

# MARKET BASKET INSIGHT TO GROW REVENUE

## UNDERSTAND THE NET BENEFIT OF PRODUCT PROMOTIONS

Using proven demand modeling technology to unlock the value of your transaction log data, the market basket insight service by SAP identifies which items build the most profitable market baskets. This insight lets you quickly meet your financial and merchandising objectives while addressing shoppers' needs.

One of the greatest challenges in establishing merchandising strategies is leveraging the value of your transaction log data. Due to the volume of that data and traditionally ineffective methods of analyzing it, retailers often miss key market basket trends, such as drag-along relationships and substitution effects, that can inform merchandising decisions. The market basket insight service from the SAP® Services organization has changed that.

### Unlock the Potential of Shopper Data

When analyzing retail sales based on the size and value of each market basket, it is often difficult to establish which product was the key driver. The market basket insight service by SAP helps you understand the relationships among products by revealing each one's affinity and cannibalization impacts. This insight lets you effectively align your merchandising strategies with shopper buying behavior.

### Quantify Relationships Within the Data

Predicting whether a promotion will capture a larger share of the shopper's wallet requires intensive analysis that often yields unclear results. By leveraging your transaction log data and SAP retail expertise, the market basket insight service can clearly determine which of your products will maximize the value of your promotional and placement strategies. SAP ranks the items best suited to generate drag-along sales, improve market basket profitability, and drive shopper purchases during an advertising event. This insight lets you quantify the product lift, affinity sales, and cannibalization effects for every additional unit sold.

### Improve the Speed and Quality of Decisions

Proven SAP demand modeling technology, enriched by industry-leading aggregation and affinity techniques, maximizes processing efficiency to quickly harvest insights from your transaction log data. Within weeks, you benefit from actionable recommendations with the supporting data to enhance the quality of your decisions.

Quickly benefit from your transaction log data by understanding which of your products will grow market basket size and value and by quantifying the effects of affinity sales, cannibalization, and promotional lift.

### Leverage Insight to Drive Results

With merchandising decisions supported by actionable, quantified recommendations, you have the necessary insight into your transaction log data to attract and retain shoppers and achieve the following benefits:

- Maximize profit by aligning promotional strategies to the products best suited to trigger large drag-along sales and minimize substitution impacts
- Improve the outcome of promotional activities by identifying and targeting the products that will drive your market basket size and value
- Better evaluate the performance of vendor offers by quantifying the financial impact of additional units sold
- Increase revenue by investing your promotional spend on the items that your shoppers value



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## Summary

The market basket insight service from SAP helps you understand the net benefit of a product's sales on overall market basket size and profitability by quantifying the effects of affinity sales, cannibalization, and promotional lift.

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## Challenges

- Determine which items to promote to meet your merchandising goals
- Identify which products are best at capturing affinity sales and minimizing cannibalization
- Discover which products will increase market basket size and value
- Extract, aggregate, and process transaction log data efficiently

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## Supported Business Processes

- Promotional planning – Extend the financial opportunities of promotions by quantifying the drag-along and substitution impacts
- Strategic planning – Determine which of your products maximize the value of your promotional and placement strategies and influence shopper buying behavior
- Data analysis – Gain comprehensive insight to understand your key business drivers and determine the ROI on promotional spend
- Data management – Get actionable information about your shopper buying behavior by rapidly extracting, aggregating, and processing your transaction log data

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## Business Benefits

- **Strengthen promotional strategies** by understanding which products best fit your financial and merchandising goals
- **Protect market share** by pricing and promoting your products to meet shopper demand and increase loyalty
- **Increase market basket size** by identifying products that drive high affinity sales
- **Evaluate the performance of vendor offers** by fully quantifying the financial impact of additional units sold

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## For More Information

Call your SAP representative or visit us online at [www.sap.com/retailinnovations](http://www.sap.com/retailinnovations).

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