

# Korean Department Store Recommendations

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# Objectives

- ▶ Determine which channel is used most by my customers for purchase
  - ▶ Then, what promotions are used the most on those channels
- ▶ Determine which brands sell the best on the varying channels
  - ▶ Then, what promotions are used the most for those brands
- ▶ Goal to increase customer loyalty and retention by targeting specific brands or channels

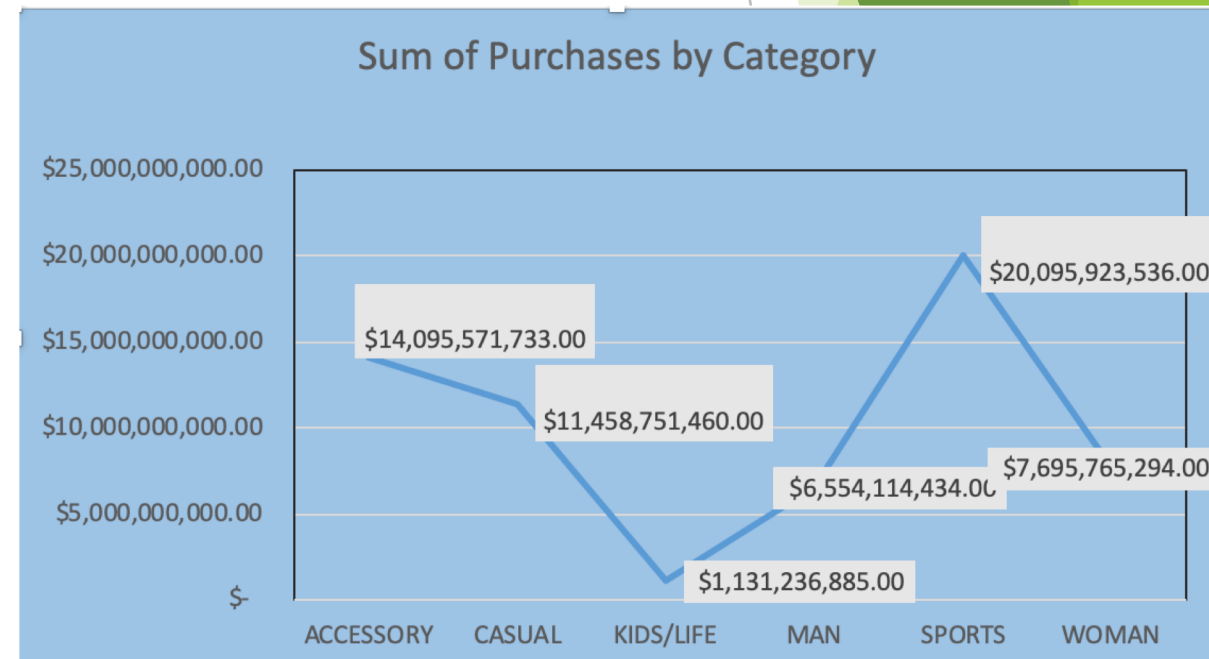
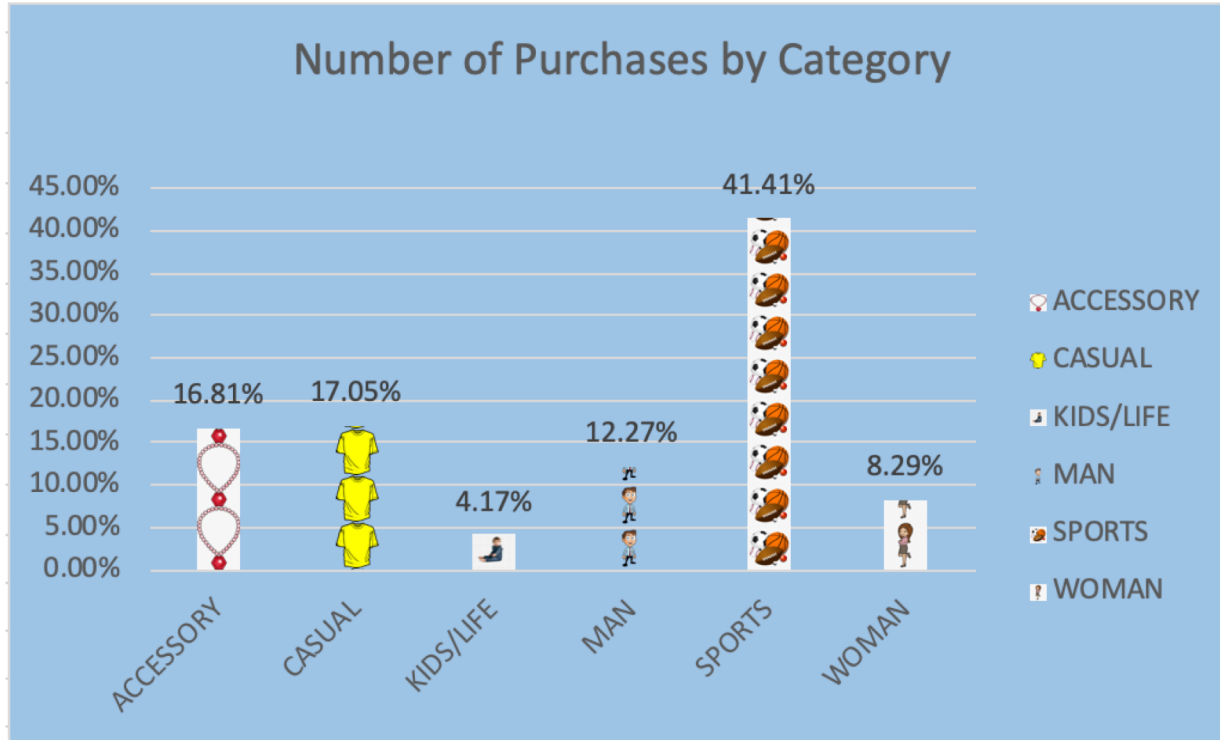
# Customer Overview: The Korean Customer

- ▶ South Korea has Asia's fourth largest economy
- ▶ 4% apparel market growth
- ▶ Estimated "68% of Korean's purchases are during a sale period"
- ▶ Well-educated, well-informed, and tech savvy
- ▶ Consumers tend to be cautious due to debt
  - ▶ Look for better value for goods, brands that are inexpensive



Source: "Spotlight on South Korea", *L.E.K Consulting*

# Sales Overview



- Sum of sales \$122,062,726,684
- Sports largest percentage of sales
  - With accessories, casual, and men's with opportunity for growth

# Forecasts

Base level of  
77,048 sales  
per month



Upward trend  
of .25% per  
month

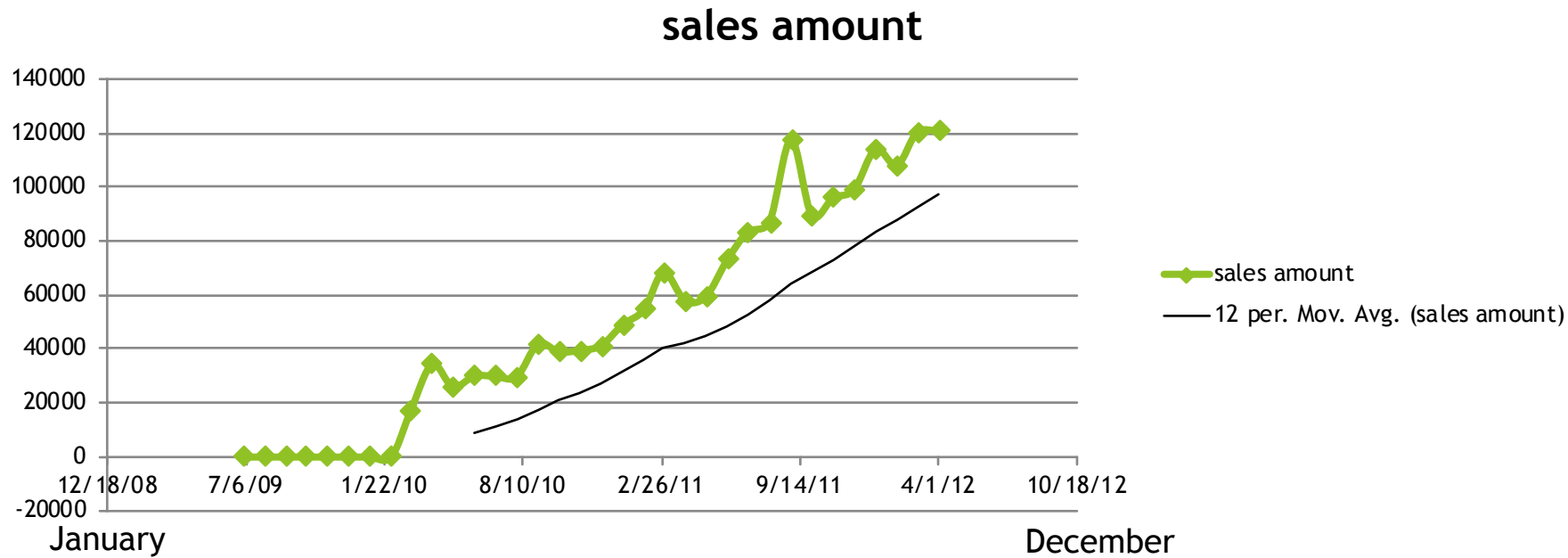
Months  
forecasted with  
most increase in  
sales:

1. February
2. June
3. July
4. August

Negative  
predictions:

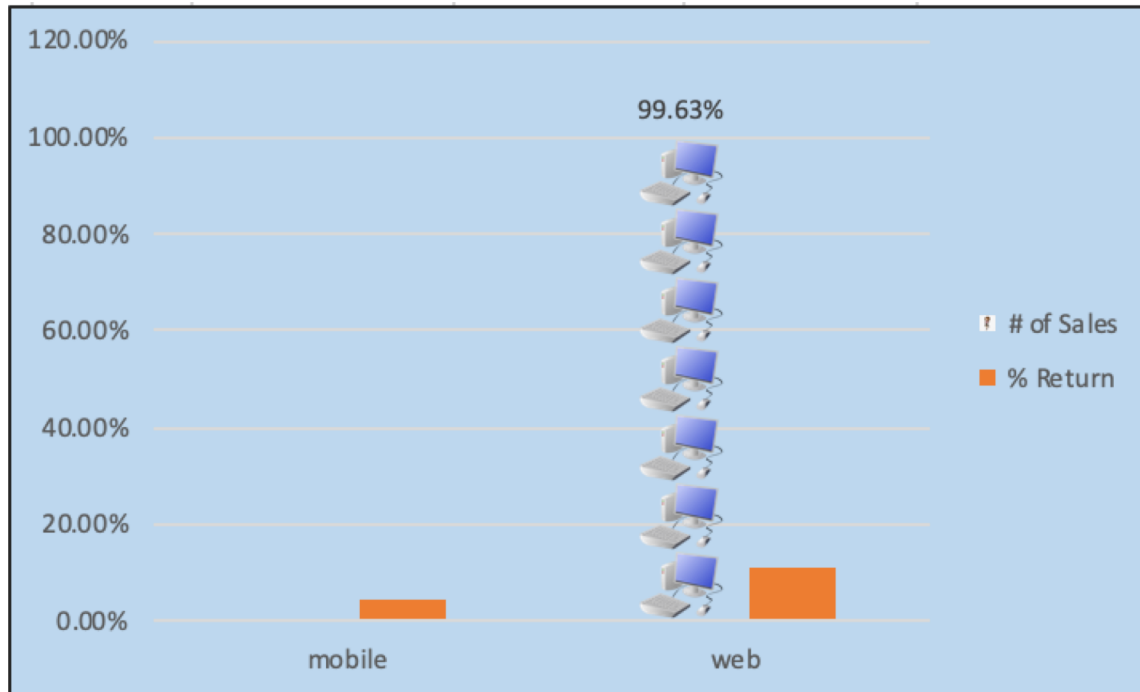
1. January
2. May

# Sales Trends



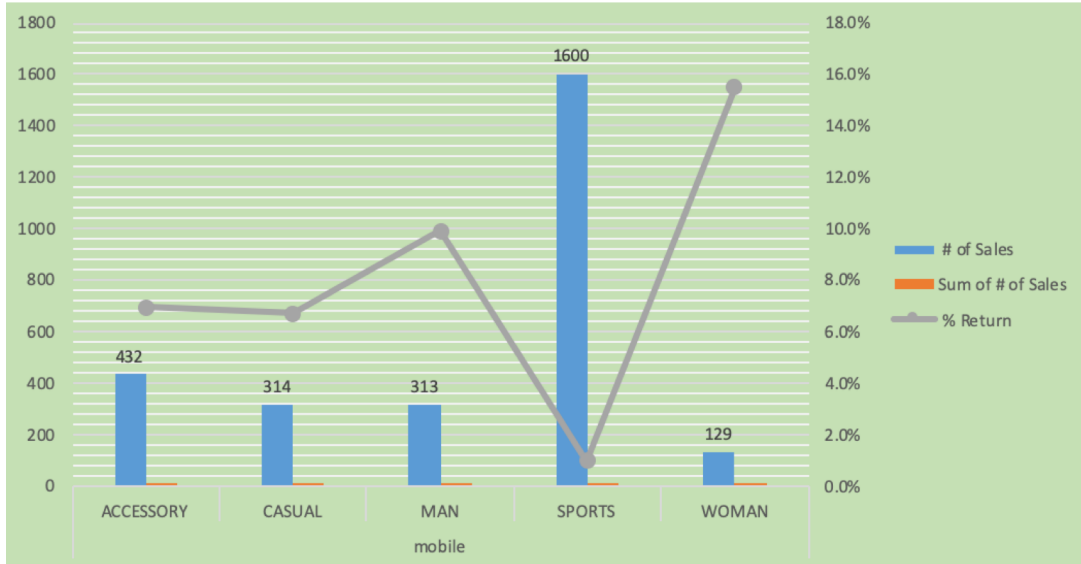
- Large sale increase after summer months
- Largest increase in September/October
- Lack of interest at the beginning of the year

# Sales by Channel



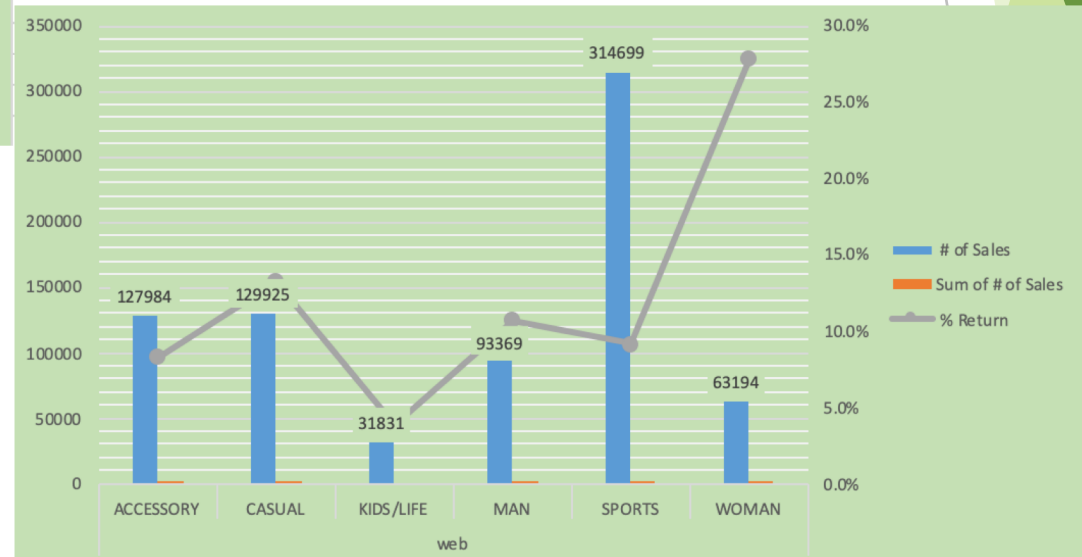
- Mobile sales result in .37% of purchases
- Web sales have highest rate of return, 11.2%
- Total sales= 763,790
  - Mobile sales= 2,788
  - Web sales= 761,002

# Category Sales by Channel



Mobile sales

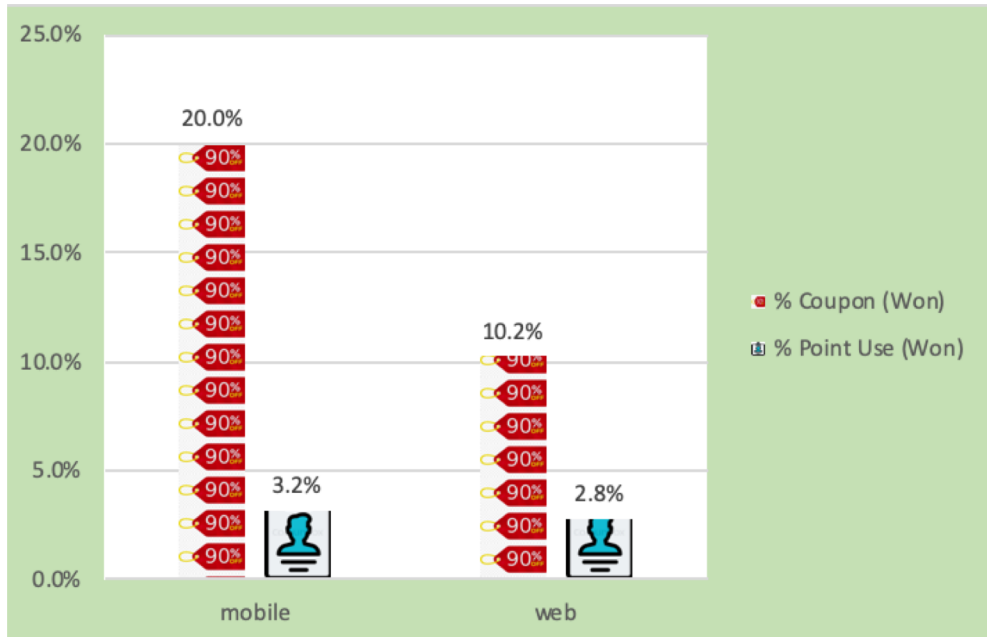
Web Sales



- Mobile purchases are most often in sports and accessories
  - While there is a low rate of returns for sports and high rate for women's
- Web sales are most often sports and casual
  - While there is a low rate of kids and a high rate of women's returns

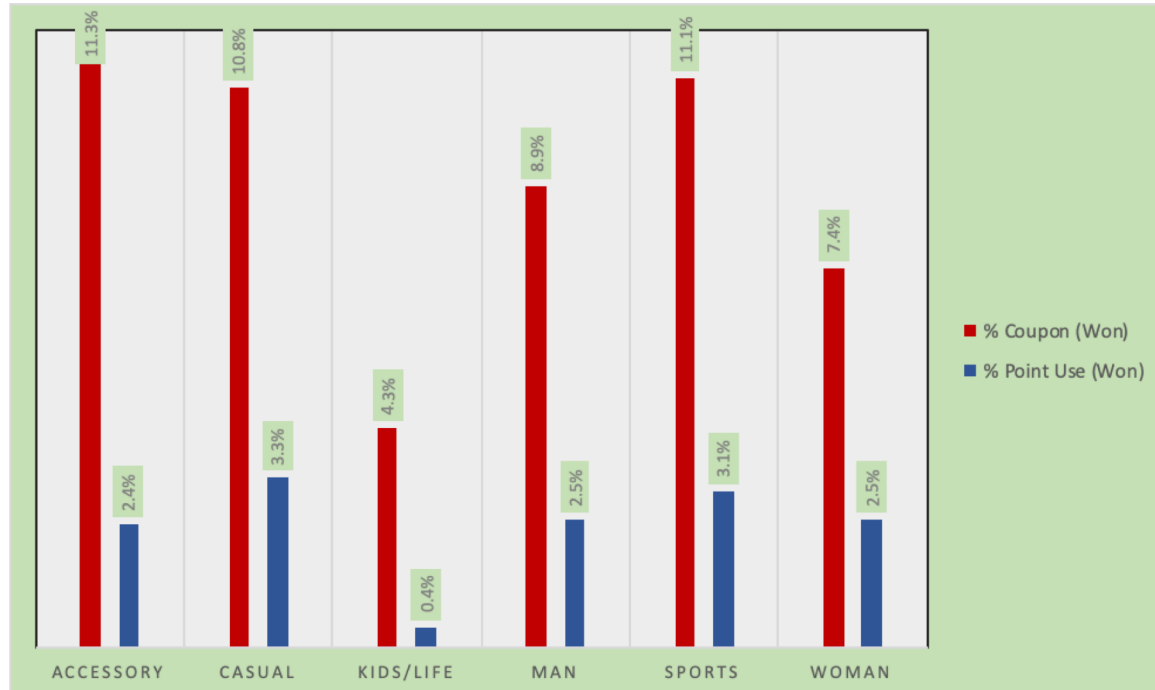


# Use of Promotions



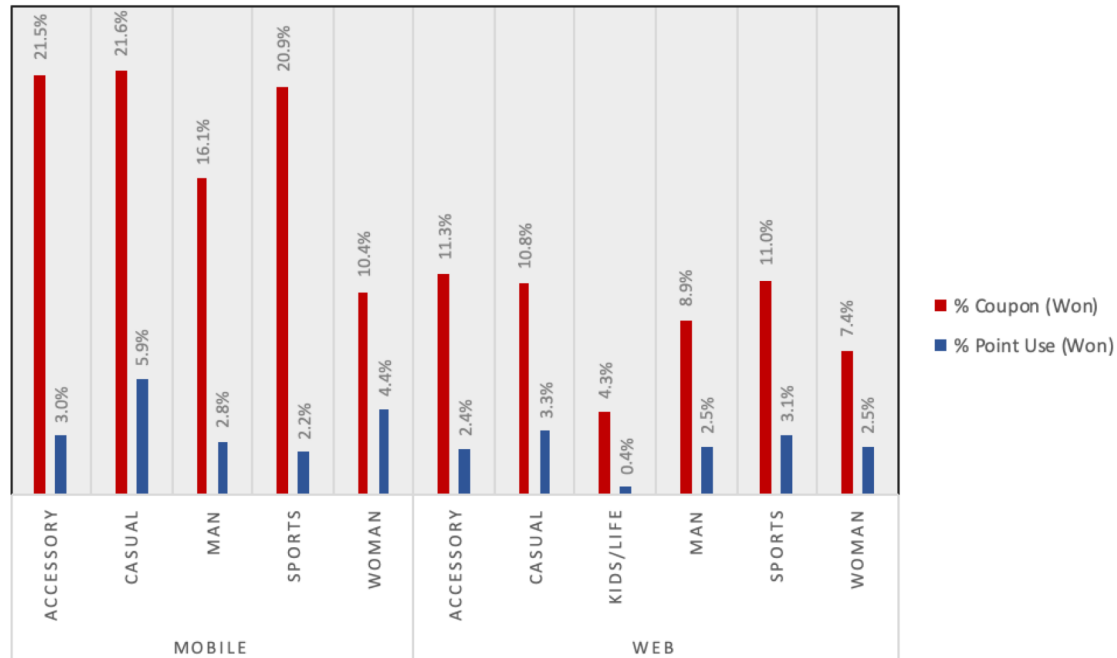
- On average 10.3% of all transactions used coupons
- While only 2.8% of transactions used points
- Opportunity for growth in use of points among customers

# Use of Promotions by Category



- Per transaction count, high amount of coupon use in accessories and casuals
- Most points are used in casuals and sports
- Growth opportunity for coupon use in kids

# Use of Promotions by Category and Channel



- Per transaction count there is a large amount of coupon usage on mobile
- Most coupons used in accessory, casual, and sports on mobile
- Opportunity for coupon usage growth on website

# Summary

- ▶ There is opportunity to grow the retailers mobile transactions
  - ▶ Navigate the coupon usage to gain more mobile traction
- ▶ Need to reduce returns in the women's category
  - ▶ Offer better sizing or more accurate recommendations
- ▶ Need to grow men's and women's sales
  - ▶ To leverage some of the accessory and sports sales
- ▶ Increasing coupon use on website
  - ▶ Currently driven by mobile
- ▶ Increasing overall points usage
  - ▶ Just 10% of total promotions use

# Recommendations

## Marketing

- ▶ Increasing targeted advertisements for men and women to shop mobile
  - ▶ Utilize social media
- ▶ Add marketing tactics to increase children's sales
  - ▶ Advertisements towards moms
- ▶ Increase customer knowledge on categories other than sports and accessories
  - ▶ Email campaigns to raise awareness

## Promotions

- ▶ Increase promotions in late winter months to increase sales
- ▶ Offer more outside of sports, especially in children and women
- ▶ Decrease advertisement for mobile coupons, increase for website
- ▶ Market point opportunities
  - ▶ Make customers aware of membership

# References

- ▶ Cho , Y., Choi, J., & Weber, J. (2013). Spotlight on South Korea Understanding the South Korean Consumer. Retrieved from Spotlight on South Korea Understanding the South Korean Consumer
- ▶ Winston, W. L. (2014). *Marketing Analytics*. Indianapolis, IN: John Wiley & Sons.