



Tools for Sales Forecasting

The main purpose of sales forecasting is to provide an estimate of risks or a sound basis for planning. As a rule, forecasting tests involve very high costs.

More limited budgets for major brands, as well as an estimate of risks for "minor" products and line extensions require **pragmatic solutions**.



OPINION offers two tools which can be applied in accordance with the extent of your marketing activities:

- **Benchmarking Model**
- **Marketing Mix Modell** including distribution, promotion, media support

Benchmarking Model

○ Method

Concept & Use Test

Monadic

Possible via Mail Panel / interviewer / in hall

○ Sample

Concept phase: representative, recommendation n=300

Product phase: concept acceptors, n= approx. 160-180

With low incidences, smaller samples / subgroups are advisable.

○ Questionnaire

Standardised, fixed headings for questions

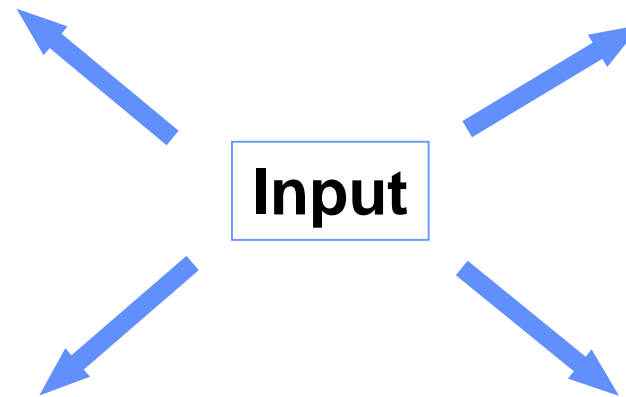
"Musts" (purchase intention ...) & diagnostic questions

Marketing Mix:

- Net weighted distribution

Test (Concept & Product):

- Purchase intention: test product
- Price-value-ratio: test product
- Frequency of purchase: test product
- Units per purchase: test product
- Frequency of purchase: category



Information regarding categories

(Consumer Panel):

- Universe
- Frequency of purchase
- Units per purchase

Information regarding categories

(Retail Panel):

- Total sales (tonnes, turnover, units)

Amount in tonnes: How great is the sales potential?

Diagnostic: Which factors determine the (variations in the) amounts?

- Penetration / size of target group
- Frequency of purchase / consumption per household
- Product quality
- Price evaluation
- Pressure from competing products
- Risk of substitution/ cannibalisation

Example – Key Indicators

On the basis of a concise, clearly arranged presentation of the most important indicators, we can make definite recommendations which are readily understandable.

	<i>Sales (tonnes)</i>	<i>Range</i>	<i>Frequency of purchase</i>	<i>Product quality</i>	<i>Price evaluation</i>	<i>Pressure from competing products/ Relevant Set</i>	<i>Substitution risk</i>
Benchmark	500	10%	3,0	60%	30%	3	--
Product A	700	10%	4,2	80%	60%	3	40
Product B	800	13%	4,2	80%	60%	3	60

Recommendation: Launch product A

- Product quality / Price-value-ratio better than benchmark
 - ⇒ higher frequency of purchase
 - ⇒ sales benchmark attained

- Admittedly, penetration is lower than that of product B, but there is also less risk of substitution/ cannibalisation
 - ⇒ higher incremental sales

The advantages of the Benchmarking Model:

- Costs only higher than for a "normal" Concept & Use Test
- Calculations are clearly set out and easy to understand – no "black box"
- Creation of a database in order to develop the company's own key indicators / standards
- No need to write page after page of marketing plans

Marketing Mix Model

○ Method

Concept & Use Test

Monadic

Possible via Mail Panel / interviewer / in hall

○ Sample

Concept phase: representative, recommendation n = 300

Product phase: concept acceptors, n = approx. 160-180

With low incidences, smaller samples / subgroups are advisable

○ Questionnaire

Standardised, fixed headings for questions

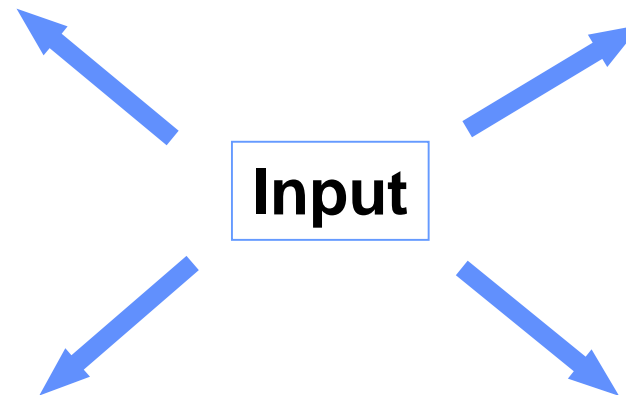
"Musts" (purchase intention ...) & diagnostic questions

Marketing Mix:

- ACN net weighted distribution
- ACN net weighted promotion distribution
- GRPs for each month
- Copy impact

Test (Concept & Product):

- Purchase intention
- Price-value-ratio
- Frequency of purchase: test product
- Units per purchase: test product
- Substitution



Information regarding categories

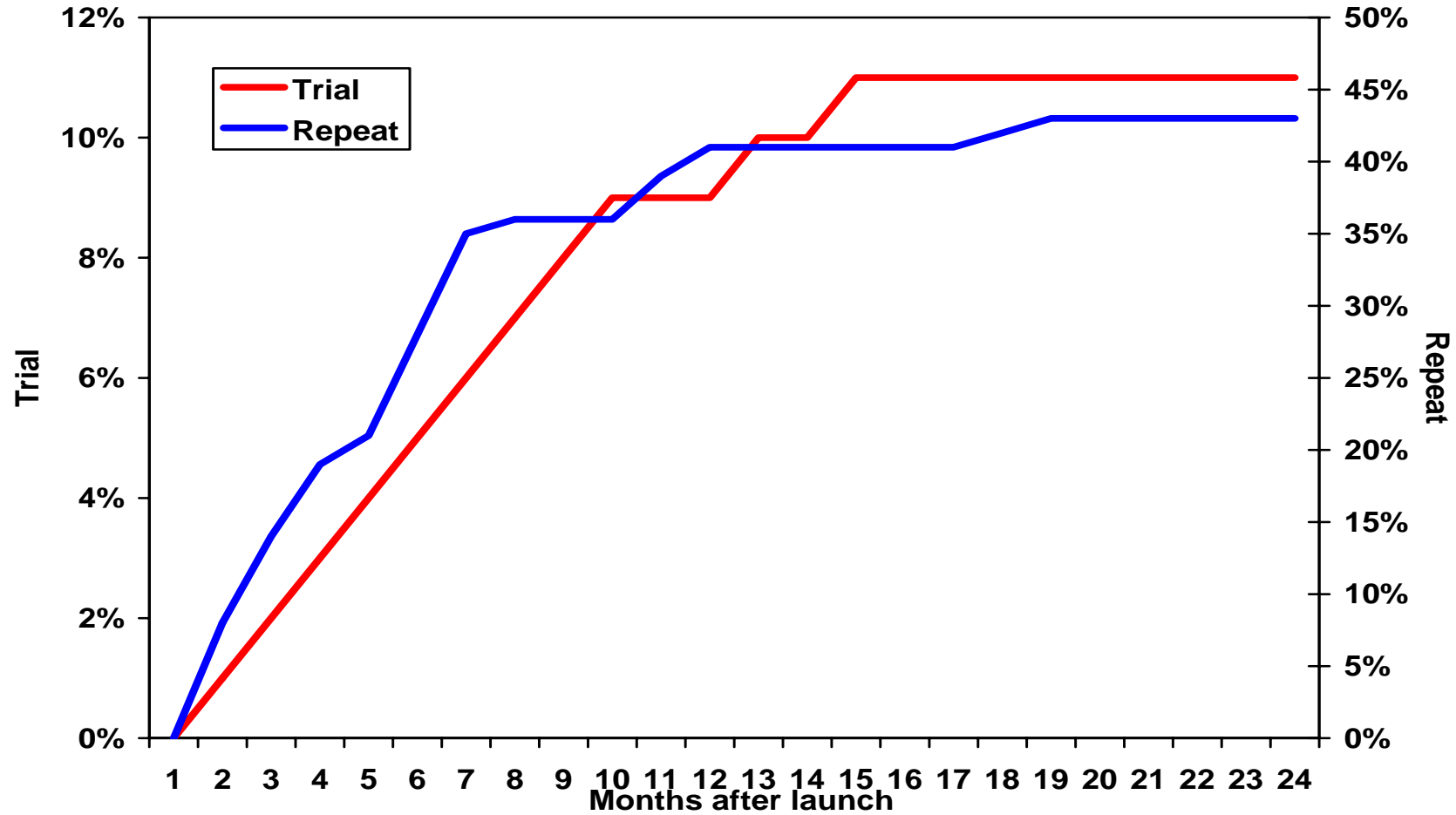
(Consumer):

- Universe
- Frequency of purchase
- Units per purchase

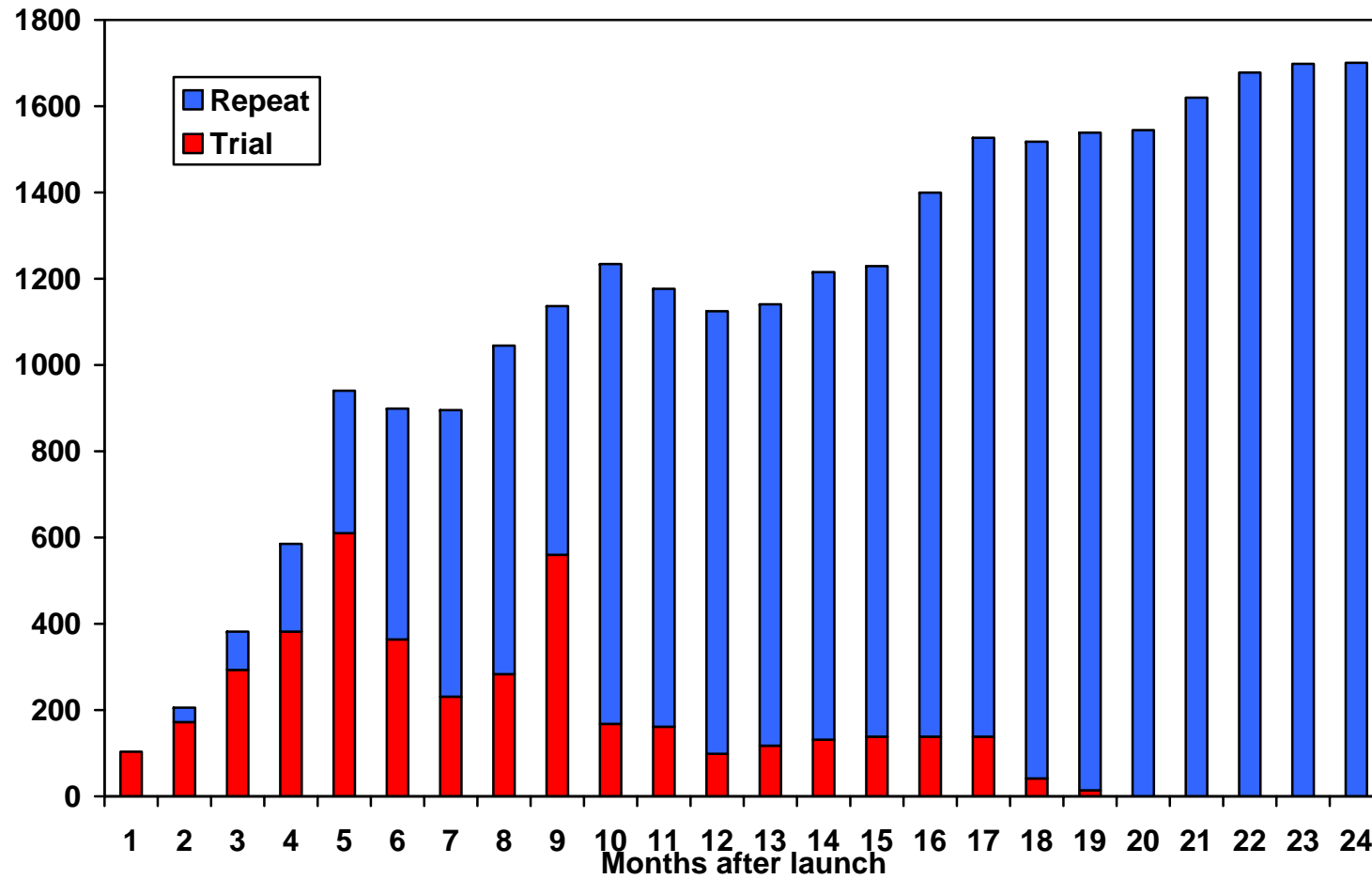
Information regarding categories (Retail):

- Total sales (tonnes, turnover, units)
- Promotion sales (tonnes, turnover)

Penetration trial buyers / share of repeat buyers



Trial / Repeat sales



- The model was developed by our American partner (Hauser&Associates) and it has been used successfully for more than 10 years.
- The first tests carried out in the German market have proved successful.
- Thanks to this cooperation, OPINION is able to offer you a complete STM at prices which are considerably lower than other forecasting tools.

For further information please contact:

○ **Michael Blum**

Telephone (++49) 911/ 39 36 4 - 25

e-mail: michael.blum@opinion.de

○ **Thomas Maurer**

Telephone (++49) 911/ 39 36 4 - 57

e-mail: thomas.maurer@opinion.de