



Store Segmentation

“Store inventory, marketing, and customer demand are out of alignment.”

A well-known retailer that offers a diverse range of hardware, home improvement, and DIY products at more than 4,200 locations nationwide.

Industry: Retail

Annual Revenue: \$5.6B

The Situation

A national specialty retailer had a challenge understanding differences in performance across its vast footprint of store locations. They had been following a one-size-fits-all promotional strategy, without properly adjusting for regional necessity or demand. As an outcome, they were marketing products irrelevant to certain geographical locations. For instance, southern stores received promotions for winter shovels because of the snowy conditions in the Midwest, even though customers in those warmer climates had no need for such items.

How This Impacted the Business

This lack of store classifications led to significant negative impacts on the business. The stores that were receiving irrelevant promotions experienced slower inventory turns for a portion their product lines while frequently finding themselves out-of-stock on popular items, both causing decreased sales figures. While all parties understood the need for certain stores to stock certain items, the data infrastructure did not exist that allowed for the matching of supply and customer demand at a store level. Making matters even worse was the fact that marketing was promoting the same items at all locations which further alienated the brands' customers.



Partnering for Success

The retailer partnered with DataDelivers to employ a two-pronged strategy: segmenting stores and segmenting customers. By identifying the types of customers surrounding each location and understanding their product affinities, stores could be segmented based on the items most relevant to their customers.

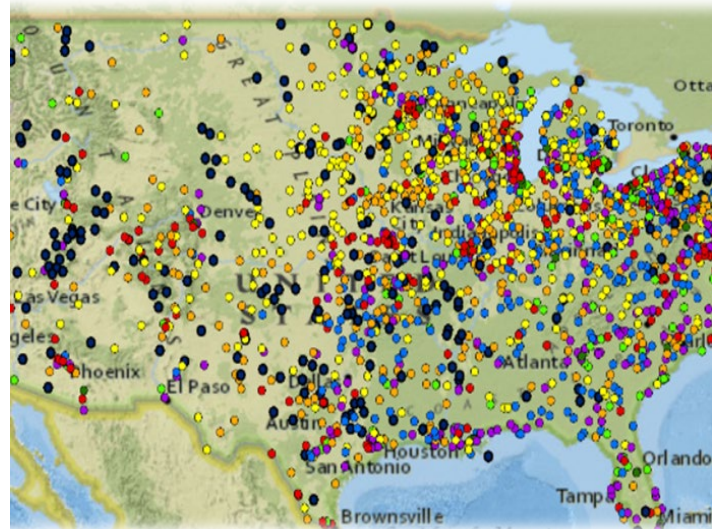
Utilizing a multi-dimensional approach involving data collection and analytics, DataDelivers defined and tracked customer behaviors using data points like demographics, seasonality, and marketing responsiveness. Valuable insights into customer behaviors were gained that helped to develop key customer segments. These segments were then assigned to each location to develop store-level product demand projections. The detailed understanding allowed for the categorization of stores into segments, identifying growth potential and establishing benchmarking peer groups.

Additionally, potential new customers were identified based on store segmentation and customer segment preferences.

Advanced analytics played a pivotal role in developing the marketing strategy for each store segment, enabling the transformation of insights into targeted marketing. Geographic location and individual customer needs were leveraged for highly relevant marketing approaches.

Delivering Results

With this comprehensive understanding, the client was able to tailor the products carried by each store, aligning them more closely with the specific needs and preferences of their customer segments. This tailored approach not only improved customer satisfaction but also contributed to increased sales and overall business growth.



Let DataDelivers help you increase sales with segmenting your locations and customers!