# Case study: DXL Leverages DynamicAction to Lead Retail Industry in Customer-Centric and Digital-First Transformation

Destination XL Group, Inc. is the largest omnichannel specialty retailer of big & tall men's apparel. The Company currently has 225 DXL retail and outlet stores in operation across every major metropolitan market in the continental United States, with two stores located in Canada. Through the expansion of this new destination concept along with the growth of its e-commerce platform — and more than 2,000 private label and name-brand styles to choose from — big & tall customers are provided with a unique blend of wardrobe solutions and home products not available at traditional retailers.

**With DynamicAction, DXL was able to:**

- Pinpoint how to grow Customer Lifetime Value
- Acquire profitable customers
- Quickly take action and analyze results

TIME TO XL

dynamicaction.com
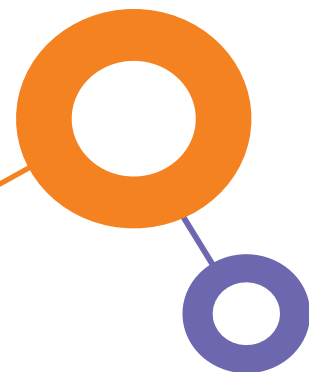
## BUSINESS CHALLENGE

To grow sales and profit, DXL knew it needed to shift to a customer-centric environment and develop a deep understanding of which customers, categories, products and brands were driving profitable customer acquisition and retention. Additionally, DXL needed to maximize the financial return on upgrading e-commerce and email marketing platforms as quickly as possible. To do this, DXL identified four initiatives:

1. *Understand where to focus to drive more profitable sales quickly*
2. *Achieve 100% visibility into customer lifetime value*
3. *Acquire new customers that generate more sales and profit than the current trend*
4. *Take fast action and continuously measure the impact*

DXL knew that their data was essential in making this happen, but they needed a way to connect it across the organization and analyze it with a focus on the customer and profitability.

Furthermore, they needed to have the data understanding and organizational alignment in place to take action on this connected data as quickly as possible. They used the DynamicAction system to achieve these objectives.

## SOLUTION

To successfully shift to looking at their business through a customer lens, DXL is leveraging DynamicAction insights that are automatically delivered and based on retail-built, proprietary and continually-running algorithms. DXL's opportunity to increase profitability per customer and profitable customer-base growth comes from four categories:

**Customer:** The DynamicAction system analyzes DXL's customers' shopping patterns and identifies which combination of products, promotions and customer profiles frequently drive increased purchases. This creates more opportunities for upselling and increases customer lifetime value and profitability.

**Product:** DXL is working towards driving more full-price sales by accessing a holistic view of product exposure, profitability, fragmentation and conversion. With such a view, DXL can better understand inventory availability and identify areas of profit opportunity.

**Inventory:** Within the DynamicAction application, DXL gains a unified view of inventory and returns. DynamicAction flags understocked and overstocked items, and those with high probability of being over or understocked, and allows the retailer to break down inventory positions and availability throughout its digital channels.

**Profitability:** DXL can now leverage a data-driven view of profitability and profit influences, helping its team to prioritize and take actions that drive towards business goals.

> *It is not feasible for a retailer to have enough people on payroll to turn the mountains of data from every part of the organization into insight, to turn that insight into action and to make that action replicable and profitable. The answer in modern and future retailing will be a combination of data clarity, advanced technology solutions and human oversight that allows for fast, accurate and business driving decision making. The reality is: that future is here, and we are utilizing DynamicAction to elevate our team and our tech stack to transition to this customer-centric, digital and data-first retail model.*
>
> **-** Sahal Laher, Former Chief Digital Officer and CIO at DXL

## RESULTS

In the first three months, the DynamicAction system pinpointed where DXL should focus to quickly grow current customer lifetime value and how to acquire higher lifetime value customers.

By connecting DXL's data from disparate systems and transforming it into valuable metrics, the DynamicAction system auto-detected a pattern that showed purchases in the sportswear category were more likely to be made by existing customers, who also spent more, purchased more items per order, and purchased more often. The DynamicAction system showed that these customers purchased additional, higher dollar sportswear items in the same session 14% more than they purchased in any other category, and pointed out three quick wins for DXL:

1) Maximize on the sportswear customers' willingness to buy high -dollar sportswear products,

2) Encourage existing customers not currently purchasing in the sportswear category to engage in that category

3) Attract new customers to the sportswear category

DXL modified product recommendations and site search, ensuring that customers purchasing sportswear products were exposed to products from the "better" and "best" collections during their shopping experience. Additionally, DXL used the DynamicAction system to easily create targeted email lists of sportswear purchasers for campaigns highlighting products and brands from their "better" and "best" collections.

The DynamicAction system showed that new customers who made initial purchases in the sportswear category would likely have a higher than average lifetime value, so DXL began testing new customer acquisition programs specifically around the category. DXL used the Action Impact feature in DynamicAction, which automatically detects and alerts to changes to price, exposure and inventory availability and then reports the impact on profitability and sales, to measure the results. This allows DXL to see the results of even the most surgical adjustments and take action accordingly.

DXL has seen significant gains within three months and expects to grow revenue driven by product recommendations and email by over 100% in six months, and generate 10% more profit driven from new customers within 12 months. The continually evolving retail climate is exerting new pressures on established brands to find ways to stay relevant and create frictionless and exemplary experiences for customers, and DXL has been at the forefront of transformational retail thinking shifting to a customer-centric and a digital-first mindset. The DynamicAction system has become DXL's "one source of truth" as the company seeks to empower some of the most experienced retail minds in the industry with the data understanding and prescriptive analytics to elevate their gut feelings and expertise to unprecedented success.

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*We don't have to go through pages and tables worth of data and try to make sense of what is happening with our business and with our customers. For example, literally every day, there's a list of recommendations that will surface based on connected marketing, merchandising, inventory, sales and customer data from the day before. Ultimately, there are still trade-offs in what your team prioritizes, but with the power of connected data and prescriptive analytics with DynamicAction, those priorities create more profound business success more quickly.*

- Sahal Laher, Former Chief Digital Officer and CIO at DXL

### Learn more

To learn more about how DynamicAction is enabling retailers across the globe to make accurate decisions and get to fast profitable action on more than $15B of consumer transactions each year, connect with us at **DynamicAction.com.**

## About DynamicAction

DynamicAction is a retail analytics guidance system that leverages cloud software and a proven success program to catalyze the new customer-first operating mindset in retail. DynamicAction empowers retailers with a clear path to navigate their transformational journeys with AI-powered metrics. It enables faster, better decisions to deliver profit, analytics and visualizations for immediate insights, prioritized opportunities and prescribed actions to take online and in-store.

Forward thinking retailers across the globe rely on DynamicAction's advanced analytics and retail-built practices to holistically run more efficient organizations and formulate laser target strategies to uncover their most profitable customers. Forrester Research recommended DynamicAction as the key prescriptive analytics technology to replace predictive analytics in retail, and the National Retail Federation awarded DynamicAction for its ability to "significantly improve or radically alter how retailing is done".

Headquartered in Silicon Valley, DynamicAction has offices in London, Sofia and Dallas.

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