DYNAMIC ACTION

Connected data for profitable decisions

" *DynamicAction gives us a single view of our connected data. As well as breaking down our data silos, we are now taking cross-functional, connected actions on product and customer, which are driving better profit performance. What's more, we know we have only scratched the surface of what is possible with DynamicAction. There are many more use cases to explore moving forward.* "

Alexander Voges. *Head of Sales, Heine*

ABOUT **DynamicAction**

DynamicAction is a cloud-based, prescriptive analytics guidance system built specifically for eCommerce and omnichannel retailers. It enables retail executives to drive agility and customer-centricity by providing them and their teams with a unique view of retailing profit by customer, by product, at SKU level and across all channels.

- **Connected Data & Coordinated Actions**

- **Deep Critical Insight**

- **Prioritise and Act**

Leading international retailers, including H&M, Nike, L Brands and Farfetch are using DynamicAction to:

- **Accelerate digital transformation**

- **Drive operational efficiency and retail agility**

- **Intensify customer-centricity and personalisation**

ABOUT **HEINE**

Entrepreneurial courage, outstanding quality and a keen eye for trends is what Heine stands for. Founded in 1951 in Karlsruhe, Germany, the business's heritage is in the catalogue mail order sector. Today, Heine has successfully transformed itself into a digital brand that generates nearly 75% of its net sales through its five online shops. Heine.de receives 2.5 million visitors each month, who are presented an assortment of over 22,000 high quality items across women's apparel and home products from both internal and external brands. While Heine continues to inspire customers through their beautifully designed catalogues, they are increasingly placing a stronger focus on performance marketing channels and social media initiatives.

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Heine Uncovers More Than **€4.5M** Potential Gross Revenue Per Year And Improves Operational Efficiency With **DynamicAction**

CHALLENGE

Heine identified three specific business challenges, which if solved, would have a significant impact on profit:

1) Improve Operational Efficiency

With over 22K products and over 200K SKUs, operational efficiency is of paramount importance. Even with very efficient management, Heine understands that small, yet consistent improvements can have an enormous aggregate impact on their bottom line. The challenge for Heine's teams was how to harness insights from their troves of data that would enable them to take the right actions, at SKU level, quickly and at scale across the business.

2) More Efficient Product Lifecycle Management

End of season markdowns of low velocity products are a fact of life for most retailers. Equally, each season sees "Star Products" that would probably have sold at higher prices. Heine knew that there were gains to be made through identifying both types of product early in their lifecycle and taking subtle price actions immediately, rather than waiting until the end of the season. Nimbly identifying the right products and being able to test the impact of price changes in near real time, was the challenge.

3) Customer-Oriented Product Placement

Heine maintains a regular conversation with its customers; keeping them informed on trends, best sellers and the latest promotions. The decision surrounding what products to place in their customer communication has traditionally been a manual one based on the merchandisers' instinct, taking into consideration factors such as seasonality, stock availability and sell-thru rates.

Heine believed it might be possible to improve performance by adopting a more data-driven approach. The challenge was to ascertain which additional data to include, how to manage it and what metrics to trust?

> " *We cannot wait another 5 years for a potential alternative to be built in-house. We must have these metrics now in order to master our digital business.* "
>
> Mathias Konopatzky. Procurement Manager, Heine

SOLUTION

The common factor across these three challenges was the need to manage ever-increasing volumes of data, at speed, from disparate and unconnected sources whilst deriving insights that lead to deeper understanding and fast, appropriate actions.

Heine partnered with DynamicAction and with its powerful, intuitive user interface, pre-configured and customisable views, and automated alerts, Heine now has immediate insights and prioritised opportunities to guide its next best actions.

RESULTS

Online availability: €2.5M (est.) gross annual revenue increase

Previously a long and laborious process for Heine, ensuring assortment completeness with DynamicAction is nearly instantaneous. Heine is now able to quickly identify and rectify operational issues, such as in-demand products selling well in stores that are not available online and high velocity products that were no longer available online for two consecutive weeks.

Decreased site abandonment: €1M (est.) gross annual revenue increase

Customer Searches for Product IDs returning "zero" results were causing customers to leave the site. Using Alerts in DynamicAction, Heine

estimated that 12,000 customers annually could be persuaded not to leave the site, significantly reducing cart abandonment.

Customer-orientated product placement: €1M (est.) gross annual revenue increase

Using DynamicAction, Heine has incorporated new metrics into decisions surrounding product placement and can now accurately measure the impact of changes to retailing profit.

Improvements in product lifecycle efficiency: profit per unit across the test group increased by nearly 40%

With DynamicAction, Heine identified early lifecycle products for which timely price changes would either improve retailing profit

or reduce the need for substantial end of season markdowns. Heine conducted a controlled test where they increased the selling price for the top 20 women's fashion items for a limited period. Monitoring the effect of these changes with DynamicAction's Action Impact feature, Heine proved that, although views and conversion rates dropped fractionally, profit per unit across the test group increased by nearly 40%.

Saves over 100 days of manpower annually

Heine estimates DynamicAction will save its teams over 100 days per year by providing metrics and insights that were previously unavailable or too time consuming to produce.

SUMMARY

In addition to the estimated increases in gross revenue, Heine predicts significant savings in the time and effort needed to get to actionable insight on its data. The result will be a more agile business that makes data driven product and customer decisions to continuously improve retailing profit by better serving its customers.

Forrester Research recently recommended DynamicAction as the key prescriptive analytics technology to replace predictive analytics in retail, and the National Retail Federation named DynamicAction the 2017 Digital Commerce Start-up of the Year for its ability to "significantly improve or radically alter how retailing is done."

DYNAMIC ACTION

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