



Retail

Run systematic remodeling experiments to optimize retail store sales

The Big Picture

A store remodeling exercise is a significant investment, sometimes ranging into millions of dollars. Additionally, at times, store operations need to be put on hold for a few days, which further impacts store sales and revenue. A top 10 specialty retailer wanted to remodel 27 stores, by taking a measured approach to remodeling based on incremental benefits. However, measuring the impact of remodeling was subject to misinterpretation due to factors such as seasonality and difficulty in identifying a control group.

Transformative Solution

The retailer used Fractal's Trial Run product to run systematic experimentation on individual store enhancements. Each of the 27 stores had different test levers. Trial Run proprietary algorithms were applied to simulate a control group for each of the tests, after first assembling granular data for all the stores in the US. Statistical techniques were applied to quantify a significant lift in sales, with an interactive visual capability to diagnose for drivers of incremental sales.

The Change

As a result of the engagement, 22 of the company's stores generated a positive lift, with a few experiencing a lift of more than 15% in sales. In addition, break-even for large stores (i.e., those with sales greater than \$10 million) was expected within 2.5 years, whereas break-even for small stores (i.e., those with sales less than \$5 million) was expected in 5-7 years. Based on the results, the retailer decided to prioritize remodeling for large stores.

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