



October 2009

Is your company planning to increase investments in forecasting and analytics in 2010?

We were curious about whether our readers' companies will be investing more heavily in forecasting and analytics next year. The answer was definitely *yes*, but not a resounding *yes*. Almost half said that they will increase budgets next year, but only 18% said the increases will be large. Only 5%, though, will be cutting budgets. It looks like, after the cutbacks this year, the corporate pursestrings are loosening, but just gradually.

- **18%:** Yes, we're investing much more heavily.
- **45%:** Yes, we'll be making some increases in investment.
- **32%:** Our budget will stay about the same.
- **5%:** We'll be cutting spending in this area in 2010.

Are your retailers becoming more willing to share data?

We commented last week on a report that retailers are sharing more (and better) data with their suppliers, and checked to see if it's true, asking: "Are your retailers becoming more willing to share data?"

- **18%:** Yes, we're getting much more data from customers
- **68%:** Yes, but it's spotty- some retailers share more, some don't.
- **14%:** No, we're not seeing much change

Who will have the toughest time dealing with Wal-Mart's pricing and SKU rationalization initiatives next year?

We discussed Wal-Mart's SKU rationalization efforts and reports that they might be looking to cut margins next year. This raised the question of who such moves would hurt the most. So we asked: "Who will have the toughest time dealing with Wal-Mart's pricing and SKU rationalization initiatives next year?"

- **80%:** Wal-Mart's suppliers
- **14%:** Wal-Mart's competitors
- **6%:** Wal-Mart

Perhaps the Amazon item above is an early indicator that will let us know who suffers the most.



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Who will suffer most from the Wal-Mart/Amazon battle?

Last week's article about the Amazon/Wal-Mart battle quoted the African proverb "When elephants fight, it is the grass that suffers." Our question of the week was "Who will suffer most from the Wal-Mart/Amazon battle?" and a large majority agreed with the proverb, saying it won't be the elephants:

- **44%:** Independent booksellers
- **21%:** Publishers
- **10%:** Wal-Mart
- **9%:** Amazon
- **9%:** Barnes & Noble
- **7%:** Borders

I thought Borders and Barnes & Noble would get a few more votes, because I definitely think they'll be harmed, but I voted with the plurality – I think the greatest harm will be to independent booksellers and publishers.



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Is the market going to continue shrinking for brands that are not #1 in their category?

We discussed the shrinkage of market share for secondary brands, and asked, "Is the market going to continue shrinking for brands that are not #1 in their category?" The overwhelming majority think that these brands will continue to lose share, although most of them think the rate of decline will slow as the economy improves.

- **28%:** Yes, the pace of shrinkage will continue.
- **47%:** Yes, but the rate of shrinkage will slow a bit after the recession.
- **25%:** No, things will stabilize or perhaps even improve for those brands.

Whose sales will grow more over the next twelve months – Walmart or Target?

Last week, we discussed how Walmart has widened their lead over Target during the recession, as consumers tightened their belts. With signs of recovery, we wondered how things will go in the near future and asked, "Whose sales will grow more over the next twelve months – Walmart or Target?"

We hit your hot button apparently – this question got far more responses than any we've ever asked before. And our readers are divided, but with a definite pro-Walmart bias. The results were:]

- **59%:** Walmart
- **41%:** Target

I was a little surprised, to be honest (I cast my vote for Target). But the consensus seems to be that, even as things improve, more consumers will opt for "cheap" than "chic."

In your company, where does the forecasting function reside?

Last week's TPMA Outlook discussed what is the best location for forecasting, and asked, "In your company, where does the forecasting function reside?" I was a little surprised by your answers. Though I have never seen survey results on this subject, I was under the impression, based on anecdotal evidence, that the most common location for the forecasting function was in Operations or Logistics. The answer here, though, was Sales and/or Marketing, with Operations/Logistics coming third, close behind Finance. Results were thoroughly split, however. Eleven percent say that they have a separate Forecasting Department – another surprise, since I did not think it would be that high. This is evidence, I think, of how quickly forecasting is increasing in importance.

- **41%:** Sales/Marketing
- **23%:** Finance
- **20%:** Operations/Logistics
- **11%:** Separate department
- **5%:** Other



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Which national retailer is most in danger from Walmart's Project Impact?

Last week we discussed Walmart's "Project Impact" and speculation that Walmart might have their sights set on driving a few of their competitors out of business (or at least inflicting some serious wounds). So we asked, "Which national retailer is most in danger from Walmart's Project Impact?"

And you responded in record numbers. A majority of 56% said that Kmart is in the biggest trouble. But good percentages picked just about all the possibilities:

- **56%:** Kmart
- **14%:** Toys R Us
- **7%:** Michaels
- **7%:** Rite-Aid
- **16%:** Other

It looks like I should have included Target on the list, because Target got enough write-in votes under "other" to just about tie Michaels and Rite-Aid. Other write-ins went to Best Buy, Sears, none of the above, and all of the above.

Will we be seeing more or fewer "stores-within-a-store" in the near future?

We discussed research into when and why 'stores-within-stores' are effective, and asked, "Will we be seeing more or fewer stores-within-stores in the near future?"

Most of you (59%) said there will be more such stores, with the rest split pretty evenly between those who think there will be fewer and those who say things won't change much. I'm in the minority again; I voted "Fewer."

- **59%:** More
- **22%:** Fewer
- **20%:** About the same