

Executive Summary



Analysis Overview:

Market Basket Analysis (MBA) is a data-driven technique used to combinations of items frequently bought together. This analysis helps businesses to uncover hidden patterns in transactional data, enabling them to make informed decisions regarding product placement, bundling, and targeted marketing strategies



Key Business Question Addressed:

The objective of this Market Basket Analysis is to identify the item sets that contribute to the **top 20% of total revenue** and evaluate their impact on **Customer Lifetime Value (CLV)** and **Average Transaction Value (ATV)**. The analysis also seeks to provide strategic insights into maximizing revenue through targeted product bundling recommendations.

Findings and Insights



The Market Basket Analysis has revealed that the top 4 item pairs—Cotton Kurta & Designer Kurta (CKD), Casual Kurta & Cotton Kurta (CKC), Cotton Kurta & Stylish Kurta (CKS), and Casual Kurta & Designer Kurta (CAD)—contribute significantly **to overall revenue, accounting for \$17.5MM**, or approximately **20% of total revenue**. These item pairs not only drive substantial immediate sales but also represent a significant portion of customer lifetime value (CLV), with a **combined CLV of \$7.9MM** and an **average transaction value (ATV) ranging from \$403 to \$414**. The top item pairs collectively contribute **27.41% to the total CLV**, underscoring their importance in sustaining long-term customer relationships and revenue growth.

Targeted Product Bundling Recommendations



Cross-Promote Between Top Pairs: Implement targeted cross-bundling promotions and discounts to encourage customers to purchase multiple high-performing item sets in a single transaction.



Customer Segmentation and Personalized Marketing: Tailor bundles - and marketing efforts to specific customer segments, offering personalized recommendations and exclusive bundles to maximize engagement and sales.



Monitor and Adjust Bundling Strategies: Continuously track the performance of bundles, refining combinations based on data insights and customer feedback to optimize revenue and customer satisfaction.

Top Item Pairs by Revenue Contribution (%)

1. **CKD: 5.20%**
2. **CKC: 4.89%**
3. **CKS: 4.87%**
4. **CAD: 4.53%**

Total Item Pair Revenue:
\$17.5MM

Item Pair CLV and ATV:

1. **CKD: \$2.09MM; \$403**
2. **CKC: \$1.84MM; \$414**
3. **CKS: \$2.03MM; \$408**
4. **CAD: \$1.94MM; \$409**

Top 4 Item Pairs' Contribution to Total CLV:
27.41%

Total Item Pair CLV:
\$28.83MM