

CASE STUDY

Marketing Mix Optimization: How a Food Retail Client Leveraged Analytics to Improve Budgetary Decisions



The client: Food Retail Company

Area of engagement: Marketing mix optimization

Retail trade has emerged as one of the most significant industry contributions to revenue generation, employment generation, and increased turnover. Among various segments within the [retail industry](#), the food retail sector has emerged as the most dynamic and fast-paced sector with several players venturing into this market space. The food retail industry has strong linkages with the economic growth and development of the economy, including the rise in per capita income, improved infrastructure, and growing consumerism. Moreover, the food retail segment is expected to dominate the retail market space with more than fifty percent share of the overall retail market.

Some of the factors that will influence the growth prospects of the global food retail industry over the next few years include:

- **Increasing customer preference for private label brands:** The rising consumer spending on food items and increasing supermarket shopping culture are some of the major drivers of the food retail. The share of private label strategy in the US and the UK markets is estimated to be around 19% and 39%, respectively; thereby, providing an excellent opportunity for the homegrown labels to expand their customer base.
- **Increasing investments in infrastructure:** With the increase in government spending on infrastructure, connectivity to towns and other rural markets have become much more accessible. This helps the retailers to increase their reach in such high potential markets.

Due to many such factors, leading food retail firms are leveraging the use of market mix optimization solutions. Marketing mix optimization solutions help companies in measuring the impact of marketing tactics on sales. Furthermore, these solutions help firms in developing marketing mix models to understand and access the incremental value of their investments.

The Business Challenge

The lack of supply chain effectiveness and the threat from unorganized food retailers are the major restraints of the market.

The client, a reputed food retail firm with an international presence wanted to allocate their fixed marketing budget among various marketing channels. The client also wanted to make use of marketing mix modeling (MMM) tools to develop a robust marketing model, which will reflect the impact of each marketing channel on their overall sales. Additionally, the client was looking at quantifying the impact of individual marketing activities on revenues, volume, and price perception.

The Solution and the Business Impact

The marketing mix modeling solutions offered by the team of experts at Quantzig helped the food retailer determine the past impact of various marketing channels on revenues and provided insights to reallocate resources to form an optimum marketing mix model. Additionally, the marketing mix modeling solution helped the food retailer allocate their marketing budget efficiently among various marketing channels. Also, it assisted the client in establishing investment synergies that provided a considerably more accurate attribution of ROIs.

Marketing Mix Optimization Predictive Insights

By applying a more holistic, commercially-focused approach to marketing mix modeling, marketing-driven analytics organizations such as the food retail segment can get a more accurate read on the ROI of their marketing investments. Moreover, applying fact-based marketing mix ROI optimization solutions to marketing investments can help firms drive improvements in their marketing effectiveness.