

# Retailer Coverage

An Industry White Paper by Inmar VSI Promotion Consulting

August, 2009



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*Your sales group just struck a merchandising deal with an important retailer. Now there's a supporting coupon drop planned to coincide with the in-store promotion and it absolutely must cover that retailer.*

*What will you do to make sure that happens?*

## What is Retailer Coverage?

Before you start trying to “cover” a retailer, you first have to have a clear idea of what you’re trying to accomplish.

- Does that mean shoppers at every store operated by the retailer need to have coupons available to them? What about the one store that’s practically in the “middle of nowhere?”
- Does that mean that every market in which that retailer operates needs to have coupons distributed in it? What about those markets in which the retailer only represents 1 – 2% of ACV (all commodity volume)?
- Does that mean that every paper in a market where the retailer operates needs to have coupons in it? Is it enough to be in one newspaper that covers the whole market or do you need to be in all three of the market’s newspapers?

The point is that “coverage” is a very subjective exercise. Depending on the details of the deal, the relationship you have with the retailer and which retailer you have in mind, your answers may change for each promotion. So whatever your process for selecting the distribution lists for your coupon drops, it is important to settle on and appropriately apply the correct meaning of “covering” a retailer.

## Delving into the Data

When attempting to cover a retailer with a promotion, the temptation will be to “over-cover.” That means dropping overlapping circulation in every possible market to ensure that coupons are available in all newspapers in markets that have the retailer’s stores. While over-coverage may meet the coverage objective, it will likely cost much more than it has to.

At the other extreme, some coverage recommendations may overemphasize certain markets to the exclusion of others. The result: you will get circulation with gaps that really need to be filled.

The cure is solid data analysis. And to get that, all of the data needs to be considered and analyzed, including:

- Each of the 35,000+ retail locations.
- The circulation, by county, of each of the 1,200 newspapers.
- The papers contained in each of the 200 FSI forms.
- The ACV percent of each retailer in each market.

When that information is overlaid on your retail coverage objectives, the result is a solid list. That kind of list will meet your budget objectives, accomplish sales' objectives for the retailer and take full advantage of market conditions to move the most volume at the lowest cost.

## Not a Cure for All Ills

It's possible that your retailer coverage practices could be improved. But don't expect perfection. You have to be realistic about accomplishing some of the more challenging aspects of promotion targeting.

For example, buying all available circulation still won't completely cover Wal-Mart. This retailer has a large C&D county presence causing even 100% FSI circulation to leave a large segment of the outlets uncovered. That means some flexibility in the definition of "retailer coverage" is necessary. Otherwise, you may be chasing an impossible dream.

## Getting the Coverage

Great data analysis will give you better answers, but also takes a lot of work. Few companies have the in-house capacity or capability, so most marketers looking for a better way to target specific retailers look for outside assistance.

If you engage an outside firm to assist in addressing your coverage needs, consider these questions and guidelines:

- What kind of data is being analyzed? Make sure the analysis is a thorough examination of the retailer's footprint and newspaper circulation.
- Is it an "off-the-shelf" recommendation? You need an answer that's tailored for your objectives, based on your definition of retailer coverage and takes into account any developments in new retailer locations, acquisitions or mergers.
- What are the vendor's criteria for success? You want your vendor's idea of success to match yours. If you're aiming for efficiency, your vendor shouldn't be looking for wider distribution; if you want retailer coverage, your vendor shouldn't be working for advertising reach.

While good data and analysis help, retailer coverage is a subjective exercise. As such, it's best accomplished by making experienced, data-informed judgment calls. That means either relying on your own experience or looking to seasoned coupon experts for the best advice. There may not be any perfect answers to the question of coverage, but a balanced and practical approach will produce effective market lists for your promotions.

For additional information, contact Inmar VSI Promotion Consulting at (336) 631-2660.