



# SAKS FIFTH AVENUE CASE STUDY

*Doris (Luyao) Liu*

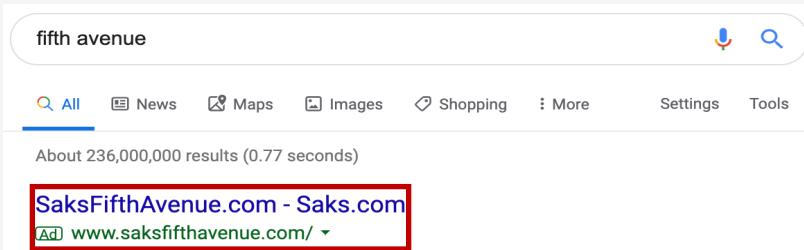
*Simon Business School, University of Rochester*



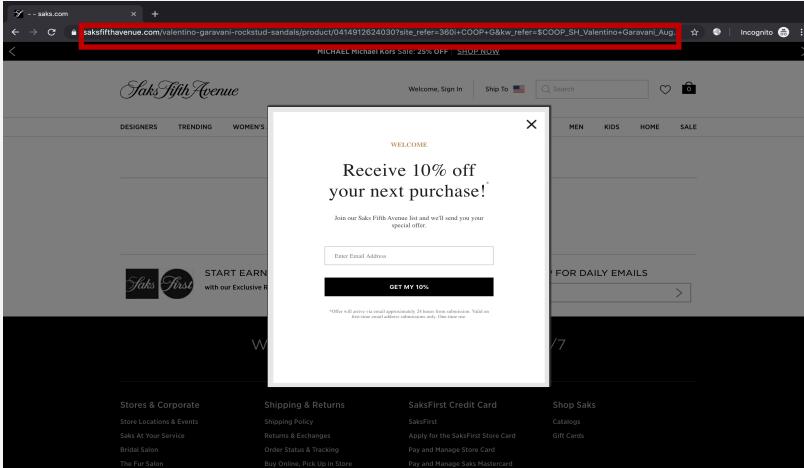
*Agenda*



# Tracking: Paid Search



**Unique URL Tracking Code**



- **List**

	x Headers Preview Response Timing
Page URL	pageName: saks.com
Referral Link	g: https://www.saksfifthavenue.com/valentino-garavani-skinny-leather-rockstud-belt/product/0408884121963?site_ref=360i+C0OP+G&kw_refer=\$COOP_SH_Valentino+Garavani_August\$DSA_Valentino+Garavani+Shoes\$DYNAMIC+SEARCH+ADS&gclid=EAIIaIQobChMIwNWw1Yne5A1VERgMCh1p r: https://www.google.com/
Event	cc: USD server: saks.com v0: 360i COOP G \$COOP_SH_Valentino Garavani_August\$DSA_Valentino Garavani Shoes\$DYNAMIC SEARCH ADS events: event46 products: ;findingmethods1
Red Flag	aamb: RKhpRz8krg2tL06pguXWp5olkAcUniQYPHaMWwgJ3xzPWQmdj0y c1: <undefined> v3: non-section real estate v4: non-site navigation v6: external channel: search c8: D=v8 v8: 7:50 pm – thursday v11: 360i COOP G \$COOP_SH_Valentino Garavani_August\$DSA_Valentino Garavani Shoes\$DYNAMIC SEARCH ADS v19: en v21: non-internal search v22: no corrected term v24: non-internal search c33: 1.6 v35: paid:paid v36: search v37: anonymous v39: no product refinement c42: D="desktop":+pageName v44: no product refinement





*Agenda*

# Promotion Analysis: Key Findings



**Free Shipping over \$150**

- ✓ Increase conversions
- ✓ Increase AOV

**⚠️** Opportunity cost of high-buying power customers

**Cardholders Bonus Double Points**

- ✓ Increase conversions
- ✓ Attract new customers

**⚠️** Getting less effective in increasing AOV.

**EGC (Gift card over \$250)**

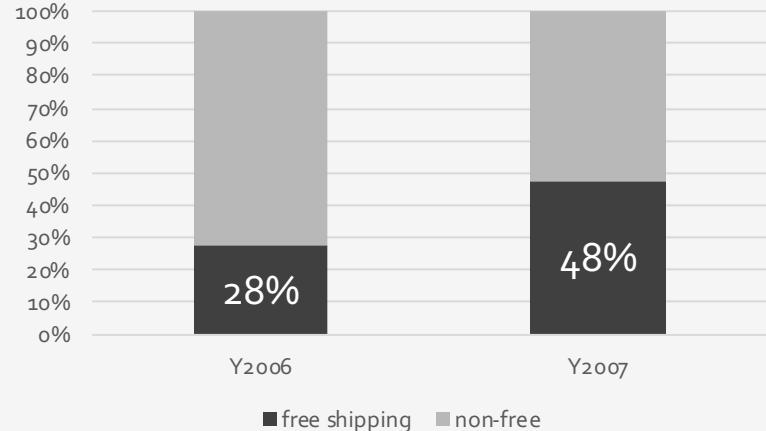
- ✓ Increase AOV
- ✓ Engage customers

**⚠️** Getting less effective in increasing AOV and opportunity cost of high-buying power customers.

# Promotion Analysis - Breakdown: Keep current self-select free-shipping practice



Percentage of free-shipping sales YoY



Assuming the macro environment is similar for 2006 and 2007.



- More people engage in free shipping promotion, percentage of the total increased **20%**.
- Non-promo sales increased **8%** from 2006 to 2007, and we could see it as a natural increase, while promo sales increased **158%**, so we could say free-shipping is getting more effective in driving more sales, in both orders and AOV.



**Keep current practice!**

**Self-select free-shipping (promo code)**

- Extract the most value from both high-buying power and low-buying power group.



- Those **high-buying power** customers also participate the promotion, and they would buy \$150+ even without promotion, and this is **opportunity cost** for us, and whether the cost could be **break even** with the value that free-shipping promotion drives.
- Still, we **can't extract value from low-buying power** customers whose willingness-to-pay is below \$150.

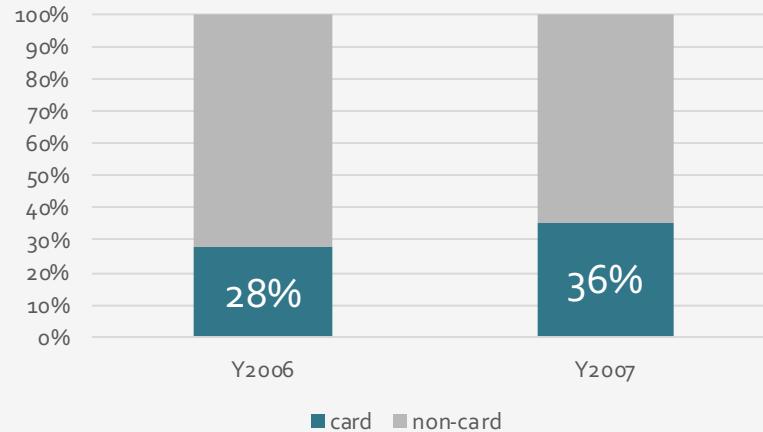
YOY	% sales change	% orders change	% AOV change
Promo	<b>158</b>	<b>129</b>	<b>13</b>
Non-promo	<b>8</b>	<b>5</b>	<b>3</b>
Total	<b>50</b>	<b>46</b>	<b>2.5</b>

# Promotion Analysis - Breakdown:

## Cardholder promotion attracts more new customers



Percentage of cardholders sales YoY



Assuming the macro environment is similar for 2006 and 2007.



- More people engage in cardholder promotion, percentage of the total increased **8%**.
- Non-promo sales increased **19%** from 2006 to 2007, and we could see it as a natural increase, while promo sales increased **74%**, so we could say cardholder sales is getting more effective in driving more sales, especially in orders.



**Do cardholder promotion when the goal is to attract more new customers into loyalty members!**

YOY	% sales change	% orders change	% AOV change
Promo	74	92	(9)
Non-promo	19	26	(5)
Total	34	39	(3)



- Cardholders promotion could **increase AOV while getting less effective in increasing AOV**, since non-promo AOV only decreased 5% from 2006 to 2007, while promo AOV decreased 9%.

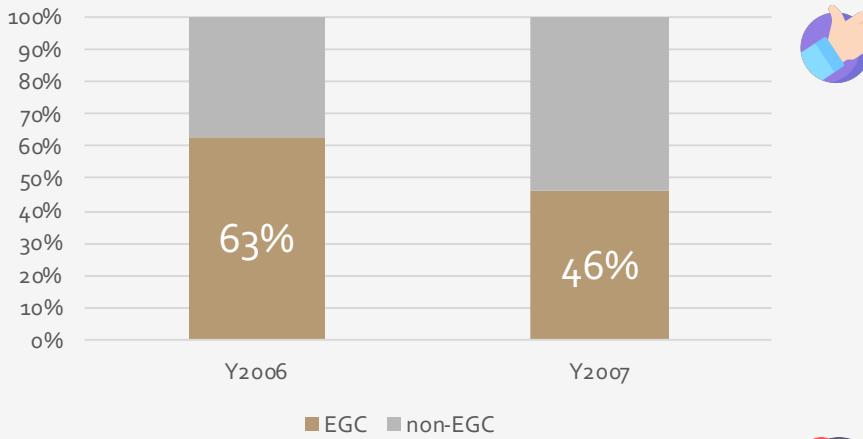
(One explanation: It attracts more new customers into cardholders, and they're new so they're not loyal enough to buy high-value orders.)

# Promotion Analysis - Breakdown:

## EGC engages large customers while getting less effective in AOV increase



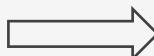
Percentage of EGC sales YoY



Assuming the macro environment is similar for 2006 and 2007.



- EGC promotion is a very engaging promotion, accounts for large part of total sales in both two years, around 50%.



**Do EGC promotion when the goal is to increase AOV!**

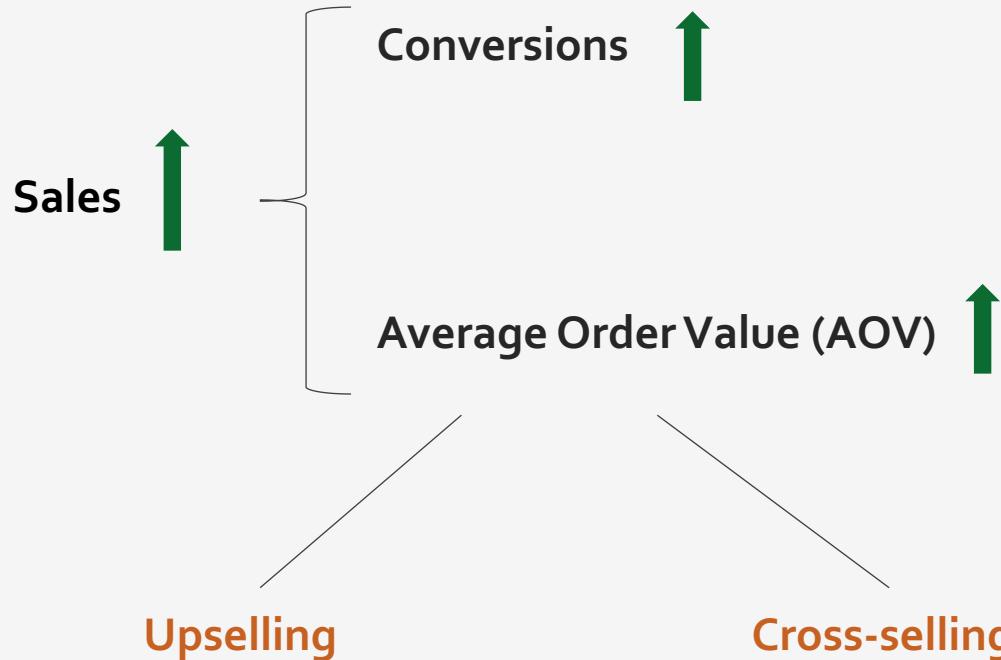


- The goal of EGC promotion is to increase AOV, and it's very effective to **increase AOV while getting less effective in increasing AOV**, since non-promo AOV increased 5% from 2006 to 2007, while promo AOV decreased 2%.
- Those **high-buying power** customers also participate the promotion, and they would buy \$250+ even without promotion, though they might buy more, and still exists **opportunity cost** for us, and whether the cost could be **break even** with the value that EGC promotion drives.

2006:  
One-day promo  
2007:  
Two-day promo

# Promotion Analysis - Breakdown:

## Why introduce other ways to increase AOV



From \$150+ free-shipping to self-select free-shipping, there is **no more** advantage in AOV increase.



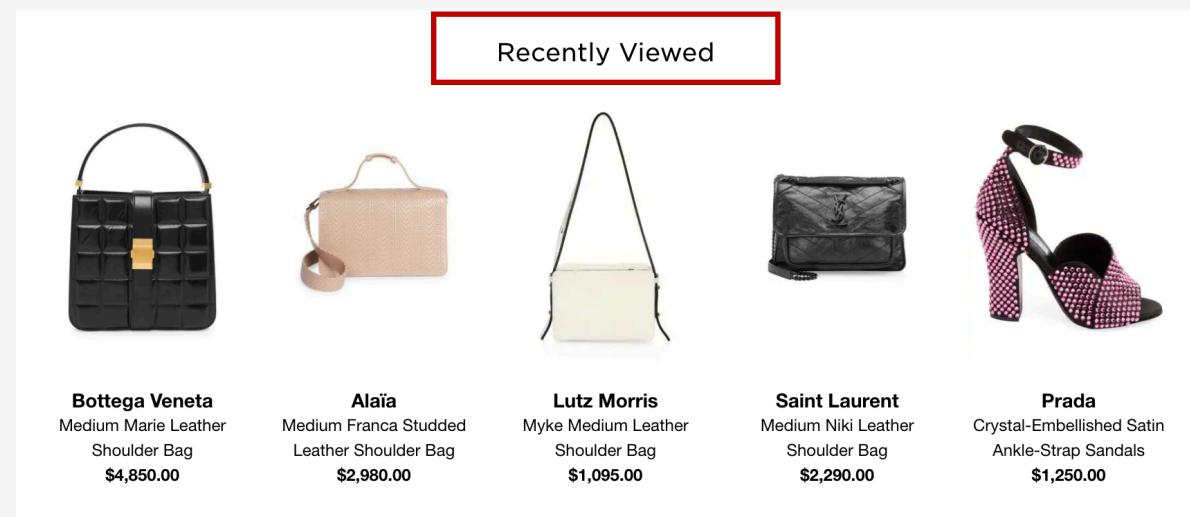
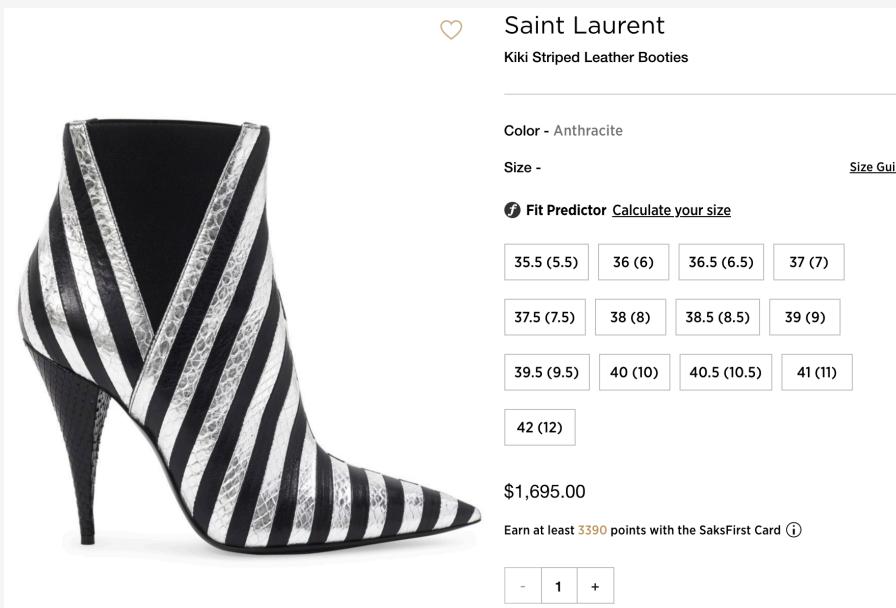
Cardholder promotion is getting **less effective** in AOV increase.



EGC promotion is getting **less effective** in AOV increase.

# Promotion Analysis - Company: Upselling and Cross-selling to increase AOV

## Saks Fifth Avenue



- ✓ Good to have “Related Products”, but could be more **related** and lead to upselling.
- ✓ Good to have “Recently Reviewed”, but could be more efficient with **cross-selling recommendations**.

# Promotion Analysis - Competitor: Upselling and Cross-selling to increase AOV

## Neiman Marcus



Amina Muaddi  
Giorgia Glitter Flare-Heel Pumps  
**\$685.00**  
Free Shipping + Free Returns  
Notify me when this is back in stock  
Select Size ▾  
YELLOW ▾  
- 1 +  
ADD TO SHOPPING BAG

Add To Favorites  
Give with GiftNow® ?  
SHARE

## Upselling

YOU MAY ALSO LIKE

Christian Louboutin Chiara Diams Red Sole Pumps \$1,495.00	Christian Louboutin Iriza 100mm Glitter Red Sole Pumps \$745.00	Saint Laurent Kiki Mirror Pointed Pumps \$795.00	Rene Caovilla Jeweled Lace Mid-Heel Pumps \$1,260.00 \$50 off \$200	Saint Laurent Zoe Metallic Leather Pumps \$795.00	Prada Scalloped Suede Low-Heel Pumps \$750.00
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- ✓ Effective
- ✓ Appealing
- ✓ Related

## Cross-selling

Lana \$230.00  
Oscar de la Renta \$2790.00  
Veronica Beard \$595.00  
Amina Muaddi  
Out of Stock

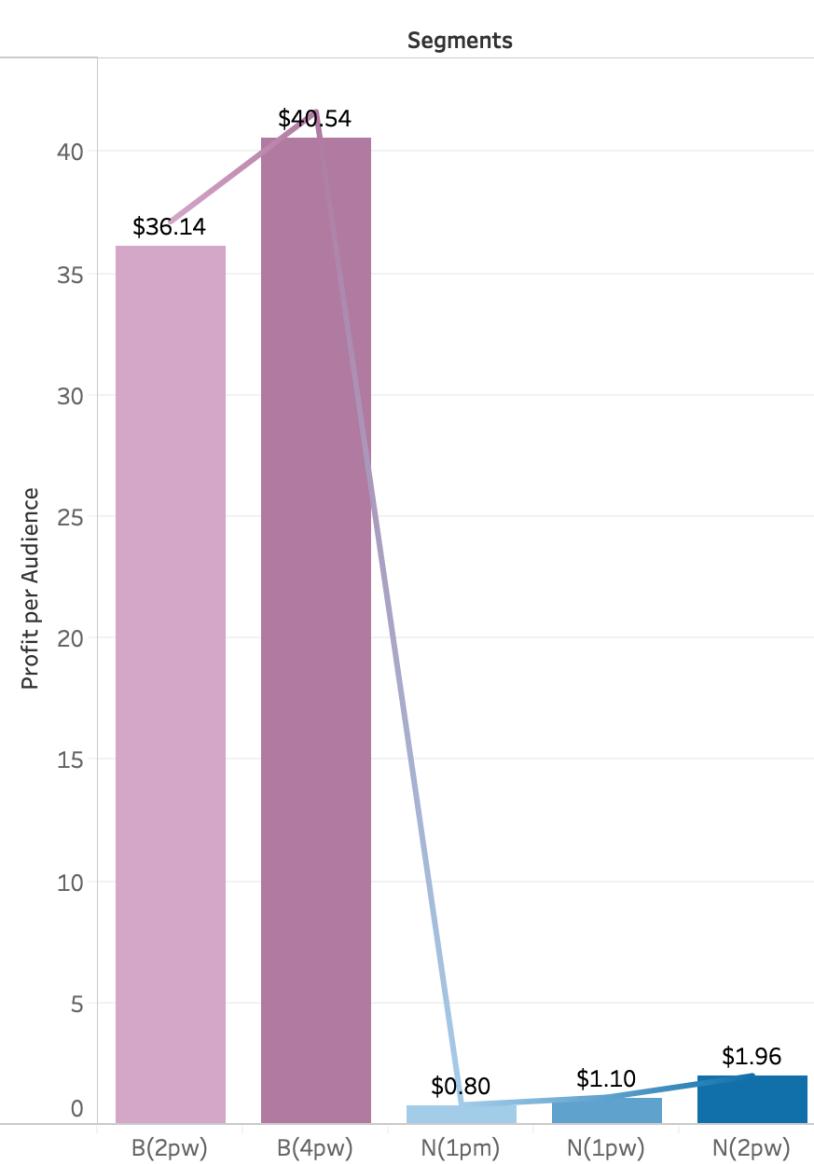
HOW TO WEAR IT → DAYTIME COOL



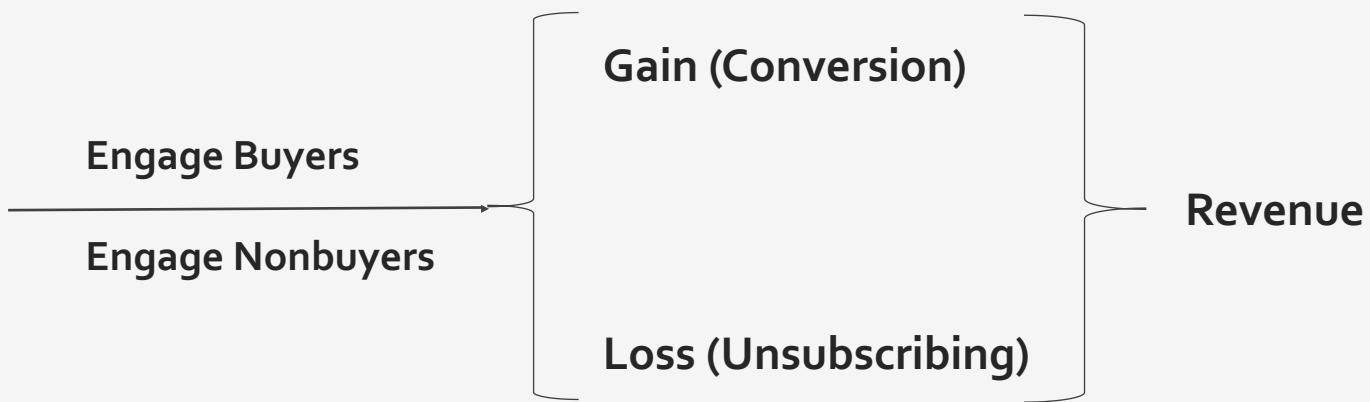
*Agenda*

# Email Marketing Analysis: 4 per week for Buyers, 2 per week for Non-buyers

Revenue per Audience for each test group



## Email Marketing



- **For Buyers:**

4 emails per week is the optimal contact frequency.  
Revenue per audience is \$40.54.

- **For Non-Buyers:**

2 emails per week is the optimal contact frequency.  
Revenue per audience is \$1.96.

# Email Marketing Analysis - Breakdown:

## Decrease subscribing rate and Turn Non-buyers into Buyers

	Buyers		Non-buyers		
	2 per week	4 per week	2 per week	1 per week	1 per month
Gain per Audience	\$36.89	\$41.32	\$2.01	\$1.12	\$0.80
Loss per Audience	\$0.74	\$0.78	\$0.05	\$0.02	\$0.01
Revenue per Audience	\$36.14	<b>\$40.54</b>	<b>\$1.96</b>	\$1.10	\$0.80

- **Gain per Audience:**  
Conversion Rate \* Sales per Order
- **Loss per Audience:**  
Unsubscribing Rate \* (Conversion Rate \* Sales per Order)



**It's important to decrease unsubscribing rate.**

Eg: Assuming we push emails to 1,000,000 Buyers at optimal frequency.  
The loss would be **\$780,000!**



**Personalized, relevant, clear message**



**It's important to turn Non-buyers into Buyers.**

Eg: Assuming we push emails to 1,000,000 Buyers and 1,000,000 Non-buyers  
at each optimal frequency.  
The difference would be **\$38,580,000!**



**Promotions that drive new customers  
(Cardholder promotion, etc.)**



*Agenda*

# Code Interpretation:

## Create a new table ORDERS with constraints and new columns

```
%LET PASSDT = '28NOV2015:23:59:59'DT;  
  
data ORDERS;  
set sddb.orders  
(keep= ORDER_NUMBER  
                  ORDERDATE  
                  ORDER_LINE_STATUS  
                  ORDER_HEADER_STATUS  
                  DEMAND_DOLLARS  
                  DEMAND_UNITS  
                  RETURN_DOLLARS  
                  CANCELLATION_DOLLARS  
                  INDIVIDUAL_ID  
                  SKU  
                  GROUP_ID  
                  DIVISION_ID  
);  
where orderdate le &PASSDT.  
      and INDIVIDUAL_ID NE .  
      AND INDIVIDUAL_ID NE 0  
      AND INDIVIDUAL_ID NE 999999999  
      AND EMPLOYEE_INDICATOR = 0  
      AND GROUP_ID NOT IN ('68')  
      AND DIVISION_ID NOT IN ('4','5','9')  
      AND ORDER_LINE_STATUS IN ('X','R','D')  
      AND ORDER_HEADER_STATUS NOT IN ('N');  
  
run;
```

### Part 1:

Select out the information of orders happened before Nov. 29<sup>th</sup> 2015 as ORDERS table, such as number, date and SKU, with a series of constraints, like individual id is not missing and group id is not 68.

```
PROC SQL;  
CREATE TABLE ITEM_COST AS  
SELECT  
      DISTINCT  
      SKU,  
      ITEM_COST  
FROM  
      sddb.PRODUCT  
ORDER BY  
      SKU  
;  
QUIT;
```

### Part 2:

- Use SQL query in SAS.
- Create a new table called ITEM\_COST, including unique SKU and cost information from another product table.
- The new table is in SKU ascending order.

# Code Interpretation:

## Create a new table ORDERS with constraints and new columns

```
proc sort data=ORDERS; by sku; run;
DATA ORDERS ;
MERGE ORDERS (IN=A)
            ITEM_COST (IN=B);
BY SKU;
IF A;
RUN;
```

### Part 3:

- First sort ORDERS observations by sku id.
- Iterate ORDERS table by adding item cost to each order.

(Left join ORDERS table and ITEM\_COST table by SKU.)

```
DATA ORDERS;
SET ORDERS;
    IF ORDER_LINE_STATUS IN ('D') THEN DO;
        COGS=ITEM_COST * DEMAND_UNITS;
        MARGINS= DEMAND_DOLLARS-COGS;;
    END;
    ELSE IF ORDER_LINE_STATUS IN ('X', 'R') THEN DO;
        COGS=0;
        MARGINS= 0;
    END;
RUN;
```

### Part 4:

- Create new table called ORDERS.
- Select info of previous ORDERS table into the new one with If-else statement.
- If order line status is D then calculate COGS and MARGINS into the new table, while if order line status is X or R, then make COGS and MARGINS value equal to 0.



*Agenda*







# APPENDIX

# Appendix - Tracking: Paid Search

- Full List

Headers Preview Response Timing

```
v35: paid:paid
v36: search
v37: anonymous
v39: no product refinement
c42: D="desktop:"+pageName
v44: no product refinement
c50: D=g
v50: search
v54: 19SEP2019:19:50:15
v55: 19SEP2019:19:50:15
c59: US:EN:USD
v59: D=pageName
v69: D=ch
v70: D=c1
v71: D=pageName
v79: D=c59
v81: 865bf3b6-72ba-4694-b21d-6089d30316a8
v82: default
v88: D=c1
v101: ABTestExample|;addressAutoComplete|A;
s: 1440x900
c: 24
j: 1.6
v: N
k: Y
bw: 1308
bh: 727
-g: Jw6hEAYASAAEgJ6ffd_BwE&gcls=aw.ds
AQE: 1
```

- Pathing

Headers Preview Response Timing

► General  
 ► Response Headers (12)  
 ► Request Headers (3)  
 ▾ Query String Parameters    view source    view URL encoded  
 a: [an%3Dweb-saksfifthavenue.com%26cn%3DUS%26ln%3DEN, an%3Dweb-saksfifthavenue-coop.com%26cn%3DUS%26ln%3DEN]  
 v: 5.3.1  
 p0: e=ce&m=%5B%5D  
 p1: e=exd&site\_type=d&ref=https%3A%2F%2Fwww.google.com  
 p2: e=vp&p=&exd\_brand=&exd\_cat=  
 p3: e=dis  
 adce: 1  
 lwid: 7d7c51f1-2bc1-4262-93d8-184bfa5bfff80  
 tld: saksfifthavenue.com  
 dtycbr: 41560

*Web Audit: Google Developer Tool - Network*

# Appendix - Tracking: Within the Site

- Full List

```
x Headers Preview Response Timing
c40: 1
v40: WA:saks.com:womensapparel:falldressing
c42: D="desktop":+pageName
c50: D=g
c59: US:EN:USD
v59: D=pageName
v69: D=ch
v70: D=c1
v71: D=pageName
v72: D=c38
v79: D=c59
v81: ab8492c6-4ff1-4415-b668-48a85697f036
v82: default
v88: D=c1
v100: saksDesktopCheckout|;amexPayWithPoints|B;GoogleAdsTest|B;GoogleAdsLT|;GoogleAds05|;mnrMobile|;mnrDesktop|B;AmexExpressCheckout|
B;
v101: ABTestExample|;addressAutoComplete|A;
pid: saks.com
pidt: 1
oid: https://www.saksfifthavenue.com/Women-s-Apparel/Fall-Dressing/shop/_/N-52kiol/Ne-6lvnb5
ot: A
s: 1440x900
c: 24
j: 1.6
v: N
k: Y
bw: 867
bh: 727
AQE: 1
```





# **Appendix - Email Marketing Analysis:**

## **Calculation Table & Metric Definition**

	<b>Buyers</b>		<b>Non-buyers</b>		
	<b>2 per week</b>	<b>4 per week</b>	<b>2 per week</b>	<b>1 per week</b>	<b>1 per month</b>
Sales per Order	\$556.63	\$574.67	\$458.29	\$443.62	\$502.61
Conversion Rate	6.63%	7.19%	0.44%	0.25%	0.16%
Gain per Audience	\$36.89	\$41.32	\$2.01	\$1.12	\$0.80
Unsubscribing Rate	2.015%	1.897%	2.523%	1.454%	0.843%
Loss per Audience	\$0.74	\$0.78	\$0.05	\$0.02	\$0.01
Revenue per Audience	\$36.14	\$40.54	\$1.96	\$1.10	\$0.80

- **Sales per Order:**  
Sales/ Orders
- **Conversion Rate:**  
Orders/ Audience Size
- **Unsubscribing Rate:**  
Unsubscribes/ Audience Size

- **Gain per Audience:**  
Conversion Rate \* Sales per Order
- **Loss per Audience:**  
Unsubscribing Rate \* (Conversion Rate \* Sales per Order)
- **Revenue per Audience:**  
Gain per Audience – Loss per Audience



