Nielsen Retail Measurement Service
Nielsen measures what people watch and buy
What is RMS?

RMS is Retail Measurement Services

Nielsen’s RMS is the global industry standard for quality data in product movement, market share, distribution, price and other market sensitive information.

The 2 Nielsen services, based on different data collection methodology are:

• Retail Index (also known as Retail Audit)
• ScanTrack
Why do we need Retail Audit Data when we have Ex-Factory Sales, Consumer Tracking etc?

• Cross Border activity
• Delays in the pipeline
• How are our competitors performing?
• What are the trends in the market?
• How are our merchandisers performing
• Measure consumer off-take
• Sell into Trade vs. sell out of Trade
SUPPLY CHAIN - FROM MANUFACTURER TO CONSUMER

Manufacturer → Distribution Centre → Direct Supply

(Ex Factory)

Wholesaler → Retailer

(PIP ELINE)

Consumer (NIELSEN UNIVERSE)

SELL IN

SELL THROUGH

SELL OUT
Retail universe covered by RMS

What are the channels typically covered by RMS? What channels are not?

Out-of-Scope Channels
- Wholesalers
- Street Vendors
- On-premise consumption (Hotels, Fast Food, Bakery)
- Seasonal Channels
- Airports/Airlines
- Duty Free
- Bake Shop
- Weekend Markets
- Movie Theatres
- Direct Sales
- Exports
- Institutional
- Warehouse
- Fitness Centers
- Internet Cafes
- Drug Stores
- Cash & Carry
- Hawker Stalls
- Semi-Retailers
- Restaurants
- Coffee Shops
- Entertainment

In-Scope Channels
Modern Trade:
- Chain Supermarkets
- Hypermarkets
- Convenience Stores
- Wine/Liquor Shops
Traditional Trade:
- Independent Grocery
Expected coverage for Retail Index
Nielsen data typically comes in 2 levels

• **Scantrack Data:** Scanning data at barcode level delivered weekly

• **RMS Data:** Combination of scanning data and retail audit data typically delivered monthly at P-code level
ANALYSIS & INTERPRETATION
DATA IS COLLATED INTO 4 BASIC DIMENSIONS

MARKET
May be based on trade channel, geographic region, key accounts or a combination of these:
- Total SA
- Total W Cape
- Total Supers
- Total Pick 'n Pay Supers
- Total PnP Supers WC
- PnP Super Fourways Crossing

PRODUCT
- Total category (eg. Toilet Tissue, Cigarettes)
- Manufacturer
- Brand
- Price segments e.g. Premium, AP, VFM
- Pack size segments e.g. 10s, 20s, 30s
- Format segments, e.g. 1Ply, 2Ply, Soft Cup, HL
- SKU

FACT
- Sales and Share (volume and value)
- Location of business
- Retail Selling Price (RSP)
- Product Availability (numeric, weighted and handling)
- Distribution
- Purchases* (by retailers)
- Stock facts*

*only available for Independents

PERIOD
- Reporting in monthly delivery database Retail Audit (RA) and Tradedesk
  Jan 2017
  Feb 2017
  March 2017
- Periods can be manipulated to create 12mm, 6mm, 3mm, YTD, month-on-month, etc.
THE DIFFERENCE BETWEEN LOCATION VS SHARES

Category and Brand Location by Region

Brand Share by Region

- Brand A
- Brand B
- Brand C
- Brand D

Location

- WC
- EC
- KZN
- FS/NC
- NWLMLMP
- Gauteng

Share by Region

- Gauteng
- NWLMPMP
- KZN
- EC
- WC

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SELLING DISTRIBUTION

• Selling Distribution
  • Percentage of shops, which sold the respective article during the reported period

• Numeric
  • Based on percentage of the stores in the universe (store count)
    • % of all stores in the universe that sell the product

• Weighted
  • Based on the volume turnover importance of those stores within the audited product class
    • % of category sales volume that your brand is reaching
TIME PERIODS

In addition to knowing which Market and which Product you are wanting to see measures for, it’s important to know what time frame you want to look at. Retail Measurement data can be combined across standard and non-standard time frames to better address certain issues.

Examples for the use of time periods:

Long term trends:
- Moving Annual Totals
- Calendar years

Short term trends:
- Year to date
- Quarterly
- Monthly/Weekly (where available)

To evaluate new launches:
- Pre Period(s) vs Launch Period(s)
- vs Post Period(s)
# TYPES OF PRICE

- **Price per pack**
  - price of an individual pack

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<tr>
<th>VALUE SALES</th>
<th>NUMBER OF PACKS SOLD</th>
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- **Price per volume**
  - price of an individual stick

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Price vs Promotional Sales

Incremental Promotional Volume vs Price

- ALL GOLD TOMATO SAUCE BOTTLE 700ML X 1 - 60019578 - Sum of Incr Value
- ALL GOLD TOMATO SAUCE BOTTLE 700ML X 1 - 60019578 - Sum of Base Value
- ALL GOLD TOMATO SAUCE BOTTLE 700ML X 1 - 60019578 - Sum of Price per Pack
Nielsen Scantrack Data Methodology
## Data input

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### Data input

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<td>EA</td>
<td>2</td>
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<td>EC06</td>
<td>5060375973571</td>
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<td>4</td>
<td>120</td>
</tr>
</tbody>
</table>

### Ave RSP = Value/ Sales
Data Production Process

DATA INPUT
- Scanner Data
- Manual Data
- Panelist Data

MOVEMENT DATA (ARTICLE LEVEL)
- Article Master Information
- Universe Information

SHOPPER & RETAILER LEVEL

HARMONISATION
- Input Data
- Nielsen Raw Data
- Nielsen Article Master Database
- Nielsen Shop Database

DATA PROCESSING
- Coding & Validation
- Instruction, Projection, Product & Calculation

DATA OUTPUT
- DB 1
- DB 2
- DB 3
- DB 4
- DB 5
- DB 6
- DB 7
- DB 8
- DB 9

DELIVERABLES
- Database
- Report
- i-sights
Challenges

• Treatment of promotional prices: Discounts vs. Buy 1 Get 1 Free

• Locally Assigned Codes (LACs)

• Item Coding: Chocolate Brown Prams in Chocolate
Nielsen Retail Audit Methodology
Steps within the Retail Audit

1: Establish the Universe
Define store types and gain information on shop numbers & turnover

2: Design a representative sample
How many of each store type do we need to represent the universe?

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at retail store level

4: Statistical expansion
of sample to universe

5: Reported outputs
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Establishing the Universe

Key Questions:
1. How many Outlets in South Africa sell at least 1 branded Consumer Packaged Good?
2. What is the overall Turnover of retail in South Africa?
3. What channels exist in South Africa and how important are they?
4. How many outlets are there across South Africa by region and channel.

How do we get this information?
1. We constantly carry out a fundamental process for our Retail Audit called the **Rolling Retail Establishment Survey (RRES)**.
2. In the RRES, we physically count thousands of outlets across Stats SA’s Small Area Layers (SALs). By using Demographic information at an SAL level as well as constantly carrying out Establishment Surveys, we are able to accurately assess changes in South Africa’s trade profile over time by using a sample of outlets (LY we enumerated 34k outlets).
What is an Small Area Layer & how does Nielsen use them?

• Smallest geographical breakdown defined by Stats SA
• By SAL, we know the statistics around Population, Number of HHs, HH Income, LSMs, Ethnicity, Gender, Language, Employment and Education level
• The Nielsen design centre uses a combination of these statistics to define which SALs need to be Enumerated
• Nielsen Auditors are sent to these SALs to Enumerate the number of outlets within the geography
• Auditors receive the Digital Map of the SAL on their phone and carry out the RRES Questionnaire in the defined area.
Details Covered in the RRES

Store Metrics collected across the designed sample

**SCOPE**
All outlets that stock at least one branded CPG item

**LOCATE**
Mapped Store detail with addresses, GPS points and photos
3 separate data points are provided in order ensure that the store is found

**TRADING FEATURES**
In depth store level details including:
- Trading characteristics
- Amenities
- Channel type
- Turnover Profile
- Product Stocking

**USAGE**
Tracking these metrics over time allows us to:
- Update Retail Turnover by channel type and region
- Update Store Estimates for the SA Retail Environment
- Pick up dynamic / emerging trends
### Market & Sample Details

Actual Relative Standard Error is significantly lower than Target RSE

<table>
<thead>
<tr>
<th>Market Break Down</th>
<th>Total Market</th>
<th></th>
<th>Total Market</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Universe Size</td>
<td>Optimal Sample</td>
<td>Target RSE</td>
<td>Universe Size</td>
<td>Optimal Sample</td>
</tr>
<tr>
<td>Total South Africa</td>
<td>147,257</td>
<td>8,455</td>
<td>4%</td>
<td>20,716</td>
<td>143</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>21,521</td>
<td>824</td>
<td>10%</td>
<td>20,716</td>
<td>143</td>
</tr>
<tr>
<td>Free State</td>
<td>10,952</td>
<td>511</td>
<td>15%</td>
<td>12,637</td>
<td>199</td>
</tr>
<tr>
<td>Gauteng</td>
<td>34,994</td>
<td>2,594</td>
<td>10%</td>
<td>32,297</td>
<td>251</td>
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<tr>
<td>Kwazulu Natal</td>
<td>25,331</td>
<td>1,266</td>
<td>10%</td>
<td>23,662</td>
<td>209</td>
</tr>
<tr>
<td>Limpopo</td>
<td>13,127</td>
<td>571</td>
<td>10%</td>
<td>12,653</td>
<td>144</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>12,963</td>
<td>622</td>
<td>10%</td>
<td>12,373</td>
<td>139</td>
</tr>
<tr>
<td>North West</td>
<td>11,998</td>
<td>526</td>
<td>10%</td>
<td>11,558</td>
<td>151</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>2,456</td>
<td>265</td>
<td>15%</td>
<td>Combined with Free State for Independents</td>
<td></td>
</tr>
<tr>
<td>Western Cape</td>
<td>13,915</td>
<td>1,276</td>
<td>10%</td>
<td>12,501</td>
<td>109</td>
</tr>
</tbody>
</table>

|                        |                       |                       |              |                       |                       |                       | 0.5%   | 4.4%                |
|                        |                       |                       |              |                       |                       |                       | 2.1%   | 3.6%                |
|                        |                       |                       |              |                       |                       |                       | 0.0%   | 5.5%                |
|                        |                       |                       |              |                       |                       |                       | 29.0%  | 11.2%               |
|                        |                       |                       |              | usable               |                       |                       | 64.9%  | 8.1%                |
|                        |                       |                       |              | usable               |                       |                       | 3.4%   | 67.2%               |

*Combined with Free State for Independents*
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Sample Methodology

**Stratified Random Disproportionate**

**Outcomes:**
- Reduce the risk of bias
- Measure sampling error
- Make sample more representative
- Ensure data integrity and sample confidentiality
Nielsen Watchbuilder Standards

Product designed to ensure consistency in quality and approach in all Nielsen markets Globally \textit{(precision at an MBD level changes based on size of country – South Africa is a Medium Size country due to a population of between 20m-100m)}

<table>
<thead>
<tr>
<th>All Commodity Value</th>
<th>National</th>
<th>Major MBD</th>
<th>Minor MBD</th>
<th>Very Minor MBD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>At least 5%</td>
<td>5% - 1%</td>
<td>Less than 1%</td>
</tr>
<tr>
<td>Precision (Designed RSE)</td>
<td>4%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Relative Standard Error designed for products with at least 80% WTD Distribution and 5% Share
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Data Collection

• Auditors visit each store every month
• For every single brand/variant/SKU auditors record:
  • Total stock in the outlet (front and backroom stocks)
  • Forward stock
  • Reserve stock
  • Purchases made by the outlet via invoices since last visit (over 30 days)
  • Direct purchases
  • Indirect purchases (via wholesaler or warehouse)
  • Returns (if any)
  • Retail selling price

• **Final Stock** for current period becomes **Initial Stock** for next reporting period.
Data Collection
How do you calculate total sales from these?

Initial Stock + Store Purchases = Final Stocks

200 + 500 = 700

Sales to Consumer

400

---

```
May 2011

<table>
<thead>
<tr>
<th>SUN</th>
<th>MON</th>
<th>TUE</th>
<th>WED</th>
<th>THU</th>
<th>FRI</th>
<th>SAT</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
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<td>30</td>
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</table>

Initial Stock

```

```
June 2011

<table>
<thead>
<tr>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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</tr>
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<td>29</td>
<td>30</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Final Stocks

---
Manual Audit

- Auditors uses Hand Held Terminals (HHTs)
- Audit generally completed within 1 day - for larger stores more than 1 field person may be used.
- Auditor also verifies out of stocks and any unusual sales performances.
- It is impossible to audit every sample store on the same day. The audits are undertaken over a period (audit span) of 2 weeks each month.
- Audits must count all units in stock every visit, and record all purchases made by the store between last and this visit (for all categories under measurement).
- Auditors work their way around the shop in a systematic manner, to avoid missing any products.
- All products on shelf, in baskets, on “promotional stands” etc will be counted
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of sample to universe

5: Reported outputs


4: Statistical Expansion

Projection factors:

• **X-Factor**: expand based on Turnover importance across all FMCG categories
• **Y-Factor**: weights all data to align to monthly periods (30.5 days)
• **Z-Factor**: expands sample to align with Number of stores in the Universe
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