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General Manager, Management System
Parkson

GETTING INTO THE SHOPPER'S MIND

SAS® Customer Intelligence solution enables retailer Parkson to reach out to more 'relevant shoppers'

Business Issue

To maximize its market reach and revenue, Parkson needed to better understand its customers' needs and shopping habits.

Solution

SAS Customer Intelligence uses data mining for predictive analysis of customer trends and behavior (customer segmentation), allowing the retailer to enhance its marketing campaigns.

Benefits

The number of shoppers responding to Parkson's mailers increased by 40 percent against the annual average. Spending per shopper among those who responded to the mailers was also higher.

Shopping is an impulse for some, a necessity for others. And most retailers assume that when customers walk into a store, they either purchase what they need or what attracts them the most. But is there more to it?

According to Parkson, there is. Especially in knowing who the "relevant shoppers" are and how to reach them. As a household name in Malaysia for the last 20 years, retailer Parkson realized that there was a need for it to have the right tools to turn the mass of data it had into accurate and significant information to help propel it toward becoming a premier retail brand.

The Parkson chain

Established in 1987, Parkson Corporation Sdn. Bhd. (Parkson) is the retailing arm of the diversified Lion Group, and has rapidly become one of the largest retail chains in Malaysia. Parkson operates on the tiered store/labels concept with three different store formats selected based on the retail market for each location.

To date, Parkson boasts 31 stores operating nationwide in Malaysia. Its premium brands, Parkson Pavilion and Parkson Suria KLCC, offer a whole new store environment with contemporary retail presentation, while its Parkson Grand department stores cater to middle- and upper-income families with a selection of merchandise focused on style, quality and variety. For those in the middle- to lower-income tier, Parkson Ria provides variety and quality at affordable prices.

Parkson is also present in Vietnam and China. In China, it is one of the largest foreign-owned retailers, with operations in prime locations across 26 major cities.

Understanding the customer

In the effort to maintain its status as a household name, Parkson is always looking for ways to optimize its market reach, customer understanding and revenue. To take its business to the next level, the company needed insight into customer behavior.

After several months of extensive evaluation, Parkson chose SAS Customer Intelligence to help achieve its objectives. SAS had already demonstrated itself as the best business intelligence vendor with global brands such as Office Depot, 1-800-FLOWERS.COM, Amazon.com, Staples, Eddie Bauer, Federated Department Stores and Octopus Cards. So Parkson embarked on a three-year investment to implement SAS Customer Intelligence throughout its stores across Peninsular and East Malaysia.

PARKSON

The SAS solution uses data mining for predictive analysis of customer trends and behavior (customer segmentation), allowing the retailer to have a clearer understanding of customer behavior. Armed with this information, Parkson is able to enhance its marketing campaigns in a three-pronged approach,

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including recency, frequency and monetary analysis, in an effort to increase shopper visits and encourage greater spending at its various outlets.

Reaping from intelligence

Since the implementation of SAS, Parkson has successfully undertaken several campaigns to identify and reach its relevant shoppers. Parkson’s General Manager – Management System, Lee Kong Huat, shares that it is always the intention of the retailer to minimize the cost of running marketing campaigns, but strive for optimal results.

“An example of how SAS helped Parkson achieve this was during the Parkson Members Day promotion, when mailers were sent to pre-selected members of BonusLink [Malaysia’s premier multipartner consumer rewards program]. Using SAS, Parkson was able to identify the best pool of shoppers to send the mailers to,” says Lee.

Upon implementation of the SAS solution, the number of shoppers responding to

Parkson’s mailers increased by 40 percent against the annual average. Spending per shopper among those who responded to the mailers was also higher than those who did not receive the mailer.

SAS also helped Parkson in a churn campaign targeting members who had not shopped at Parkson for a certain duration. With SAS, the company was able to identify members who could potentially be retained and helped Parkson reverse their churning behavior.

As SAS helps single out the relevant shoppers for Parkson – those who visit their outlets frequently and have greater spending power – the company can now understand each of the customer segments better, including information about their favorite brand, spending power, types of purchases and more.

“The SAS model provides us with a much more comprehensive and systematic way of analyzing the data we have. It points out methods to increase our mailer response

rates and the efficiency of our routine campaigns – with the same budget,” says Lee, adding that the customized reports provided by SAS have helped the company speed up its decision-making process.

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Moving forward, Parkson plans to implement several campaigns tailored to the different segments and needs of existing and potential customers.

“Armed with SAS, we can identify the best opportunities for us and are looking forward to exciting times ahead as we move forward with plans to provide a richer shopping experience with the right choices, variety and great ambience and to attract both planned and impulse buys,” adds Lee.



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