ATKearney
Procurement & Analytic Solutions

Case Competition 2016
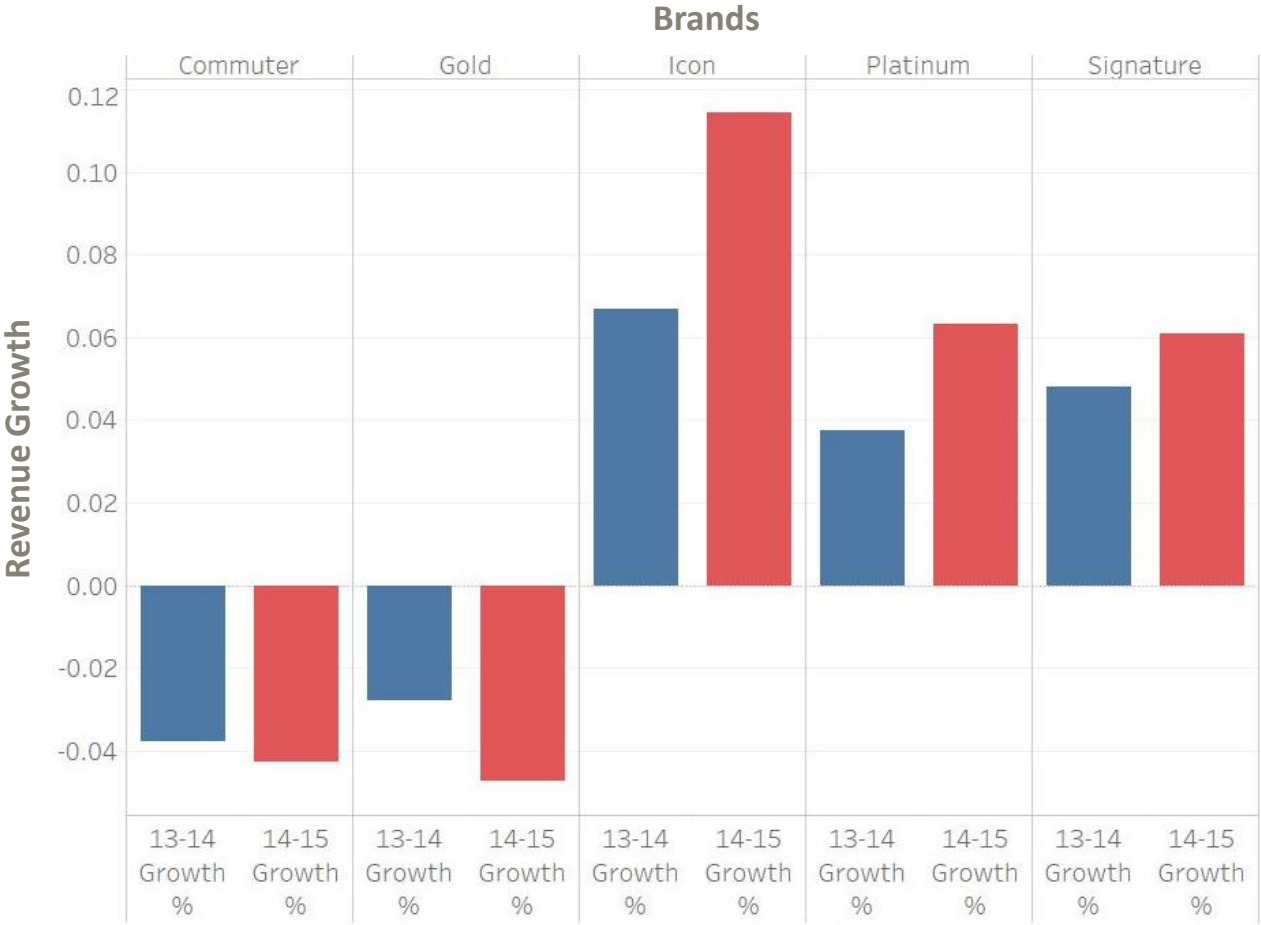
Team -

Miracle Workers

SoS

Business Challenges

1. **Diminished market share**
2. **Slower relative growth**
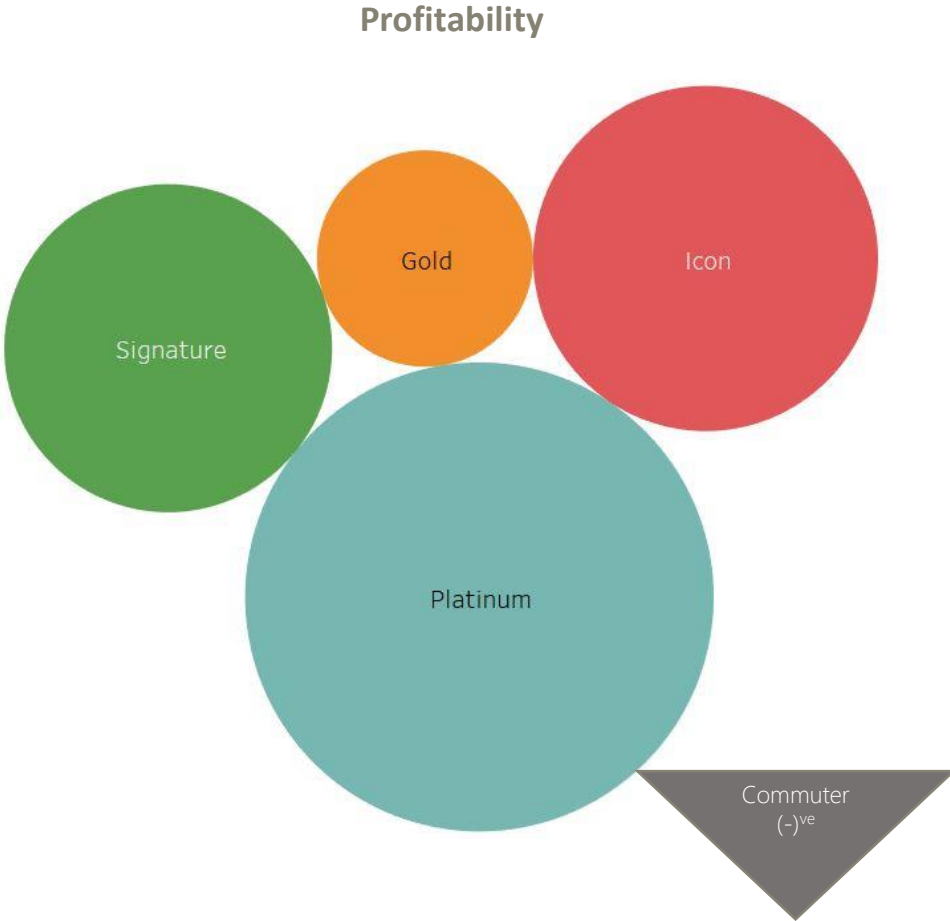3. **Sales Decline (certain product categories)**
4. **Inventory Pile-up**

Regain Market Share

Identify Key Customer Segments

Identify process pain points

Goals

Identify brands for Rationalization

Increase Product Range

Maintain Profitability

Areas of Analysis

Brands & Product Category Performance

Profitability

Customer Segments & Preference

County Demographics

Brands

Revenue Growth (y-axis): 0.12, 0.10, 0.08, 0.06, 0.04, 0.02, 0.00, -0.02, -0.04

Commuter | Gold | Icon | Platinum | Signature

13-14 Growth % / 14-15 Growth % (for each brand)

Profitability

Signature, Gold, Icon, Platinum, Commuter (-)ve

Values on a scale of 1.

Insight Bar

YoY Growth: There is consistent growth in the sales ($ and units sold) of the brands Icon, Platinum and Signature. Icon stands out. Commuter and Gold are on a decline.
Profitability: Platinum sales give the highest Profit Margins. Commuter making alarming losses.
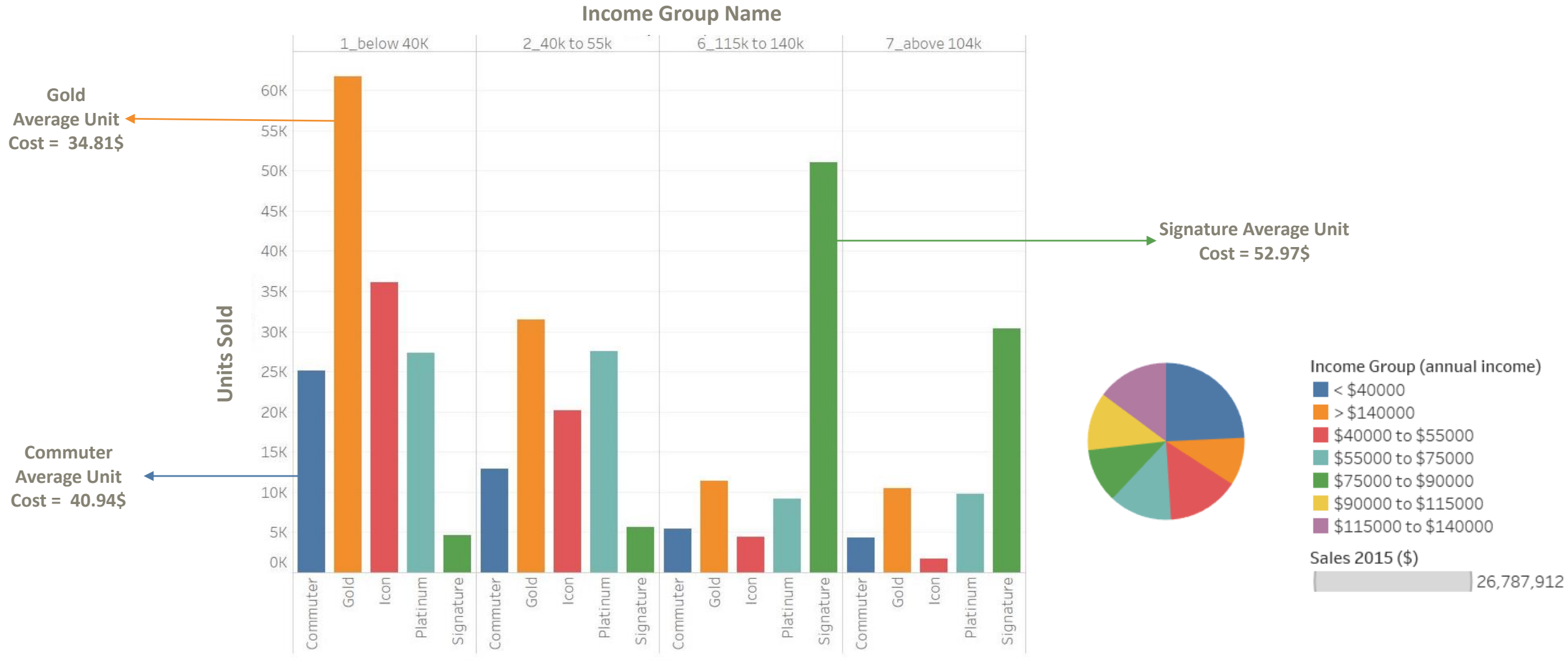
Brand Popularity among Income Groups

Income Group Name

Gold
Average Unit
Cost = 34.81$

Signature Average Unit
Cost = 52.97$

Commuter
Average Unit
Cost = 40.94$

Income Group (annual income)
- < $40000
- > $140000
- $40000 to $55000
- $55000 to $75000
- $75000 to $90000
- $90000 to $115000
- $115000 to $140000

Sales 2015 ($)
26,787,912

Insight Bar

Premium Status: Signature is the favorite brand among consumers with highest incomes. Its average unit cost is also pretty high. These factors give the brand a premium status.
Note: Gold is the popular among the low income customers. The sales in this group account for a huge proportion of total sales.

Customer Demographics (based on 2015 transactions)

Gender1	Age Cate..	1_below 40K	2_40k to 55k	3_55k to 75k	4_75k to 90k	5_90k to 115k	6_115k to 140k	7_above 104k	Grand Total
Female	20-30	1,119	695	266	321	274	752	248	3,675
	31-40	747	538	325	306	384	572	332	3,204
	41-50	789	531	323	258	421	525	387	3,234
	51-60	574	347	201	193	268	322	295	2,200
	61-70	180	138	52	52	49	103	94	668
	71-80	42	28	9	9	5	19	21	133
	81-90	7	3	1			1	5	17
	90+						1	2	3
	<20	119	47	15	24	15	78	14	312
	Total	3,577	2,327	1,192	1,163	1,416	2,373	1,398	13,446
Male	20-30	161	97	44	58	39	146	18	563
	31-40	166	126	74	81	78	170	42	737
	41-50	168	111	88	79	113	140	71	770
	51-60	117	80	61	62	71	94	49	534
	61-70	62	57	26	30	24	48	29	276
	71-80	18	10	4	5	3	8	15	63
	81-90		3			1	2		6
	<20	14	9		1	4	8	2	38
	Total	706	493	297	316	333	616	226	2,987
Grand Total		4,283	2,820	1,489	1,479	1,749	2,989	1,624	16,433

Brand Popularity Among Enthusiasts

Insight Bar

Brand popularity: As per the market research, middle aged women and men in their 20's are most enthusiastic about shopping. The brand which is popular among these groups is Gold.

Brand	Accessories	Footwear	Outerwear	Shirts	Slacks	Sport Coats	Sportswear	Suits	T-shirts
Commuter	520	544	1,234	2,294	2,336	1,040	2,599	2,807	7,326
Gold	2,550	3,866	3,821	4,134	3,101	3,574	4,523	4,359	4,137
Icon	1,224	1,290	1,914	1,239	1,688	1,630	1,329	956	1,329
Platinum	2,810	2,382	2,941	2,650	2,525	2,908	2,996	2,315	2,379
Signature	4,313	2,734	1,977	4,957	1,104	3,810	3,161	3,436	2,620

Product Category	Brand	Cook	Kane	County Kendall	Lake	McHenry
Services	Commuter	-243,106	1,566	-130	988	-7,827
	Gold	2,229	-3,816	944	5,805	-1,928
	Icon	14,565	3,696	616	2,175	1,346
	Platinum	31,003	9,842	1,377	6,422	3,251
	Signature	4,929	3,925	-610	4,191	-885
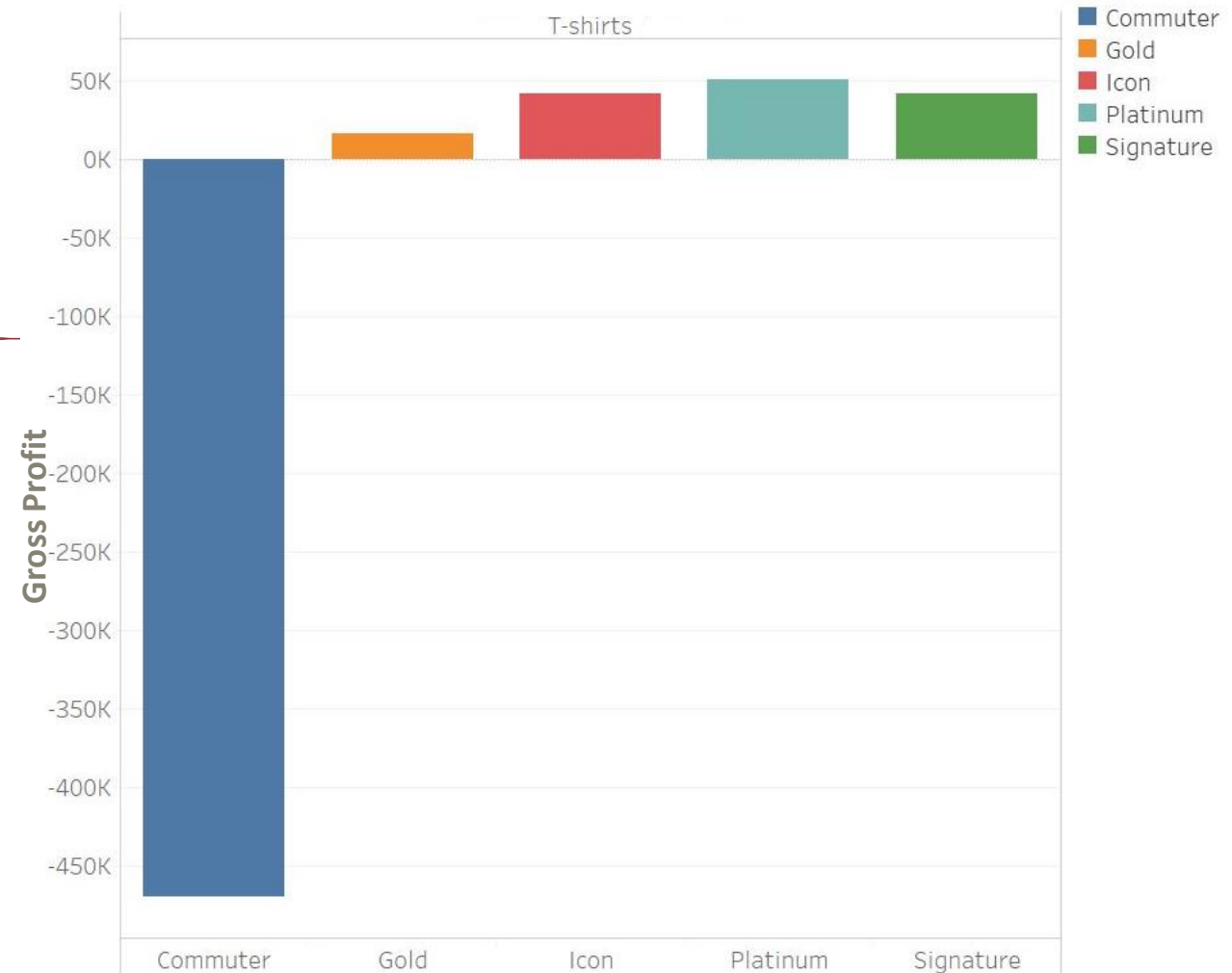
Insight Bar

Commuter deep dive: Most of the SoS sales for Commuter are from the Tshirts category. Though the brand has a huge presence in the category, it is making huge losses whereas all other brands are profitable. Commuter "Services" are resulting in losses in most Counties which could be due to the product returns.

Brand Health Index

	Revenue Growth	Unit Sales Growth	Profitability	Premium Status	Popularity (Enthusiasts)
Commuter	Undesirable	Undesirable	Undesirable	Indifferent	Indifferent
Gold	Undesirable	Undesirable	Indifferent	Indifferent	Most desirable
Icon	Most desirable	Most desirable	Indifferent	Indifferent	Undesirable
Signature	Most desirable	Most desirable	Indifferent	Most desirable	Undesirable
Platinum	Indifferent	Indifferent	Most desirable	Undesirable	Most desirable

Legend: Undesirable | Indifferent | Most desirable

Insight Bar

Brand Rationalization:
1. Commuter brand not doing well on any of the performance metrics. Potential brand for inventory downsizing.
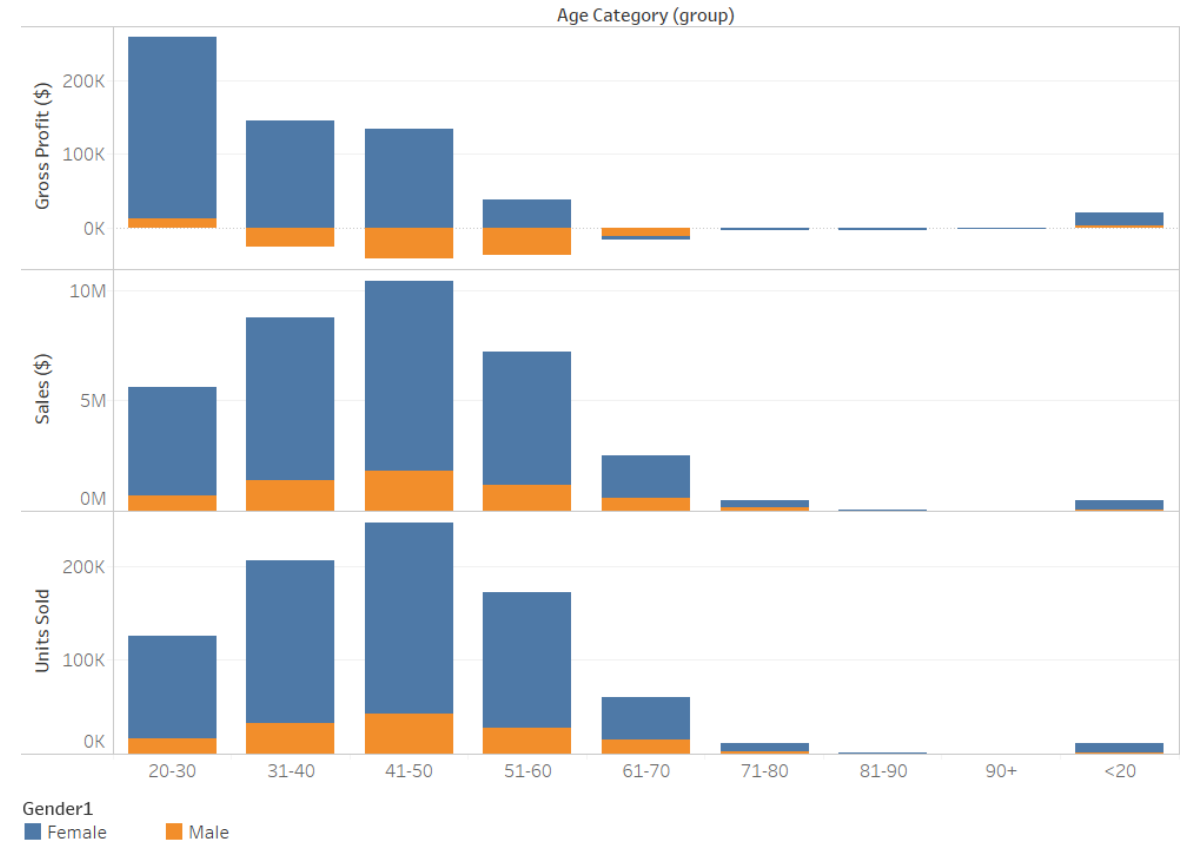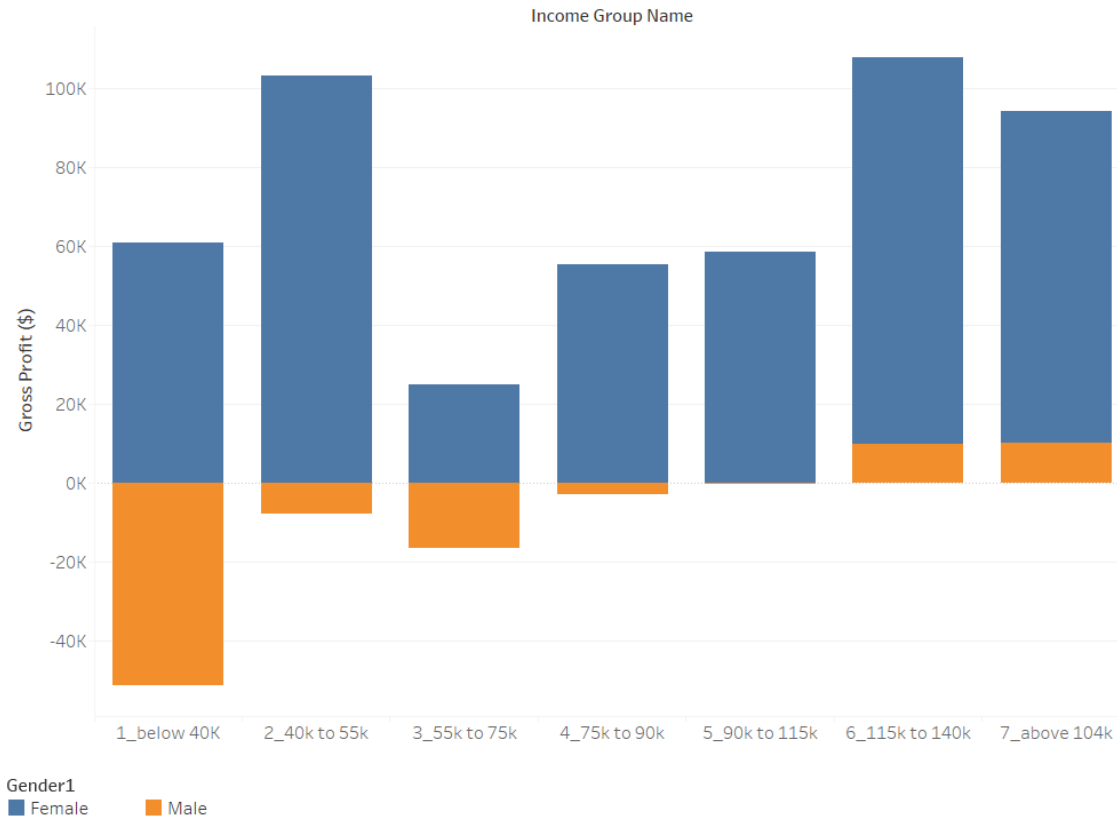2. Signature holds premium status and has consistent growth. Gold is popular among larger demography and Enthusiasts.

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Income Group Name

Gross Profit ($) vs Income Group Name, by Gender1 (Female/Male)

Age Category (group)

Gross Profit ($), Sales ($), Units Sold by Age Category, Gender1 (Female/Male)

Gender1: Female, Male

Insight Bar

Customer Groups Analysis:
1. Significant Profits made through female customers whereas sales to male customers are not profitable in lower income groups.
2. Maximum transactions (demographics slide) are from female customers in the age group 20-30, but quantity sold to them is relatively less.

Conclusions and Recommendations

Promising Brands

- Premium Brand 'Signature' has a consistent growth over the years and is profitable. As per Market Research, premium brands are growing at a higher pace which makes the brand enticing.
- Gold has a great outreach in the lower income segments but we need to deal with the decline in sales through Marketing and strategies

Brand with Issues

- Commuter Brand resulting in huge losses for SoS in the brand Sales as well as services in almost all the counties. Most of the Commuter sales are for their T shirts. Losses in Services could be due to the returns on the product. Since 'Gold' also caters to customer groups, we need to increase the stocking of T shirts for gold.

Attractive Customer Groups

- Promising Customer Group by Gender and Age: Females of the Age group 20-30 form our strong customer base since they account for most 'transactions'. So we need to focus on these customers and cater to their needs. Market shows that middle aged women and men in early 20's are more inclined to shop. Hence products which attract these categories need to be introduced.
- Promising Customer Group by Income: Customers with Income < 55000 USD and Income > 115000 USD make up for most of our base. Hence Increasing products which attract these groups by increasing variety (among Premium brands etc.)

Financial Health

- Financial Health of Gold can be improved by downsizing Commuter Stocking. Since both these Brands have average unit cost which is similar, reducing the stocking for commuting(esp. Tshirts) would drive those customers towards buying Gold products.

Strategies to Increase Market Share

Product Catalogue Revision

Marketing

- Introduce more brands in low income group and premium customer group.
- Bring in more variety in the Casual Wear section.

- Invest in marketing campaign to attract customers in the upcoming holiday season.
- Introduce loyalty program to build a loyal customer base.