Switching analysis

The purpose of this job aid is to show the analysis NielsenIQ uses to investigate the level of interaction - or switching - between products. This analysis helps you identify the source of growth or decline through switching and allows you to discover if your brand or product group is gaining sales from or losing sales to any particular brands or other product categories.

Determine the source of sales change and the level of interaction with other products

The Switching analysis provides vital insights which can assist to protect your assortment listings and could give key insights when evaluating possible white spaces.

When your brand or product category is experiencing growth or decline, it's important to uncover if that growth is caused by households switching from brands such as private label to your brand or vice versa. This knowledge can be a vital piece of information to defend a listing and provide the retailer with key insights what products is cannibalizing or stealing sales from its most profitable products.

Answer critical business questions

- What portion of the change in sales can be attributed by households switching to other brands?
- Against what competitor should I target my next promotion?
- Are my products interacting heavily with a retailer's private label?
- Have my recent price or assortment changes caused households to switch to competitive brands?
- Is my newly launched flavor line extension able to grow organically or is it cannibalizing sales from my own lines or stealing sales from competitive product lines?

Key benefits

- Discover what role your brand has within the category; does it bring in new households or is it just stealing sales from other products.
- Evaluate gains or losses are more or less than expected.
- Review if your new product initiatives are creating category expansion or cannibalizing to your own product portfolio.

NielsenIQ

Switching analysis

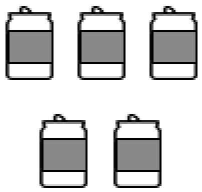
What is switching?

Switching is calculated at a customer-level; each customer's spend for a selected product in the current and prior period is calculated. The outcome is aggregated through all customers behavior therefore, customers who have not shopped in both periods are not considered switching customers.

Switching can only occur when there is a decrease or increase in consumption of one product that is matched by a decrease or increase in consumption of another product in the corresponding time periods.

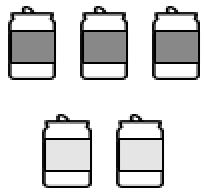
Example 1: Switching

Prior period



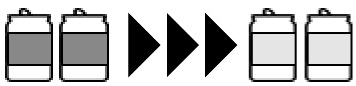
In the comparison period, I bought **5 cans of Brand 1 soda**.

This period



In the current period, I bought **3 cans of Brand 1 and 2 cans of Brand 2 soda**.

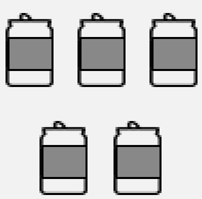
Switching



I have **switched** 2 cans of Brand 1 for 2 cans of Brand 2 soda.

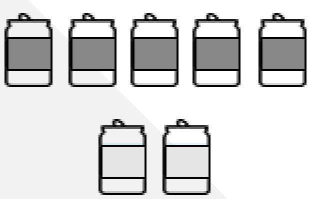
Example 2: Not switching

Prior period



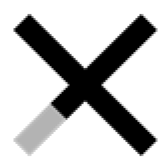
In the comparison period, I bought **5 cans of Brand 1 soda**.

This period



In the current period, I bought **5 cans of Brand 1 and 2 cans of Brand 2 soda**.

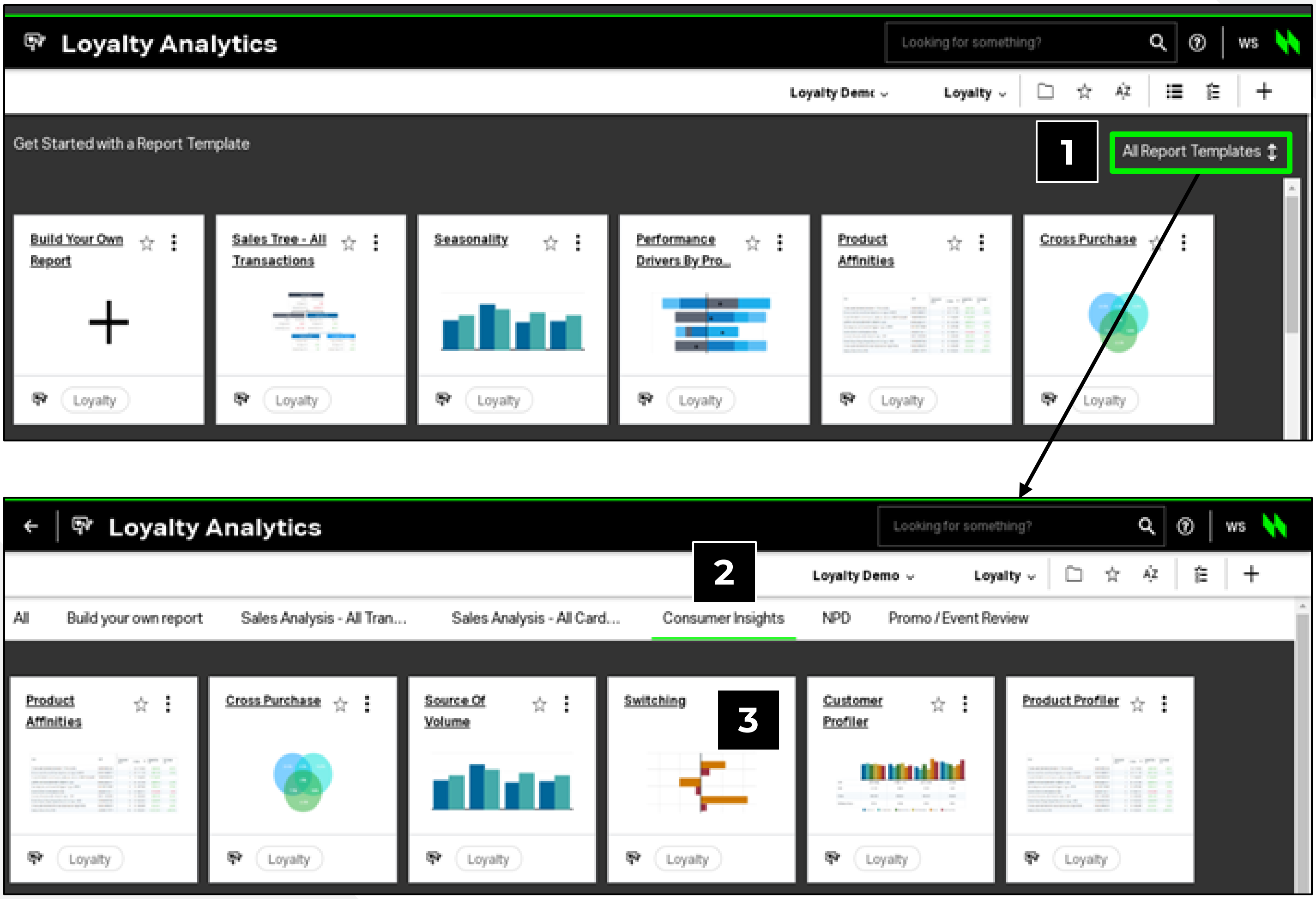
Switching



In this case, no matter how many cans of Brand 2 soda I buy, this is not switching. I **haven't decreased** my Brand 1 soda consumption.

Switching analysis

Setup your Switching analysis



1. Click on **All Report Templates** at the top right of the landing page to see an expanded view of all available Report Templates.
2. Click the **Consumer Insights** tab.
3. Click the **Switching** card to open the template.

Switching analysis

Select the data required for your report

1. **Periods:** Select any time period and the equivalent prior period you are interested in.
2. **Products:** Select your product groupings either from the hierarchy or alternatively use Sum and Group By to select a combination of product characteristics.
3. **Stores:** Select any store group for this report.
4. **Member/Basket:** Select a value which is based on your loyalty card program.
5. **Sample Size:** Run the report on 10% or 100%.

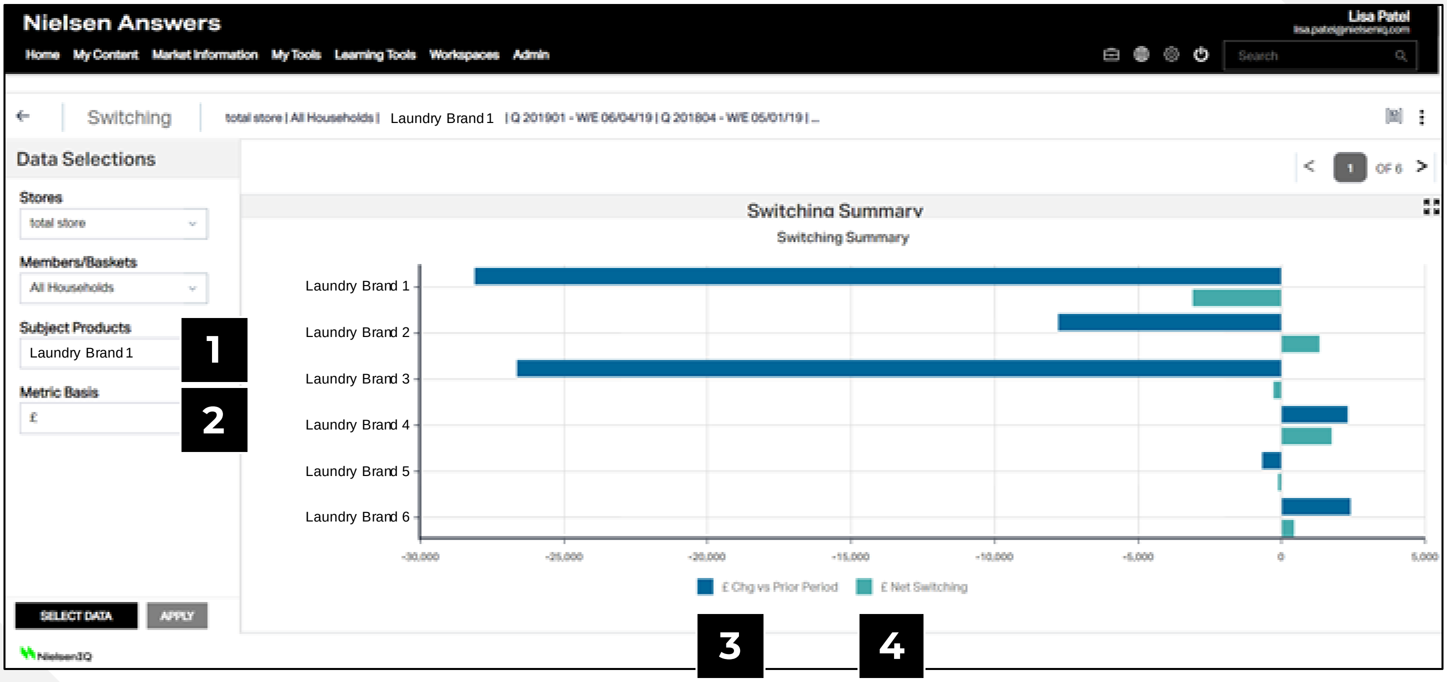
Tip: Your first product selection will be the subject product in the report. Choose it as your target or base selection.

Tips & watchouts

- This report requires a minimum of two products and we advise a maximum of 10 product lines for it to be easily usable online. When you're selecting Brands, make sure to have an all other line to represent the less relevant brands or UPCs in the category.
- When you're selecting from characteristics to run switching between brands and manufacturers, make sure GroupBy is selected otherwise, you'll run the report on the disaggregated EAN level.
- The period and prior period MUST be the same length of time. A longer time period is the more robust view of switching.
- Have informed hypothesis when selecting products to include in the report – multiple versions of the switching report may be necessary when testing hypothesis.

Switching analysis

Data and fact definitions (P1)



1. **Subject product selector:** The product selected in this dropdown represents the product switching gains and losses will be calculated against.

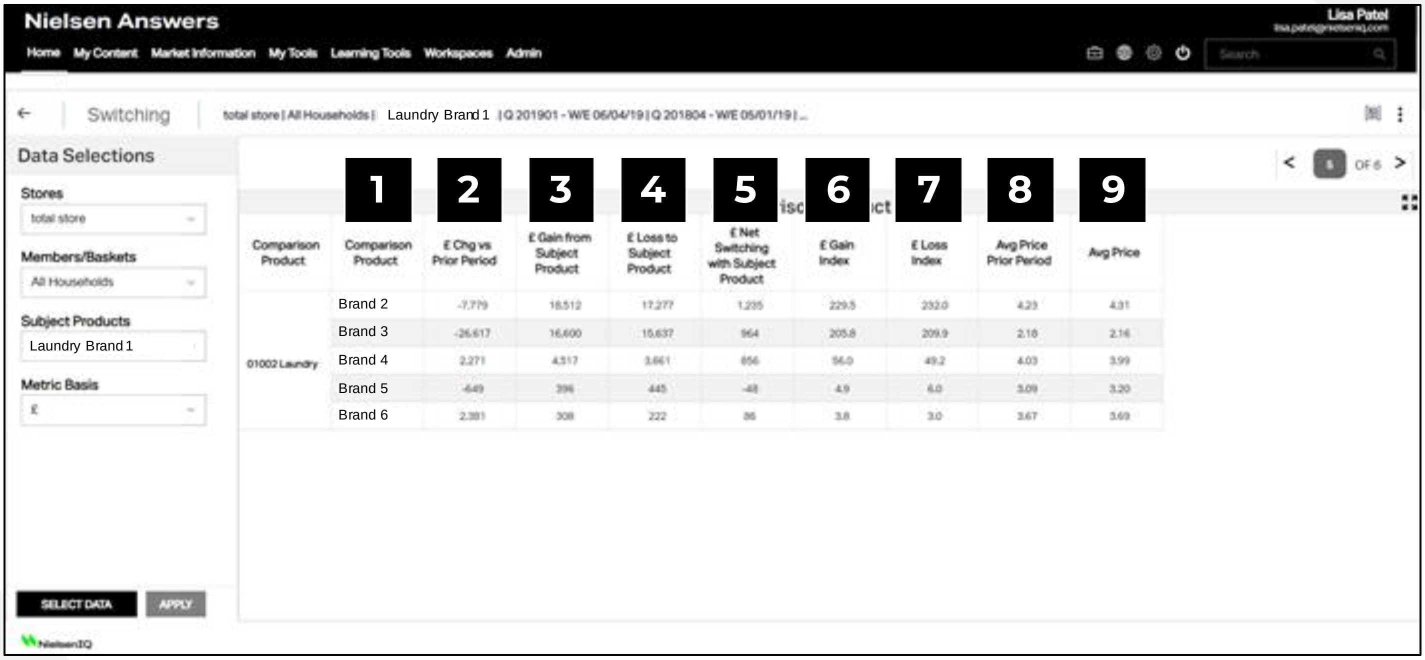
2. **Metric Basis selector:** This selector allows you to base switching outcomes on either value sales or unit sales.

3. **Chg vs Prior Period:** Actual sales change for the product in the current period vs the selected prior period.

4. **Net Switching:** The total actual amount of switching gains or losses for the product line between all the selected product in the report for the selected current period compared to the prior period.

Switching analysis

Data and fact definitions (P5)



1. **Comparison Product:** The product lines which are compared to the subject product to calculate switching.
2. **Chg vs Prior Period:** Actual sales change for the product in the current period vs the selected prior period.
3. **Gain from Subject Product:** Sum of all the product sales switching from the subject product to the comparison product.
4. **Loss to Subject Product:** Sum of all the product sales switching from the comparison products to the subject product.
5. **Net Switching with Subject Product:** The net effect of switching gains from the subject product and switching losses to the subject product.
6. **Gain Index:** Product Sales Gain / Average Product Sales Gain * 100.
7. **Loss Index:** Product Sales Loss / Average Product Sales Loss * 100.
8. **Avg Price Prior Period:** Total Sales Prior Period / Total Units Prior Period.
9. **Avg Price:** Total Sales Current Period / Total Units Current Period.

Tip: Use the Gain / Losses index to identify which competitors are gaining or losing more than average thus becoming the most important targets.