What tools can I use to understand my coverage?

Overview

This job aid provides an overview of NielsenIQ data coverage and the tools and analyses that you can use to explain gaps. Coverage is the percentage of a manufacturer's total business or the total group of categories represented by NielsenIQ's reported sales. Coverage enables comparison of the overlap between manufacturer's shipment data and NielsenIQ sales data.

Additional benefits in evaluating coverage:

Benchmark relevance of NielsenIQ RMS data to manufacturer's business

Coverage expansion opportunities, including new channels and geographies

Market insights including pipeline delay, market size and evolution

Enables shipment analytics, pooling and methodological enhancement

Coverage influencers

It's important to know that many factors influence coverage consistency. Markets vary, specifically around macroeconomics and retail structures, each of which has an impact on NielsenIQ Retail Measurement Services (RMS) data.

Important: coverage ≠ RMS data quality

Some factors can be controlled, some cannot. One key to improving coverage is to minimize pipeline delays. The following are factors that your business influences:.

- **Product distribution:** Pipeline length and time lag affect your product distribution patterns

- **Indirect channels:** The importance of wholesalers and suppliers and associated pipeline delays

- **Inventory level:** Surplus inventory in the chain, warehouse and retail outlets; for example, special events/promotions

- **Shelf life:** Perishable products with a short shelf life

- **Product characteristics:** Regular products vs. promotional products, large vs. small products, new vs. mature

- **Time of year:** Seasonal products and preparation for seasonal sales spikes

NielsenIQ uses tools like the Market Dynamic Index, Industry Design Coverage analysis and Brand Coverage analysis to establish appropriate benchmarks and thresholds. Learn more about those tools on the following pages.

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Market Dynamic Index tiers

The Market Dynamic Index quantifies the macroeconomic and retail structure factors that impact Industry Design Coverage consistency over time. Each year, all countries are ranked relative to each other. Once the countries are ranked and weighted, the outcome of a cluster analysis produces defined market tiers that help normalize the otherwise unwieldy market variances.

Market tiers and a Market Dynamic Index serve as the baseline against which you (and we) can benchmark.

For more information on market dynamics, access the Market At A Glance Reports.
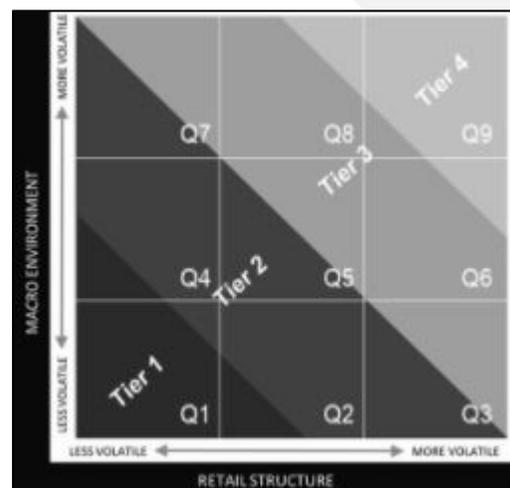
Industry Design Coverage analysis

Industry Design Coverage is an estimate of RMS coverage for major category groups, like cigarettes, carbonated soft drinks, food, personal care, household care, chocolate & confectionery, and pet food. Industry Design Coverage analysis is the procedure used by NielsenIQ to establish the Industry Design Coverage for product categories.

Important: Industry Design Coverage is **industry-specific** and does not consider client sales or shipping data, only consumer purchases.

The value used to represent Industry Design Coverage is the percent of sales for a category (from each channel) included in NielsenIQ sales figures. The value varies between product categories in a country and over time. To be sure market volatility is captured, NielsenIQ Data Science teams evaluate Industry Design Coverage annually.

Key objectives for an Industry Design Coverage analysis:

- ■ Estimate the size and composition of the retail trade in a country

- ■ Estimate the relative importance of each channel for the major FMCG industries

- ■ Identify major trends in the evolution of channels

- ■ Discover opportunities for coverage expansion into growing non-covered channels

- ■ Establish benchmarks for Category and Brand coverage

Industry Design Coverage is calculated using *category and industry* turnover/sales value, **not** client-specific shipping information.

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Brand Coverage analysis

Brand Coverage is the calculation of a specific manufacturer's sales (as reported to NielsenIQ) expressed as a percentage of manufacturer shipments. The analysis focuses on coverage levels and trends for a brand of interest. A Brand Coverage Scorecard is produced to show a set of Coverage Key Performance Indicators (KPIs) including Coverage level and Coverage Stability, potentially with additional contextual information.
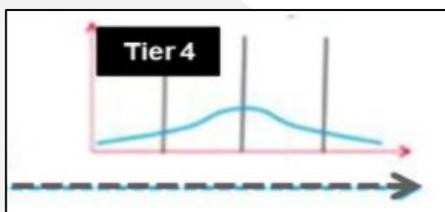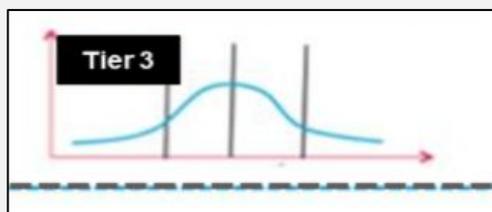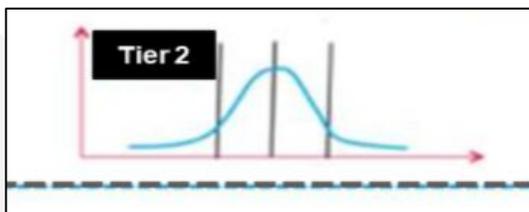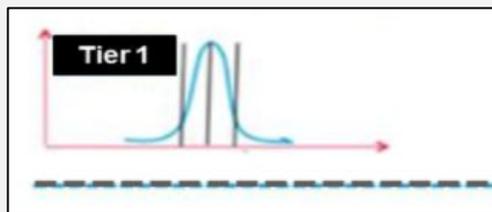
Key objectives for a Brand Coverage analysis:

- Facilitate understanding of observed variations between manufacturer shipments and NielsenIQ reported sales for a brand, otherwise known as Brand (Absolute) Coverage.

- Identify major trends in Brand Coverage, like changes in channel importance or cross-border sales.

- Discover distribution opportunities, i.e., product flow from factory to consumer.

- Establish benchmarks for Brand Coverage.

- Assess coverage stability, such as the difference in Category/Brand Coverage for the current year vs prior year.

> Brand Coverage is calculated using sales and shipping information from a *specific manufacturer*, **not** category or industry data.

Coverage thresholds and tier stability

Once Industry Design Coverage is established, NielsenIQ evaluates consistency and change. For a brand's coverage stability (change) to be meaningful, you should consider marketplace variation.
NielsenIQ establishes and maintains coverage stability (change) thresholds for each of the Market Dynamic Index (MDI) tiers, so you know the range in coverage variation NielsenIQ expects for your area. If a brand falls outside that range, while still meeting distribution and market share requirements, a data investigation may be initiated.

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Key coverage terms and definitions

Term	Definition
Market Dynamic Index (MDI)	Quantifies the market factors that impact the ability to measure markets consistently over time. All countries are ranked relative to each other annually.
Industry Design Coverage	Estimate of NielsenIQ Retail Measurement Services (RMS) coverage of major category groups in various countries. Represents the percent of sales for a category from each channel included within NielsenIQ sales figures. Varies across time and between product categories in a country.
Brand Coverage	Calculation of NielsenIQ reported sales as a percentage of manufacturer shipments.
Coverage Stability	Difference in Category or Brand Coverage in the current year vs. previous year. Coverage stability is the metric used to monitor change. [Coverage This Year – Coverage Last Year]
Coverage Change Threshold	Established parameters for expected year-over-year change in coverage, given the market dynamics of the country. Thresholds are defined using market dynamics and historical performance.
Semi-Retailers	Point-of-sale venue that has between 10-90% of sales going direct to consumers.
Wholesalers	Point-of-sale venue with less than 10% of sales going direct to the consumer.
Retailer	Point-of-sale venue with more than 90% of its sales going direct to consumers.

Additional resources

For questions related to coverage in your area, refer to your country's Market At A Glance (M@aG) reports in Nielsen Insight Studio.

For information on how to access M@AG reports, read these job aids: **Accessing the Market At A Glance App (M@Ag)** and **Using Market At A Glance (M@AG) Reports** in the **Coverage library**.

Alternatively, contact your local client service representative.