

Valuable basket metrics for category growth



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Category Management aims to understand how shoppers make purchasing decisions. Armed with this information retailers can use various tactics to support, enhance or change this behaviour to drive category growth. In a nutshell, the goal is to influence shopper behaviour at shelf level and thus boost sales.

Understanding and revisiting concepts such as Basket: Frequency, Penetration and Weight helps to guide tactical approaches that may change shopper behaviour. Let's break these down in detail.

Basket Frequency is an indicator of how often an item, or category, is bought over a given period. For example, a popular brand of cereal, on average, may be purchased once a week – hence this is the buying frequency.

Basket Penetration refers to the percentage of shopping baskets that include a specific item or category. For example, if 100 customers make a purchase on a given day and 20 of those purchase the popular brand of cereals, the Basket Penetration for the latter is said to be 20%.



Basket Weight looks at the quantity, volume, or value of a specific item. Buying two or more of the same item increases basket weight in terms of quantity. Similarly, choosing a larger size, such as buying a 500 gram pack instead of a 250 gram pack, relates to a volume increase. Buying a more expensive variant of the same product (opting for a more premium brand) relates to value increase.

By applying tactics to increase each of these metrics, retailers and category managers can potentially change shopper behaviour at the shelf-front and in doing so drive category growth. The four key levers commonly associated with retail tactics namely: **Price, Promotion, Assortment** and **Place**, can individually or collectively impact the metrics.



<https://hptpedia.hyper-trade.com/>

The following are the ways in which each key lever can be strategically applied to increase the respective metrics ...



Offering more attractive/competitive pricing can increase Basket Frequency and Penetration. Additionally, strategic pricing like volume discounts, for example buy two, get one free, can impact Basket Weight.

Regular promotions at intervals can encourage repeat purchases increasing Basket Frequency. Promotions supported by in-store displays can increase a product's visibility, and consequently





the likelihood of it being selected by the shopper. This drives Basket Penetration. Basket Weight, in turn, can be increased through bundled product offers that lead shoppers to buy more in a single transaction.

Having a product range comprised of the best-selling items, as well as innovative ones, can keep shoppers 'returning for more' thus increasing Basket Frequency. Again, aligning the assortment with the shoppers' mission can drive Basket Penetration. The depth of the assortment, that is the number of options available including: different brands, flavours, and sizes of a single product group can encourage shoppers to buy more variants, or bigger sizes – thus increasing Basket Weight.

Effective merchandising and store layout makes it easy for shoppers to navigate, find and choose products – potentially increasing not only Basket Penetration, but also Basket Frequency. In turn, displaying bulk items in key areas can encourage shoppers to buy more on any given shop thereby increasing Basket Weight.

Using these metrics can benefit decision making in other ways too

Here are some examples ...

Improve store layout and product placement.

Understanding which items frequently appear together in the same basket (via Basket Frequency) can assist with more informed store layouts, category adjacencies, plus product groupings and contiguity within the category.

Tailored promotions.

For instance, high margin items with low basket frequency might benefit from promotions that aim to encourage repeat purchases. To do this, retailers can leverage products that already enjoy high sales rates to encourage purchases of higher margin but less sold products. For example, "buy coffee beans and get a discount on premium filters".

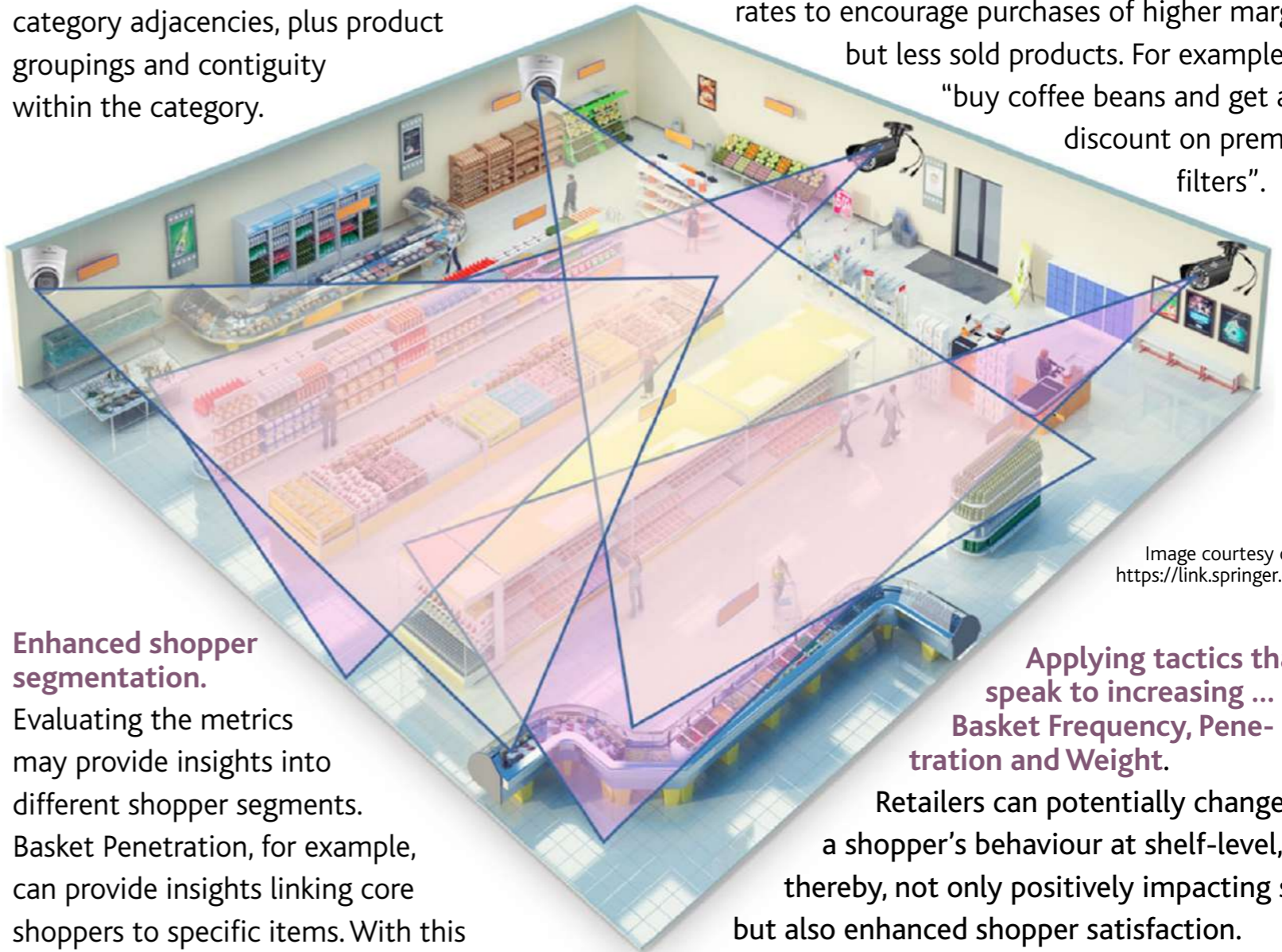


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Enhanced shopper segmentation.

Evaluating the metrics may provide insights into different shopper segments. Basket Penetration, for example, can provide insights linking core shoppers to specific items. With this information, retailers can develop segmented tactics that resonate with these shoppers, boosting purchases and possibly retention.

Applying tactics that speak to increasing ... Basket Frequency, Penetration and Weight.

Retailers can potentially change a shopper's behaviour at shelf-level, thereby, not only positively impacting sales, but also enhanced shopper satisfaction. Ultimately, the careful application of these insights can derive benefits that achieve competitive advantage. **SR**

