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OVERVIEW

The Nielsen Retail Market Power dataset provides an actionable portrait of sales opportunity for market analysis, so marketers can maximize growth strategies by identifying and closing the sales gaps that exist in the marketplace. By using sales potential to depict supply and geography-based estimates of potential annual consumer expenditures to depict demand, Retail Market Power® enables an opportunity gap analysis of the retail environment.

The dataset was developed using the Consumer Expenditure Survey (CEX) and the Census of Retail Trade (CRT). The CEX is conducted by the Bureau of Labor Statistics (BLS), and the CRT is conducted by the US Census Bureau. Current-year (CY) supply and demand estimates, and five-year (FY) demand projections are available for all standard census, postal and marketing geographies. Five-year data is not produced for supply estimates.

DATA DESCRIPTION

The Nielsen Retail Market Power variables are presented in the following hierarchies:

Retail Store Types
Retail Market Power® expenditures and retail sales estimates are organized by Retail Store Types to enhance the usability of the data at the retail outlet level. Each retail store type is assigned purchases for each category according to the proportion of sales.

Merchandise Line Items
Retail Market Power expenditures and retail sales estimates are organized at the Merchandise Line Items level. This is a limited list that includes 38 major merchandise line items available for both expenditures and retail sales estimates.
**VARIABLE ROSTER**

Please refer to the *Nielsen Retail Market Power Data Roster 2016* for a complete roster of variables that includes definitions of included retail store types and merchandise lines. This document also provides additional information about variable additions and replacements made in the 2016 release.

Please contact your Nielsen representative if you are interested in receiving the *Nielsen Retail Market Power Data Roster 2016*.

**DATA SOURCES**

The primary data used to build the Nielsen Retail Market Power dataset is gathered from both the CRT (for estimation of supply) and the CEX (for estimation of demand).

**Census of Retail Trade**

Census of Retail Trade data for retail stores was gathered through a combination of questionnaires, which were sent to all but the smallest firms, and the administrative records of other Federal agencies. There are dozens of variants of the census questionnaire, permitting each kind of business to answer in terms of categories relevant to its operations. Questionnaires were mailed to all firms above a certain size cutoff, and to a sample of smaller firms with paid employees. Information for firms with no employees and for small firms not in the sample was obtained from Federal administrative records. The Census Bureau also conducts monthly and annual retail trade surveys to obtain more current data. These surveys are based on samples of firms with employees identified in the Census of Retail Trade, supplemented with samples of non-employers and recent “births” (newly created firms) identified from administrative records during the years between the five-year retail censuses. Most of the data are obtained by mail. These surveys concentrate on a much narrower set of data items than the retail census (for example: monthly and annual sales, monthly and year-end inventories, and inventory/sales ratios).

The Retail Trade sector (sector 44-45) comprises establishments engaged in retailing merchandise, and rendering services incidental to the sale of merchandise. Retailers are organized to sell merchandise in small quantities to the general public.

In addition, this sector now includes industries previously classified in Wholesale Trade that sold merchandise using facilities open to the general public. Prominent examples of these are automotive supplies dealers, computer and peripheral equipment merchants, office supplies dealers, farm supplies dealers, and building materials dealers.

**Consumer Expenditure Survey**

The CEX, which consists of two surveys (the quarterly Interview survey and the Diary survey), provides information on the buying habits of American consumers, including their expenditures, income, and consumer unit (families and single consumers) characteristics. The surveys target the total non-institutionalized population (urban and rural) of the United States. The data is collected from the independent quarterly interview and
weekly diary surveys of approximately 7,500 sample households. Each survey has its own independent sample, and each collects data on household income and socioeconomic characteristics.

The interview survey includes monthly out-of-pocket expenditures, such as housing, apparel, transportation, health care, insurance, and entertainment. The Diary survey includes weekly expenditures of frequently purchased items, such as food and beverages, tobacco, personal care products, and nonprescription drugs and supplies. The current Nielsen Retail Market Power data uses the most currently available CEX surveys administered from 2009 through 2013.

Five Year Demand Projections
Prior to 2011, the methodology for five-year projections was greatly impacted by the previous five-year projections, population change, and changes in the U.S. dollar value due to inflation. The five-year projections are now enhanced in four major ways:

- Five-year projections are now calculated from current year estimates. This change allows changes in current economic conditions to be reflected in our five year projections.
- Changes in per-capita expenditure data are calculated using fixed or constant dollars; therefore, year-to-year changes are not affected by inflation.
- Nielsen demographics are now seamlessly integrated as a major input in calculating growth rate.
- Recent trends, along with five-year trends over a long period of time, are considered in determining the estimate of the five-year growth projections.

METHODOLOGY

Household Measures
All consumer expenditure variables are presented as household-level measures, rather than adult-level measures. While the demand data is expressed as dollars of expenditure for geographies based upon where the households are located, the supply data is expressed as dollars of supply (or retail sales) based on where the dollars were actually spent.

Supply Side Estimates
The base for the supply side, or potential sales, estimates for Retail Market Power® is the 2007 CRT, a component of the Economic Census fielded by the U.S. Census Bureau. The county-level data from CRT is updated to 2013 (to match latest year of survey data on the demand side) by accounting for changes in business sales activity each year. This is done using wage and employment data from the BLS Quarterly Census of Employment and Wages (QCEW) file, as well as local sales tax data. The county-level values are allocated to block groups based on employment counts from the Nielsen Business-Facts database. This results in block group-level potential retail sales estimates by NAICS. The NAICS categories are further broken out by Merchandise Lines and adjusted to reflect current-year totals of retail sales.
Data sources for supply side estimates include:

- Census Bureau: Census of Retail Trade (CRT)
- Annual Survey of Monthly Retail Trade
- Nielsen Business-Facts
- State Sales Tax reports
- Trade Associations

**Demand Side Estimates**

Estimates for the demand side, or potential expenditures, are developed using the Consumer Expenditure Survey (CEX) from the Bureau of Labor Statistics from 2009 through 2013. Estimates are produced by developing regression models of household expenditures for a wide range of goods and services. These household-level models are combined with Nielsen current-year demographic estimates to create geographic estimates of potential household demand for products and services.

In order to keep potential demand estimates aligned with expenditures at the macro level, control totals are introduced into the development process. Nielsen generates current-year and five-year estimated expenditure figures for each category using data from a variety of sources. The primary source for these control totals are the CEX’s national household expenditure data, and also include data from industry and trade associations, which serves as a measure of expenditures in specific industries.

Nielsen Retail Market Power creates different demand estimates as a result of the incorporation of additional information into the process. Although estimates are presented as household level expenditures, demand estimates include some component of business-to-business demand. This allows the demand model to better equate to supply at a regional and national level. Using CRT information, the geographic estimates are assigned to NAICS categories and used to estimate potential demand by store type.

**National Scope**

Retail Market Power® is based on data from two national surveys: the CRT and the CEX. As a result, the respondent data and resulting variables measure behavior at a national level, which is then projected to small area geographies using data from the Nielsen update demographics.

Data sources for demand-side estimates include:

- Bureau of Labor Statistics: Consumer Expenditure Survey (CEX)
- Bureau of Economic Analysis: Personal Consumption Expenditures
- Census Bureau: Census of Retail Trade
- 2015 Nielsen Pop-Facts Demographics
- Trade Associations

**Opportunity Gap/Surplus**

Retail Market Power allows marketers to compare supply and demand to determine potential sources of revenue growth at any standard or user-defined geographic level. Such comparison can be achieved at the retail outlet level or the merchandise line level. An opportunity gap appears when expenditure levels for a specific
geography are higher than the corresponding retail sales estimates. This difference signifies that demand in a
given area is meeting or exceeding the available supply and potentially supplementing additional demand
potential by going outside of the given geography. Conversely, an opportunity surplus exists when the levels of
expenditures are lower than the retail sales estimates. In this case, local retailers are attracting consumers of
other trade areas in to their stores.

2014 Methodology Updates

With the 2014 release, a new county-level adjustment was built into Nielsen Retail Market Power to better
estimate supply in areas with very few businesses for a particular NAICS code but with zero Census of Retail
Trade data. Using data from Nielsen Business-Facts, if a county has businesses present for a particular NAICS
code, the adjustment creates a non-zero sales value in Retail Market Power®.

This change will cause some discrepancies in dollar and percent changes when comparing 2014 data to prior
vintages of the dataset and will be most evident with minor store types.

Consumer Demand Shifts

New control totals were implemented in the 2016 release of Nielsen Consumer Buying Power. Using Consumer
Expenditure Survey data, household weights and national average household spend are multiplied together to
generate a national household total figure, independent of any demographic information. This is used as a
benchmark to validate figures created by the models. As a result, many line items for Retail Market Power’s
consumer expenditures have undergone a significant shift.

CONTACT INFORMATION

For more information regarding the Nielsen Retail Market Power data set, please contact your account team or
the Nielsen Solution Center at 800-866-6511 or visit www.nielsen.com.

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