A restaurant chain with 390 stores enables higher margins with TestSmart

OPPORTUNITY

A restaurant chain with 390 stores across the US and a revenue of > $3 billion was struggling with stagnant growth. Over the last couple of years, the company had not seen significant growth in revenue & margin as compared to the industry.

The company had a history of identifying ideas and implementing them across the chain or on a fixed set of stores without a strong rationale. These stores did not represent the entire universe of the company and hence the results from these stores were not reliable enough to be implemented organization-wide. In the case of company-wide experimentation, there were instances of projects causing irreversible changes leading to erosion of value. There was no centralized avenue to track, manage and analyze various experiments being run across the organization.

> "
> Testing and rolling out new initiatives has never been this easy for us. With TestSmart, we were able to create and run multiple tests at various levels. It has helped us measure the impact of any new initiative effectively before rolling it out to our entire store network.
> "

ACTION

Impact Analytics helped bring a structure to the process of running and analysing experiments for their brick and mortar stores. The company wanted to rationalize their menu by dropping a few low-selling items, identifying key products which were to be featured more prominently on the menu along with a price hike. TestSmart helped formulate this experiment and identified the best set of test stores where the experiment could be run to understand the effectiveness of this strategy. A small segment of test stores was identified which represented the overall universe of stores with statistical reliability. Control stores were also identified to assess the performance of the test stores during the experiment period. Analysis of key success metrics between Test and Control stores helped measure the effectiveness of the experiment without affecting the entire business.

OUTCOME

Impact Analytics' solution helped the restaurant chain assess the effectiveness of their strategy without risking the overall business. Strong test and control matching backed by a robust algorithm ensured reliability of the results. This helped the business roll out the strategy across the chain after reading a positive lift in margin during the experiment

~4%
lift in revenue for test stores when compared to control stores
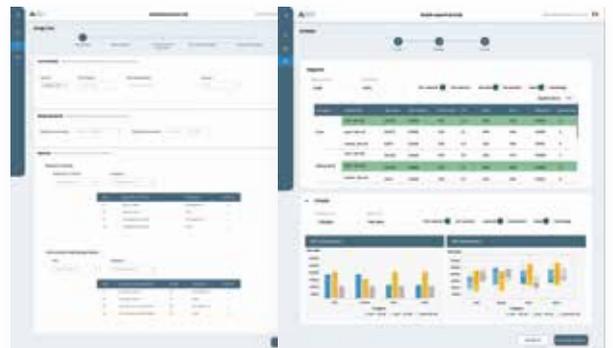
~9%
lift in margin for test stores when compared to control stores

WHAT'S NEXT?

After reading the success of the experiment in the test stores, plan the rollout strategy across the company using the rollout planning functionality on Testsmart.

Identify further experiments with strong hypothesis which can be planned with the help of TestSmart.

About Impact Analytics

Impact Analytics is a fast-growing, AI-powered software solutions company. A leading provider of planning, merchandising and forecasting tools for the retail, CPG and grocery sectors. Its suite of products for Assortment Planning, Allocation Optimization, Markdown Optimization and Promotion Planning is empowering leading retailers to make smart data-based decisions and transform their businesses and achieve substantial business benefits. To learn more, visit www.impactanalytics.co