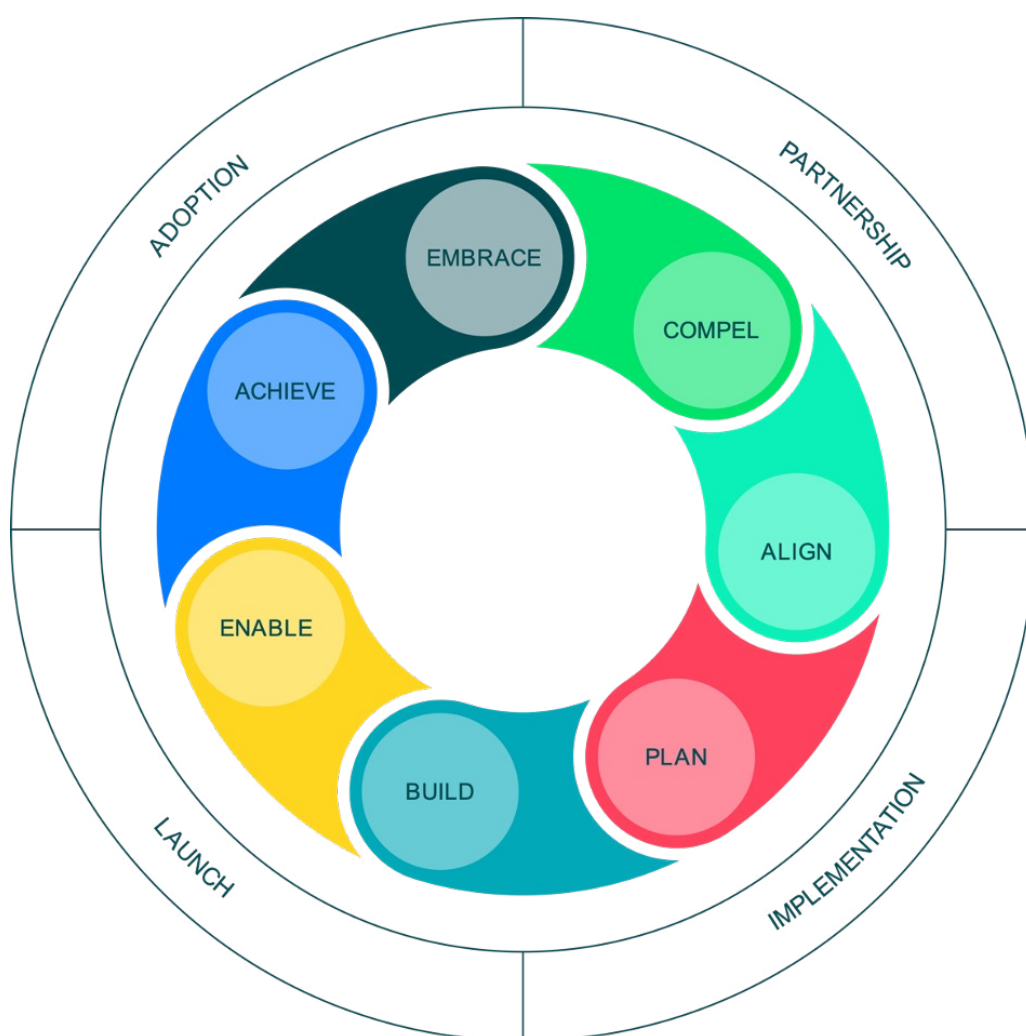
- Being or identifying a strong champion for change
 - Having an individual within your organization partner with the Numerator team through all phases of implementation will ensure your objectives are met and the partnership is set up for success. This individual helps establish a list of stakeholders and user groups, identifies all current deliverables that may be impacted by the change (e.g., scorecards, ongoing reports, data feeds), specifies any custom product views needed and plays an important role on the change management team.
- Leveraging past experience and learning (here's where an experienced partner like Numerator can help)
 - We've successfully transitioned more than 50 customers to our full reporting capabilities where they're now leveraging Numerator's benefits with widespread access
- Having a plan or change framework in place (see figure 2) to encompass the full transition
 - Change Management is much broader than simply an implementation process and onboarding users. It includes preparing and planning for change as well as ensuring immediate wins and long term value is achieved as the new data and data provider become integrated and embedded within the organization
- Identifying common goals and critical outcomes for achieving and measuring ongoing success of the change
- Using an Implementation Team (at Numerator, we assign a separate and specialized team of resources to roll out the change management plan so that daily activities and focus for our account teams are not disrupted)
- Building trust by sharing thorough and transparent information about the change to ensure users are comfortable with 'the new world' and set up for success
- Doing what's in the best interest of the client by partnering with any existing data providers, with clear expectations on data use/roles and ways of working exhibited through day-to-day interactions and project work.



Key Factors for Best Practices in Successful Change Management

- Senior Leadership Endorsement
- A Champion for Change
- Leveraging An Experienced Partner
- Change Framework
- Common Goals / Critical Outcomes
- Implementation Team
- Transparent & Thorough Information and Communication
- Collaborative Partnership with Existing Data Providers

Figure 2



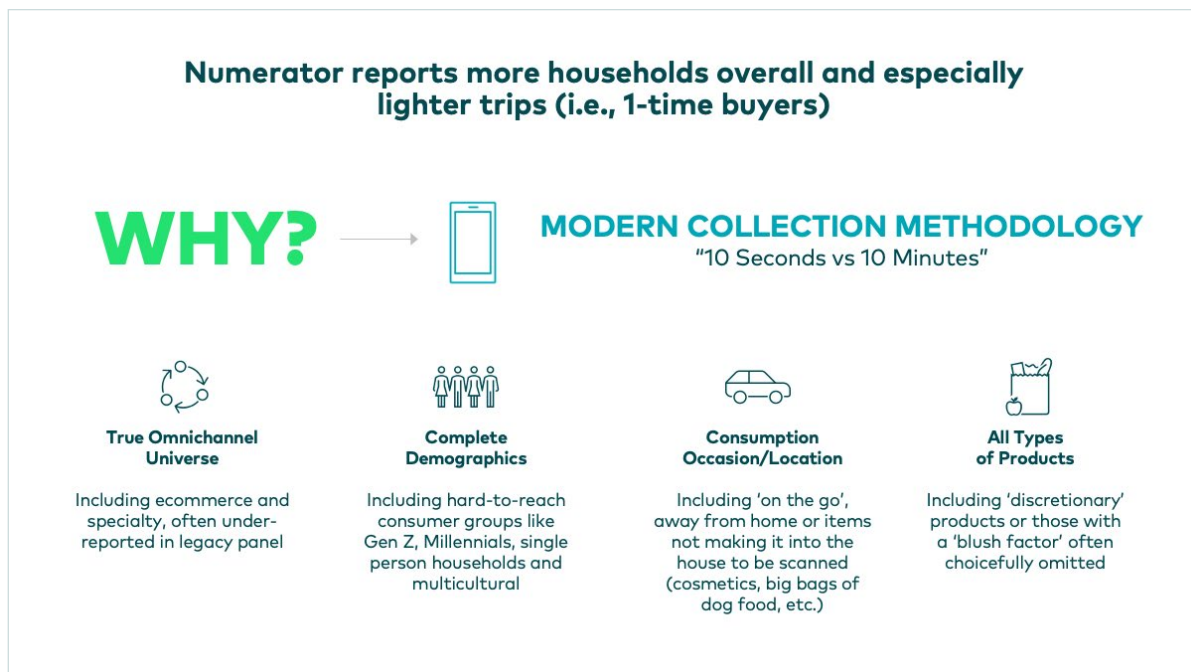
3. Common Changes in Panel Metrics When Moving to True Consumer-Centric Panel Data

Within this section, we will focus on the change management around the change in panel data metrics such as penetration and buy rate.

In moving to a different data source, changes in metrics should be expected. With true single-sourced, consumer-centric panel data, many of these changes trace to improvements in the accuracy of measuring consumer behavior. This increased accuracy actually stems from the fact that Numerator's modern panel captures more trips (across more outlets), and when you cover more trips you also capture more households, which can:

- Increase the likelihood of observing people buying a brand, leading to higher (and more accurate) penetration levels
- Improve retailer insights for better estimates of retailer conversion and leakage patterns that are more realistic and more actionable
- Provide better visibility into switching behaviors that had previously been missed, thus improving your ability to assess loyalty, heavy/medium/light buyers and even brand interactions

Figure 3



One of the most notable changes with the move to true single-sourced, consumer-centric data is a more accurate measure of penetration (% households buying). As previously mentioned, marketers with strategic penetration goals are often surprised that, in many cases, they have already met or exceeded these goals when a more accurate view of the marketplace is included. Higher reported penetration is directly due to capturing more buyers with modern technology as it makes it easy for users to participate (taking just a few seconds to snap a picture of their receipt or seamlessly collecting digital receipts through an opt-in process). This is especially true for lighter buyers who may be missed when their only purchase is not collected due to more laborious methods.

Similarly, other key metrics are improved using modern collection methodology. Overall, categories and brands will tend to see:

- Higher penetration levels
- Increases in the # or % of 1-time buyers
 - Hence it follows that repeat rates (% of 2+ time buyers) will decrease
- Decreases in purchase frequency
 - Since purchase frequency is an average measure (average number of purchase occasions per buyer), and since we are now including more lighter buyers (who tend to be less frequent buyers) to provide a more realistic view, that average will decrease

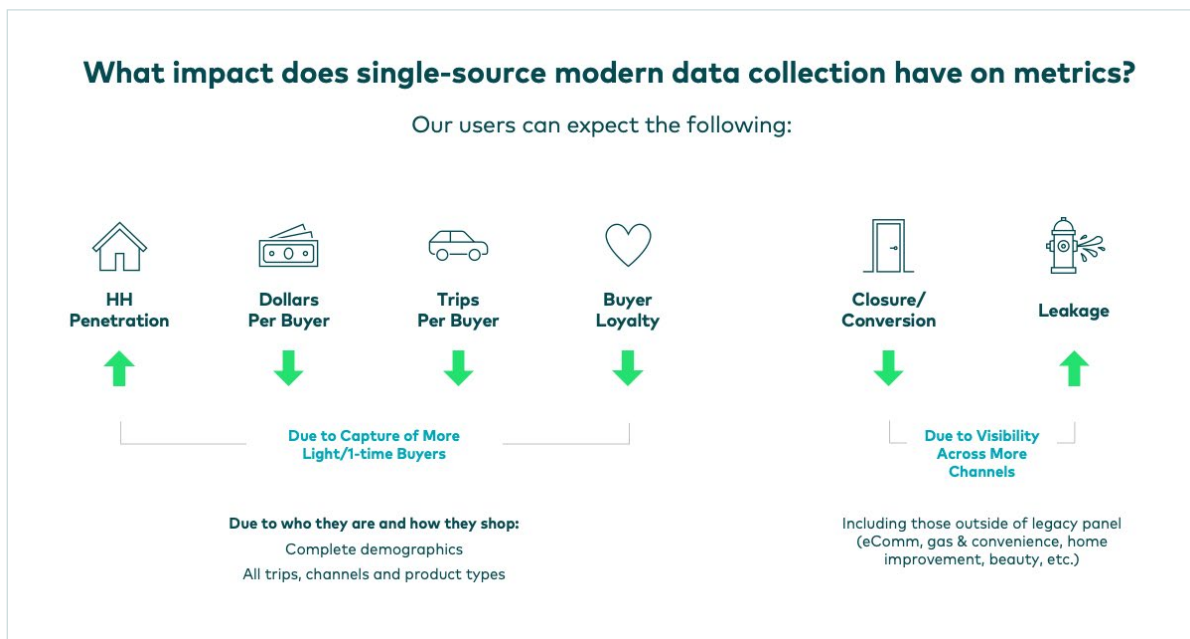


Making the Leap: Leading Transformation for Better Consumer Insights and Business Decisions

From a retailer perspective, the most typical changes in metrics will be:

- Increases in leakage
 - Since leakage measures the % of sales shifting to other channels or retailers, it will increase as you widen the lens of the consumer purchase behavior you're capturing
- Decreases in conversion rates
 - As conversion measures the % of known category buyers purchasing in a retailer, it will tend to go down because we are identifying more category buyers and are widening the playing field to a more complete set of retailers and channels

Figure 4



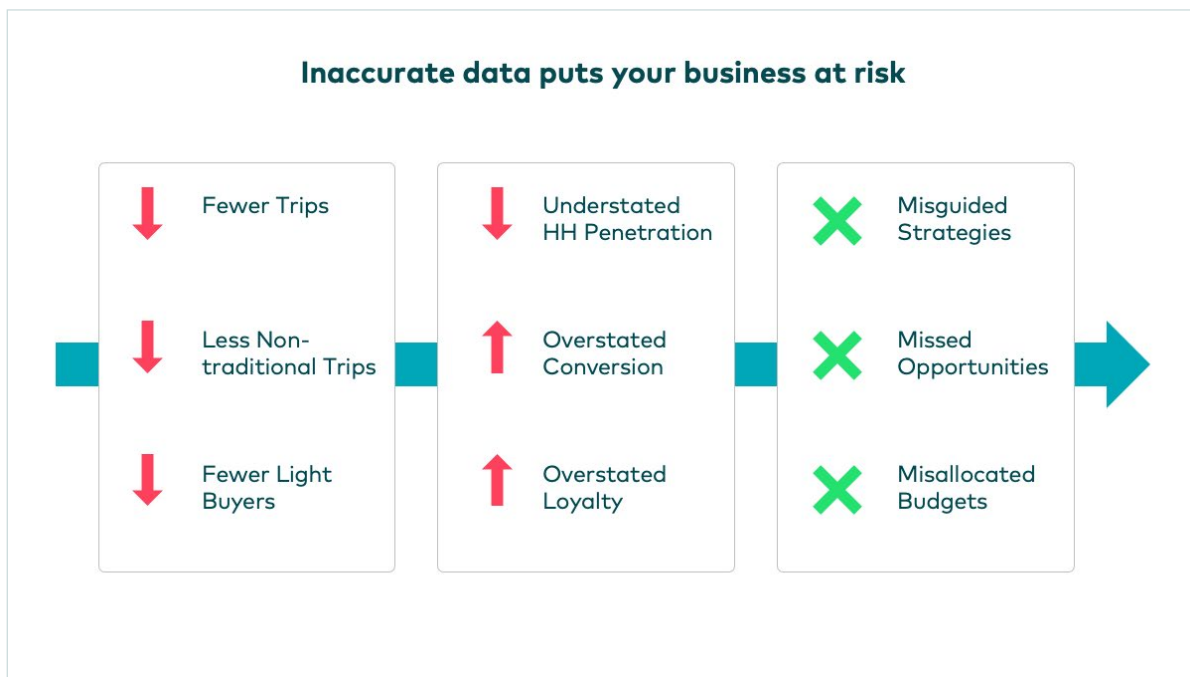
The fact that a single-sourced consumer-centric panel provides a more accurate picture of consumer behavior is the obvious advantage of using this robust data source. However, this does mean that there is some change management needed to socialize the differences with the users of the previous data. This process is key in getting users comfortable with the data as quickly as possible, so that they can reap the benefits of using it sooner, and is why we focus on helping with that change management process (as covered in the previous section).



Making the Leap: Leading Transformation for Better Consumer Insights and Business Decisions

A key part of educating users about the changes they see is to connect that new information to why it's important to their business and their success. In fact, using inaccurate data puts your business at risk. For example, if you've already hit your penetration goals but don't know it, your current strategies will need to change to ensure you get to the continued growth you need to be successful. If your conversion rates are overstated, you may be operating under a state of false confidence and are missing out on key opportunities (this was very evident during the pandemic with the accelerated shift of consumer purchasing online).

Figure 5



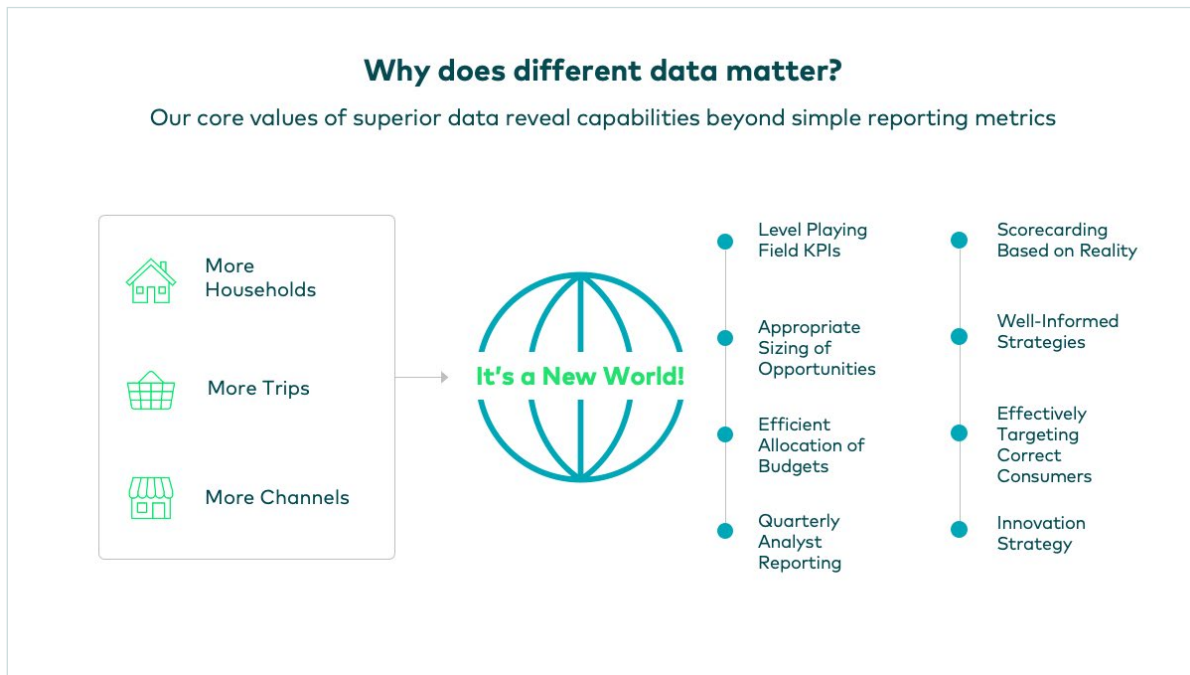
The advantages of using more accurate information from a single-sourced consumer-centric panel data source transcends just the basic panel metrics and simple reporting. It opens up a whole new world of possibilities on how managing and growing your business can benefit from:

- Appropriate sizing of opportunities
- Efficient allocation of budgets
- True (level playing field) KPI's
- Building well-informed strategies
- Effectively targeting consumers



Throughout the change management process, connecting your business performance to the newest information and highlighting the recommended changes to strategies based on this new information is an important part of building the excitement and confidence in the users.

Figure 6



4. Summary

The consumer is the real source of truth. If you aren't already using consumer-centric data to set your strategies and evaluate your performance, you almost certainly will be soon. The way consumers and their behaviors are changing has forced the market to look for solutions that put the consumer in the center. This is further driving the industry to panel data solutions fueled by single-sourced, consumer-centric data and is leading to many companies having to navigate through a transformation of their panel data.

Other industry developments fueled by changes retailers and big tech are implementing are leading to the need to be more agile than ever before in collecting consumer purchase data that provides true visibility to consumer behavior. In the panel world, this means "receipt panel" providers need to find new ways to allow panelists



to opt-in to providing information from these retailers and companies to avoid critical data gaps. It requires panel data suppliers to have the technological prowess to pivot based on market/industry changes in order to mitigate the risk of data gaps.

Because we are a data and technology company, Numerator has the technology and engineering expertise that enables us to continue to evolve as the consumer and marketplace change. We have already tackled and resolved today's challenges and are ready for whatever comes next.

Other technological advancements can also lead to panel data change. For example, given our focus on innovation and pioneering spirit, our engineers are continuously looking for ways to leverage the newest technologies to enhance data collection and processing. These advances may lead to changes in our data as we continue to increase the speed and accuracy of delivery to help our users keep up with the changes in the marketplace.

Changing your panel data supplier comes with a need for a solid change management strategy so that your organization and users can socialize the data change and realize the benefits of making the change as soon as possible. Having a partner with a strong track record of helping to drive the implementation and change management as you make this transformation is an important key to success. Don't fear the change if you have a partner who has experience, a plan, and a successful track record. Instead, embrace the change imperative and the new insights you are guaranteed to benefit from and the growth your brand will enjoy.



