



DataAlchemy™ – Identify the Right Product & Promotion Mix

Overview

The manufacturer of My Brand has just begun to use DataAlchemy to evaluate their pricing and promotion strategies. My Brand is a market share leader in its category and has continued to hold this position despite the fact that the product line has received less promotional spending as well as a price increase as compared to the previous year. Although My Brand product line maintained its market share leadership in the current year, DataAlchemy uncovered some negative trends that shed some light on potential pricing and promotion problems that need to be addressed.

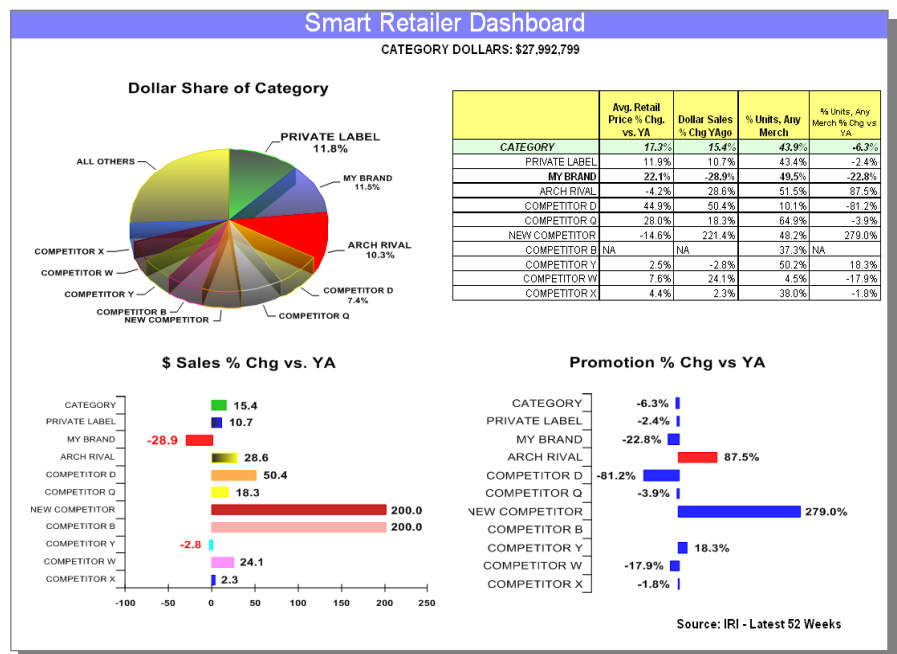
My Brand executives focused on two DataAlchemy automated reports to provide them with insights into the results of their pricing and promotion business strategies. From these reports, the executives, sales, and category managers were able to draw significant conclusions as to why their current product and promotion mix were not producing optimal returns. They quickly developed an action plan to address the issues before their product line lost more market share.

One report that is being used to assess business results is the dashboard summary report. It provides information on the overall My Brand product line performance by retailer as compared to other products in that category. For more detailed information on My Brand's performance, a report on SKU sales trends by retailer is analyzed.

Dashboard Summary

The dashboard summary report holds a wealth of information about My Brand. DataAlchemy's dynamic reporting ability allows executives to review the overall health of a product line for multiple retailers. This report can be viewed for various time period & retailer combinations instantly in PowerPoint with just a click of the mouse.

From this report, the manufacturer can determine that My Brand still holds a narrow market share lead over the Arch Rival brand at Smart Retailer. However, My Brand sales are down about 30% as compared to last year while Arch Rival's sales have increased by almost the same amount. The bottom line is that My Brand sales dropped while the sales of the category increased. As a result, they had a loss of dollar share. There are two potential reasons why this could have happened:



- Consumers were dissatisfied with My Brand's price increase. It is possible that they switched to the Arch Rival product as a result. The dashboard shows that My Brand's prices were increased at the same time Arch Rival's prices were reduced. Customers may have switched to the Arch Rival product for cost savings.
- Lack of promotion versus one year ago. Looking at the promotional spending on the bottom right of the dashboard report, it appears that the Arch Rival brand has increased their promotions by 87%. Customers may have been influenced by the promotion to switch to the Arch Rival brand.

SKU Sales Report

A supplemental SKU sales report uncovered some additional insights into the reason for the sales decrease of My Brand. The dynamic reporting capabilities in DataAlchemy also allows users to change both the retailer and time period on the fly in Excel with a click of the mouse.

From this report, the manufacturer can determine that 8 out of the top 10 My Brand SKUs have increased sales over the past year despite retail price increases at Smart Retailer. The top 10 SKUs may have performed even better if there had been more investment in the promotion programs. Note that 9 out of the top 10 SKUs saw promotion decreases versus one year ago. This report also shows that while the top 10 SKUs are fairly healthy, the remaining SKUs are the largest contributors to the overall brand sales decrease versus one year ago.

The Arch Rival brand's top 10 SKUs are very healthy. All 10 SKUs realized a double digit sales growth versus a year ago. Their increase in sales can be attributed to a decrease in price and increase in promotion while at the same time My Brand implemented the opposite plan; increasing prices and decreasing promotional spending.

Arch Rival decreased the price on 7 out of the top 10 SKUs versus one year ago and 9 of the SKUs saw an increase in promotional spending versus a year ago. As a result, there was a narrowing of the market share gap between My Brand and Arch Rival.

Finally, DataAlchemy can create an aggregate report of the product category without the new competitor to see what the impact of their sales has on the category. From this report, the manufacturer can determine if the category growth was driven by the new competitor or by the organic growth from other brands.

Conclusion

DataAlchemy's dynamic reporting capability allowed executives to instantly review the same dashboard and SKU reports for other retailers. Upon the review of these reports, they concluded that the unprofitable SKUs needed to be dropped from the product mix and that additional promotional spending would be needed to maintain their market share leadership in the category. DataAlchemy helped to optimize this manufacturer's product pricing and promotional mix by providing them with timely actionable information. Without DataAlchemy, this potential problem may have gone unnoticed until their market leadership position was lost. Gaining back the market leadership position after losing it to the competition would have been a much more difficult business proposition.

About alqemyiQ Corporation

alqemyiQ provides enterprise demand data management software solutions to manufacturers, retailers and sales agents. Our products and services offer a systematic way of analyzing and sharing insights gleaned from disparate data sources; including syndicated, demographic, direct POS, and internal shipments to name a few. alqemyiQ is also a supplier of customized consulting services; providing clients with best-in-class approaches to get more out of their data. Many prominent consumer goods organizations are using alqemyiQ products and services including Heineken USA, Nestle, L'Oreal, and more.

SMART RETAILER		Descending by Dollar Sales		
Latest 52 Weeks		Unfiltered		
Rank	Item	Avg. Retail Price % Chg. vs. YA	Dollar Sales % Chg YAgO	% Units, Any Merch % Chg vs YAgO
1	MY BRAND SKU 43447	12.6%	35.7%	2.5%
2	MY BRAND SKU 71504	27.6%	-7.5%	-13.8%
3	MY BRAND SKU 29	25.2%	60.6%	-74.4%
4	ARCH RIVAL SKU 32038	-0.9%	20.0%	54.3%
5	ARCH RIVAL SKU 27861	-21.1%	29.3%	134.5%
6	MY BRAND SKU 1028	16.1%	62.2%	-8.3%
7	MY BRAND SKU 68929	47.9%	95.3%	-85.3%
8	ARCH RIVAL SKU 55407	15.4%	78.0%	360.8%
9	ARCH RIVAL SKU 11837	-7.3%	9.1%	142.6%
10	MY BRAND SKU 5971	39.3%	18.2%	-90.4%
11	MY BRAND SKU 20	40.2%	28.7%	-69.8%
12	ARCH RIVAL SKU 60044	-20.3%	12.1%	88.6%
13	MY BRAND SKU 4233	18.4%	2.9%	-7.0%
14	ARCH RIVAL SKU 41420	-22.6%	35.8%	210.7%
15	ARCH RIVAL SKU 24890	-0.4%	13.6%	60.2%
16	ARCH RIVAL SKU 19750	6.1%	42.1%	12.0%
17	MY BRAND SKU 58431	34.8%	31.1%	-85.5%
18	MY BRAND SKU 17637	3.9%	-12.4%	-100.0%
19	ARCH RIVAL SKU 64653	1.5%	57.6%	49.3%
20	MY BRAND SKU 2864	13.0%	21.8%	NA
21	MY BRAND SKU 6244	10.4%	-20.5%	-13.3%
22	MY BRAND SKU 1833	9.8%	-16.7%	-7.8%
23	ARCH RIVAL SKU 34414	-1.0%	11.4%	NA
24	MY BRAND SKU 46130	22.3%	94.6%	-86.7%
25	ARCH RIVAL SKU 32504	3.1%	43.4%	29.7%
26	MY BRAND SKU 5693	22.8%	-46.8%	-100.0%
27	ARCH RIVAL SKU 34557	-3.0%	4.2%	NA
28	MY BRAND SKU 5105	9.3%	-33.0%	-6.7%
29	MY BRAND SKU 3022	10.6%	-30.5%	-9.8%
30	MY BRAND SKU 3562	7.9%	-39.5%	-37.1%



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