

# Market Basket Analysis and Price Elasticity

Understand which combinations of goods should be bundled, discounted or placed strategically together in order to increase sales volumes

## Problem

- Where should I place my products within the store?
- Which products should I offer combo discounts on?
- Where can I achieve the greatest cross-sell / up-sell potential?

## Industry experience

- Mobile
- Retail
- Media & Entertainment

## Solution

- Transactional data was analysed for several months for key stores in multiple regions.
- A Segment and Times Series analysis was conducted to establish monthly consumer purchase behaviour for different types of customers.
- Key metrics such as average revenue per basket were identified per store, per region, by day of month.
- Elasticity exercise was run on Known Value Items (KVI) to assist with pricing and discounting of items.
- Basket Analysis was performed to understand which combinations of goods should be bundled, discounted or placed strategically together in order to increase sales volumes.

## Value

- Through this exercise the organisation significantly increased its understanding of their customer purchase dynamics.
- Store layout was re-evaluated based on the basket analysis outputs.
- Marketing material was influenced whereby products that were statistically proven to be purchased together were discounted and bundled as an offer.
- Certain prices of KVI's were adjusted throughout the course of the month to increase sales volumes and ultimately revenue.

