



ONLINE DISCOUNT RETAIL TRENDS AND FLASH SALE PERFORMANCE AT GILT GROUPE, INC.

GILT GROUPE, INC.

MISSION: Gilt provides instant insider access to today's top designer labels, at up to 70% off retail. Become a member and find something new every day for women, men, kids and home as well as exclusive local services and experiences. Sign in and see what inspires you today.



CUSTOMER PROFILE:

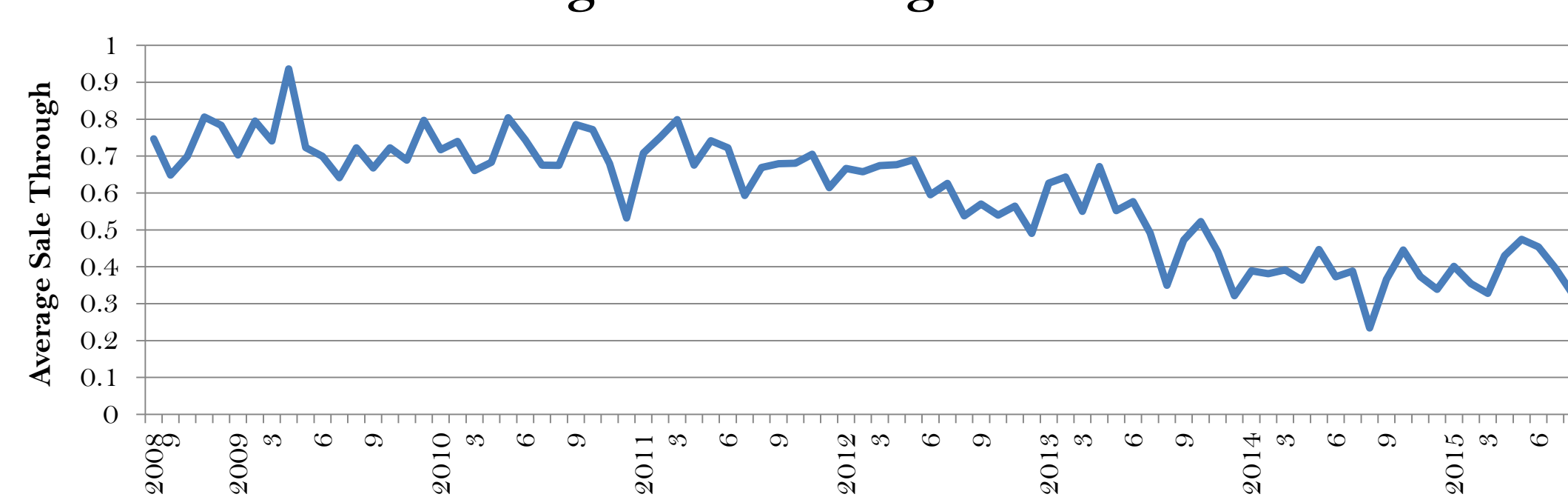
- Young
- Affluent
- Engaged
- Stylish
- Connected

Discretionary Spending Index

Based on the SP500 Discretionary Consumer Company's Index

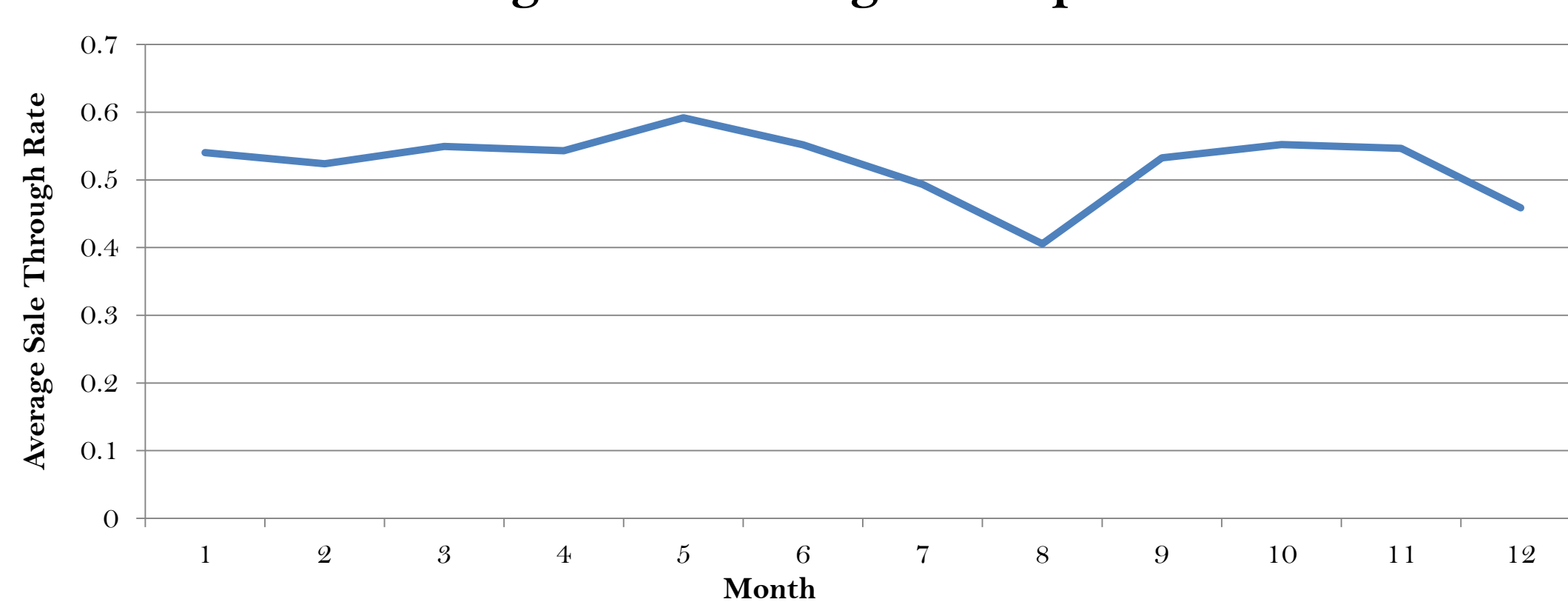


Average Sale Through Over Time

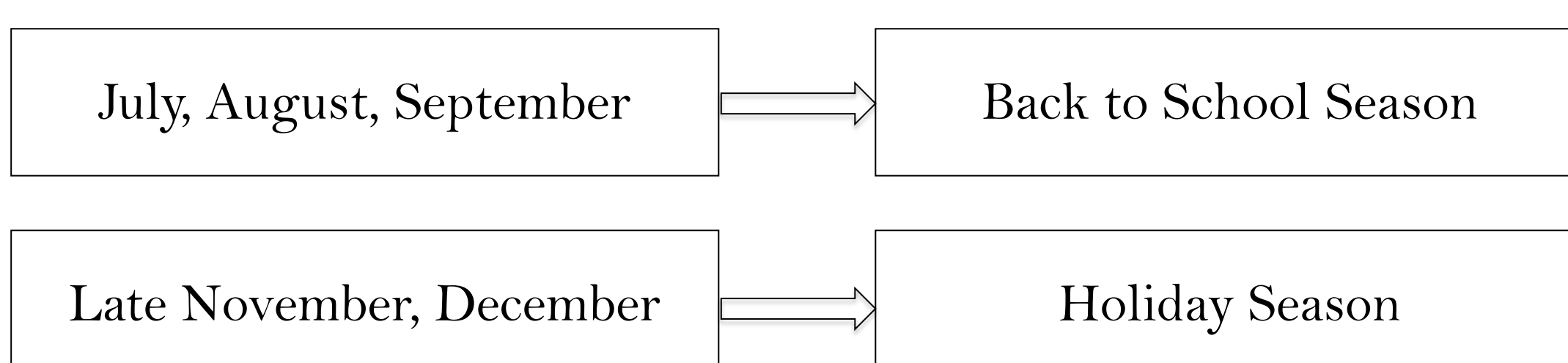


SEASONALITY

Average Sale Through Rate per Month



LEAST SUCCESSFUL MONTHS:



REFERENCES

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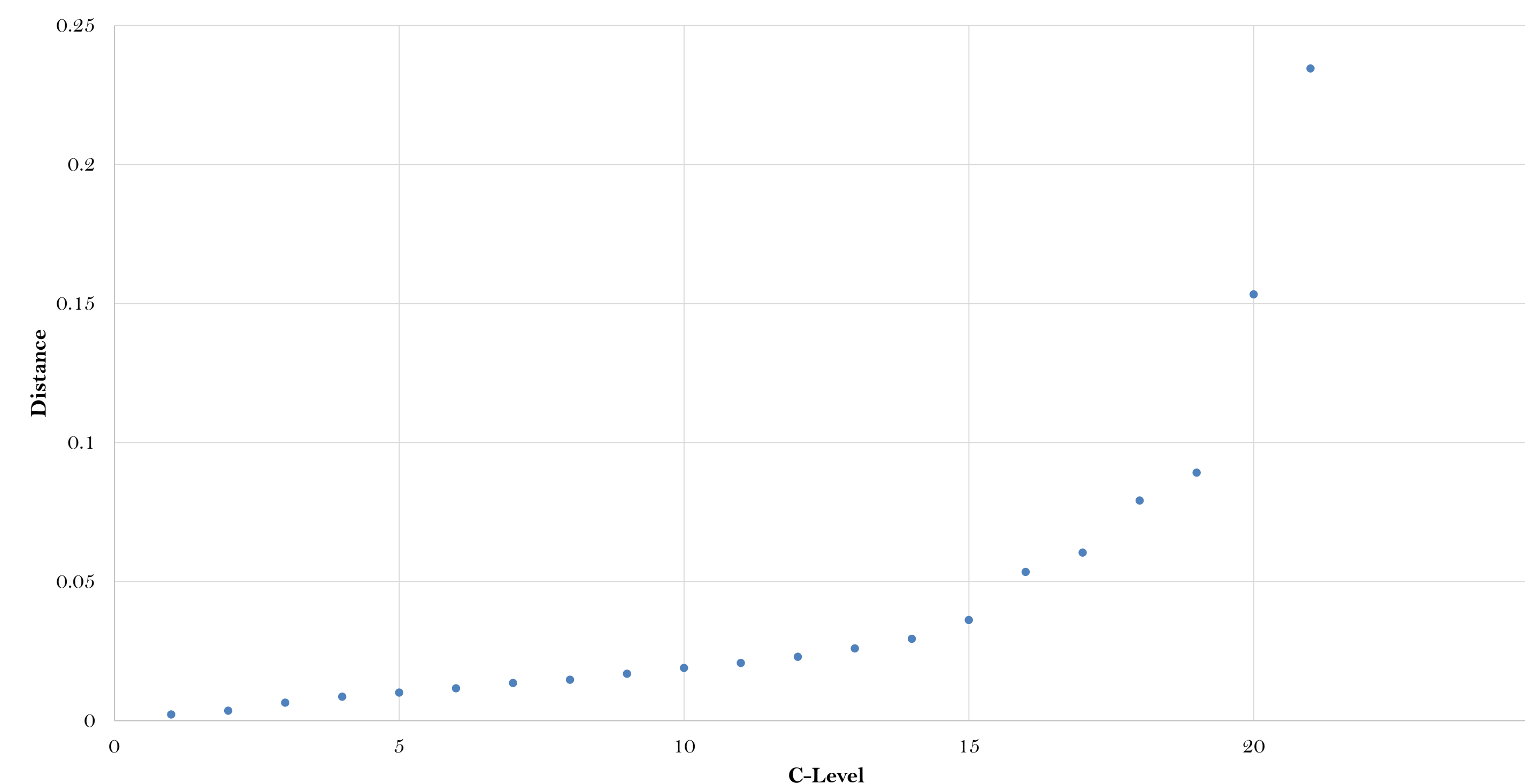
RECONSTRUCTABILITY ANALYSIS

PURPOSE: to break down a given overall system into simpler subsystems that preserve enough information about the overall system

Variable	Assignment
1	unit price
2	msrp
3	percentage discount
4	num SKUs
5	look price percentile in sale
6	average sale look price
7	sale look ST rate

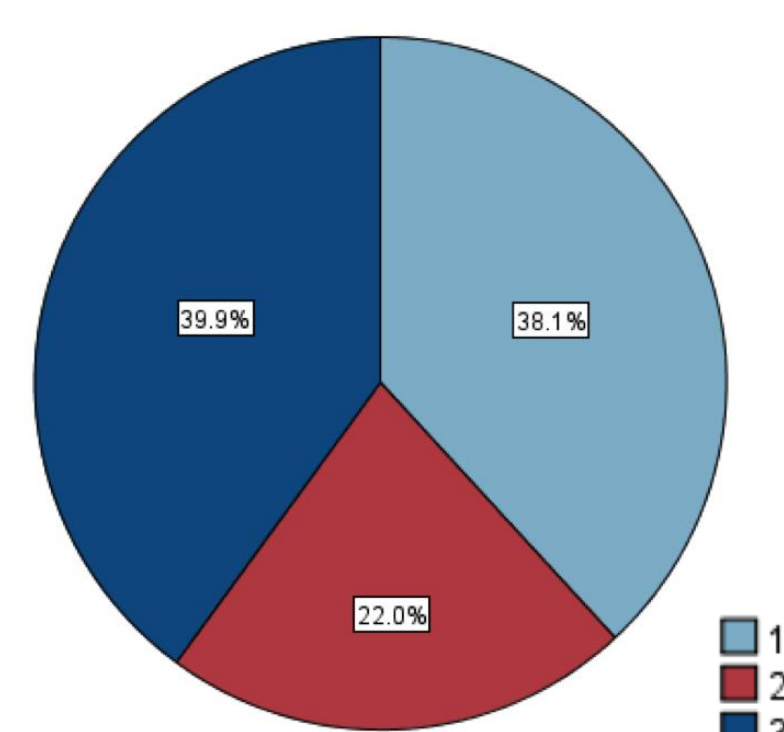
KEY TERMS:

- C-Level – the number of variable pairs that have been broken
- Distance (D) – the percentage of information lost from the original system



C-LEVEL 15 → 16:
 Look Price % & Avg Sale Look Price
 $\Delta D = 1.73\%$

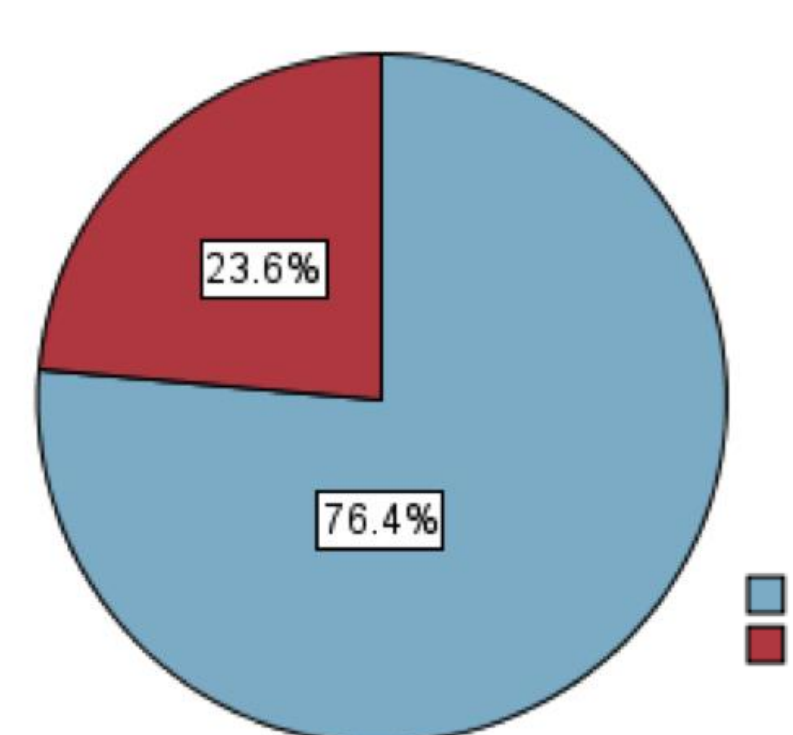
Cluster Sizes



Cluster #	#1	#2	#3
% of Data	38.1%	22.0%	39.9%
Avg Sale Look Price Mean	\$128.82	\$437.34	\$134.84
Look Price % Mean	19%	48%	71%
Average Sale Through Ratio	52.01%	51.98%	52.02%

C-LEVEL 19 → 20:
 Unit Price & Avg Sale Look Price
 $\Delta D = 6.41\%$

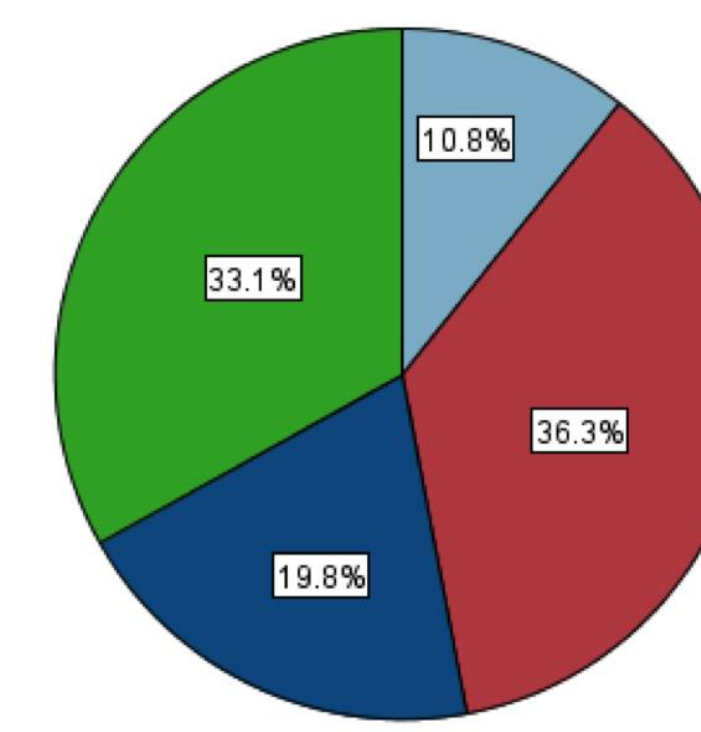
Cluster Sizes



Cluster #	#1	#2
% of Data	76.4%	23.6%
Avg Sale Look Price Mean	\$129.61	\$423.75
Unit Price Mean	\$128.34	\$458.19
Average Sale Through Ratio	52.81%	49.46%

C-LEVEL 17 → 18:
 Unit Price & Percent Discount
 $\Delta D = 1.87\%$

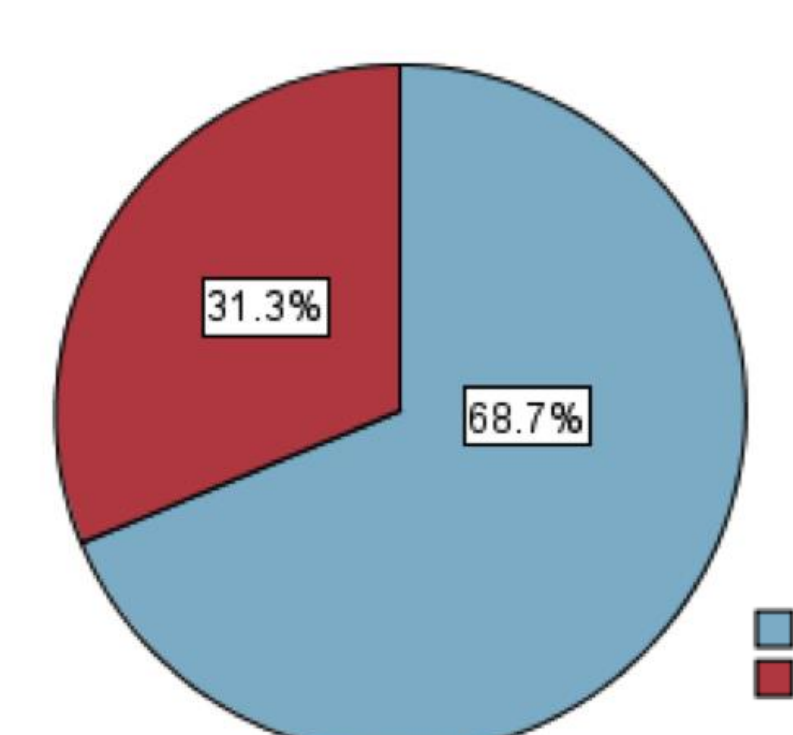
Cluster Sizes



Cluster #	#1	#2	#3	#4
% of Data	10.8%	36.3%	19.8%	33.1%
Percent Discount Mean	.19	.41	.54	.55
Unit Price Mean	\$517.34	\$110.39	\$350.20	\$123.82
Average Sale Through Ratio	43.45%	49.25%	51.55%	58.12%

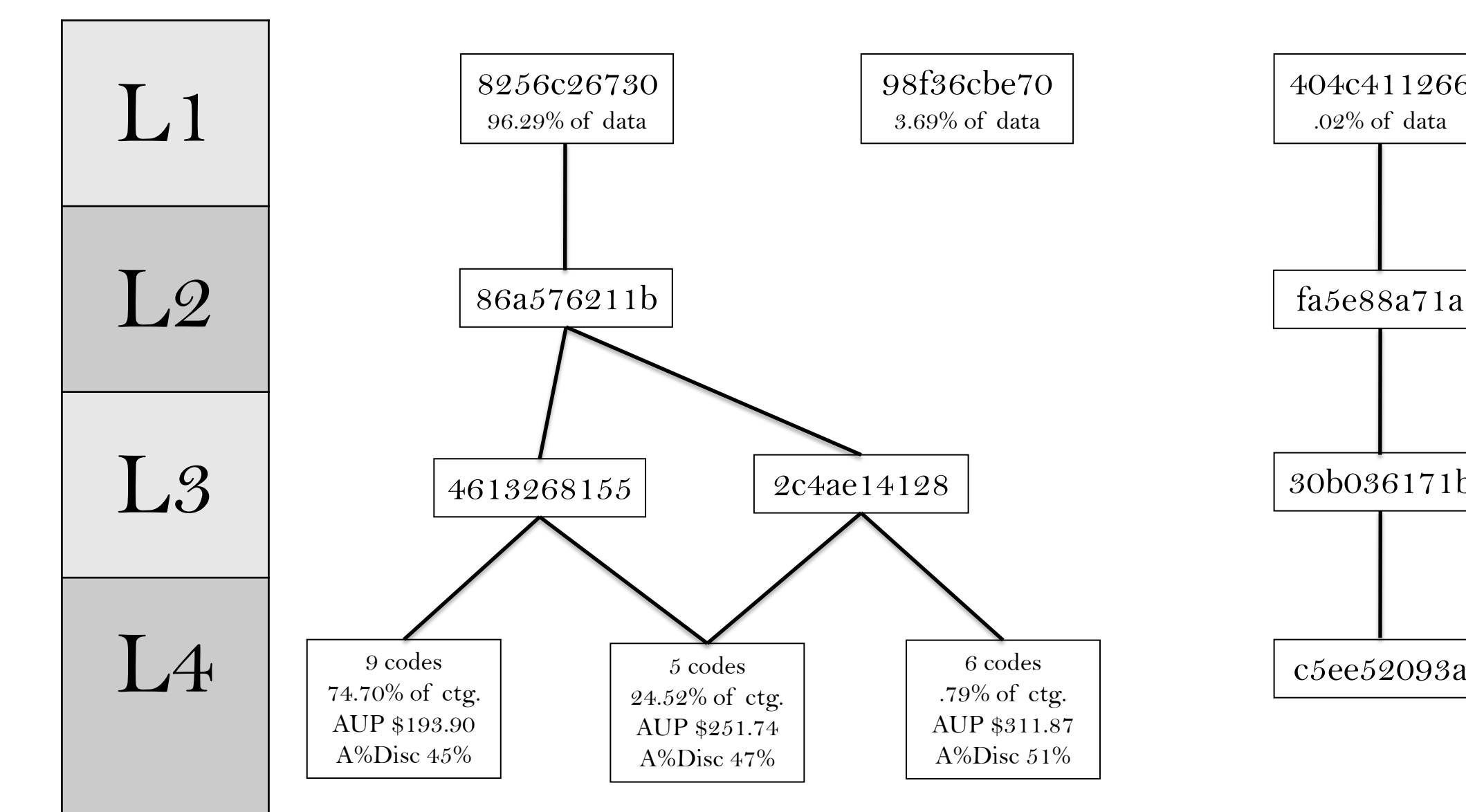
C-LEVEL 20 → 21:
 Unit Price & MSRP
 $\Delta D = 8.12\%$

Cluster Sizes



Cluster #	#1	#2
% of Data	68.7%	31.3%
MSRP Mean	\$220.61	\$764.68
Unit Price Mean	\$113.64	\$409.82
Average Sale Through Ratio	52.52%	50.91%

CATEGORY LEVEL CODE STRUCTURE



OUR RECOMMENDATIONS

COMPETING ON PRICE:

- Focus on lower-priced items because they make up most of the inventory
 - Almost 80% of items sold fall into clusters with an average sale look price of ~\$130
- Always have lower-priced items on sale
 - Sale through ratio is low whenever only higher-priced items are on sale
- Test larger percentage discounts on lower-priced items
 - Lower-priced items with small percentage discounts do not sell as well as those with large percentage discounts

BEYOND PRICE:

- Engage more with brands that are successful and disengage with brands that are consistently unsuccessful
- Focus on increasing incentives during back to school and holiday seasons
- Increase customer interaction on website with customer reviews and forums to discuss fashion trends
- Further explore customer personalization through capturing customer data to develop deeper customer relationships

Popular Brands

Brand	Avg Sale Through Rate	# of Looks
32052	100%	5
1177	100%	10
525	100%	10
46	100%	4
1313	100%	4
504	100%	3
505	100%	2
753	100%	4
391	100%	7
1161	100%	4

Unpopular Brands

Brand	Avg Sale Through Rate	# of Looks
42679	0%	8
1589	0%	1
36088	0%	1
247	0%	2
34003	0%	1
445	0%	24
3026	0%	11
28541	3%	7
31826	3%	24

LIMITATIONS

KEY MISSING VARIABLES:

- **Cost of Goods Sold** - Calculate the margin for each product and determine the item(s) that add the most value to Gilt's bottom line
- **Number of Units** - Calculate sales figures and determine sales leaders in terms of units sold
- **Stocking Time** - Identify items that sit for the longest time in warehouses and determine why