

CASE STUDY

Sales Change Analysis – Regression Model

Industry: Consumer Packaged Goods – Lawn Care

Challenge

Our client, a manufacturer of lawn care products, identified a declining sales trend with a particular big box retailer. The change was significant year-over-year. This decline was impacting the client’s overall ability to achieve their sales goals.

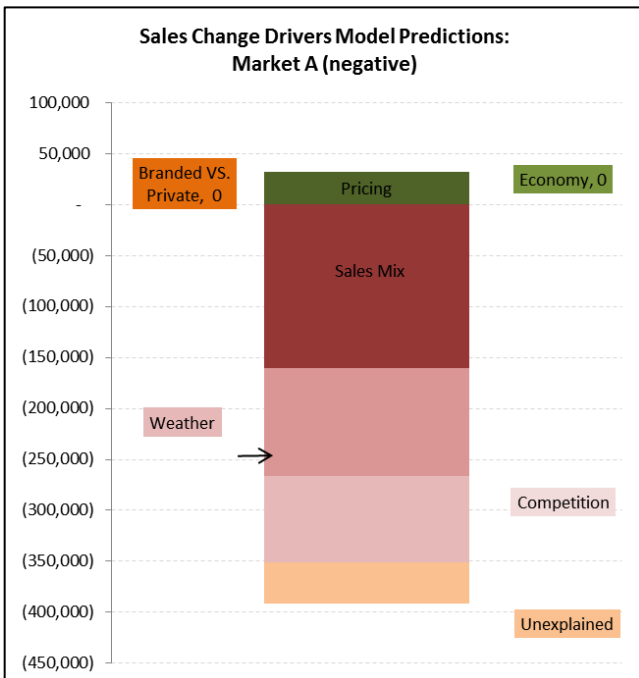
Project Goals

1. Identify potential contributing factors to the declining sales trend
2. Develop a regression model that incorporates the numerous potential sources of the sales decline
3. Quantify the impact of each of the factors

Approach

First, we identified 26 factors that may have contributed to the overall sales decline. These factors include sales mix, pricing changes, competition, economy and weather variables.

The regression model was developed and run against each individual market in order to identify the greatest impact by geographic area. For each market, the sales change drivers were identified and divided for the negative or positive overall impact. Each factor was then quantified for its specific impact on the market level sales changes.



The overall decline was found to only impact certain markets. In those markets each of the considered factors were categorized and quantified.

In this example, the only positive impact on year-over-year sales is a pricing change based on recent materials price decreases. Branded vs private label sales and economic impacts were found to have no impact. Overall sales mix, weather and increased competition were found to have a negative impact on the sales in this market; accounting for 97.7% of the sales decline. A remaining 2.3% of the decline was unaccounted for.

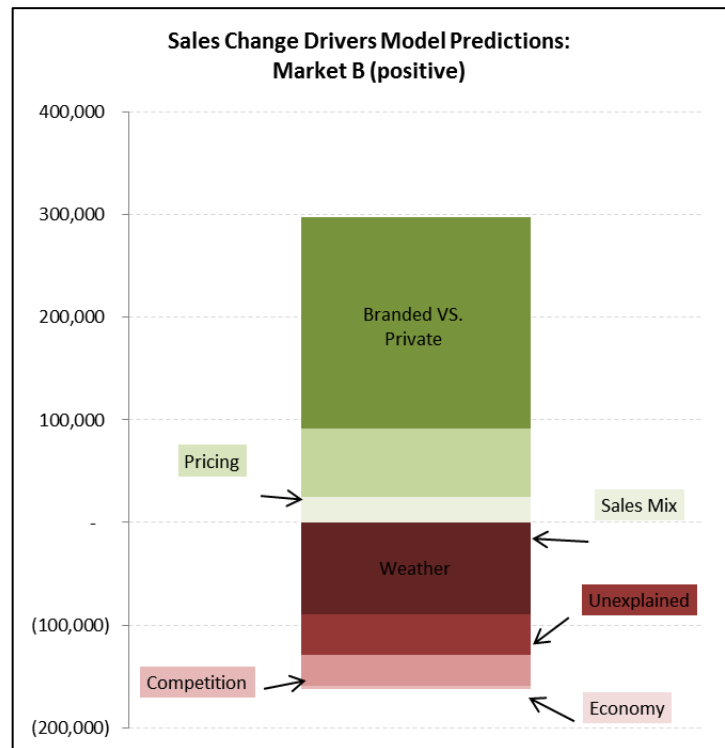
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Approach (Continued)

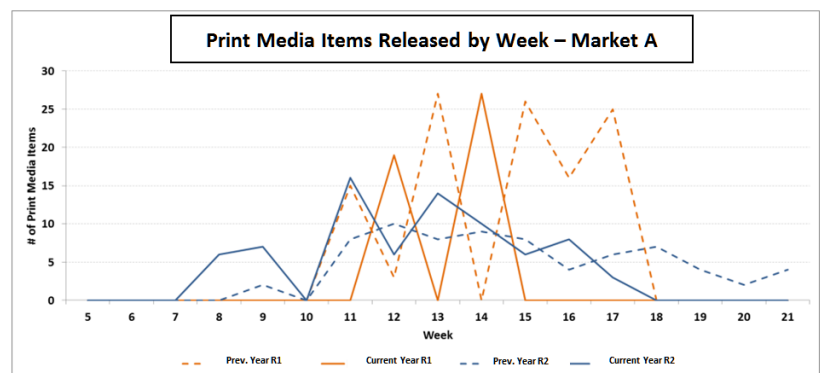
In markets where year-over-year sales were positive, the model was also able to identify and quantify the impact of the contributing factors to the positive sales trend while still measuring potential negative impacts.

In this market example, branded vs. private label sales, pricings and sales mix all contributed to an overall positive year-over-year sales trend; accounting for the full impact of the positive trend. Weather, competition and economy were calculated to have a negative impact; even while the market as a whole performed positively YoY; accounting for >75% of the overall negative influences.



Results

By identifying specific markets and contributing factors in each of those markets, our Client was able to directly address controllable factors in those markets. Increasing marketing spend and product placement in retailer advertisements in areas where competition had a high degree of impact on the sales decline was one method employed to combat and reverse the trend.



Additional steps taken at the market level to contend with changing market needs were to increase field sales marketing efforts as well as adjust the product mix and placement in order to better meet the local market demands.

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Retail · Restaurant · Consumer Packaged Goods · Consumer Services

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