Attribution Case Study

Fashion Apparel Company Saved Hundreds of Thousands of Dollars by Optimizing Catalog Distribution

Introduction

A high-end fashion apparel company wanted to better understand how much their catalog distribution was affecting their sales. The company developed an attribution model based by segmenting their customers based on their purchase history and testing how much the frequency of catalog distribution impacted their sales. Through this approach, the company was able to optimize the number of catalogs it sent to a particular customer segment, reducing costs by $750,000 per year without reducing sales.

The Challenge

A national fashion apparel company that spent between $9 million and $10 million per year on advertising was not able to attribute between 12% and 15% of its sales to a specific marketing media. As digital marketing became more prevalent, it became harder for the company to attribute. Historically, the company analyzed the value of various media following each marketing event, such as a mailing, rather than over time. Through this strategy, it was only able to affect sales incrementally.

The Strategy

The company realized it needed to track performance based on customer segments over time. It sorted its customers into five categories, based on traditional purchase variables including frequency, recency, and monetary value. The company then divided one of the groups into thirds and varied the number of catalogs they sent to each of third of the group – either 2, 4, or 6 catalogs per year. By holding all other variables constant, the company was able to isolate the optimal catalog frequency by customer segment.

The Results

After 18 months of hold-out testing with one of the customer segments, the company found that it could reduce the number of catalogs it sent from 6 to 4 times per year without negatively affecting sales. Reducing the number of catalogs from 6 to 4 per year allowed the company to save $750,000 per year in catalog manufacturing and distribution costs. The company reinvested those saved costs into prospecting activities to acquire new sales. The company proceeded to conduct similar hold-out testing with the other four customer segments, which allowed them to optimize catalog mailings – sometimes mailing more, sometimes mailing less. This testing methodology was incredibly impactful to the business.