

PRODUCT ASSOCIATION TO IMPROVE RETAIL YIELDS

A major retailer in Asia wanted to increase revenue per square foot through a change in layout, improve sales of slow-moving goods and increase customer loyalty. Using Analytics, MERITUS identified sales patterns of products that held strong association and sold together. The exercise allowed the retailer to tailor store layouts to customer purchasing behaviour, make targeted offers to customers and so increase yields.

Sales patterns

The Analytics process sought to identify products and brands which sell together at the retailer's stores as well as those which did not. This would allow the retailer to design offers that would increase perceived value to customers by personalising and bundling offers and improving in-store layout.

The retailer took on average 8,000 transactions a day across 12 stores. MERITUS used several inputs to measure purchasing patterns, including: customer identity, bill numbers, bill dates, items bought, rate, quantity and amount. Payment methods (cash, credit card or gift coupons) were also measured.

Taking 96,000 observations per month across seven stores, MERITUS collected 12 months of data in order to capture the effects of seasonality or other detectable deviations in pattern. The data was compiled and analysed to reveal the strongest product associations.

Fathers and daughters

Among many product associations identified, one of the strongest to emerge was sales of premium shirts and Barbie dolls. The pattern suggested that fathers were shopping for work shirts while looking to treat their daughters in the same trip. This held immediate implications for the retailer.

Sales uplift

The results of the Analytics led the retailer to improve certain elements in the layout of its stores rather than conduct a major refurbishment. For example, dolls were placed next to the premium shirts counter and indeed, sales of dolls increased dramatically.

By identifying the types of products customers were buying in association, the store was then able to make select offers to targeted sets of customers. The combined effect of these changes was higher revenue yields per square foot.