CPG

Leveraged data-driven insights to amplify Assortment Optimization for a Leading CPG Client

Captured a substantial growth in the revenue and gross margin

Industry
CPG

Function
Assortment Planning

Data Used
1. POS Data
2. Product
3. Attributes
4. Promotions Data

Tech Stack
1. PySpark
2. Cassandra
3. AWS
4. Excel

Who Is The Client?

The client is a diversified CPG conglomerate spanning fast-moving Consumer Goods comprising Personal Care, Branded Apparel, & Stationery Products, etc. Being one of the top-tier customer-centric businesses, the client was looking for holistic transformation and integrated operations to boost revenue and gross margin.

Business Quandary

With consumers' product preferences diverging and retail formats proliferating, our client was facing complexity in optimizing retail space and the product assortment. To retain the customer base and enhance the revenue with improved margins, their current assortment process needed augmentation by replacing poorly performing SKUs with similar but better-performing ones and optimize the assortment to improve revenue and gross margin.

How Did We Solve The Problem?

To adapt to this new market landscape, our proficient team of Analysts pulled out the multi-extent data into sequential order by consolidating datasets (shopper, market, syndicated, etc.) from numerous sources. Following the process, the poor performing SKUs were identified and replaced with the better ones based on SKU constraints which equated effectiveness assessment of the new assortment over existing assortment. At last, deployed assortment optimization to refine assortment rationalization decisions.

Assortment Planning - Approach
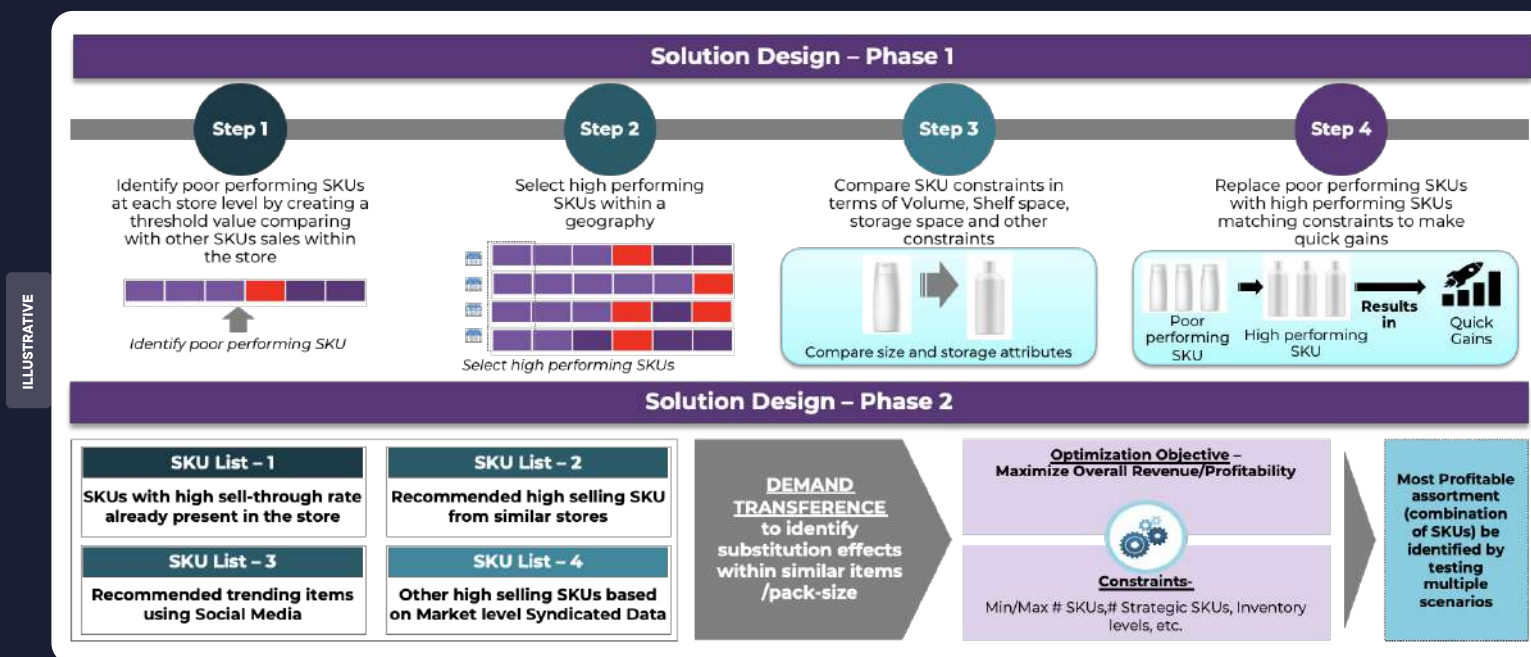
The Pay Off

Used Demand Transference Framework consists of clustering of similar SKUs based on their attributes and performance with an effective regression model to estimate SKU sales as a function of stock out of other SKUs. As a next step, used beta estimates of other SKUs to identify the extent of substitution on Modeled SKU. Consequently, provided the foolproof assortment summary tool for the business stakeholder to evaluate the impact of the change in assortment on revenue and margin.
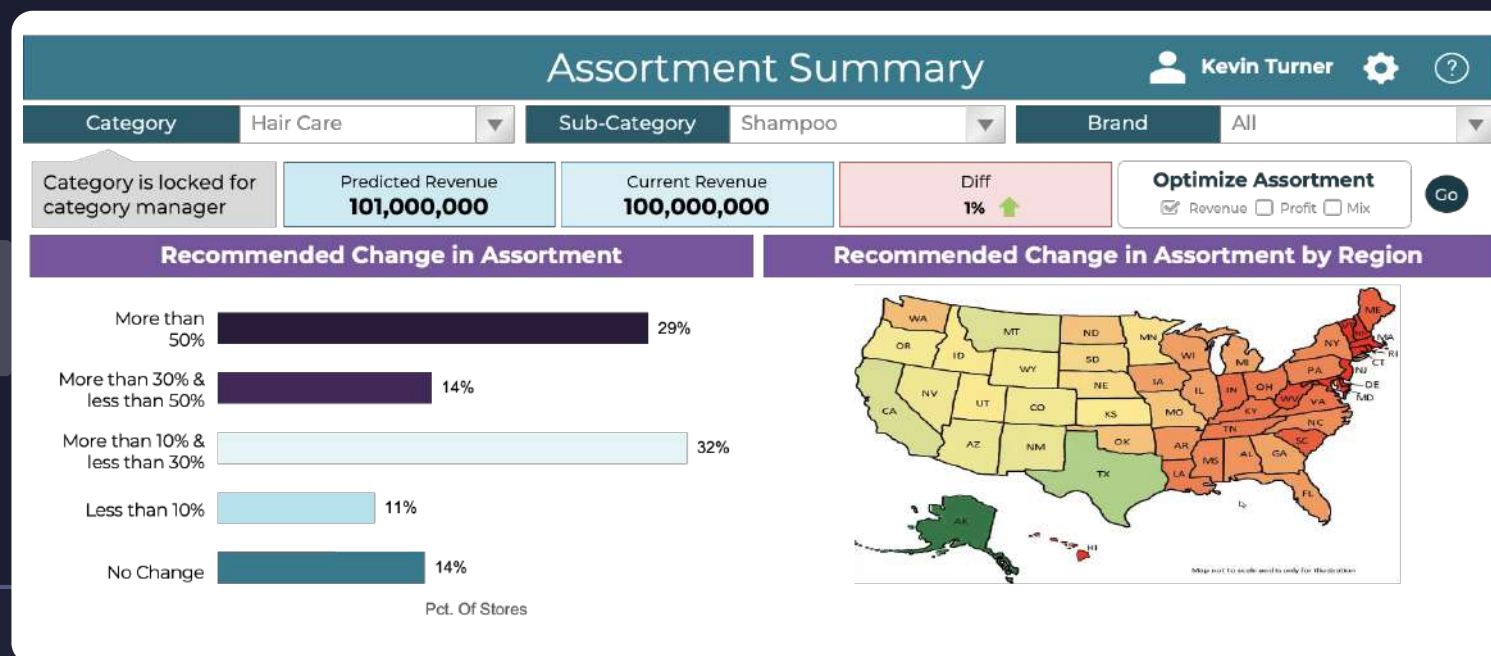
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Email Us

ILLUSTRATIVE

Assortment Summary — Kevin Turner

| Category | Hair Care | Sub-Category | Shampoo | Brand | All |

| Category is locked for category manager | Predicted Revenue 101,000,000 | Current Revenue 100,000,000 | Diff 1% ↑ | Optimize Assortment ☑ Revenue ☐ Profit ☐ Mix | Go |

Recommended Change in Assortment

- More than 50% — 29%
- More than 30% & less than 50% — 14%
- More than 10% & less than 30% — 32%
- Less than 10% — 11%
- No Change — 14%

Pct. Of Stores

Recommended Change in Assortment by Region

Map not to scale and is only for illustration

Augmented Outcomes

↑ Overall Revenue

↑ Sell-Through Rate

↑ Understanding Customer Behavior