

Driving Long Term Growth Beyond Price and Inflation

Kellanova Case Study

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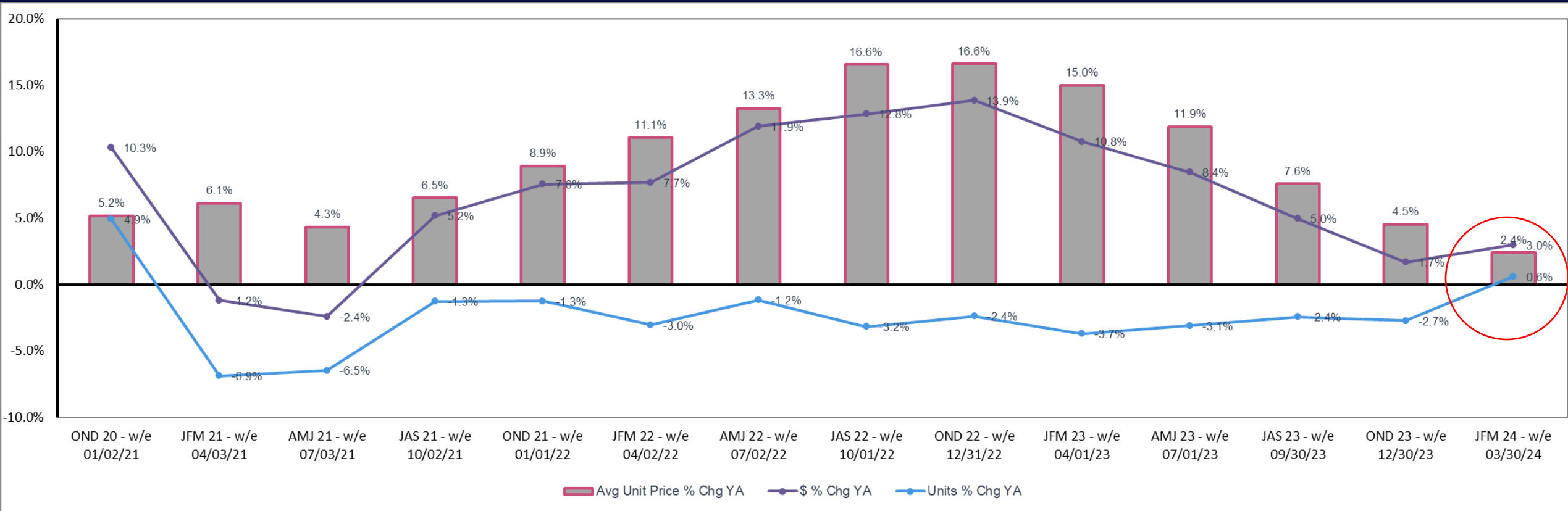
Steve Zurek, Vice President Advanced Analytics - NIQ

NIQ

C360
Envision *what's possible*

Growth across Grocery categories has come from increasing prices

While there's been an uptick in unit movement recently, this has come due to low - quality promotions like TPR's which drive up subsidized baseline volume and don't produce incremental sales



Grocery Department price elasticities are stable over the last 5 quarters, but point to potentially less room to take additional pricing actions going forward as shoppers adopt savings strategies to manage grocery expenses



Reduced impulse purchases

90%

of consumers have adopted new shopping strategies to manage grocery expenses.

Shrinking basket size

-6ppts

Total CPG Stock-up trips (12+ items) declined v. COVID peak

Pressure on the shelf is greater today than before the pandemic, with average items across the store declining.



Retail is changing with 40% of retailers planning to reduce SKU's on top of an almost 9% decline between 2020 and 2023.



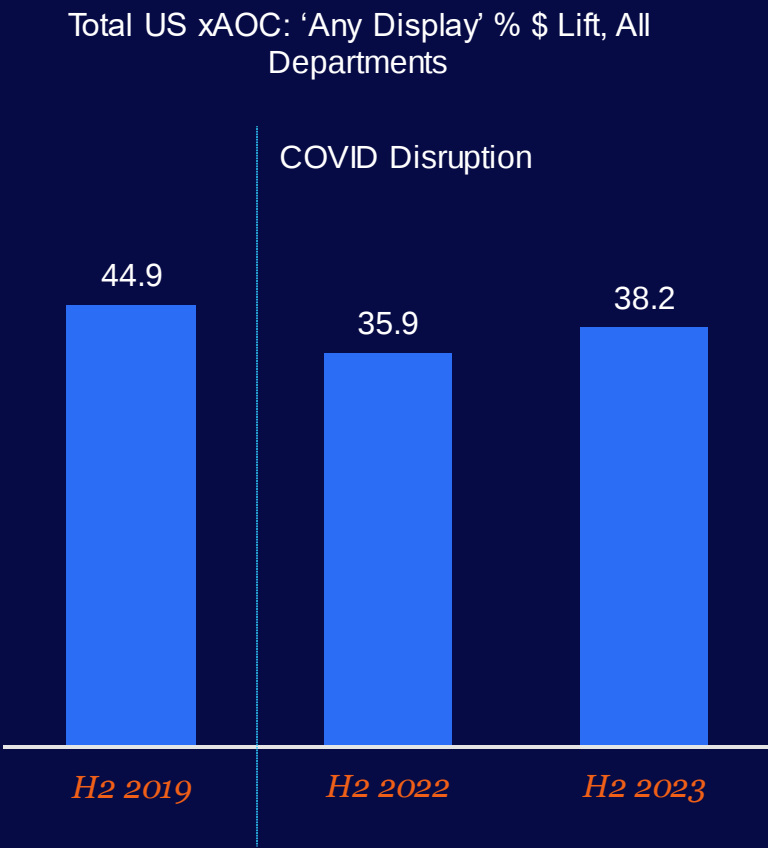
Retailers

40%

Reducing SKU's in 2024



Question:
Have display lifts returned to pre-pandemic levels?





Finding
Opportunities

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Refining
an
Opportunity

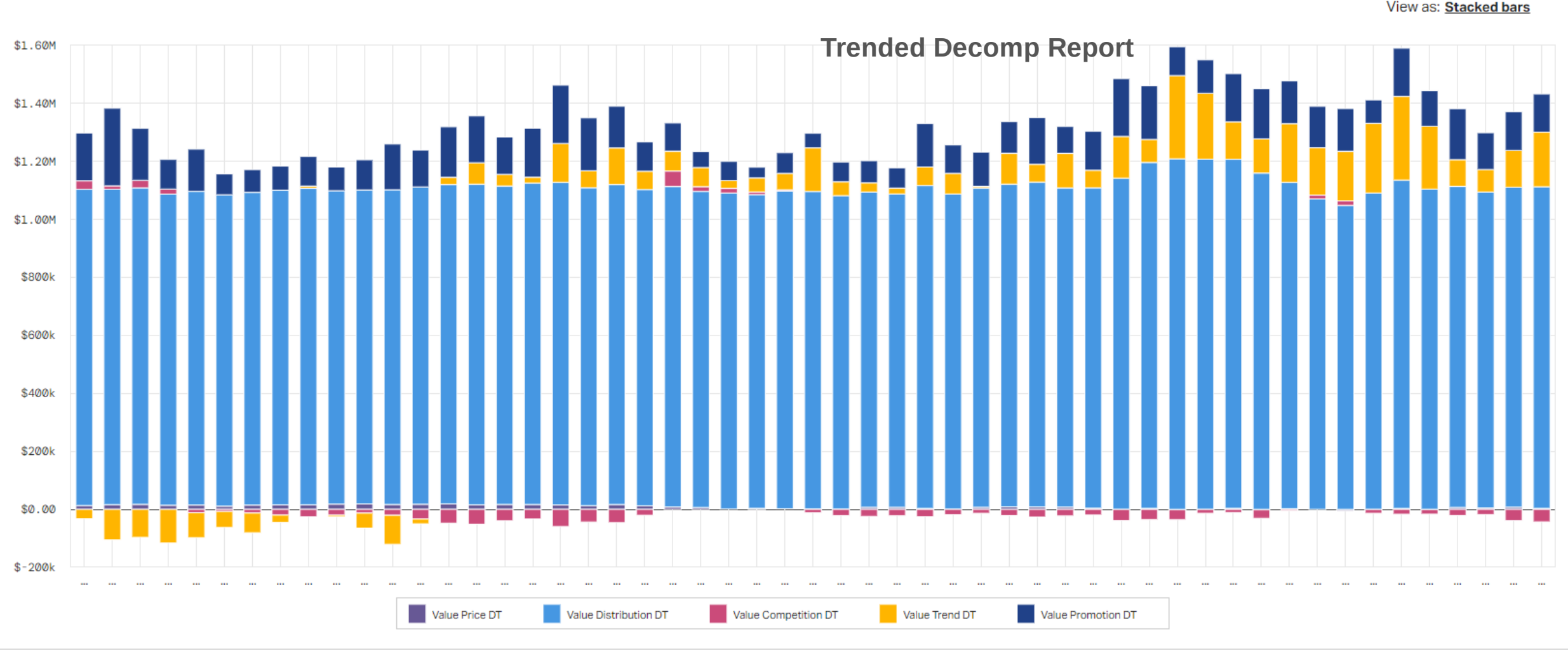
Finding opportunities = NIQ Business Drivers

- Through advanced modeling, NIQ automatically calculates the contribution of 40+ factors that drive sales

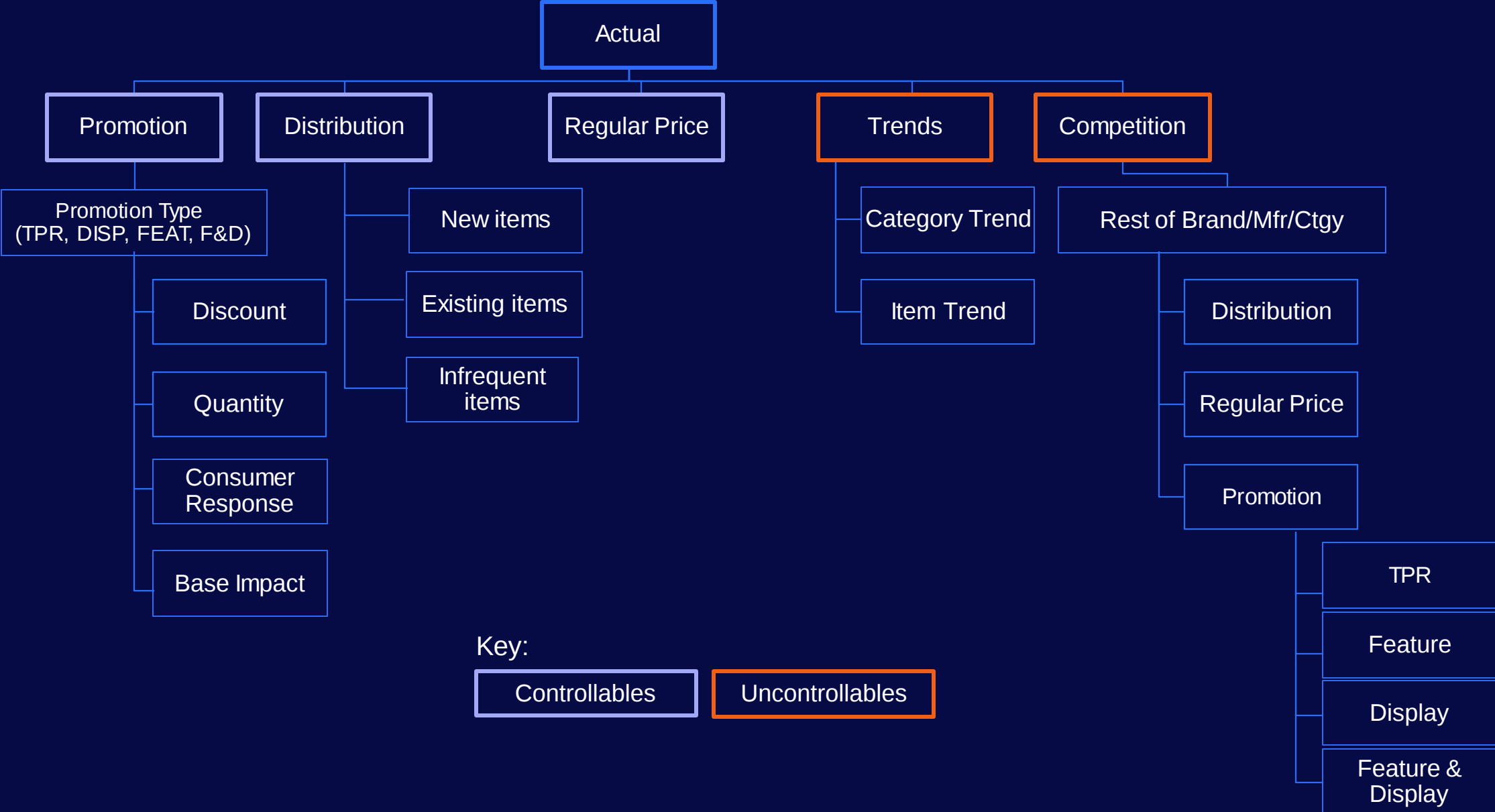


*APAC cadence is bi-yearly
**Leveraging store by week by item POS data
*** Data refreshes at the same interval as their RMS data refresh

NIQ Business Drivers is a collection of dashboards that help visualize the dynamics that are affecting your category, brand and down to the SKU level.



Disentangle and quantify up to 50 in market activity driving sales



Refining Opportunities = NIQ Store Execution Segmentation

NIQ Store Execution Segmentation uses integrated analytics for targeted execution



Key Questions Answered:

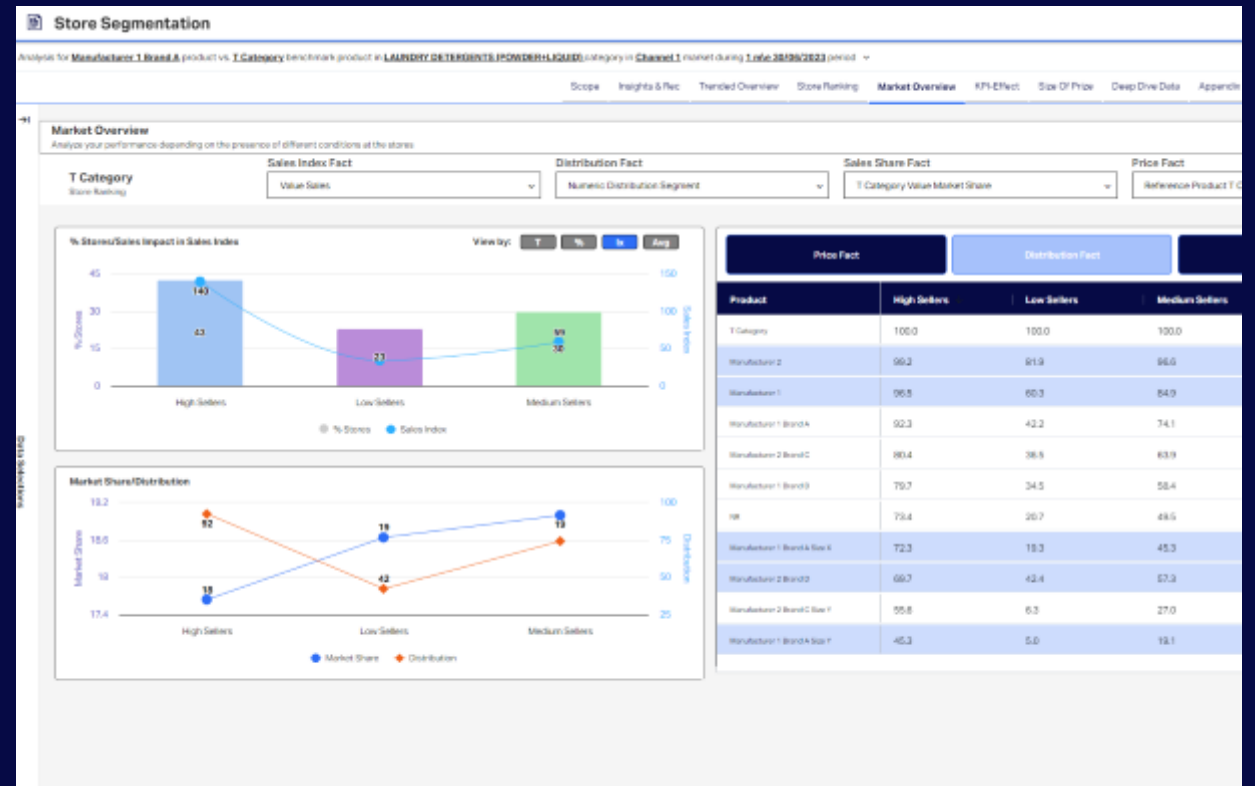
- What's the impact of new product arrivals in stores?
- Am I using the right combination of products to optimize impact?
- Are my strategies influencing store performance?
- What factors drive performance of High Selling stores compared to the other groups?
- Is the recommended price is being used at the store and how is it impacting my business?

What is Store Execution Segmentation?

A flexible and dynamic solution that **will revolutionize** the way you review market sales dynamics.

Store Execution Segmentation pairs innovative technology with the power of always-on analytics, enabling you to:

- **Continuously** review results and **validate** hypotheses in-market
- Extract **valuable insights** for iterative and ongoing optimization
- Make **data-driven decisions** that align with your business objectives
- Drive **sustainable growth**
- **Simulate** market conditions in the moments that matter



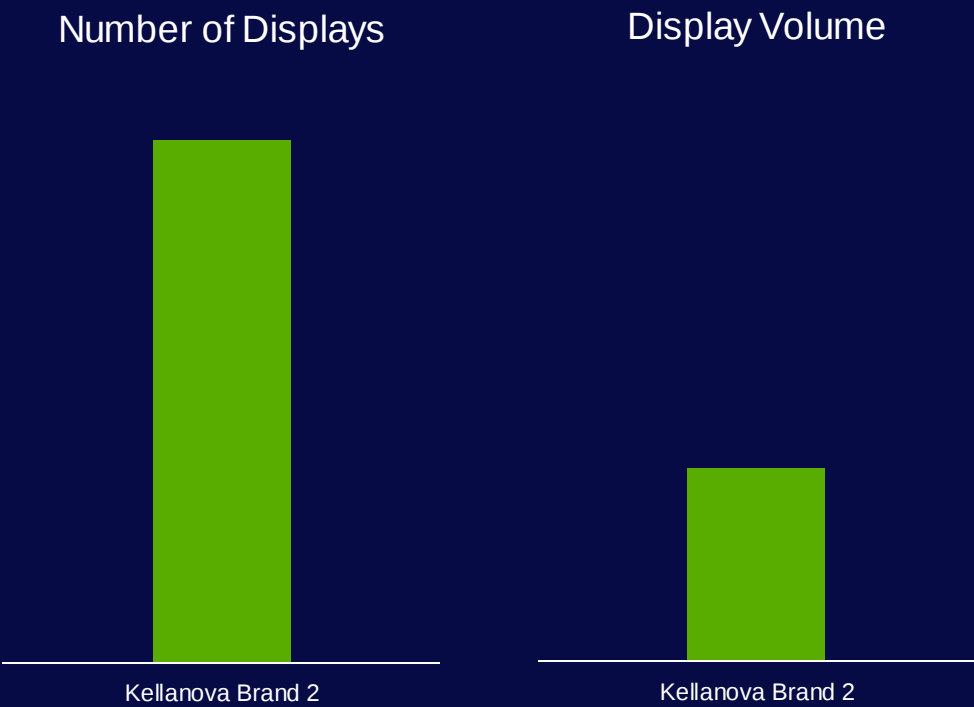
Kellanova Case Study

Kellanova has been leveraging Business Drivers to deep dive into many promotional questions including these two examples.

Case Study 1: Our brand was experiencing lower promo lifts with more discounting while a top competitor was experiencing the exact opposite.



Case Study 2: We were driving a significant increase in display for a brand (>20%). But our volume was not seeing the same uplift.

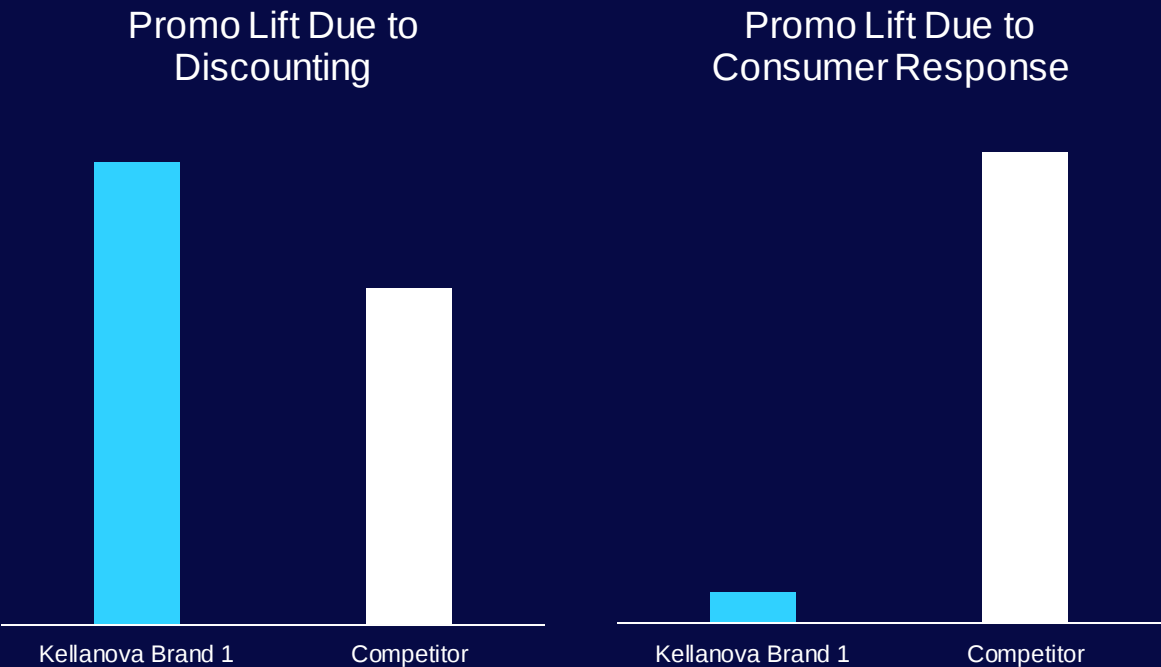


Source: NIQ RMS data; xAOC

After years of pricing, we needed to go back and re-examine our promotional structures.

Business drivers allowed us to quickly cut through the noise and understand that depth of discount wasn't the problem.

Lower consumer response paired with additional analysis showed we need to reexamine our promotional offers.



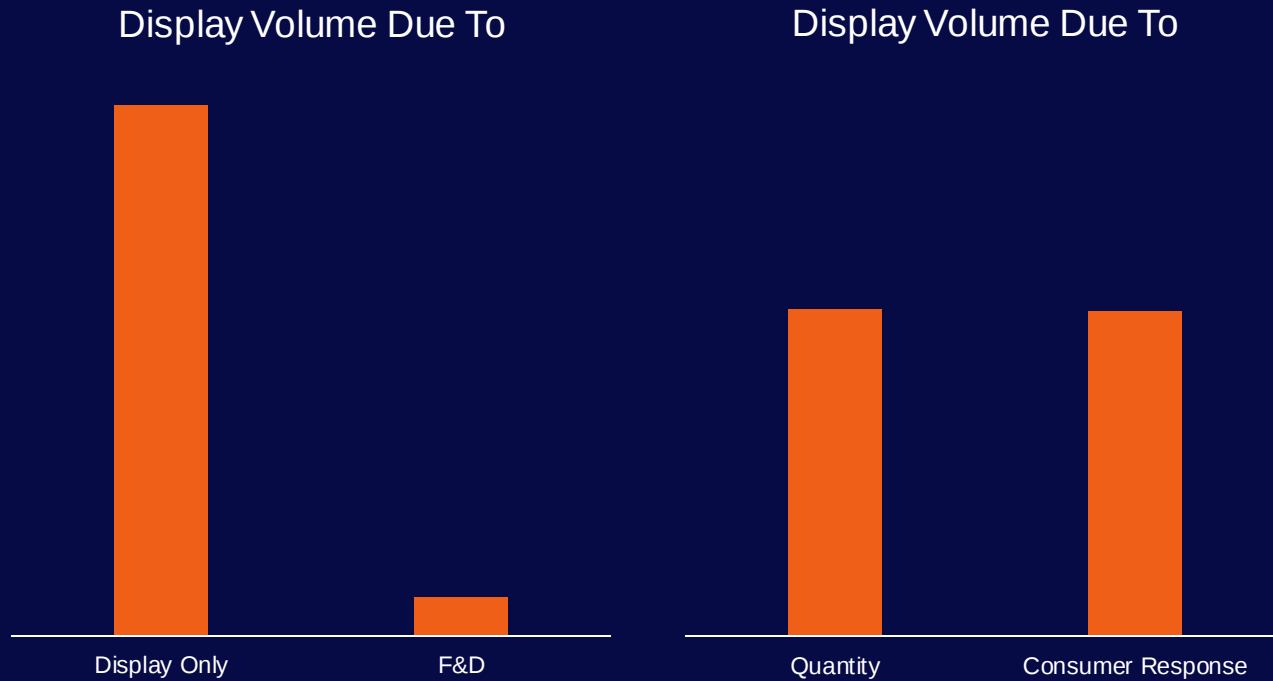
Key Actions:
Drive More Attractive Promotional Structures;
Must-Buys and Buy-Saves

Source: NIQ Business Drivers Analysis

We realized that quality is just as (or more) important as quantity.

With business drivers, we found that quantity doesn't always mean results.

- We were not getting F&D support, reducing lifts.
- Quantity was not the overriding factor in volume showing we had reached a point of diminishing returns.



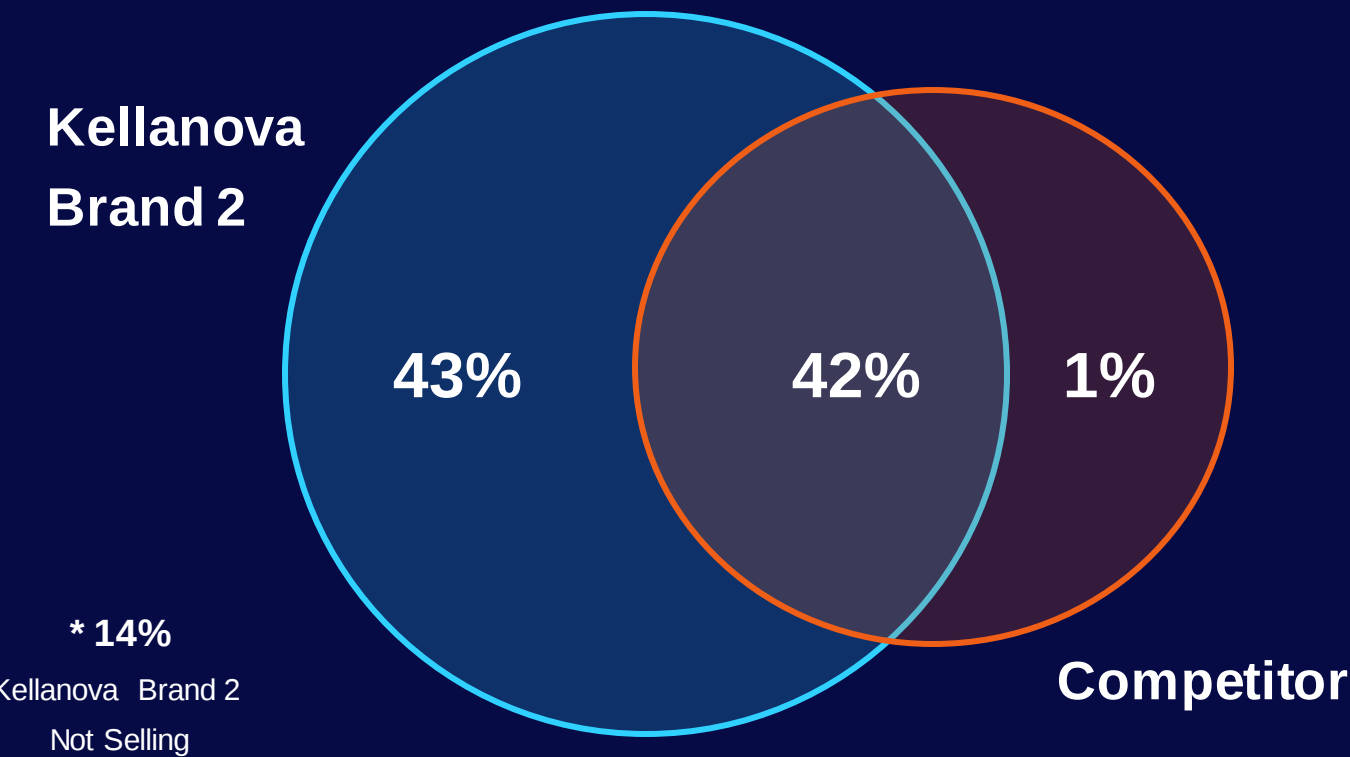
Instead of quantity, we have been focusing on driving F&D and improved retail location

Source: NIQ Business Drivers Analysis

Examining 2 scenarios in the market (coexisting and exclusive vs competitor) provides unique insights

Differentiating tactics is key to maximizing performance in each store group

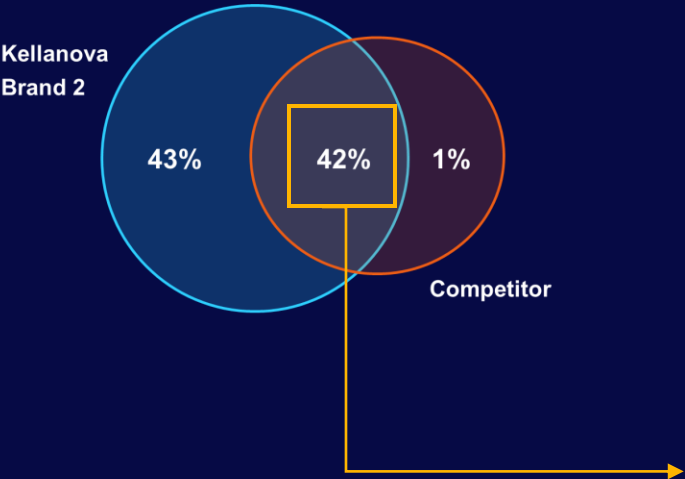
% Stores based on Brand availability



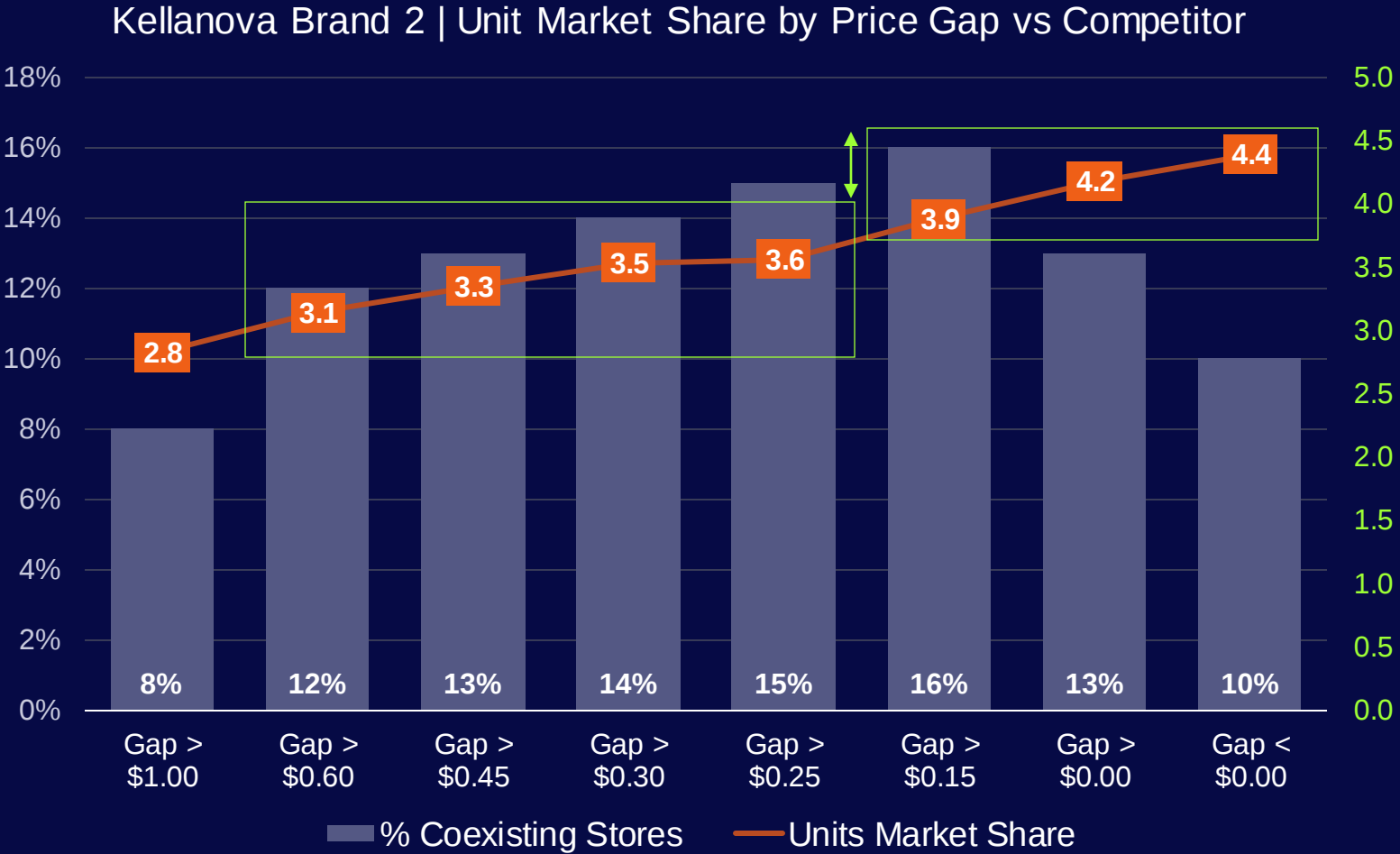
	Exclusive stores	Coexisting stores
Unit Market Share	3.7	3.6
Category Rate of \$ Sales	\$ 91	\$ 341
Avg Price	\$2.34	\$2.29
Avg Price Gap (vs Comp)	NA	+ \$0.32

Source: NIQ Store Execution Segmentation

Unit Market share shows a relevant increase when Price Gap is below \$0.25 vs Competitor

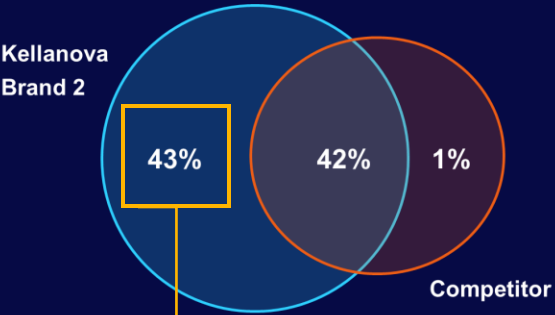


Maximize sales and profitability by ensuring the right Price Gaps are activated

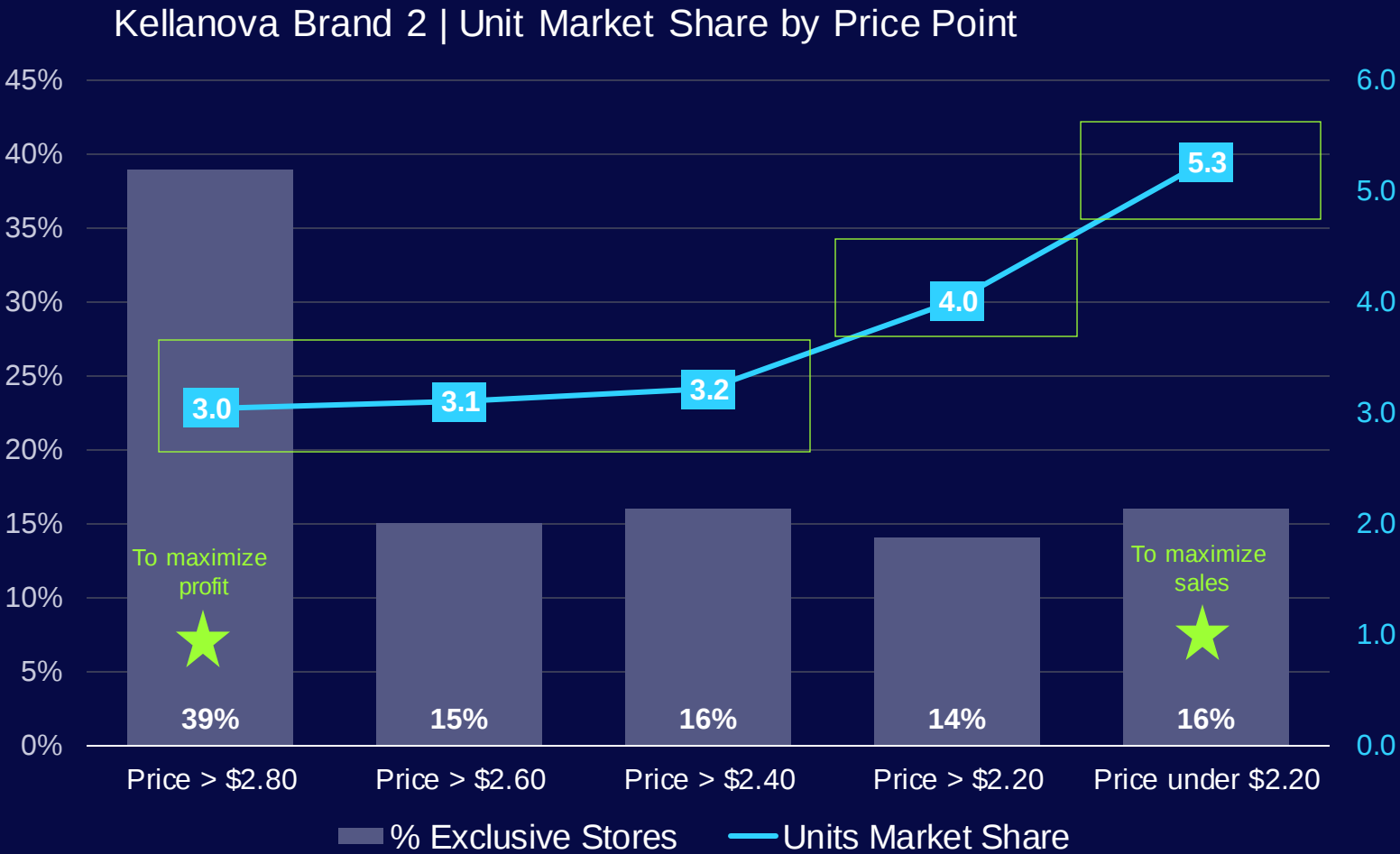


Source: NIQ Store Execution Segmentation

Kellanova Brand 2 shows a performance breakout when sold below \$2.40 in these exclusive stores



Maintain price at \$2.80 regularly, trigger sales at specific moments with price under \$2.20



Source: NIQ Store Execution Segmentation

**Demonstrations Available at the
Solutions Showcase
for:**

Business Drivers

Marketing Mix Optimization

Store Execution Segmentation

**Use this QR code for
special offer on:
NIQ Forecasting Solution**



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Have questions or need additional information?

Contact:

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