

CASE STUDY

Merchandising Analytics Helps a Leading Fashion Retailer to Analyze Promotion Effectiveness and Design Targeted Promotion Campaigns



The Client: Fashion retail industry player

Area of Engagement: Merchandising analytics

The growth of the [fashion retail industry](#) is primarily driven by the change in consumer demand, which has shifted from essential need-based purchases to occasion-specific purchases. Over the past few years, companies in the fashion retail industry space have started re-aligning their product offerings to increase their customer base and boost revenues amid recent economic uncertainties. Additionally, the fashion retail industry, at large, is shifting toward digitization to stay abreast of all the new developments. Also, with a radical dip in the brick-and-mortar store's revenue, companies in the fashion retail space are looking for efficient ways to re-evaluate store networks, reduce store operating costs, and innovative in-store experiences.

However, our analysis of the recent retail industry trends shows that the fashion retail players are facing challenges in terms of:

- **Decreasing margins:** This is one of the principal issues worrying most fashion retail players. There has been a marked decrease in the profit margins due to increasing labor costs, rising material costs, and rising warehousing costs. Moreover, the possibility of the dead stock compounds the woes. However, for fashion retail players to stay profitable, they have no other option but to decrease their operating overheads.
- **Rising competition:** The fashion retail industry is one of the most competitive sectors with several retailers fighting to get a significant chunk of the market share. Depending on the type of business model, firms compete with discount stores, department stores, e-commerce stores, manufacturers, and more.

As a result of such challenges, firms in the fashion retail industry are leveraging solutions such as merchandising analytics. Merchandising analytics help firms make informed decisions while optimizing assortment and storefront layout. In addition, these solutions also help companies make accurate inventory stock decisions and offers demand forecasts to improve tracking of sell-through rates and to accomplish accurate replenishment plans.

The Business Challenge

The client, a leading fashion retail player with retail units spread across the globe, wanted to create a merchandise plan and assortment optimization strategy to improve sales, customer satisfaction, and storefront layout. Also, the client wanted to increase their focus on getting the right products to the best-fit retail units in the right quantities at the right time.

The Solution Benefit and the Business Impact

With the help of [Quantzig's](#) merchandising analytics solution, the client created effective merchandising plans and gained customer insights by analyzing sales and merchandising data spread across multiple disparate databases. This helped them counter thinning margins and competitive pressures. The client also improved their storefront optimization and assortment planning based on product sales and customer data analysis.

Merchandising Analytics Predictive Insights

Quantzig's merchandising analytics solution helps companies to analyze promotion efficiencies and design targeted promotion strategies. The engagement also provides insights into sales, promotions, display features, and associated customer behavior. Furthermore, such solutions provide insights into the various combinations of products that are frequently bought together to assist companies in optimally promoting, placing, and pricing products.