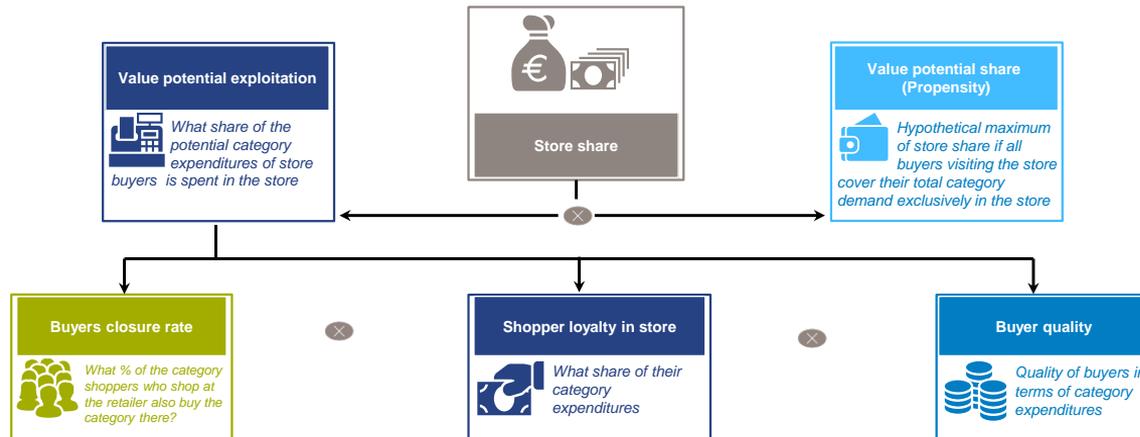


## Taking advantage of the Market Potential in Retail Management

Modern retail currently faces a number of challenges, such as online shopping, mail-order sale or out-of-home consumption. Knowing the market, your own as well as your competitors' strengths and weaknesses helps you to uncover any opportunities offered by the market and enables you to take advantage of them. But how large this potential actually is and to what degree are we exploiting it? And how could we use it even better?

### Market share of retail chains form a different perspective

Shopper Base data represents basic information on purchasing behaviour of shoppers in a certain chain – it is the essential source of information on shopping for a specific category in the context of the comprehensive retail landscape. It looks at **market share as a result of size of the market opportunity size and the degree of its exploitation**. The actual exploitation of market potential is then a result of **buyers' loyalty, number of buyers as well as quality of buyers**.



## Taking advantage of the Market Potential in Retail Management

### Shopper Base as the road to win-win-win

In the Shopper Base data, we analyse the **chain performance in the given category** and **look for possibilities** how, in cooperation with suppliers, to find an ideal setting in the given market enabling achieving the win-win-win scenario between the supplier, the chain and the needs of the buyers. **Looking at the topic through shopper's eyes** represents an important source of information, which is a key aspect of the whole process. Through the shopper, we can see **what** the consumer actually buys in the given chain, **at what value** and **what part of their wallet (expenditures) they actually bring to other retail chains**. We can therefore quantify the **shopper loyalty**, as well as the **retailer's missed opportunity**.

### Shopper Base as a part of effective store management

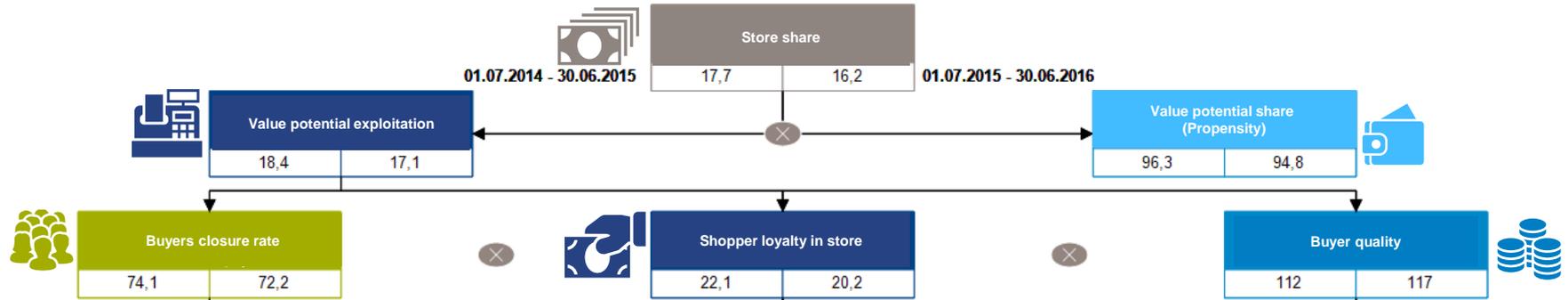
**With comprehensive Shopper Insight**, we can effectively manage retail through cooperation of suppliers and retailers while taking advantage of deep knowledge of shopper behaviour and decision-making. Other levels provide information to retail chains and suppliers on how they are able (or unable, for that matter) to exploit business opportunities, who is their greatest competitor, to which specific retail chains buyers go to purchase the respective category and also about the structure of categories that they buy outside the analysed retail chain.

Also, it enables us to determine which supplier is of key importance for the retail chain and enables any retailer to grow their revenues and profits and exploit any missed opportunity. Based on knowing who is buying in the retail chain, it enables the retailer to set up correct shopper targeting and subsequent maximum exploitation of the retail potential.



# Shopper Base as the road to „win-win-win“

Market share as a result of size of market opportunity and of its exploitation. The actual exploitation of market potential is a result of buyers' loyalty, number of buyers as well as quality of buyers.



Market share of this retail chain in the salty snacks category declined by 1.5 percentage point from 17.7% to 16.2%. If we split market share into **total value potential share in the given category** and **value potential exploitation**, we arrive to the conclusion that the decline can be observed on both ways. So why did the chain use its potential to a smaller extent than it did last year?

In terms of shopper **quality**, the retail chain strengthened its position and acquired higher value shoppers. This, however, was not enough to compensate for the negative development caused by lower **closure rate** and lower **loyalty**.

The practical impact this brought was that the chain convinced fewer people who did shopping in their stores to actually buy this particular category (closure rate). At the same time, those who actually did purchase the category in this retail chain spent a smaller part of their total category expenditures compared to what they spent on the same category in the competing retail chains (loyalty).

If the retail chain wants to increase its market share again, it should take action to make sure both of the above indicators improve again. On the one hand, this means to start looking into price and promotions and on the other it is very important to look at the product range, which is the main factor determining the share of buyers convinced to buy the product, i.e. the closure rate.