

Orchard Supply Hardware Speeds Customer Behavior Analysis with Quantivo

Merchandisers Generate In-depth Customer Analysis Interactively

THE CHALLENGE

Over the past several years, the home improvement market has faced significant challenges. With new projects slowing down, Orchard Supply Hardware (OSH) found that its focus on helping home owners with maintenance and repair, instead of new builds, opened an opportunity for continued growth and to take market share from the competition.

With store traffic driven by advertising, OSH needed a way to understand customer buying behavior, so marketers and merchandisers could offer relevant products that interested customers and drove them to the store.

“With Quantivo speed and flexibility, we can run multiple and deeper models, leading us to more accurate decisions.”

VP Marketing, Orchard Supply Hardware

In addition, because the products offered on promotion were less profitable, OSH needed a way to understand not only the number and revenue amount of promotional items, but more importantly the products that accompanied the sale of these items on promotion to ensure that the overall campaign was profitable.

Finally, like many companies with limited resources, they needed to get these

analytics and reports without excess burden on their IT and Marketing staffs.

ON-DEMAND CUSTOMER BEHAVIOR ANALYTICS

OSH identified the need for more sophisticated analytics in early 2008. To better support their customers and to increase the effectiveness of their marketing campaigns, OSH determined they needed a system which allowed them to conduct market basket (product affinity) analysis, understand promotion effectiveness, and ensure that they were offering customers the right products at the right times.

As they began the search for the appropriate solutions, they knew that traditional analytics tools would not meet their budgetary goals and would strain OSH’s limited IT resources. They went looking for a system delivered as a service that would require no hardware, no software, or no ongoing IT support to make them successful.

OSH at a Glance

- California Based Home and Garden Retailer
- Revenues: \$850M (2007)
- Stores: 80
- Items: 45,000
- Founded: 1931

OSH chose Quantivo to support their requirements. Quantivo is the first SaaS (software-as-a-service) solution that puts the



power of large-scale, dynamic customer behavior analytics directly in the hands of merchandisers, retail marketers and business analysts. In less than two weeks, OSH was able to import their point-of-sale data into Quantivo, and see the top reports they were struggling to get in their existing system.

Utility pricing from Quantivo allowed OSH to get started with very little upfront expenditure. OSH also appreciated the fact that they could scale the system up or down with their usage, so they would never be paying for software they did not use.

INTERACTIVE AFFINITY ANALYTICS

Quantivo was uniquely suited to help OSH get to its goals quickly. It only took two weeks after the data was securely transferred to Quantivo to provision and setup the service, and without any involvement or resource commitments from OSH.

OSH Usage of Quantivo

- Users: merchandisers, marketers, analysts
- Data Size: 210M rows
- Data update frequency: weekly
- Initial load and setup time: two weeks

After the service was configured, contrary to the majority of analytics solutions Quantivo did not require expertise in statistics or in computer science. Merchandisers, marketers, and business analysts can now query the service interactively, answering high-value market basket and segmentation questions at any level of depth inside the data. The combination of Quantivo's speed and flexibility allows OSH run multiple models and optimize decisions instead of basing its decision on the first query/answer as would be the case with competitive solutions.

LOOKING FORWARD

While the full benefit of Quantivo will be seen over time, OSH is excited about what the future of their investment in Quantivo holds.