

Store Cluster Analysis

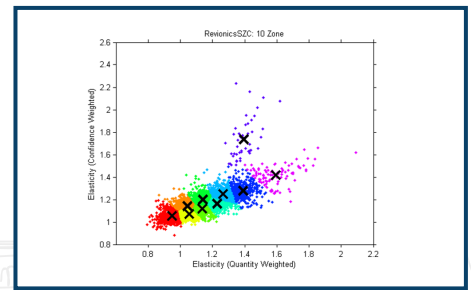
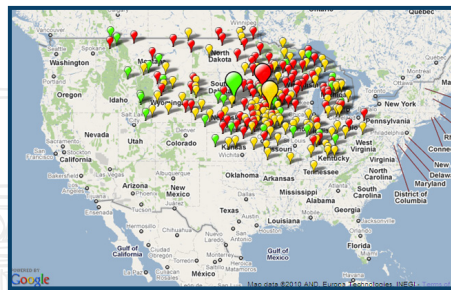
Scientifically group stores for optimal pricing alignment.

Gain Consumer Insight with Revionics Analytic Services

Retailers serve a diverse consumer population across their many stores. Store-level competition, personal income, population density, cost-to-serve, and many other factors vary from store to store, leading to differences in how retailers price and how consumer respond to those prices. Retailers who leverage Revionics Store Cluster Analysis will gain a clear understanding of differences in consumer behavior and can then align stores and price strategies to deliver the optimal customer-centric pricing.

Store Cluster Analysis provides retailers an assessment of the pricing opportunities as the number of pricing zones are increased to more granularly address differences in customer behavior across stores. Price zone optimization clusters stores based on common customer behavior and isolates the demographic and competitive factors which drive observable differences in shopper behavior. The service provides an analysis of the expected incremental return on investment (ROI) resulting from optimal store clustering. Benefits include:

- **Optimally grow profit** with the right price, for the right customer, at the right store
- **Maximize financial opportunities** while recognizing regional perceptions
- **Localize pricing** to become more consumer-centric
- **Compete more effectively** against the relevant competition
- **Improve store-specific operations** with insight into the point of diminishing returns



Results realized: After implementing store clusters recommended by Revionics, one \$4B retailer with over 1,000 stores experienced a 3% gross margin improvement while reducing cluster (zone) count, improving operational efficiency and productivity.

For retailers who subscribe to Revionics Price Optimization solutions, optimized Store Clusters are leveraged for alignment of price strategy and configuration. Revionics Pricing Strategists are available to assist the retailer in setting category strategies, configuration, and constraints by cluster. Then, using the Revionics Price Optimization solutions, they can execute pricing in the newly aligned clusters.

Revionics
Analytic Services:

Key Value Item Analysis

Store Cluster Analysis

Market Basket Analysis

Schedule a consultation today.

More Information

Phone: 866-580-7277 x1

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www.revionics.com - Store Cluster Analysis

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Store Cluster Analysis

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Science-based Analysis

Analytic Services from Revionics blend our retail domain expertise with scientific analysis of retailer and third-party data to produce optimal store cluster recommendations.

Scientific Store Clusters:

Identifies and segments stores by evaluating:

- Consumer price sensitivity
- Geography
- Store-area market data, including population density and competitive price indexing (CPI)
- Demographics of customers including income level, family structure, ethnicity, and employment
- Competitive presence, including proximity of primary and partially competitive stores
- Distribution center proximity and relative cost to serve
- Retailer-defined business rules

Forecasted Results:

Retailers are presented with a preview of the financial return expected following the implementation of the recommended store clusters.

Retailers in **Grocery, Convenience, Specialty, General Merchandise, Health and Beauty, Deep Discount, Home and Garden, Building Supplies** and **Grocery Wholesale** rely on Revionics!

Revionics delivers innovative Life Cycle Price Optimization solutions to retailers, including base, promotion, and markdown pricing. The Revionics technology leverages an integrated forecast, enabling a coherent view of customer demand across all decision areas.

Service Deliverables

Store Cluster Analysis provides retailers actionable insight into the best store clusters. The service deliverables include:

- Store elasticity analysis
- Cost-benefit analysis of opportunity versus number of clusters
- Recommended store assignments for each cluster scenario
- Demographic and competitive factor analysis of dominant factors in cluster selection
- Demographic and competitive profiles of recommended cluster groupings
- Incorporation of business rules into cluster analysis
- Pricing consultation to leverage desired strategies to price optimization configurations

Time to Value:

Delivery of store clusters is within 12 weeks. Retailers can then leverage the information in building more profitable pricing strategies for optimized clusters.