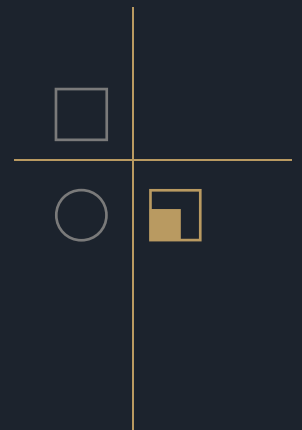


# PROMOTIONAL EFFECTIVENESS ANALYSIS FOR A RETAILER

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# THE CLIENT PROBLEM

Our client, a specialty food retailer wanted clarity on the **impact of various promotions** which were being run in the company. He also wanted the **promotion design** and **timing to be sharper** for better topline impact. The **promotions to be evaluated were running across multiple stores** and thousands of products. Most of the promotions were perennial promotions, which ran every week – Tuesday, Thursday & Saturday. **Promotion data was not being tracked in the data warehouse**, so collecting product and promotion details historically was a challenge.

# THE AQ SOLUTION

We used a well defined four stage approach.



## **BUSINESS & DATA DISCOVERY**

We first understood the various promotions undertaken by the client across products & stores.

Then we selected the input variables which were a mix of product sales, promotion, pricing, cost, micro (other events) & macro (holidays) factors impacting sales.



## **DATA PREPARATION**

We then applied the Pareto principle and business rules to select products for analysis.

We defined a relationship between input and outcome variables.

We ran descriptive analysis - distributions, data skews, cross tabs of categorical data.



## **ESTIMATED BASELINE FOR COMPARISON**

We created a sales decomposition model to tease out the impact of different promotions and to identify baseline sales.

We forecasted baseline sales for the period where promotion effectiveness needed to be measured. Time series modeling was used for this forecasting.



## **PROMOTION EFFECTIVENESS MEASUREMENT**

The forecasted baseline sales were then netted out of actual sales to estimate the promotional lift.

We calculated the ROI and profitability to measure the impact of promotions.

This methodology was converted into a process for wider applicability.

# THE CLIENT BENEFIT

### **PRODUCT / PROMOTION SELECTION:**

Products were mapped to the most suitable type of promotions based on historical sales lifts

### **PROMOTION TIMING**

The time of the year could be linked to promotions

### **PROMOTION LOCATION**

Since store level differences in the impact could be modelled, unsuitable promotions for certain stores could be avoided

### **SCALABLE APPROACH**

This approach could be converted into a process that could be rolled out across stores/products

### **SPENDS ON PROMOTIONS WAS REDUCED**



**Thank You**

For any queries, get in touch with us.

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