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USE CASE

Promotions' Optimisation





CHALLENGE

A client wanted to unlock the performance of the different promotional mechanic they run so they can understand which one works better in terms of sales uplift.



SOLUTION

20 months' worth of weekly data have been collected and uploaded into MassTer. Promotions data have been requested at the promotional mechanic level and were analysed alongside all other factors that impact sales. MassTer processing module was used to create smart transformations that allowed to account for the loss in promotional effectiveness when consecutive promotions are scheduled close to one another.

In terms of time periods, we used MassTer to create a promotional variable that accounts for the depth of the promotion and the time period elapsing between one promotion and the next.



RESULTS

BOGOF (buy one get one free) generates the highest sales uplift but is not the most profitable promotion given the depth of the discount. Shallower promotions, namely 25% are more profitable.



INSIGHT

Schedule more BOGOF if client wants to maximise sales uplift but if profitability is key, they should opt for a less deep discount to avoid destroying margins.

The results also demonstrated that the client needed to avoid scheduling TV activity post a big promotion (e.g. BOGOF) as consumers would be already out of the market due to the brought forward sales effect detected by MassTer.

Finally, the client was recommended to avoid planning promotions that are less than 6 weeks apart as they result in about 50% loss in effectiveness.