Lifting Sales Without Raising a Sweat

This sporting goods chain sells sports gear, apparel, footwear, and exercise equipment to consumers through its online presence and in hundreds of big box stores.

Situation

An omnichannel big box sporting goods retailer wanted to drive incremental sales and higher gross profit from its existing foot traffic, particularly from repeat shoppers. The solution also had to have measurable impact, prevent abuse, and place few demands on the IT department.

Solution

Appriss® Engage Incentive Optimization, a solution from Appriss Retail that helps retailers generate intelligent, targeted incentives in real-time, delivered extraordinary results. The incentives, which result from instantaneous analysis of the individual consumer's shopping behavior at that retailer, were offered to qualifying consumers after a merchandise return.

- The incentives achieved an average redemption rate of 27%.
- Purchases after a return increased 53.6% the very first month of use.
- The number of items in the basket increased 20%.

Financial Results

- The gross margin ROI was $2.44; double the amount the retailer would have considered successful.
- The average basket for a redemption was $8.32 higher than all other types of sales.
- Engage delivered some of the highest GM ROI the retailer had ever seen from a promotional vehicle.

Additional Benefits

- **Rapid feedback.** The incentives expired within hours of being issued, building urgency and providing marketing with quick feedback on offers' effectiveness.
- **Featured brands.** Vendor-specific offers were presented, sometimes alone and other times in tandem with other incentives.

APPRISS® RETAIL

Case Details

Marketing and Operations executives wanted to boost sales to consumers already in the store. They recognized that one group—consumers making returns—created foot traffic but did not result in many repurchases or new sales that day, which impacted performance numbers including profits.

Marketing and Operations sought to reverse this trend and generate more revenue. Loss Prevention wanted to ensure that such a program kept loss in check. IT wanted to ensure it could support such a solution along with everything else it managed. All the groups found what they were looking for when they jointly implemented Engage Incentive Optimization.

The solution helps target consumers who have displayed positive shopping behavior based on the company's own information and data. Those shoppers are awarded with incentives to make additional purchases while they are in store, typically following a return or exchange. Not every shopper receives an incentive, and incentives are only offered periodically.
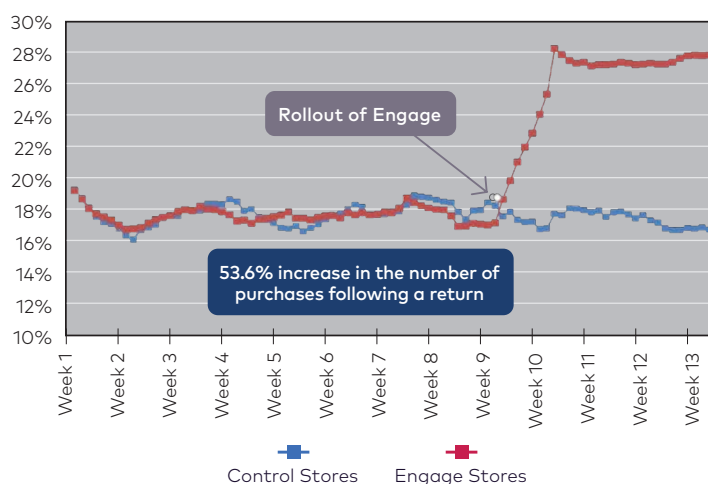
The retailer, keen on testing and data-based decisions, developed a two-step rollout. The pilot, which was launched in a statistically valid cross-section of 30 stores, provided the targeted consumers with an offer of 20% off their entire purchase that expired at the end of the day. The results were outstanding. The average redemption rate of 25.9% and the Gross Margin ROI was $2.44—double their GM ROI estimate of $1.17. The short redemption period on the offers—a key component of Engage—allowed the retailer to evaluate Engage's impact within days. The pilot ran for several weeks, giving all invested departments time to vet the solution.

Then the retailer rolled out Engage chainwide and was delighted with results that exceeded the pilot's success. During the first month, purchases after a return increased 53.6% and redemption rates averaged above 27%.

Additionally, the average basket for a redemption was $8.32 higher than all other types of sales, and the number of items in the basket increased nearly 20%. Over time the retailer tested a variety of offers. One test proved that consumer propensity to redeem a 15% offer vs. a 20% was nearly identical. (On an annual basis, this change would result in an incremental $2.4 million in GM dollars.) The retailer also learned that it could steer consumers to buy more of one brand by using Engage to provide certain consumers with two offers simultaneously—a brand-specific offer and a slightly lower value offer that applied to the entire purchase. These dual offers increased both the basket size and the GM more than the discount on the entire purchase did.

Engage helped deliver some of the highest GM ROI the retailer had ever seen from a promotional vehicle. The cross-departmental collaboration on Engage's launch contributed to the solution's success. The CEO, CMO, CFO, CSO, EVP of Business Transformation received monthly reports that monitored its ongoing contribution to their areas of responsibility.

Percent of Consumers Purchasing After a Return 7-Day Trailing Average

Rollout of Engage

53.6% increase in the number of purchases following a return

Control Stores   Engage Stores