Practical Applications for Sales Data

Ca
CRAFT BEER SUMMIT
SEPT. 6 to 8 | 2018

Christian Miller
Proprietor, Full Glass Research

Background

Full Glass Research

- Provider of industry & market research to food & drink companies and organizations, governments
- Consulting and advice on marketing, pricing, packaging, new product introduction, strategy. Consulting and training in fact-based selling presentations and use of data
- Consumer & Trade research: surveys, pricing, package/label testing, brand image, sensory attributes, feature trade-offs, customer satisfaction, etc.
- Economic impact studies, category outlook and trend analysis, VAPG grant feasibility, supply vs. demand
- Also teach marketing courses in wine and beer for the U.C. Davis Extension program.
- Experienced in brand management and sales at producer level, sales at the retail and restaurateur level, as well as market research

TOPICS

Sources of Information

Off-premise (Scan) Data

On-premise Data

Depletions Data

Other Sources

Practical Application

WHAT DO 3RD PARTY SOURCES OF DATA GIVE YOU?

--Third party confirmation – neutral data

--Comparisons with competitors (not just your own sales)

--Evidence of consumer pull-through or appeal

--Diagnostics – which products? Why isn't it selling? Distribution or promotion execution

Where Craft Beer is Sold

PRODUCER

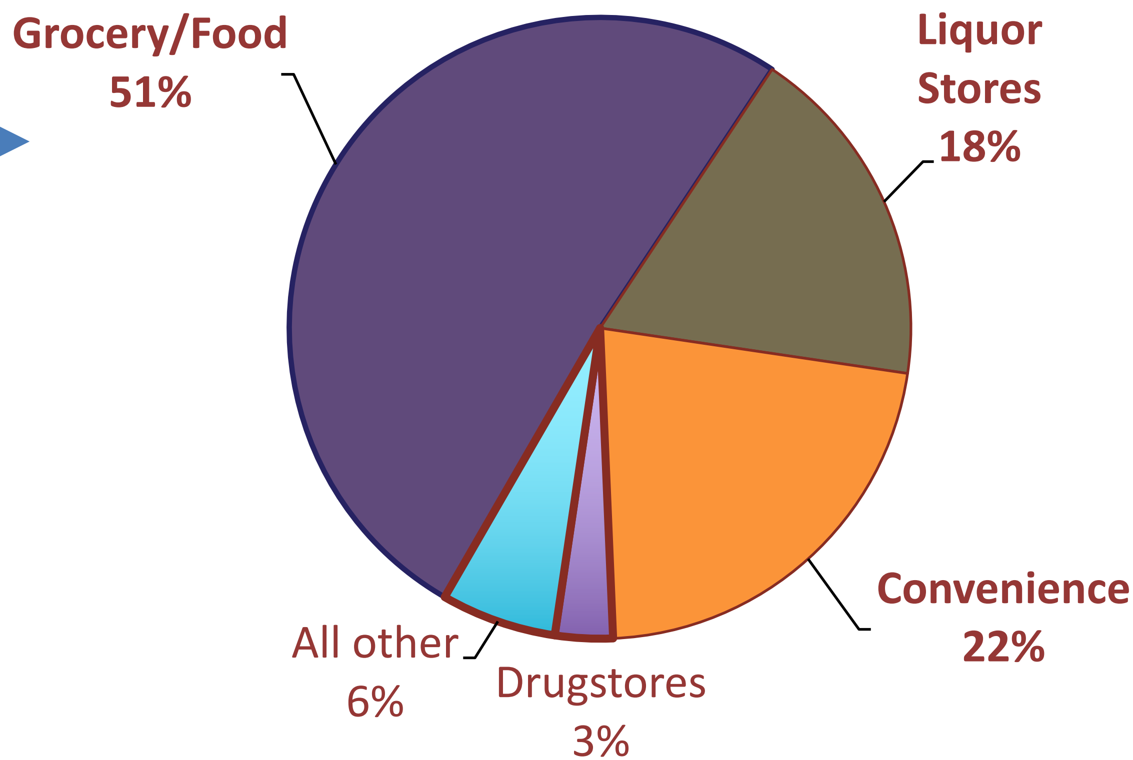
Tax-based data,
Industry Analysts

OFF-PREMISE

Scan data, audits

DISTRIBUTOR

Depletions data



ON-PREMISE

Audits, Nielsen CGS data

Source: Nielsen 2018 52 weeks ending 8/11/18

What Kind of Data do I Need?

- **Depends on your distribution** *DATA ACQUISITION PRIORITY GOES TO THE CHANNEL WHERE YOU SELL THE MOST OR NEED TO GROW THE MOST*
- **Depends on your sales plans** *If you mostly sell on-premise, you need to track accounts with depletions data. If you want to pitch chains or distributors, you need to have data. That's how they make most of their decisions. Data can provide evidence that carrying you is smart business or that you contribute more to their stores than Brand X. It also gives the buyer cover if their higher-ups are evaluating their decisions*.
- **Depends on your clients** *E.G. If distributors are important clients to you, you need to be able to measure what they are doing. Both to assess their performance and to work with them in building sales*

Scan Data

- **Where does it come from?** *Scanning UPC codes. Most grocery, mass market, drug and convenience chains (with some significant exceptions). Some club and large liquor stores/chains. Missing On-premise and much of the "long tail."*

- **Where do I get it?** *Nielsen, IRI, 3x3 Insights*

- **What is in the data?** *Units and dollars old, plus audit data, plus many derived measures. Markets from Total U.S. down to individual stores.*

Scan Data Measurements (Sales and Time periods)

- **Product Measures**
  - Brand/Company
  - Pack size, container type
  - Style/origin/flavor/class
- **Basic Sales Measures**
  - Volume Sales (and volume equivalents)
  - Dollar Sales
- **Time Periods (weekly up to 52 weeks)**
  - Change vs. Previous Period

Source: Nielsen 2018

Scan Data Measurements (Distribution)

- **ACV Weighted % Stores with Distribution or "Reach"** *(triggered by scan, ACV weighted)*

- **Average number of items/SKUs per store** *(also triggered by scan)*

Source: Nielsen 2018

What is ACV Weighting? Imagine…

A market has 10 stores

4 Independent stores with 15%, 10%, 10% and 5% shares

Miller's Grocers (2 stores, 1 with 6% share, 1 with 14% share of all grocery sales)

ACME MARKETS (4 stores, 10% share of all grocery sales each)

IF I GET DISTRIBUTION IN 1 OF ACME'S STORES, I HAVE DISTRIBUTION IN STORES = 10% of market weighted distribution, 25% of Acme stores

IF I GET AUTHORIZED IN ALL ACME MARKETS AND THE LARGEST INDEPENDENT STORE = 55% weighted distribution

Source: FGR, Nielsen 2018

Scan Data Measurements (Extras)

Audit-based measures

- % of stores with store advertisements or displays, and % of sales in those stores
- Share of displays and ads
- % change in volume or dollar sales when on display or advertised

Derived measures

- % of stores with temporary price reduction, and % of sales in those stores
- Sales per point of distribution (turnover or velocity)
- Base Sales - volume sales without any promotion or price discount

Following examples are based on actual scan data. Only the names have been changed to protect the innocent (or guilty).

Source: Nielsen 2018

Scan: Competitive Analysis

SELECT LEADING IPAs in CALIFORNIA   MARKET: CALIFORNIA ALL OUTLETS
PRODUCT: CRAFT, IPA, 4 or 6 PACK.   TIME PERIOD: Latest 52 Wks - W/E 08/11/1

Product	$ Sales	% Change vs LY	Volume	Vol % Change vs LY	%ACV Reach	%ACV Reach change vs LY
Albans IPA	20,647,383	-4.5	541,117	-4.7	88.5	3.1
Biffs Bitter	7,764,324	-1.3	141,306	1.8	67.4	1.4
Xtian's Ale	7,583,538	-10.8	180,053	-11.6	72.8	2.5
Dog Bird Ultra	6,027,264	-5.0	146,906	-6.1	51.3	4.7
Elephant IPA	5,736,255	172.3	113,401	160.5	71.9	40.4
Franks IPA 4002	5,722,520	17.4	133,652	16.2	52.8	13.5
Grand Isle IPA	4,981,347	3.9	118,691	3.5	30.9	3.1
Helluva IPA	4,791,869	-4.8	107,835	-5.5	57.8	7.7

Elephant IPA and Frank's IPA are the hot brands. But…

> at 53% ACV Reach and $5,722,520 sales, **4002 provides $108,939 in retail revenue** per 1% of store distribution.

> At 72% ACV Reach and $5,736,255 in sales, **0083 provides $79,821 in retail revenue** per 1% of store distribution.

Source: FGR, Nielsen 2018

Scan: Distribution Analysis

Top 10 IPAs in CALIFORNIA
PRODUCT: CRAFT, IPA, 4 or 6 PACK.

MARKET: CALIFORNIA ALL OUTLETS
TIME PERIOD: Latest 52 Wks - W/E 08/11/1

Product	$ Sales	%ACV Reach	$ per 1% ACV Reach
Alban's Ale	20,647,383	88.5	233,304
2nd Base Extra Pale	12,638,229	74.7	169,186
Biff's Bitter	7,764,324	67.4	115,198
Xtian's Ale	7,583,538	72.8	104,169
Dog Bird Ultra	6,027,264	51.3	117,491
Xerxes IPA	5,939,570	60.9	97,530
Elephant IPA	5,736,255	71.9	79,781
Franks IPA	5,722,520	52.8	108,381
Grand Isle IPA	4,981,347	30.9	161,209
Helluva IPA	4,791,869	57.8	82,904

What are the potential incremental sales for XYZ Chain from authorizing 0017, if XYZ Chain has a 5% share of grocery sales?

Incremental Sales =
Grand Isle Sales Rate per 1% x New ACV % Distribution
$161,209 x 5 ACV Pts. = $806,045 per year

Source: FGR, Nielsen 2018

Scan: Competitive Analysis

SELECT LEADING IPAs in CALIFORNIA MARKET: CALIFORNIA ALL OUTLETS
PRODUCT: CRAFT, IPA, 4 or 6 PACK. TIME PERIOD: Latest 52 Wks - W/E 08/11/1

Product	$ Sales	$ Sales % Change vs LY	% ACV Reach	%ACV Reach Change vs LY	%ACV with Display	$$ Sales Lift with Display
Biff's Bitter	7,764,324	-1.3	67.4	1.4	1.7	9.9
Xtian's Ale	7,583,538	-10.8	72.8	2.5	2.9	-2.0
Dog Bird Ultra	6,027,264	-5.0	51.3	4.7	1.5	-1.2
Irritable IPA	5,939,570	-9.3	60.9	-1.9	0.6	57.8
Kaki's Delight	3,610,045	40.9	53.5	7.3	0.9	5.8

--Top 4 beers are in trouble, but Biff's does show better dollar sales increase when on display
--Irritable IPA is down 9% in sales, despite losing only 1.9% of ACV distribution – lost some key accounts?
--Kaki's shows terrific growth, but even more impressive given only 7% increase in distribution.

Source: FGR, Nielsen 2018

Depletions Data

- **Where does it come from?** *Wholesalers; SKU or product number, not UPC*

- **Where do I get it?**
  (1) Your distributor;
  (2) a 3rd party source;
  (3) either plus analytical software. A must when dealing with many accounts or distributors

- **What is in it?** *Varies – total distributor sales; sales by account or type of account or territory*

Source: Full Glass Research2018

Depletions Measures & Applications

- **Sales Volume & Dollars**
- **Sales vs. Goals (set by producer)**
- **Days Inventory at Distributor (shipments vs. depletions)**
- **# of accounts**
- **Account level data *(RAD/STR)***
  - **Account classification**
  - **Distribution drives**
  - **Sales call follow-up**
  - **Confirm execution in chains or buying groups**
  - **Reorders**
  - **Target lists**

Source: Full Glass Research2018

Depletions Inventory Analysis
(rolling periods)

Product	Current Inventory	Past 3 months sales	% Change vs Yr Ago	Next 3 months Yr Ago	Next 3 months Projected	Est Inv in 3 months
Summer Wheat 4 pack cans	3000	2000	30%	4000	5200	**-2200**
Summer Wheat 15.5 gln Kegs	240	40	**50%**	120	180 (280)	**-40**
Juicy Citrus IPA 4 pack Cans	500	200	**10%**	60	396	104
Choco-Porter 4 pack 25.4oz	200	60	**15%**	30	35	**166**

Source: Full Glass Research 2018

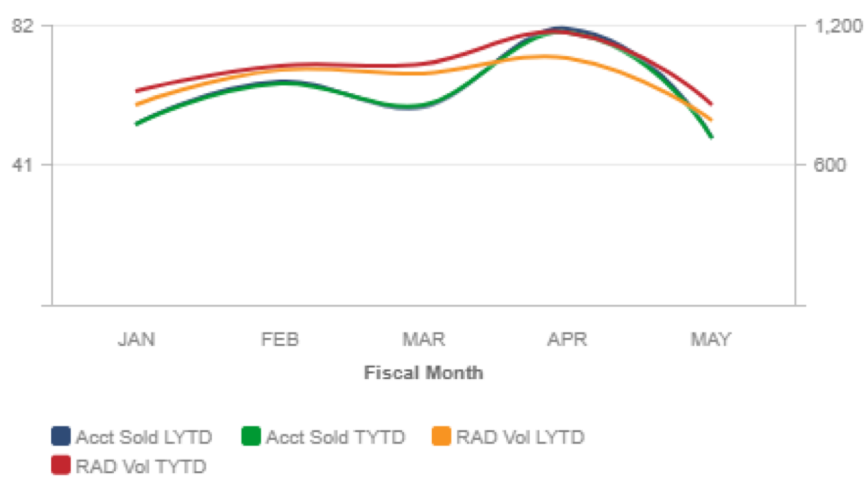
Depletions/Accts Sold vs Prior Period

BRAND	LABEL	ITEM	UNIT OF MEASURE
All	All	All	9L Cases
DIVISION	**REGION**	**TERRITORY**	**KEY ACCOUNT**
All	All	IN	All

Date Ranges		AS OF Only select ONE month	
Jan 2017		May 2017	
May 2017		Dist Reported	100.0%
Prior	LYTD	Latest Depl	May 2017

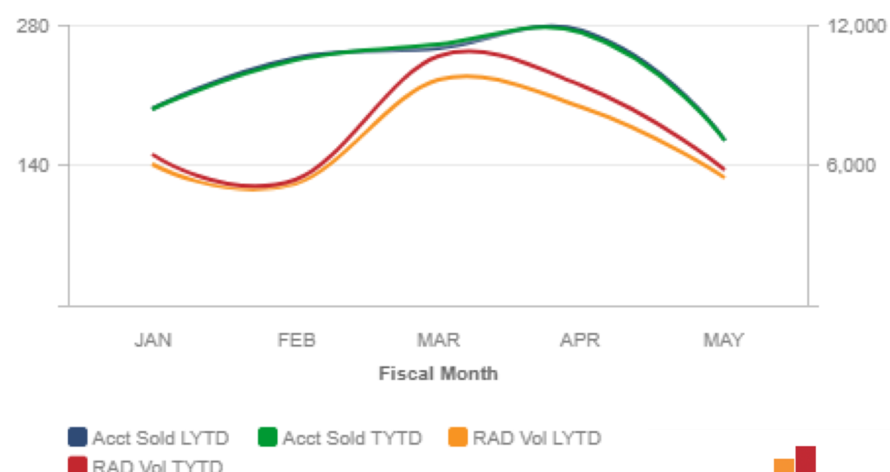
On-Premise

Cases		Accounts	
This Month 858	TM v LY% 8.5%	This Month 49	TM v LY % 0.0%
Year-To-Date 5,013	TYTD v LYTD % 6.2%	Year-To-Date 83	TYTD v LYTD % (1.2%)



Off-Premise

Cases		Accounts	
This Month 5,846	TM v LY % 6.5%	This Month 165	TM v LY % (0.6%)
Year-To-Date 37,916	TYTD v LYTD % 8.2%	Year-To-Date 304	TYTD v LYTD % (0.3%)



GREATVINES

Chain Depletions in Portland Area Declining…

BRAND: All
LABEL: All
ITEM: All
UNIT OF MEASURE: 9L Cases
DIVISION: All
REGION: All
TERRITORY: All
KEY ACCOUNT: Yes
PREMISE TYPE: All
TOP X: 25

AS OF Only select ONE month: Jul 2016
Fiscal Year: FY2016

			Fiscal M	FY2015 AUG	FY2015 SEP	FY2015 OCT	FY2015 NOV	FY2015 I
Account	Street	City	State	Cases	Cases	Cases	Cases	Cases
Acme. #25	6501 NORTH GRAPE ROAD			11		9		4
Acme #112	421 Ocean Avenue				10			
Acme #67	620 W EDISON ROAD SUITI			22		10		
Fred Meyer Burlingame (180024	7555 SW Barbur Blvd			15		18		20
Fred Meyer Pearl District (18002	100 NW 20th Pl			20		12	22	

Traced to 3 Acme Stores…visit or check with sales rep

Note the same logic could be applied to create target lists, contact accounts that did not reorder, find accounts with accelerating sales, etc.

GREATVINES

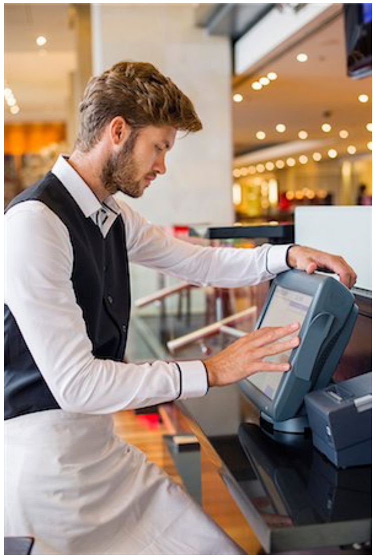
On-premise Data

- **Where does it come from?** *Audits vs. actual sales; data issues*
- **Where do I get it?**
- **What is in it?** *Presence on tap or on list, price, type of account, geography, sales (limited sourcing)*

Source: Full Glass Research 2018

Nielsen CGA On-Premise Service

- Sample-based model, launched 3 years ago in UK, now in U.S. partnership with Nielsen
- 8,000 accounts sampled, modeled and projected to represent 300,00 on-premise accounts
- Sales driven by POS systems



- Currently covers Total US plus 6 geographies. Restaurants and Bar/clubs are the two categories.

Details

- Producer size limits
- Measures
- Types of delivery

Source: Nielsen CGA 2018

Other Forms of Data

- **Geographics/Demographics**
- **Store Level/Category Management**
- **Consumer Research**
- **CRM & POS at the tasting room and brewpub**
- **Field Sales Data**

Source: Full Glass Research 2018

Putting it all Together

Ca
CRAFT BEER
SUMMIT
SEPT. 6 to 8 | 2018

GreatVines Data Shows On-Tap Placements for Our Cider are Down

BRAND: All
LABEL: All
ITEM: All
UNIT OF MEASURE: 9L Cases
PREMISE TYPE: All
DIVISION: All
REGION: All
TERRITORY: All

▼ Decline v Baseline
▲ Growth v Baseline

AS OF Only select ONE month
Jun 2017
Fiscal Year FY2017

	Rolling 12 Velocity	RAD v LY R12	YTD Activities	YTD Goal	YTD Pct v Goal
Baseline	2.28	18.4%	606	665	91.1%
No Activities	▼ 1.41	▼ 7.4%	N/A	N/A	N/A
Any Activity	▲ 4.17	▲ 28.1%	606	665	91.1%
Staff Training	▲ 2.66	▲ 21.7%	35	0	◦ 0.0%
Menu	▲ 3.52	▲ 35.6%	21	138	15.2%
Tap Handle	▼ 22	▼ -68%	7	0	◦ 0.0%
Display	▼ 1.29	▼ (13.6%)	1	132	0.8%
Logged Call	▲ 3.72	▲ 27.0%	94	144	65.3%
Other Activities	▲ 4.24	▲ 28.6%	448	251	✓ 178.5%

GREATVINES

Solutions

- Set up a tap incentive selling program for the sales force at your distributors
- Use depletions data, distributor input, field survey and demo/geographic data to build a target list of high volume accounts skewing younger that have 10+ taps
- Use field survey/CRM to identify accounts with only 0-1 cider taps
- Provide sales force with fact-based arguments for switching out a beer tap for cider, in this case from existing market research:
    - Cider skews younger with 44% of 20-somethings drinking it and 21% of 30-somethings vs. 5-15% of older deciles. *(FGR 2017)*
    - Of those who do drink cider, 78% say it's because it makes an interesting change from beer, while 32% are still experimenting to find out what style they like best. *(WO 2016)*
    - Of those who don't drink cider, 44% want to try it. *(WO 2016)*
    - While total off-premise sales dropped to from 2015-2017, regional and local brands actually grew – 41% in 2016 and 30% in 2017. *(Nielsen 2016-2017)*
- Measure and follow up with account surveys and monitoring your depletions in total and by target account.

Source: FGR, WMC, WO, Nielsen 2018

Practical Applications for Sales Data

Ca CRAFT BEER SUMMIT

SEPT. 6 to 8 | 2018

Christian Miller

Proprietor, Full Glass Research

www.fullglassresearch.com

cmm@fullglassresearch.com