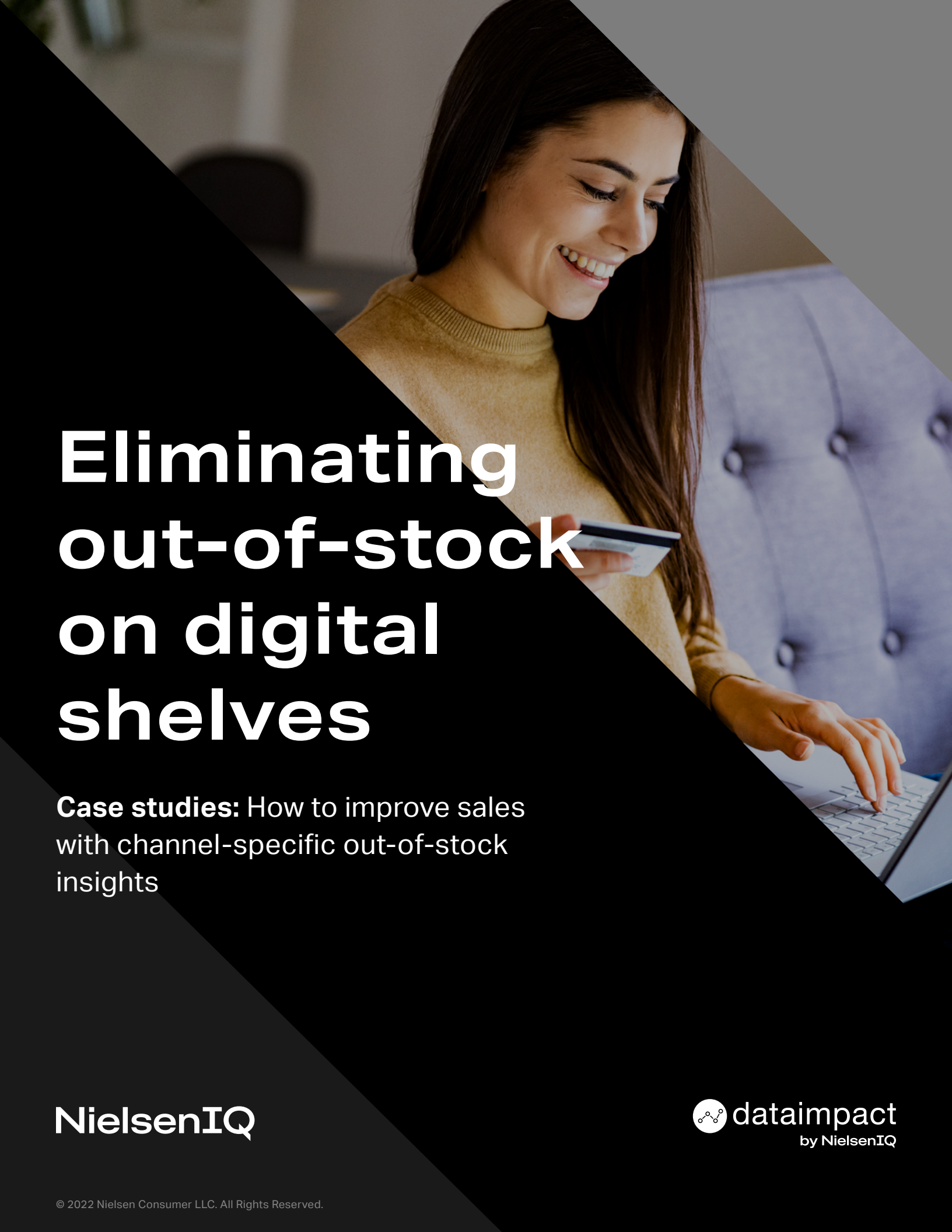




Eliminating out-of-stock on digital shelves

Case studies: How to improve sales
with channel-specific out-of-stock
insights

NielsenIQ

 **dataimpact**
by NielsenIQ

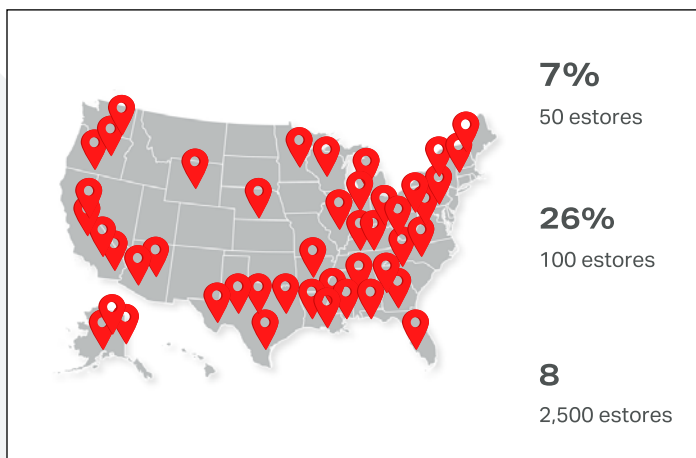
OOS: a foundational metric

As more and more consumers go online to shop for CPG items and retailers use thousands of stores to fulfill these orders, the out of stock metric remains crucial for manufacturers. The OOS rate is one of the most important KPIs to monitor for CPGs as it impacts so many aspects of a business: share of search, eretail media ROI, shopper loyalty, category switching and decreased sales to name a few.

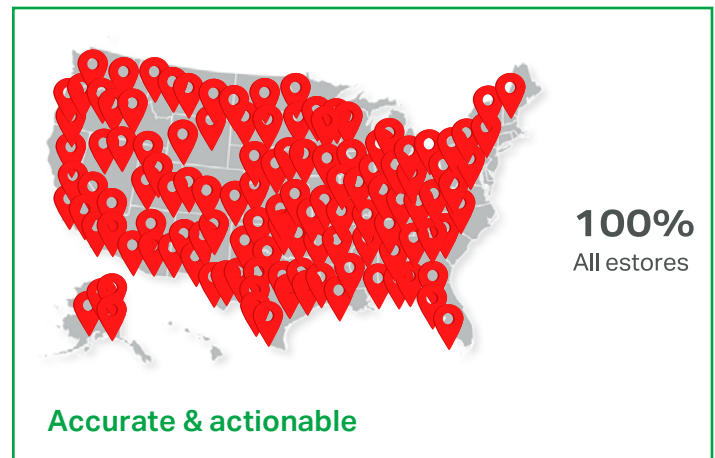
As established in "[Granularity & out of stock rates](#)" of this ebook, using sample-based analytics to calculate availability is dangerous because it yields inaccurate metrics. For a precise example of how inaccurate sample-based analytics are, the following graphic demonstrates how unreliable three different sample sizes are.

Accuracy percentage vs. the true OOS rate

Legacy analytics: sample-based tracking



Data Impact by NielsenIQ: comprehensive tracking



Note: Results are based on analyzing OOS rates for a soft drinks brand across 25,000 samples of random store combinations during week 20, 2021, at Walmart Pickup.

Even a sample of 100 stores yields only 26% accuracy. As opposed to a sample, the location-based analytics of Data Impact gather data from every single online store, thus generating accurate results. This empowers manufacturers to see the true availability across retailers, gives them the ability to localize issues and allows them to deep dive and address problematic stores and SKUs.

Channel-specific application of location-based analytics

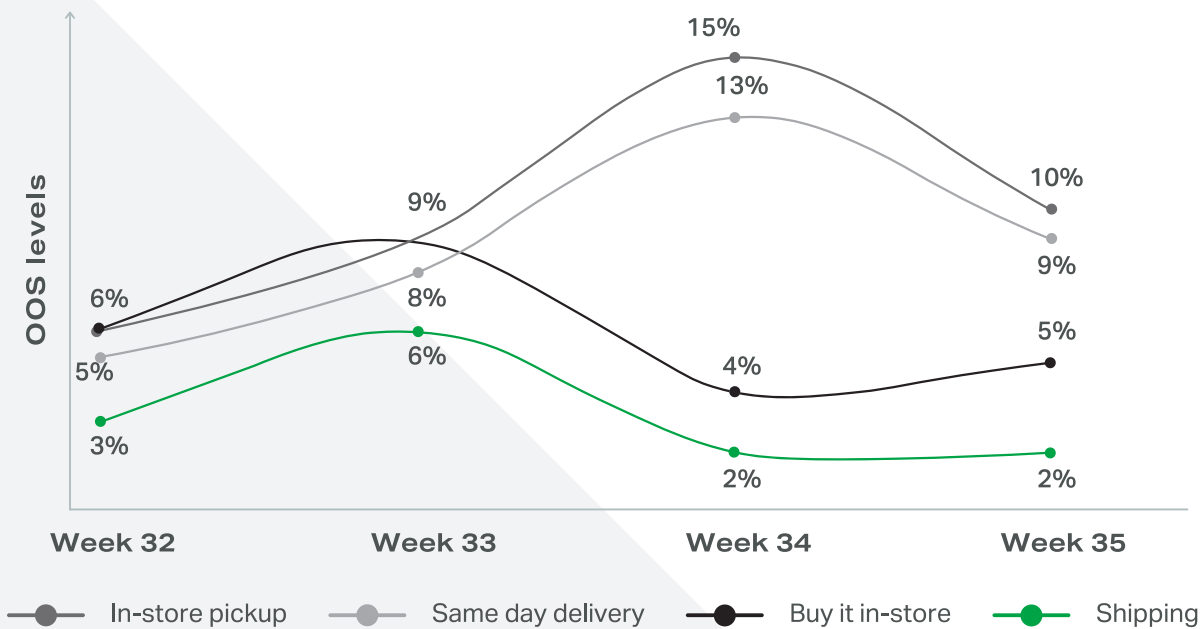
Case 1

With availability varying by channel, it's also important for CPG brands to evaluate and track their out of stocks across each fulfillment model/ channel of an omnichannel retailer. This helps track availability gaps between channels and identify products that are in stock in one channel and missing in another. Location-based analytics allow a CPG to target issues precisely where they occur.

In the following example, a shampoo brand had very different OOS levels at the same time in the four Target retail channels.

Varying OOS levels of the same shampoo SKU across Target channels

%, Week 32 to 36 of 2020, US



Source: Data Impact by NielsenIQ

By ensuring distribution is consistent across all of a retailer's channels, manufacturers can boost sales and avoid all the negative consequences of being OOS.

Channel-specific application of location-based analytics of location-based analytics

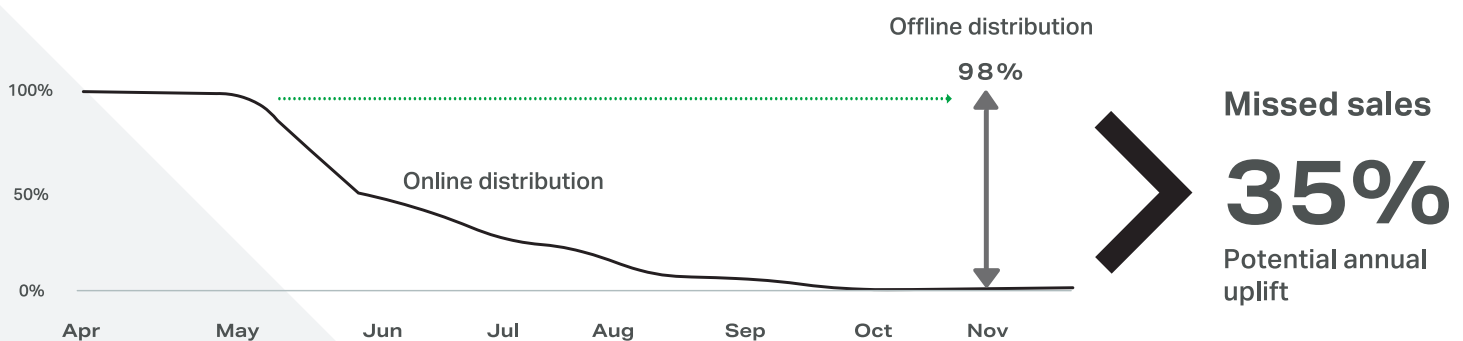
Case 2

In this analysis of a haircare bestseller at Walmart in the US, location-based analytics reveal a significant gap between online and offline distribution.

While offline distribution remains constant at 98%, online distribution plummets between May and September. This is a major loss of unrealized sales online.

Decreasing online numerical distribution of a haircare bestseller at Walmart Pickup while offline remains constant

%, Week 13 to 46 of 2020, US



Source: Data Impact by NielsenIQ

Data Impact's platform signalled a gap in online distribution that represented a potential sales increase of 35% for the year for this category leader. It's useful to note here that discrepancies between online and offline distribution are relatively quick wins for manufacturers because correcting them requires a straightforward execution.

Once location-based analytics have identified the stores with high OOS rates, the problem can often be addressed swiftly.

The bottom line

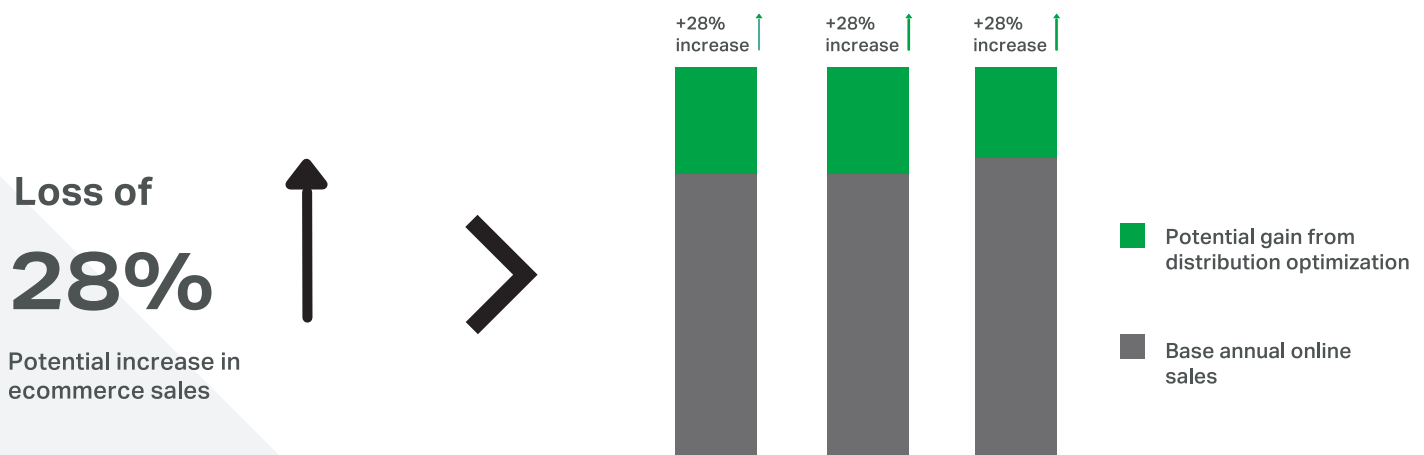
Simply put, by implementing our granular OOS KPI, manufacturers are equipped with locally-based information that can allow them to isolate and address issues, thereby optimizing distribution and boosting sales.

Location-based analytics can indicate which retailer and even which stores to target to reduce high availability rates.

Here's an example of a bestseller SKU with necessarily low sales at three major retailers in the US. By targeting distribution and availability gaps, the brand could have boosted their ecommerce revenues by 28% in one year.

Significant missed opportunity for a hair care bestseller

Walmart Pickup, Target Pickup, & Instacart, US



*Note: Sales data & offline distribution data was provided by the brand team

Source: Data Impact by NielsenIQ

We help manufacturers improve their digital commerce with a customized platform and a responsive support team.

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