

Base Sales – Expected Everyday Sales

DEFINITION

The estimated sales (unit, volume, dollar) of a product that would have occurred in the absence of promotions/retailer merchandising (feature, display, or temporary price reduction)

CALCULATION

Base sales are calculated using a proprietary “smoothing” process known as baselining; baselining model factors out promotional effects primarily by projecting volume from non-promotional periods to promotional periods

Total Sales = Base Sales + Incremental Sales

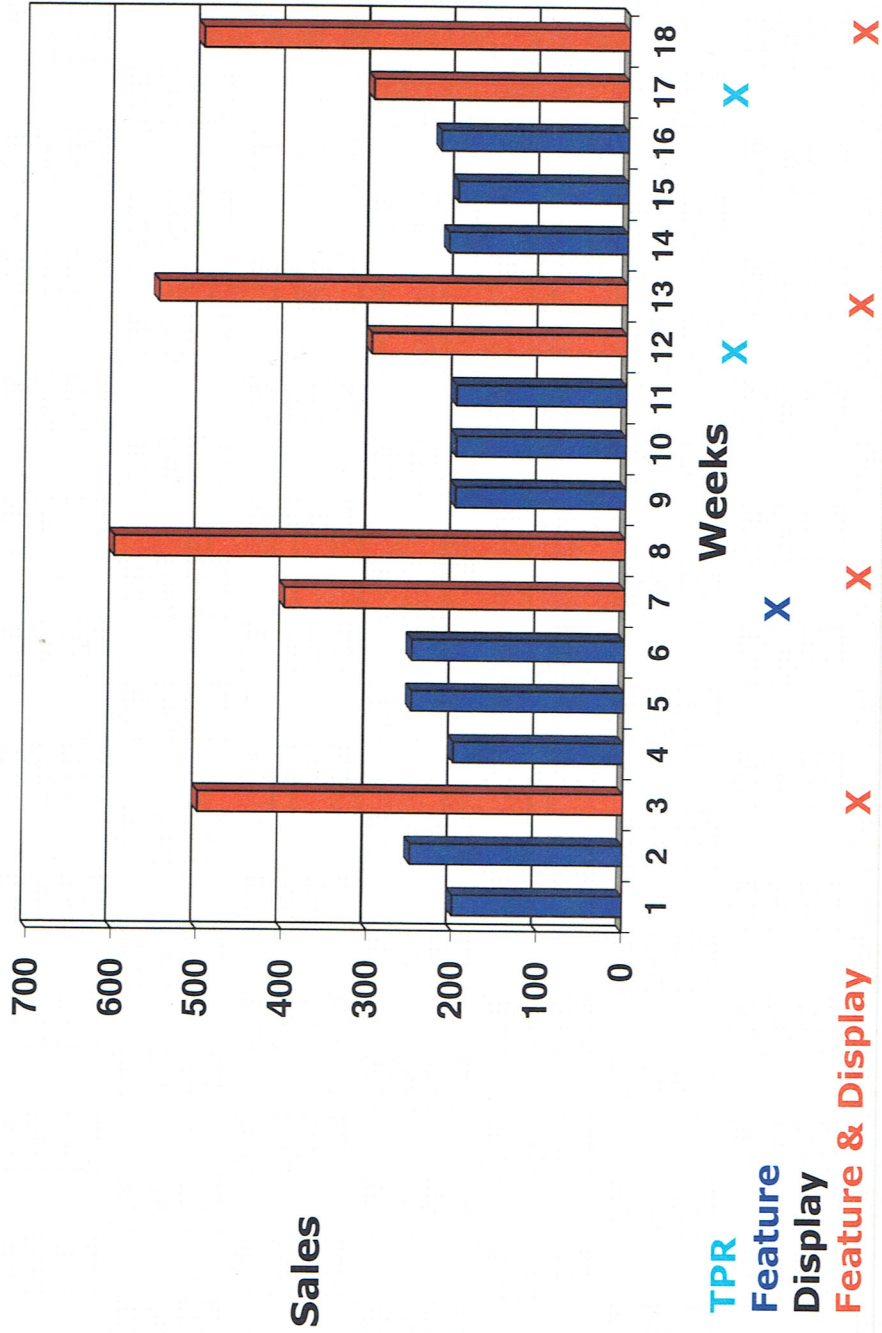
HELPFUL HINT

Baseline is the process and the internally stored estimate of non-promoted sales

“Base Sales” is usually how we refer to the reported number

Calculating the Baseline

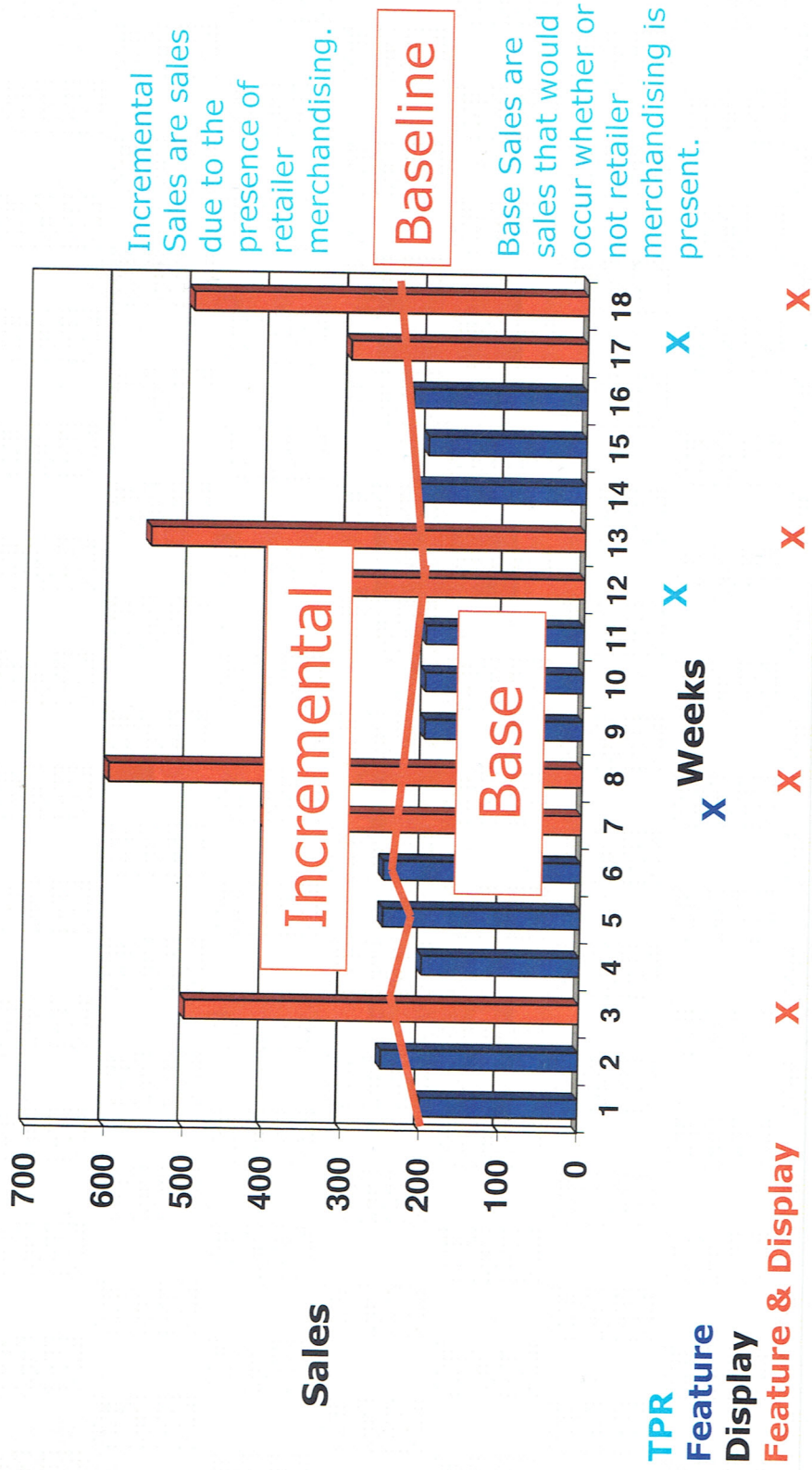
Step 1: Identify Retailer Promoted Weeks Store A - Item A



Calculating the Baseline

Step 3: Determine Baseline & Incremental Levels for all Weeks/Items

Store A - Item A



Incremental Sales

DEFINITION

- The estimated additional sales above base sales due to in-store merchandising
- In weeks where no trade promotions took place, incremental sales *always* = 0

CALCULATION

- **Incremental Sales = Total Sales – Base Sales**
- In weeks where no trade promotions took place, Total Sales = Base Sales because Incremental Sales = 0

EXAMPLE

	Actual Sales	Base Sales	Incremental Sales	Reported Incremental
Item A				
Unit	1,000	800	200	200
Dollar	\$3,500	\$3,000	\$500	\$500
Item B				
Unit	1,200	1,000	200	200
Dollar	\$3,000	\$3,500	-\$500	-\$500