1. Think about your trips to Supermarkets or Supercenters/Discount Stores and answer the following questions:

**a) Using the market basket analysis, provide 3 sets of items you think should be placed next to each other in stores. Explain why you think this**.

- According to market basket analysis, the following items should be placed next to each other in stores:

* **Air mattress and air pump:** I believe that these 2 items should be placed together because they complement each other. People buying an air mattress would require a pump for the mattress. It can be said that they might have a pump at home. But it can also be assumed that their pump might be broken and they need a new one. These two items are generally not placed in the same area. If the items were right next to each other then I wouldn’t have to go looking around the store to search for a pump. Some of the air mattresses already have an in-built pump which doesn’t require an external pump. But these built-in pump air mattresses are much more expensive and not everyone can afford it. Therefore buying a moderately priced mattress and an air pump would entice some customers, in some cases, it might be even cheaper. In my personal experience, I couldn’t buy an air mattress since I couldn’t find the pump to go with it. My total was going to be around $30 but since I couldn’t find the pump I didn’t buy the mattress.

* **An assortment of bread and frozen patties:** These items are a very good combination of refreshments for a small hangout with friends or just a date night. I believe that some assortment of bread such as bread (white and wheat), burger buns, and dinner rolls should be placed next to the frozen section where you find frozen patties of different varieties such as beef, chicken, spicy black bean and vegetable. Supposedly if someone wants to grab some frozen patties for their cookout but don’t want to go to the other side of the store to get the bread or buns they will be much more satisfied if these 2 items were near each other. They could make a better and quick choice as to what frozen patties would go with what type of bread. The customer wouldn’t want to walk to the bread section to get the bread and then realizes that the Pattie he chose does not go well with the bread and he would travel back to change his choice of Pattie and this cycle goes on until he finds a perfect match. But keeping the items next to each other would reduce the time and effort of making the decision and may entice the customer to buy more items since now he has more time to do that.

* **Pancake mix and chocolate chips:** These 2 items are a staple food in most households. But these items are not placed next to each other. They are placed 2 or 3 aisles away. I believe that chocolate chips should be placed next to the pancake mix because if a member of the household doesn’t like maple syrup which is placed right next to the pancake mix and likes chocolate chips, they can pick it up right there and then. They might even forget about buying chocolate chips if it is not next to the pancake mix because it is a small item that can be easily ignored. Whereas maple syrup comes in different sizes and is right next to the pancake mix which makes it hard to miss. Keeping chocolate chips next to the pancake mix is convenient for the consumer because he wouldn’t have to go looking for it around the aisles. In my household, there is a person who likes maple syrup and the other person likes chocolate chips with her pancakes. I always forget to buy chocolate chips because it’s not right next to the pancake mix and also I end up buying more stuff that doesn’t go with the pancakes. Keeping these 2 items together would keep the household happy as they would have all the choice to pick from.

**b) Using the targeting promotions analysis, provide 3 sets of items that you think retailers should use for targeting promotions. Explain why you think this.**

- According to targeting promotion analysis, the following items should be used for targeting promotions:

* **Popcorn and soda**: These 2 items go very well together. Most people buy Coke or Pepsi whenever they buy popcorn for snacking. These two items create a perfect snack for a movie night with friends. Therefore if you are buying popcorn you tend to buy any type of soda because they go well together. Since I find cans of Pepsi expensive I would not buy it since I have to pay full price for it. But if a promotion was going on such as “buy a pack of 12 packets of popcorn and get 50% off on a 24 pack of Pepsi cans”, then I would buy it since I am getting a great deal out of it. Soda and popcorn is a good combination and should be target promoted.

* **Notebooks and pens:** People who buy notebooks also require pens to write with on those notebooks. Therefore it is safe to say that target promoting these two items is something that retailers should do. Notebooks itself cost a lot and on top of that buying pens makes it much more expensive. If a promotion was going on such as “buy 4 notebooks and get a pack of pens free”, then I would buy it since I saved some money in that case. This is a good promotion combination since most people in school and colleges require these items to work on.

* **Brita and its filters**: Buying a Brita is always expensive and the aftercare of it is also cost consuming. Because of that most people tend not to buy a Brita. I would not buy one because the filters of Brita are also expensive. If a promotion was going on such as “Buy a Brita and get 2 filters half off”, I would be interested in buying one. It would save me some money on an item that I need in my household.

**2. List all stores in which you have a frequent-shopper card for or are a member of a loyalty program.**

* Hollister Cali club
* Tom Thumb rewards
* Target circle
* Adidas creators club membership
* Starbucks rewards
* Amazon Prime

**3a. Select 2 stores from question 2 that you shop at the most and 2 stores from question 2 that you shop at the least. List those stores.**

* Shop Most: Hollister and Starbucks
* Shop Least: Adidas and Tom Thumb

**3b. Which segment in ‘The Customer Pyramid’ are you in for each of the 4 stores? Why do you believe you are in this segment? What could the retailer do to move you to a higher segment? If the retailer cannot move you to a higher segment, why not? If you are in the Platinum segment for any store, what does the retailer need to do to keep you in that segment?**

* **Hollister**: I am in the gold segment of the customer pyramid. I believe that I am in the gold segment because I have bought a lot of merchandise from this store. After all, I have rewards. Sometimes I choose not to buy merchandise from Hollister because of the price. Some of the items are expensive such as jeans and jackets so I wait for the promotional events or emails so that I can purchase them. Hollister cannot move me to the platinum segment because I worry about the price when I buy merchandise. So I buy their merchandise whenever they have a sale going on and that’s how I buy a lot of items and also save money. Therefore I worry about the price of their merchandise. I will still buy a lot of items because I like their material, collection, and their sizes.

* **Starbucks:** I am in the gold segment of the customer pyramid. I believe that I am in the gold segment because I buy a cup of coffee at least 3 times a week and sometimes even 5 times a week depending upon my schedule. Sometimes I spend over $100 on Starbucks because I’m buying coffee 5 times a week which is not ideal for my budget. I take part in their challenges and often take advantage of the promotional events. I am almost at the stage of becoming collecting enough stars to buy one of their merchandise in stores such as a mug or a bottle. Starbucks could move me to the platinum segment by giving more free merchandise from their stores or double the rewards points that I earn with every purchase. Just by offering more, I might stop going elsewhere for coffee.

* **Adidas:** I am in the iron segment of the customer pyramid. I believe that I am in the iron segment because in the last couple of years I have purchased a considerable amount of merchandise such as joggers and shorts. But when it comes to buying the merchandise from Adidas I am very price sensitive because some of their items are expensive such as shoes. I want to be able to buy their merchandise but I have a limited income as being a college student therefore I can’t spend the money on the items unless they are on sale. that’s why I buy my clothes mostly from Hollister. Adidas cannot move me up to the gold segment because their merchandise is so expensive that my limited income and budget doesn’t allow me to buy their items. Sometimes even on sale, the prices of some of the items would be over $100 to which I cannot spend.

* **Tom Thumb**: I am in the lead segment of the customer pyramid. I believe that I am in the lead segment because I have only shopped at Tom Thumb twice in the past 3 years but I am still a rewards member. I bought items which were cheap to me because of my rewards card. I never bought anything which was under the rewards card. Tom Thumb cannot move me to a higher segment because some of their items are marked overpriced. I believe this because when I purchased my favorite chocolate from Tom Thumb it was marked $1.50 more than the price at Walmart. This overprice hurts my budget because just like one item there be could be many more items that are just $1.50 more than their original price and because I have the limited income I can’t afford to pay more than the original price. Also at Tom Thumb, I find their collection of items very limited, therefore if I am looking for a specific brand I would not find it which makes me unsatisfied. Thus the retailer cannot move me up to the iron segment