MARKET BASKET ANALYZER

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Retailers recognize the importance of analyzing transaction-level data to understand customer shopping behavior, but often lack the tools to link these analyses to business value. Market Basket Analyzer unleashes the value of this data by putting basket-level insights at the fingertips of decision-makers across the organization and turning these insights into actionable recommendations that drive profitability. Market Basket Analyzer answers specific business questions, such as:

Which SKUs or products should I cut from my offering?

Market Basket Analyzer evaluates each SKU, not just based on its own sales and GMROI, but also on how much margin attaches to it in the basket and how willing customers are to switch to competing products. This provides a more complete picture of the economic impact of removing it from the assortment.

Which items should I place adjacent to one another or bundle?

Adjacency and bundling can have a significant impact on cross-sell, but it is crucial to identify which products sell well together and drive margin. Market Basket Analyzer identifies good candidates for adjacency by isolating products with high margin and high attachment affinity.

Which products and initiatives drive traffic, and which drive larger baskets?

Market Basket Analyzer distinguishes products that draw customers into the store (i.e., "traffic drivers") from those that are selected once the customer is already in the store (i.e., "basket builders"), allowing companies to promote the right items and execute the right initiatives depending on their goal.

How should I structure my promotions?

Promotions such as "25% off" and "buy 2 get $1 off" are always a trade-off: forfeit revenue on some transactions in order to generate incremental transactions and sales. Market Basket Analyzer parses historical transaction patterns in order to determine the margin risk of any promotion before it is run.

Which products and promotions attract which types of customers?

Market Basket Analyzer allows retailers to identify which products and promotions are popular with which types of customers (e.g., new customers, high-value customers). Additionally, in conjunction with Test & Learn®, it analyzes past promotions to quantify which promoted products are most effective at pulling through sales of other products.

Which promotions change CLV in the long term?

In addition to their short-term impact, some promotions will impact purchase behavior in the long term. By tracking customers' purchases over time, Market Basket Analyzer enables retailers to analyze what customers purchase prior to and after a transaction of interest as well as how frequently customers return after the transaction.

KEY CAPABILITIES OF MARKET BASKET ANALYZER

Scalable and comprehensive.

Market Basket Analyzer handles historical transaction data for all transactions in every store at the individual item level.

Integrated with Test & Learn®.

Market Basket Analyzer is fully integrated with Test & Learn® which in turn can be used to perform basket-level analyses on a test vs. control basis.

Puts basket insights at the fingertips of decision-makers across the organization.

Market Basket Analyzer is a Software-as-a-Service solution and can be easily accessed, with the right permissions, by individuals across the organization. The interface is user-friendly and allows business users to perform basket-level analyses and obtain basket-level insights in a timely fashion.

EXAMPLE OUTPUTS ....

Promotion Planning

Improve selection of which items to feature in a promotion by quantifying the total basket-level impact of featured products.
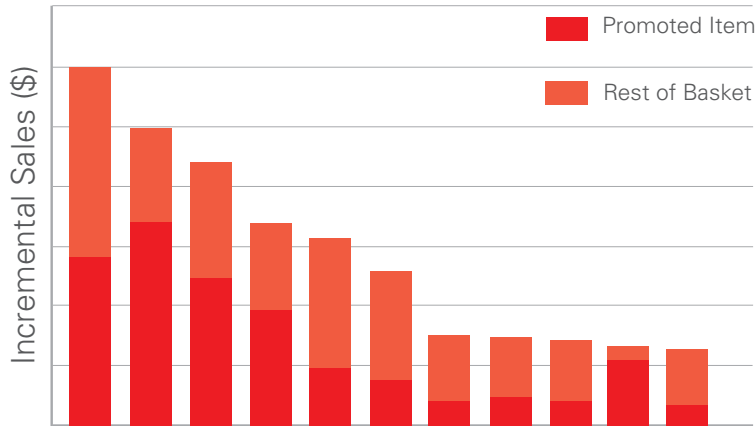
Instead of basing promotional decisions only on the promoted product, Market Basket Analyzer quantifies the total financial benefit by measuring the incremental basket performance for each promoted item.

Assortment Planning

Make more confident assortment planning decisions in areas such as SKU rationalization by including basket-level insights.

Importance of Products to the Customer and Retailer			
	Product Frequency	Product GMROI	Attached Basket Margin $	Customer Loyalty to Product
Product 1	12%	8.98	$ 18.37	99%
Product 2	4%	8.57	$ 15.19	89%
Product 3	4%	6.48	$ 17.10	55%
Product 4	6%	1.94	$ 19.11	55%
Product 5	6%	2.01	$ 18.97	23%
Product 6	5%	5.62	$ 10.83	48%
Product 7	2%	2.09	$ 10.98	76%
Product 8	3%	0.36	$ 14.85	53%
Product 9	6%	2.30	$ 11.96	50%
Product 10	1%	1.97	$ 10.56	24%

Instead of basing SKU rationalization decisions only on product measures like frequency and GMROI, Market Basket Analyzer includes other critical factors such as attached basket margin and customer loyalty to quantify the total importance of products to customers and retailers.

ABOUT APPLIED PREDICTIVE TECHNOLOGIES (APT)

APT, a Mastercard Company, is a leading cloud-based analytics software company that enables organizations to rapidly and precisely measure cause-and-effect relationships between business initiatives and outcomes to generate economic value. Our intuitive and proprietary Test & Learn® software utilizes sophisticated algorithms to analyze large amounts of data, enabling business leaders to conduct experiments and allowing them to make optimal decisions and implement business initiatives at scale. Visit **www.predictivetechnologies.com** to learn more.