

Micro Marketing Analysis Model to Launch a New Business in a Different Country

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(a) Introduction

The Micro Marketing Analysis System (MMAS) is an M&T's tool to support companies and consulting activities in the areas of sales and trade intelligence. It's based on decades of experience.

The large amount of information gathered and updated continuously, allows Company to draw an accurate picture of the distribution channel, which results in periodically analysis and in the news that are published every six months.

MMAS is first of all a telephone census survey, through which a long line of information is collected by each trade operator belonging to the channel.

The telephone interviews were carried out from the owners or managers of each point of sale, and provide a wealth of information useful for capillary analysis.

Since 2003 we introduced the Revolving Panel model, which allow the biannual update of the database. This new methodology offers more opportunities in terms of tracking of market trends and phenomena. Thus enables companies to include ad hoc questions of particular interests into the survey wave.

The principles of MMAS census are guaranteed through the systematic review of all the information and the constant search for new point of sales appeared in the market.

The database MMAS, in this way, was divided into four subset homogenous, each representative of the entire channel, which are investigated in succession each semester. The entire channel census was completed at the conclusion of the entire two-year upgrade cycle. Throughout this period, elaborated analysis indicated the highlighting changes and emerging trends.

The detail of the information, in addition to providing the profile of each operator, highlights the macro-phenomena (trend for micro areas, sale's diversification, location of new stores, etc), on the basis of which can be monitored and interpretation the evolutionary lines in the market.

However, due to its content and potentiality, MMAS is first of all an operational tool and a trade business planner, unique and irreplaceable for strategic assessments, as for asset management in business area, sales and promotion. It's a really flexible tool that can be used directly in the Company - extended and modified directly by each user according to their sources, their evaluations, their management needs, and is the trump card for consulting activities and business in sales & trade intelligence.

(b) What MMAS Model is

In twenty five years of analysis, side by side with firms, Marketing & Telematica has developed innovative marketing tools and great potential cognitive marketing research, flexible and able to be managed "alone" or integrated with the Company CRM platform, interfaced and stacked in various contexts, to be useful from many corporate sector as marketing, sales, administrative dpt., contact center, services and after sales, etc.

MMAS is a data platform that has a *channel census* of its base, with one-on-one interviews with all operators and a *mapping interface* (MMAS GIS software) to facilitate the analysis on the territory and micro area.

Therefore, MMAS is a "system", a method that includes tools, techniques and models taken from the most modern disciplines of Customer Relationship Management (CRM).

In fact MMAS makes an integrated use of:

- information on points of sale (PoS) collected on the distribution channel
- PoS information from company sources
- Social and demoscopic data
- geo-marketing software (GIS)
- Patterns and analysis models

Here's how MMAS works.

It is based on detailed knowledge of the specific channel to be interviewed by telephone, or the sales data generated from the point of sale.

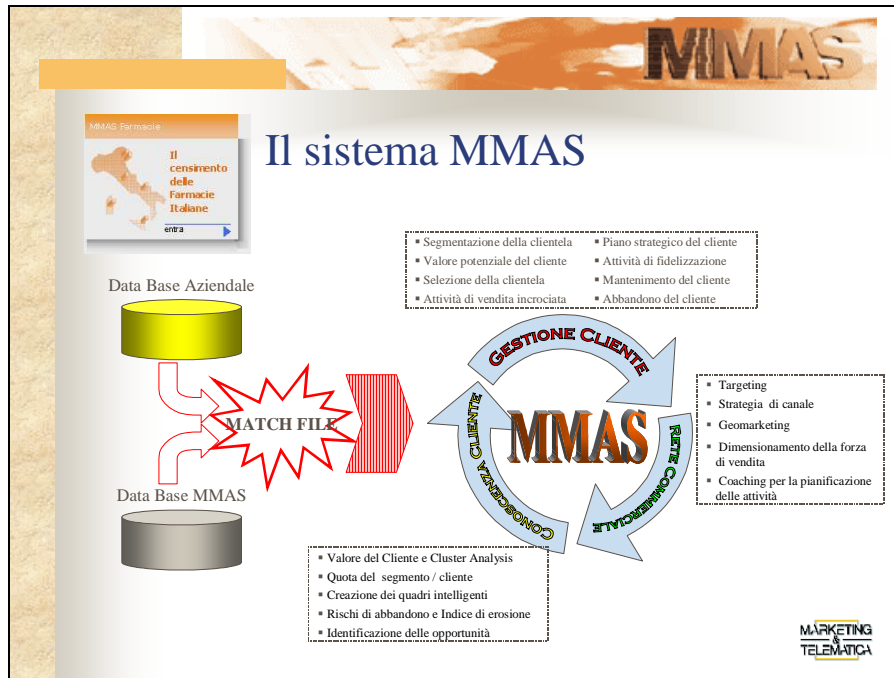
Collects and uses for each of them:

- dimensional information (eg, number of employees, sm. shop extension, etc.)
- qualitative information (eg, services, brands of products used, etc.).

Allows the Company to:

- identify areas of possible expansion of the brand
- position each shop of the area in ABC curve
- estimate the presence of competitors
- qualify new target clients by which carry out specific actions of marketing

The maximum efficiency in MMAS model is obtained by performing the "matching" between the company's files and census databases, which compares data presence in the two databases, completing the information available on each operator.



This activity is carried out ensuring absolute confidentiality of the data provided by each company. The database MMAS is thus parameterized and personalized, opening endless possibilities for processing ad hoc (on target with the expectation of the Company), simulations and reflections in sales organization and distribution network restructuring.

The Micro Marketing Analysis System gives your Company the opportunity to have a updated data warehouse, normalized, classified and compared with the market, becoming a "model of work" that provides comprehensive overviews to manager and decision makers.

Something that only M&T knows and can offer.

Not the Chambers of Commerce, whose lists - while accompanied by economic information - are never updated in a timely manner.

Not from list brokers, whose goal is to provide the greatest possible number of registries with telephone connection, so no additional data besides the address and with a fair degree of "inconsistency" of the activities included.

No other research company, engaged in surveying the characteristics of the sample stores, which enlarges the universe with statistical regressions and, therefore, cannot claim to know "one by one" all operators.

(c) Point of sales MMAS potentiality rating

In MMAS model, after the survey wave, to each point of sale is attributed a potential coefficient, based on an algorithm that crosses some quantitative and qualitative parameters measured during the interview.

The coefficient of potential is configured as an index of commercial importance of the PoS and forms the basis for:

- arrange PoS in ABC curve for commodity and territorial segmentations

- carry out analysis of the potential for each sales area

An example of MMAS Potential rating

The computation of MMAS Potential rating is only possible for those PoS of which we have collected the following parameters, as for example:

- No. employees
- Sq store
- Sqm warehouse
- No. shop windows
- Additional services

In case of which you do not have these data they get a potential rating = 0.1.

Each parameter is divided into size ranges: eg. Sq store from 0 to 50 sqm, from 51 to 100 sqm, etc. Each parameter gave a score weight, so that the sum of the weights of the parameters totals 100. The weight of the single parameter is generally assessed on the basis of some objective findings occurred on the channel.

The score that is attributed to the PoS, is the effect of the sum of the value per each parameter multiplied by its weight which is commensurate to the importance of this parameter in the final evaluation of the potential.

Doing so the MMAS Potential rating correspond to the sum of points from the parameters on the basis of weighing each band, and will always be a value between 0 and 100.

It is often appropriate to introduce an additional correction factor, based on the "value of median household income" of the territories, and which is directly multiplied to the coefficient of potential calculated above. This is because it is not correct to compare with the same commercially weight and organizational characteristics, realties that operate in geographical areas with different income values (typically between Nord and South areas of the same country).

(d) MMAS brand competitive analysis

MMAS model is employed to evaluate the Brand Competitive presence per single micro area. It offers plenty information and data sheet contains the following statistics referred to each brand:

Number PoS

The number and percentage of Pont of Sales, are collected for the territory, spontaneously indicated that they treat the brand.

Potential PoS

The sum of the MMAS potential rating covered in the area by the single brand, also compared to the total potentiality PoS present in the territory.

Brand Potential Rating

This shows the portion of the "Potential PoS", which is absorbed by the brand. This value is calculated by an algorithm based on: a) the level of spontaneous declaration of the brand in

the quote (brands are in decreasing order of importance of sales); b) the coefficient of the potential of PoS.

Brand Efficiency

The relationship between the "Brand Potential Rating" and Potential PoS' refers to the penetration of the brand in the micro area. The maximum theoretical value of the coefficient is 1. In this case, the brand would be so expanded in territory to absorb their full potential and thus be the only brand from them treated.

PoS Value Efficiency

The relationship between the percentage of "Potential PoS" and "Number PoS" indicates it is a quality index of the distribution. It describes the Average Potential PoS treating the brand, related to the Average Potential of all the PoS in the territory.

(e) MMAS census – production steps

Marketing & Telematica has developed a methodology to create commercial comprehensive and reliable database of distribution channel. MMAS survey consist of a data collection methodology conducted by telephone interviews and is divided into six phases.

1. The first of these steps is the creation of master data file of departure, from which it must carry out a census of a population and in which are collected all the personal data that make up the universe to be interviewed.
2. At this stage, following the first process of normalization of personal data. It is necessary to develop the interviews and collect data from the territories.
3. The interviews stage is preceded by a study of the telephone communication call flow, that gives rise to the drafting of a "script" (the structure of the interview). Sometimes it may be desirable to conduct a preliminary qualitative research, which aims to identify: the correct interlocutor, appropriate language, interview schedules, use and customs of the channel, moods and trends of the current situation.
4. During the census implementation, that involve a significant volume of data (M&T has surveyed goods channels which include over one hundred thousand PoS), it is essential to work with the support of a good computer system (typically a CMS Call Management System), and for this reason it's will make a special form video mask to manage the phone calls.
5. During the interviews, the telephone operators collect data that enrich the initial database with more personal data and allow operators to select the PoS really corresponding to the channel surveyed.
All information is collected directly in the database, without suffering any "interpretation" by the operator and without having to be transcribed from paper. Thus avoiding possible errors or data loss, and ensures the integrity, traceability and the depersonalization of the information, allowing the verification of the adequacy of the interview with the other data.
6. The final stage of the research involves the creation of mapping software (MMAS GIS) and drafting a summary report on the channel. This phase requires the involvement of experts in the field for the comment of the data collected.

(f) MMAS resolving panel

The census MMAS RP is a "dynamic database" updated semi-annually.

With Revolving Panel, in fact, are made periodic interviews to a representative panel of the market, allowing you to seamlessly trace the evolution of the universe distribution.

In practice, with this system the interviews are no longer made in a single session, but are divided into four "waves" next to those of the initial census, so that these "partitions" of the universe are equivalent to each other and homogeneous.

To do this, every six months, are interviewed a number of outlets equal to a quarter of the universe of the channel, different from those surveyed in the previous cycles, so as to complete the survey on the entire universe within two years. For spare parts, the regular panel will be extracted in order to comply:

- a representative at the level for the region
- a representation by type of cluster

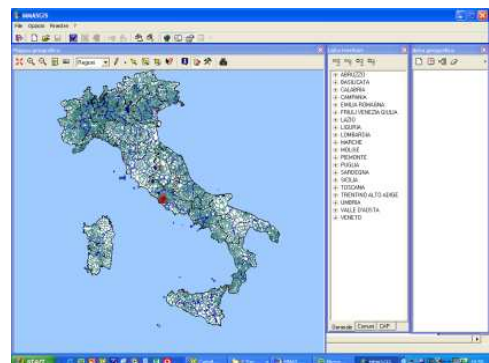
Revolving Panel methodology also offers the opportunity to put some questions in the questionnaire administered periodically, in-depth on specific issues or topics.

(g) MMAS GIS software

MMAS database ease access is guaranteed by the MMAS GIS software, a Geographic Information System consisting in geo-mapping supported platform.

MMAS GIS today boasts over five hundred applications in Italy and twelve in Spain.

Due to its flexible and friendly user interface, MMAS GIS support the planning and decisions makers in more than 120 national and multinational Companies. It's simply and versatility customization to the needs of Companies, makes it the geo-marketing tool territorial leaders in various sales channels: hairstyle, automotive, bodywork, electricians, aesthetics, bakeries, chemistry, plumbers, pastry and ice-cream, perfumery, optical, etc..



The latest version of the platform MMAS GIS in on Web and contains additional feature – the Zone Analysis - that allows you to split the mapping depending on the sales force structure, building the individual business areas (district manager, sales vendor and agents, resellers and dealers areas), in the order to understand the number of PoS in the area, coverage and areas of influence of distributors, potential market, the strengths and weakness through the analysis of the parameters and sales targets.

(h) Conclusion

Thanks to its twenty years experience, M&T is leader in services and products for trade and sales intelligence.

The M&T's MMAS (Micro Marketing Analysis System) provides a great number of information about each operator of the market. Our method, our product and our consultants

give a unique opportunity of knowledge, of strategic vision and of operative decisions to the selling and marketing managements.

M&T can supply database and software as well operate side by side with the management to develop all the necessary analysis, matching, evaluations, simulations, jobs on the selling force or on Customer portfolio and prospect to define areas and targets, to verify objectives and results, to coach and support the staff.

The MMAS method has been developed to have all the information needed to compete on the micro-market, in each zone, with the knowledge of the social and economic situation of the region and of every selling point.