Optimizing Gilt Groupe

Variety Does NOT Equal Success

### Three Scenarios

**Scenario 1:** Demand Side
- Assumption 1: Demand is proportional to the number of active customers.
- Assumption 2: Demand is not affected by the price of the product.
- Assumption 3: Demand is inversely proportional to the time available in the market.

**Scenario 2:** Supply Side
- Assumption 1: Supply is inversely proportional to the number of available products.
- Assumption 2: Supply is affected by the price of the product.
- Assumption 3: Supply is not affected by the time available in the market.

**Scenario 3:** Market Forces
- Assumption 1: Market forces are determined by the balance between supply and demand.
- Assumption 2: Market forces are affected by external factors such as competition.
- Assumption 3: Market forces are not affected by internal factors such as inventory levels.

### Predicting Stock Rate

The charts above show the evolution over time of the number of shares traded and the average price per share. We observe that the number of shares traded has increased over time, while the average price per share has decreased. This suggests that the market is becoming more efficient and that new investors are entering the market, driving up the number of shares traded.

### $1 Billion Valuation in 2011

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  - This analysis shows that our target consumer prefers lower prices. The top-selling percentile in sales graph shows a decline in average sell-through rates as the products offered decreased in price. This relates to increasing complexity and variety as the price decreases. If the complexity of our current products is lower than 80%, we should consider increasing our number of products to a higher number to increase our total sales.

### Conclusions

1. **Increasing complexity and variety caused a decline in performance.** This increase in performance represents the drastic fall in the value of the company from 2011 to 2016.
2. **We suggest decreasing complexity and variety along with returning to higher discount rates.**
3. **Offer proven successful variants such as $150, $50, $75, and offer brands with recognized higher sell-through rates such as $420 and $1600.**
4. **Decrease the number of seasons offered to just four seasons, offer lower priced items that encourage a volume oriented business model, and a return to focusing on exclusively women’s fashion.**