

# Case Study: Pocket Optimization

## About the Client

**Hallmark Cards**, the \$4.3 Billion personal expression industry leader identified CS Solutions (CSSI) as its Data Warehousing partner in the beginning of the year 2001. Since then, CSSI has created value in various ETI – DW projects. Hallmark has more than 40 different Data Warehouses and various other Enterprise DW initiatives for integrating all their silos under a single umbrella. During this relationship, Hallmark benefited the most by using the end-to-end capabilities of CSSI. CSSI was involved in many DW initiatives of Hallmark and delivered all of them successfully.

- U.S Greeting Card Market Share is greater than 50%
- Consolidated net Revenues: 4.2 Billion \$
- Total Product Offering: 48000 (19000 designs added every year)
- Total Retail Outlets: 43000 in US (4000 certified Gold Crown Stores, 1600 specialty and 30,000 mass retailers)
- International Presence: 100 Countries; 30 languages

## Client Situation

Pocket Optimization (POP) is the process of managing product displays at the store level by making incremental changes to displays between revisions. These changes can be made for a number of reasons, including:

- Identifying slow- and fast-turning PGUs at the store level and reallocating pockets to maximize sales
  - Increasing or decreasing the average price displayed by systematically identifying and replacing PGUs with similar PGUs at higher/lower price points at the store level
  - Introducing new captions/PGUs by identifying slow-turning product within a caption group and replacing it with new product
  - Improving the execution of annual maintenance (OBS/DDR) programs that remove discontinued and poor-performing product from a retail display.
1. Store and utilize business rules for planograms
  2. Store and utilize statistical models
  3. Access historical performance and display data for use
  4. Use the information listed above to product displays, at a store level, identifying “desirable” pocket-level product mix changes based on one of several scenarios, including:
    - Identifying slow- and fast-turning PGUs at the store level and reallocating pockets to maximize sales
    - Increasing or decreasing the average price displayed by systematically identifying and replacing PGUs with similar PGUs at higher/lower price points at the store level
    - Introducing new captions/PGUs by identifying slow-turning product within a caption group and replacing it with new product
  5. Review/assess the size and impact of the resulting recommendation, tuning as necessary at multiple levels, including the ability to:
    - Exclude stores
    - Exclude specific product (by PGU, at other levels as defined)

6. Interact with appropriate legacy systems
  - Update MasterCharts
  - Load orders into the Order Management system, complete with special instructions

Ensure logic is in place to prevent “duplicate” or unnecessary orders from being placed before the new order is shipped

## Our Solution

CSSI with its 4+ years relationship with Hallmark, worked with Hallmark’s team in delivering the first phase of the project and working with them for the second phase covering large number of stores.

CSSI assembled a core team each at onsite and offshore for delivering this project to Hallmark in time and in budget. CSSI team worked along with Hallmark’s team in the following areas:

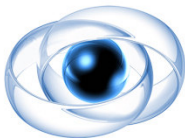
- Defining strategies to extract data and stage it
- Data Analysis and Mapping design
- Conversion design
- Specification preparation
- Developing conversions and programs
- Unit Testing
- System Testing
- Productionalization

The key challenges were:

1. Handling large amount of sales data for more that 40000 stores for Hallmark which includes Wal-Mart, Hallmark stores spread across US and Canada
2. Extracting data from multiple sources, transform them and feed that to optimization engine Involves, ETI and Mainframe programming skills

## Benefits

The ability to “tune” displays between revisions is necessary to support Hallmark’s Revision Reduction initiative. Additional uses allow Hallmark to become a more proactive partner with key retailers by more quickly responding to marketplace needs. This process includes the ability to identify stores that will benefit the most from tuning, recommend and execute pocket changes, and monitor the resulting change in sales performance.



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