

New product sorcerer model - source of volume analysis

Overview

The purpose of this job aid is to show how NIQ's new product sorcerer model measures new product launches in terms of draw, cannibalization, category growth, and category expansion

Measure the impact of new product introductions

Designed by NIQ BASES, the world leader in simulated test marketing for new product development, sorcerer measures the impact of a new product introduction into the marketplace

Sorcerer measures volume sources in terms of:

- **Draw:** The percent of a new product's volume coming from products within the category.
- **Cannibalization:** The percent of a new product's volume coming from other parent items.
- **Category Growth:** The percent of a new product's volume coming from new category buyers who enter the category to purchase the new product.
- **Category Expansion:** The percent of a new product's volume coming from increased category consumption among current category buyers (the purchase of the new product is incremental volume for the buyer).

Sorcerer advantages:

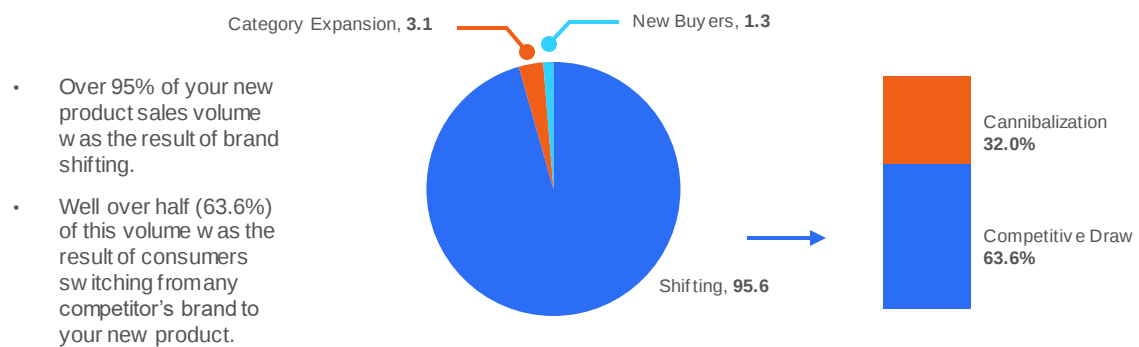
- Provides source of volume estimates from the industry's gold-standard Homescan consumer panel.
- Assigns each household a different pre- or post-period based on trial rate.
- Accurately estimates draw and cannibalization (shifting) by measuring natural trends among those not buying the new item (non-buyers).
- Uses other category items to establish the norm for new buyers and category expansion.
- Does not interpret infrequent buyers as new buyers to the category.
- Measures decreased consumption in order to better estimate increased consumption.
- Simultaneously measures the new product's sourcing impact in a single market or area.

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Key benefits

- Measure new product volume sources.
- Uncover cannibalization factors.
- Discover category growth opportunities (i.e., new category buyers entering to purchase new product).
- Find category expansion opportunities (i.e., current category buyers who try your new product).

Decompose New Product Sales Volume



For more information, contact your NIQ representative or visit www.niq.com