

RETAILER & WHOLESALER USAGE AND APPLICATION OF THE GMDC / NIELSEN GM HIERARCHY



EDUCATION LEADERSHIP COUNCIL

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Retail
Insights, LLC

IMPROVING RETAILER & WHOLESALER MARKETPLACE PERFORMANCE AND KNOWLEDGE OF GM CATEGORIES

ABOUT

The GM Hierarchy is an exclusive GMDC Member tool created through a partnership between GMDC and Nielsen to be used as a benchmarking tool that tracks and creates visibility to important sales information by product within the GM Categories. The data in this previously unavailable tool is convenient, consolidated and presented in an easy-to-follow format for GMDC retailers, wholesalers, suppliers and service companies.

PURPOSE

The GM Hierarchy serves to establish and raise awareness of the size of GM categories at the retail and supplier levels by communicating the impact of GM categories and their overall net profits, providing statistical data that pinpoints seasonal and everyday opportunities and replacing terminology to generate a unified industry standard for GM language.

ACCESS

GMDC Members can access the GM Hierarchy reports by logging on to my.gmdc.org, clicking on the myService Center tab and then entering the GMDC/Nielsen GM Hierarchy home page.

RETAILERS ARE TALKING ABOUT THE GM HIERARCHY

“Business reports are what companies have used in the past, but now, a hierarchy exposing GM data will help my team predict performance trends for the future. Key performance indicators are highly visible in these reports, which are essential for our Category Managers and Buyers to successfully carry out planograms and merchandising procedures. Seeing and applying benchmarks and best practices for greater top line revenue is our top priority when we implement this into our workflow.”

Winn/Dixie – Dewayne Rabon, Vice President General Merchandise/HBC/Family Care, Winn-Dixie Stores, Inc.

“This is the most valuable resource and useful tool to organize our GM aisles. The collaboration and output between GMDC and Nielsen will quickly become an application our buyers will constantly refer to. The cost of such a program will pay dividends and change the way we see our business – the best part is that these reports are already part of our membership with GMDC!”

H-E-B – Bill Anderson, SVP, SA Food & Drug Retail Division, H-E-B

“We’re really interested in getting to know who the consumer is, what they’re looking for, what they’re shopping for, and what their shopping behaviors are. These reports are going to help us get to where we need to be in various categories. We have to make sure that we offer the products that our consumers are looking for, and this is the right tool to do just that.”

KinneyDrugs – Cheri Taylor, Director of Retail Merchandising, Kinney Drugs



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WHAT ARE THE BENEFITS FOR ALL TYPES OF BUSINESSES?

RETAILERS

Retailers can use the channel performance data to better understand consumer shopping trends comparing the Food and Drug Channels to the total retail market. Finance and Merchandising can use the Food retailer Leaders and Laggards analysis to benchmark performance and set performance improvement goals.

WHOLESALERS

By using the GM Hierarchy, wholesalers can prioritize purchasing goals and leverage the food channel leaders and laggards analysis to highlight top retailer success to their retail customers. Accurate sales levels and trends across subcategories will allow category planners to adjust assortments and align sales priorities to drive product movement and improve inventory turns.

GM SUPPLIER/SERVICE COMPANIES

These reports provide an accurate view of market sizes, trends and retail channel dynamics that can be used to align sales objectives and forecasts. Suppliers and services companies gain a clear perspective on relative category and subcategory size and performance trends that can be used to highlight opportunities with customers.

HBW SUPPLIER/SERVICE COMPANIES

All baby products were combined into a single Baby Level 1 category including baby toiletries and feeding products. HBW suppliers can now gain insights into the overall Baby category and how these HBW products align in terms of sales and positioning at retailers.

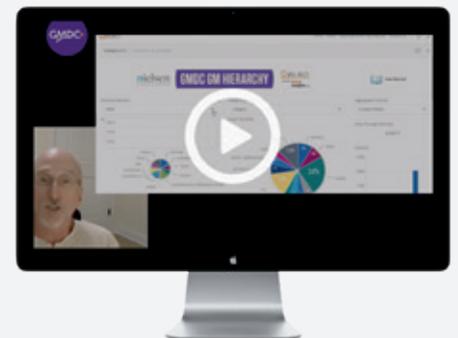
HOW DO RETAILERS VIEW THE GM HIERARCHY?

The GM Hierarchy is an easy to use all-inclusive GM roadmap helping retailers and wholesalers identify trends in categories and compare global performance to specific regional stores or against the retail landscape in general.

The GM Hierarchy is a standardized tool retailers and wholesalers are using to benchmark GM product and aisle performance overall, or in specific categories, and is encouraging discussion of those trends with their suppliers.

The GM Hierarchy provides retailers and wholesalers with the ability to pinpoint opportunities within an existing product mix in stores, and compare that to what other retailers are doing.

The GM Hierarchy is giving key indications to buyers, assisting as a tool to optimize merchandising in both seasonal and everyday categories for better sales performance in GM categories.



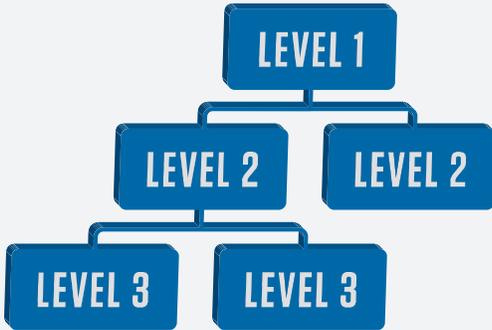
[WATCH THE HOW-TO-USE VIDEO](#)



STRUCTURE OF THE GM HIERARCHY REPORTS

In the GM Hierarchy, Food/Grocery and Drug channels are compared to the "All Outlets Combined" total market metrics. To develop deeper insights into performance drivers in GM, the Food Channel retailers were grouped into four quadrants based on GM and overall performance metrics. These quadrant reports show the key success drivers for the GM "Leaders" and the opportunities for the GM "Laggards."

Additionally, the GM Hierarchy is organized into a 3-level product view structure with each level increasing in detail. There are 18 Major GM Areas in Level 1.



THE FOLLOWING 18 CATEGORIES COMPLETE LEVEL 1:

- Apparel
- Candy
- Hardware
- Kitchen
- Publishing
- Social Expressions
- Automotive
- Electrical Appliances
- Home
- Outdoor
- School & Office
- Sporting Goods
- Baby
- Electronics & Personal Entertainment
- Household
- Pet
- Seasonal
- Toys

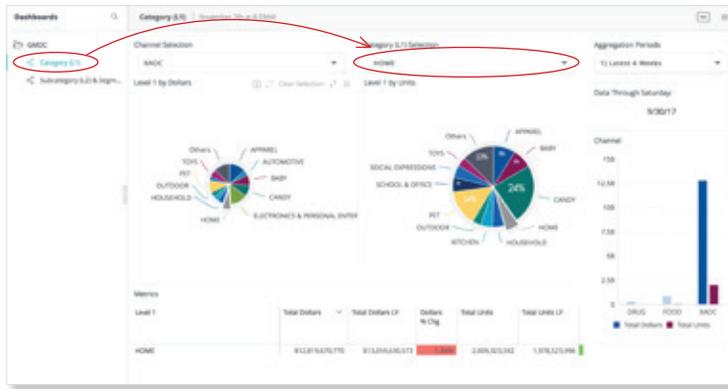
These 18 Level 1 Categories are then broken up into 156 GM Categories in Level 2 to 607 GM Subcategories in Level 3.

Although the foundational data for the reports is based on UPC level sales across all retailers, this GMDC reporting is provided down to the subcategory level (Level 3) only. No items, brands or specific retailers are displayed to ensure reporting consistency.

VISUAL SAMPLE OF GM HIERARCHY: BATH PRODUCT "DRILL DOWN"

The following sequence shows how the GM Hierarchy can be navigated using the GM category "Home" as an example.

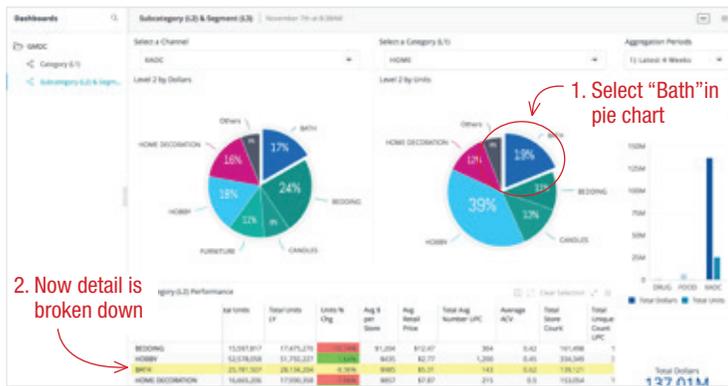
STEP 1: HOME



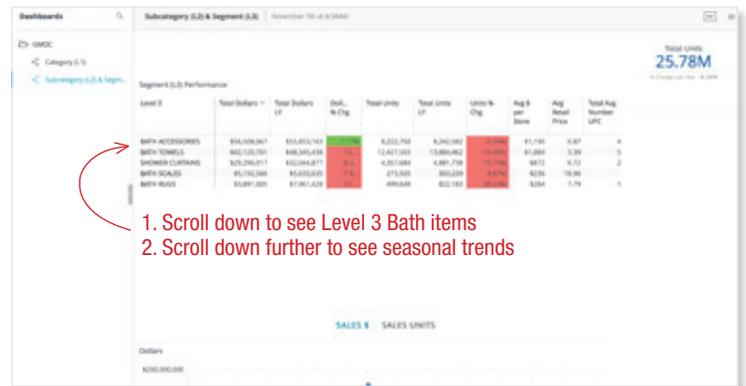
STEP 2: HOME LEVEL 2



STEP 3: BATH LEVEL 2



STEP 4: BATH L2 CHANNEL DETAIL



WHY GMDC RETAILERS ASKED FOR A GM HIERARCHY & WHY GM MATTERS

According to the GM Hierarchy, the GM industry makes up \$212.5 billion dollars in total all outlet sales.

In the midst of such a large and expanding industry, GMDC saw it as a priority to provide its members with a tool that creates **one common GM language** and category hierarchy to code and classify the millions of retail scans that occur in GM sales each day. Which is why in July 2012, GMDC partnered with Nielsen to begin creating the GMDC/Nielsen GM Hierarchy benchmarking tool.

“ The intent of the Hierarchy is to advocate for General Merchandise by presenting the facts related to what’s taking place at the GM aisle from a consumer’s perspective.”

Over the next two years, **800 syndicated reports were generated**, and **Nielsen coded over 20 million UPCs**. By March 2014, the GM Hierarchy was finally ready for use and officially introduced to GMDC members. This organizational structure **offers retailers the ability to gauge channel activity and sales trends** in the GM industry while only having to search a single, consolidated resource.

“Now that all the UPC coding and categorization is done, it opens up a lot of visibility. If we see a category that’s under-performing we can start to ask questions and get answers,” said Stuart Taylor, VP Custom Analytics at Nielsen.

Tom Duffy, VP Industry Services, Consumer Group at Nielsen and an active member of GMDC’s Educational Leadership Council played a major role in developing GMDC’s partnership with Nielsen to create the GM Hierarchy.

“The intent of the Hierarchy is to advocate for General Merchandise by presenting the facts related to what’s taking place at the GM aisle from a consumer’s perspective, the interpretation of those facts, and key insights that will allow both retailers and suppliers to take full advantage of the enhanced contribution margin and consumer loyalty associated with executing a comprehensive GM program,” said Duffy.



ADDITIONAL RESOURCES

On the GMDC/Nielsen GM Hierarchy home page in my.GMDC.org there are multiple educational resources available that serve to provide members with the best understanding of the GM Hierarchy data.

THESE RESOURCES INCLUDE:

- GMDC/Nielsen GM Hierarchy Tutorial
- FAQ Sheet
- Annotated Notes
- GM Hierarchy Road Map
- Two GMDC Connect videocasts:

If you would like additional data beyond what the GMDC / Nielsen GM Hierarchy offers you contact a Nielsen representative at 800.553.3727 or CPGSolutions@Nielsen.com

