

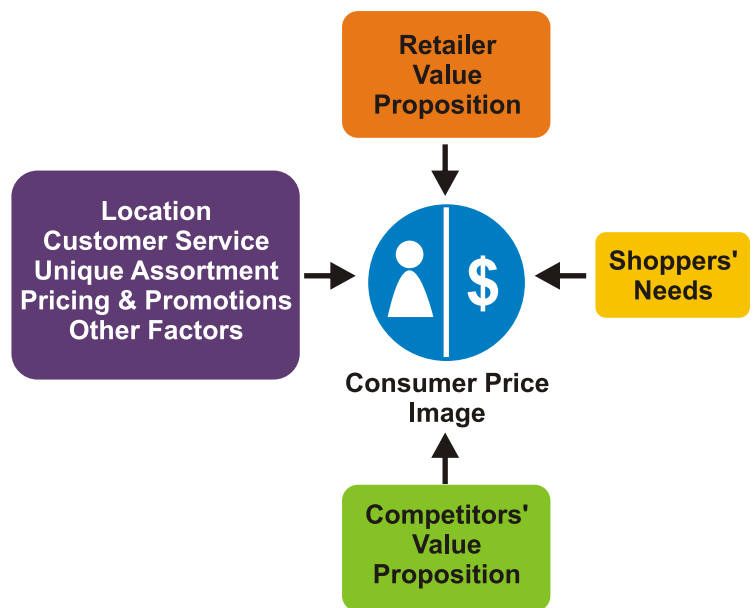
Known Value Items Analysis

Fractal helps a leading UK retail chain enhance its value perception by identifying those Key Stock Keeping Units (SKU) which disproportionately drive customers' value-perception towards the store

SUMMARY

- Client**
A leading retail chain in UK*
- Challenge**
Client wanted to identify key SKUs which disproportionately drive customers' perception towards the store
- Solution**
Fractal's advanced techniques in KVI analysis
- Result**
Client was able to identify the ideal pricing and promotion strategy for most popular SKUs and identify competition threats and develop counter strategies

* This case study is based on a Fractal client that has requested anonymity



■ The Business challenge

In view of shoppers becoming more value and promotion conscious and for the purpose of ensuring store loyalty our client a leading retail chain in UK wanted to identify the right products, with the right offers, communicated at the right time.

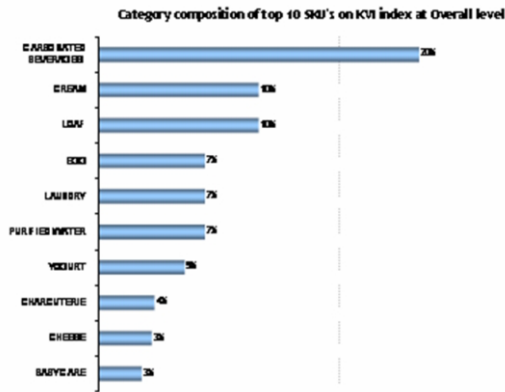
This involved identifying the SKUs for which shopper would like to switch from one store to another and those SKUs which disproportionately drive customers' value-perception towards a store

■ The Solution

Fractal identified 200 number of SKUs which were high on behavioral parameters like penetration, frequency-of-purchase and share-of-wallet and then tested these 200 SKUs on value-based (perceptual) parameters of

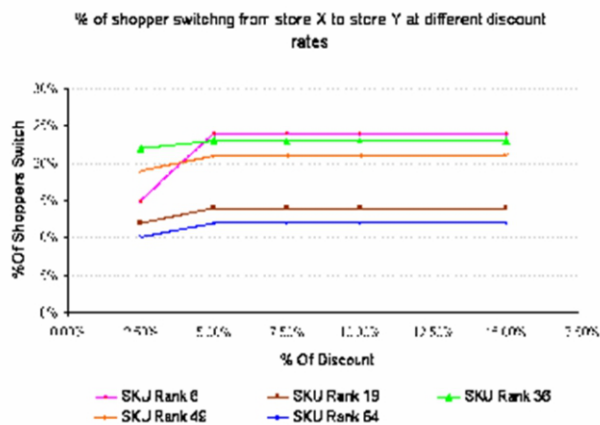
- Claim of awareness
- Accuracy of price awareness
- Level of significance of price comparison across stores

Using the above three parameters we created a Known Value Item (KVI) Index, which helped identify SKUs/items that disproportionately drive customers' value-perception towards a store and hence require key attention.



This, along with further analysis, enabled us to answer questions on:

- Promotion strategies (when, how, where and what to promote)
- Pricing strategies



Next step was to identify the possible threats from competition. For this, we did a switching analysis to understand for what level of discounts, on which items, customers are ready to switch and to which store.

About Fractal

Fractal is a leading provider of customer analytics to consumer banks, credit card issuers, CPG companies and telecom companies. Fractal's analytical solutions have helped companies across the globe enhance profitability by powering their customer management efforts with scientific decision making.

Result

Based Fractal's recommendations, the client was able to come up with an ideal "pricing & promotion" strategy which offered:

- appropriate pricing on the products that mattered most to the consumers,
- while maintaining the use of promotions to drive traffic and expand categories



Fractal Analytics

USA: New Jersey

Tel: +1 201 633 5138

USA: San Mateo

Tel: +1 6550 378 1287

Singapore

Tel: +65 83833213

UK

Tel: +44 78339 22952

India: Mumbai

Tel: +91 22 40675800

India: Gurgaon

Tel: +91 124 4945300