



# DISPROVING THE COUPON MYTH

Retail has gone digital, leaving many traditional brick & mortar giants in the wake of disruption, CCG was recently engaged by a North American based retailer who understood the need to become a data-driven organization, but wasn't quite sure how. They engaged CCG for guidance on a BI tool, but uncovered so much more along the way.

## CHALLENGE

This clothing retailer recognized that it was often operating on traditional assumptions and making gut-driven decisions. Compound this with the fact that the entire retail experience has been in a state of disruption since the rise of internet shopping, and even the most seasoned of retail experts are now questioning their traditional notions of customer sentiment and behavior. In an attempt to make more data-driven decisions and test traditional retail customer hypothesis, the retailer enlisted the data science services of CCG to perform a Rapid Insights engagement. This project would help to stimulate excitement around analytics while teaching their entire organization more about their customers.

## SOLUTION

CCG first conducted a series of stakeholder interviews from all departments, from marketing and merchandising to real estate and finance. These interviews resulted in a list of analytic priorities, all seemingly different at the surface but all rooted in better understanding the customer. There was a natural progression of these topics which allowed CCG to prioritize the engagements for the retailer. This first Rapid Insight engagement would address customer acquisition hypothesis and would act as a catalyst for more robust customer analytic projects in the future.

Every brick and mortar retailer is fighting to keep up with the e-tailers currently dominating the market by creating more meaningful customer experiences and engaging with consumers in the digital world. A customary practice for acquiring new customers is to offer digital coupon codes to encourage online shopping, however this retailer hypothesized that extending too many of these coupon offers would tarnish the quality of their brand and therefore drive down customer basket sizes. CCG's Rapid Insights helped to disprove this hypothesis by looking at the real data behind the assumption.

CCG loaded years of transactional data into an Azure SQL Data Warehouse to begin analysis. Using Azure Machine Learning, CCG built a model that would identify spending trends among buyers. The findings of this data experiment were that customers who use a discount on their first transaction typically have more transactions and a higher total basket size over time, meaning that their overall spend with the company was higher than those who did not use a coupon code. Armed with this information, the retailer devised a strategy for attracting new customers that are more likely to become long-term buyers using targeted digital coupons.

This is just one of the many insights discovered through the customer acquisition focused Rapid Insights engagement. To learn more about CCG's Rapid Insights capabilities, visit [www.ccgbi.com/accelerators](http://www.ccgbi.com/accelerators).

## QUICK FACTS

Armed with large assumptions about their customer base, this clothing retailer engaged with CCG to uncover insights into customer buying habits.

- > Industry - Retail
- > Technology - Microsoft Azure Machine Learning

