MEASURING THE EFFECTIVENESS OF RETAIL PROMOTIONS

In retail, promotions are a quick and proven way to increase top-line sales. In fact, anywhere between 10% and 45% of total revenue for an average retailer can be tied back to promotional impact. However, since retailers commonly run many promotions concurrently, it can be nearly impossible to determine which promotions are working and why. Without a clear view of all promotional data and the ability to compare transactional data, retailers are left guessing which promotional efforts are effective and how best to improve sales.

Large retail brands have unique needs, but the right data tools can help them uncover operational inefficiencies and boost profits. This omni-channel retailer specializes in home furnishings and decor with 1,000+ locations throughout North America.

Challenges

1. This specialty retailer lost $300K in a single department in just 2 months because of a ballooning shrink issue attached to a "gift with purchase" promotion. If the trend were to continue through the remainder of the year, the enterprise could lose $1.8 million.
2. The same company wanted to compare the performance of a "$ Off promo" and "% Off Promo."

Solution

The retailer researched, and later implemented Agilence's data analytics platform. Using Agilence's promotional tracking functionality, the retailer was able to gain full transparency into their promotional effectiveness and react appropriately.

1. Through data analysis and confirmed with video integration, business leaders recognized that the "gift with purchase" promotions were being rung incorrectly by cashiers across the country due to improper training. Store managers were required to retrain cashiers to scan the product, then fully discount the cost of the promotional giveaway in order to account for the lost inventory.
2. Using comparative dashboards and reporting, this retailer determined that the seasonal "$ Off" promotion produced $300K more revenue in sales opportunities. They also determined eliminating the "% Off" promotion, they could reduce promotion volume and further increase the effectiveness of the more successful promotion.

Additional Benefits

- Identified nearly $1 million worth of fraudulent activity in one year by targeting refunds and gift card fraud.
- Agilence combined this retailers omnichannel data into one application that provided full transparency into day-to-day operations and the opportunity to improve top line growth and minimize losses.

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