

OFFICE SUPPLIES POTENTIAL 2017

Germany

1 Introduction

GfK GeoMarketing provides sales data on office supply products for the B2B market. Use this information to support your regional sales planning and evaluation of the performance of external sales forces in the office supply sector (office technology, office furniture and organizational supplies).

The study includes data on office supplies potential in per mill values for all regions in Germany. The data is also broken down according to the following product groups:

- Tele-/mobile communications
- Internet services
- PCs
- Networks
- Printers
- Multi-functional devices
- Video conference systems
- Software
- Office furniture
- Security systems

The data on potential reflects forecasted values for 2018 based on statistics compiled in 2016. The administrative and postal divisions have a vintage of 01.01.2017.

2 Applications

The sales figures contained in the dataset are an important benchmark for the office technology, office furniture and organizational supply sectors as well as other office-related products and services. The dataset reveals the regional market potential for the outfitting of offices with these various product groups. The sales potential is provided in per mill values for all of Germany.

Use this data to boost the efficiency and effectiveness of the following activities:

- **Sales planning**
Determine the level of turnover that individual external sales force members can realize.
- **Sales controlling**
Locate regions where you are not adequately exploiting sales potential.

- **Customer selection**

Evaluate whether the location of a reseller or franchise partner has sufficient sales potential and set realistic turnover goals.

- **Advertising planning and direct marketing**

Identify the most promising regions for an efficient direct advertising campaign.

- **Sales territory optimization**

Structure sales territories such that they have equal potential.

3 Example of how data can be used

An office supplies manufacturer wants to use the data on sales potential for official supply products to set realistic turnover goals for the external sales force. This manufacturer primarily sells through sales employees and resellers who operate according to assigned regions, which provide coverage of all of Germany. This makes the dataset on office supplies potential the ideal choice, as this data reveals the regional potential based on workplace.

The first step is to aggregate the potential in these sales territories. If the territories have been defined on the basis of postcodes, the per mill values associated with these postcodes can be added together for the corresponding territories to which they belong.

The performance of the external sales force can be evaluated by assessing the degree of regional market exploitation. This is calculated as an index value for each territory using the following formula:

$$\text{Regional market exploitation index} = \frac{\text{Company turnover in the territory (in ‰) with respect to turnover for all of Germany}}{\text{Office supplies potential in the territory (in ‰) with respect to Germany as a whole}}$$

These indices show the extent to which each sales force member or reseller has been able to exploit the available market potential.

In the case of a uniform exploitation of the available market potential in all sales territories, a company's per mill turnover would be identical to the corresponding sales index - i.e., the market exploitation index value would be 1.00 for every sales territory. In other words, this would indicate a situation in which each external sales force member is achieving the company's Germany-wide market share of office supply products. If the value is greater than 1, there is above-average market exploitation in the sales territory in question. By the same token, a value less than 1 indicates below-average market exploitation.

A value of 0.87 for a given territory would mean that market exploitation is 13% below the average of all the other territories. If the company knows that its Germany-wide market share for office supply products is 25% of the total available potential, then the external sales force member associated with the previously referenced territory is only exploiting 21.75% of the available potential in this territory. The maximum index value that an external sales force member could achieve in this example would be 4, which would indicate that all of the potential in the territory is being exploited.

Deviations in potential can have various causes and are not necessarily the direct result of the performance of a specific sales force member. Some of these causes include:

- Central purchases from corporations, which complicate direct comparisons
- Different levels of intensity in regional advertising
- Lacking continuity in processing
- Special competitive influences
- Discrepancies in the size of external sales force territories

By apportioning the projected total turnover for the coming year among the territories using the calculated per mill values, sales employees can be given concrete turnover goals. It makes sense to take into account employees' existing turnover performance when setting these turnover targets. The synchronization of these actual performance levels with the available market potential proceeds in increments.

If additional increases in turnover are planned for the coming year, successive adjustments to the actual market potential can be carried out by distributing the yearly growth rates contained in the office supplies potential data among the sales force members. Sales force members who have developed their territories to an above-average level would be apportioned smaller growth rates than sales force members who have yet to reach the company average with regard to the exploitation of potential in their assigned territories.

Companies that sell through resellers that don't operate on a regional basis can only draw limited benefit from the data on office supplies potential. This is particularly true of companies that rely on a small number of high turnover-generating resellers (wholesale) for their revenue.

Upon request, GfK GeoMarketing can take into account these unique conditions when calculating customer- or company-specific sales indices. For example, the potential related to certain companies can be excluded, or key account customers who are served centrally can be taken under consideration.

Need custom-tailored data on office supplies potential?

We're happy to take into account your unique situation and deliver custom-tailored international data to help guide your operations and planning.

4 Basis of calculation

Manufacturers of office supply products in the B2B sector typically sell their products directly to users or serve as specialized trade intermediaries who enjoy territorial exclusivity within a specific region.

The calculation of the sales figures is therefore based on the demand potential of the industry and service-provider sector. The basis of calculation is the branch-specific weighted demand for office-related products of the following branches:

Manufacturing industry

- mining
- processing industry
- power and water supply
- construction industry

Credit and insurance industry

- credit industry
- insurance industry

Retail

- wholesalers
- retail intermediaries
- retailers

Other services

- hospitality industry
- traffic and general news providers
- property and housing
- legal, tax and consultancy services, accounting
- technical consultancy and planning
- advertising
- education, science, health (private)
- other services

Public services

- local authorities and social security
- for-profit and non-profit organizations

In calculating its data, GfK GeoMarketing relies predominantly on official regional statistics, information from trade associations and GfK-compiled figures.

5 Times series comparisons

You can use our high-quality data to carry out precise regional comparisons. However, we advise against using our data for time series comparisons, because our methodology has been refined and perfected numerous times over the course of the years. For example, changes often occur in the sources and statistical methods used to compile and calculate our data.

We place great emphasis on providing data that represents regional differences as accurately as possible. This commitment to accuracy means we are regularly adopting improved methods as well as newer and more detailed data sources. As a result, time series comparisons are not advisable, because they will not be comparing like with like.

Stated in a different way, if we were to place our primary emphasis on ensuring that clients can carry out meaningful time series comparisons, we'd have to ignore the discovery and emergence of improved methods and data sources. We feel strongly that this would be a mistake. Moreover, frequent changes to administrative boundaries make it difficult or impossible to carry out meaningful time series comparisons.

6 Regional levels

We provide the Office Supplies Potential dataset at a consistently high quality for all of Germany's municipalities and postcodes.

As such, the data on office supplies potential can be aggregated for specific areas of your choice, such as your external sales force regions.

Administrative regions	Postal regions	Client-specific regions
<ul style="list-style-type: none"> • federal states (16) • counties (31) • urban/rural districts (401) • municipalities (11,130) 	<ul style="list-style-type: none"> • 1-digit postcodes (10) • 2-digit postcodes (95) • postal directing areas (714) • 5-digit postcodes (8,185) 	<ul style="list-style-type: none"> • sales regions • catchment areas

Questions?
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