

## Starting situation – reacting instead of acting, and allowing competitors to lead the way

Our client, a retail company with operations throughout Europe, had been struggling for a long time with a negative trend in its like-for-like sales. Profitability was also lagging behind in comparison with its leading competitors. Declining customer frequency and too low an average transaction size were identified as the principal reasons. There was also strong disagreement in the management on target customer definition, customer needs, and the product range concept.

## Project approach – from market follower to pioneer

An extensive survey, both of customers and in the form of a comparison panel, served as a central project anchor. The result was both sobering and unambiguous: customers found both the product range and pricing unattractive. After the target customer group and the predominant customer needs had been derived, the product range was reviewed and in-house brands were introduced. This helped to optimize both profit margins and bundling effects on an individual item basis. Finally, in conjunction with a new shop design, the communication and marketing strategy was also adjusted to bring the perceived positioning into line with the company's own expectations.

## Finding – the new product range and branch concept must fit in with customers' external perceptions

A company can survive in the market only if it knows its customers and is aware of their changing needs. The trick is not to lose sight of profitability. The pieces of the puzzle must all fit together, and must also be communicated to the customer using the right communication strategy. The best possible optimization of product range and branch outlets is of no use if it is not known on the market. Only when the right external perception has been assured can customers be attracted to the branch outlets and motivated to buy with the right category mix.

## PROJECT RESULT

- Improved competitive positioning through optimization of product range and branch outlets focusing on customer groups
- Introduction of more competitive and profitable in-house brands to complement the existing brand portfolio