

Major Apparel Retailer in America– Transforming value perception, phase 1

Situation

- A multi-billion dollar apparel department retail store with strong presence in both brick & mortar and online space.
- Deteriorating value perception over the last four years, despite major increase in promotional spend.
- Discounts had become less productive over time, core customer switched to value/mass stores.

What we did

- Identified under and over performing promotion programs and categories based on promotion ROI and perception impact. The elements of the solution included
 - Key value category identification.
 - Effectiveness/ROI measurement by category, event and segment
 - Conjoint simulator to unpack stacking / offer construct impact

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Impact

- Across client's pricing and marketing actions an estimated ~\$300M+ sales & ~\$250M margin opportunity was identified,
- **Phase2/3-** Currently McK is working with the client on 'change management'- building a new pricing approach with McKinsey Periscope Price Advisor. The tool will combine advanced analytics and buyer judgement to set item level prices. This is being rolled out for over ~50 departments this month.