RS Components

Increasing revenue by optimizing the SKU rationalisation process

An eClerx Digital Case Study

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Case / RS Components

Learn how we optimized a vast number of SKUs using Competitive Intelligence and machine learning analytics to provide our customer with a data science toolkit to make informed decisions at speed and scale.

Results:

40% Revenue increase

11% increase in product demand

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Challenge: Maximize margins by deciding what products to keep, remove, add and improve.

RS Components carries a portfolio of over 500,000 industrial- and electronic product SKUs across 30 categories and thousands of brands. With operations in 32 countries, they trade through multiple channels and ship over 50,000 parcels a day.

The massive sales volumes for these SKUs and market demand vary widely and change often, making it time-consuming to optimize the company's products range.

How can we optimize their SKU rationalization process by surveying the competitive landscape to identify and take advantage of market opportunities in order to maximize margins. And do it at speed, and at scale.

Solution: Automatically assessing the optimal SKU range by bringing out insights on product performance and opportunities.

The solution automatically assessed the optimal SKU range for a product based on a multitude of factors:

- Digital interaction
- Customer information
- Transactions,
- Equivalent competitor ranges,
- Marketplace and customer search/demand data.

Indices used to measure SKU performance across 5 dimensions that impact category performance:

- Traffic Index
- Sales Index
- Content Index
- Conversion Index
- Demand Transfer Index

Technologies used
- eRange
- Merchandiser+
- eCube

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Results and Key Metrics: Significantly increased revenue and product demand and a toolkit for future decision-making.

The solution empowered RS Components category management stakeholders with an objective, provided a data science-based toolkit to make informed decisions at speed and scale, and offered recommendations.

After implementation of the solution in one top category, RS Components saw a 40% increase in revenue and 11% increase in product demand in a top category of their products.
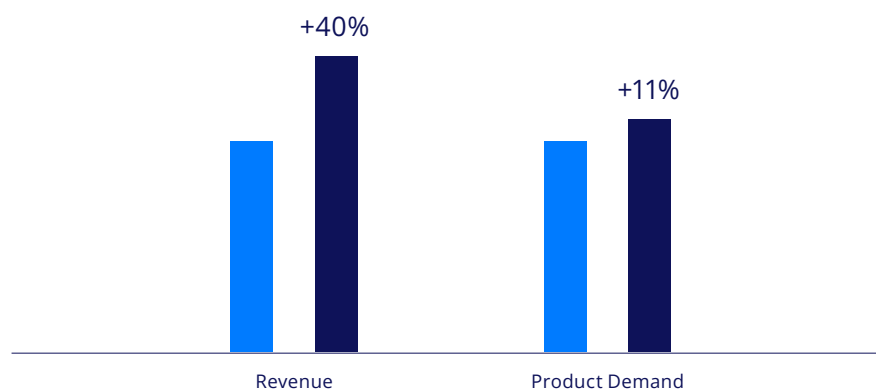
"We partnered with eClerx Digital to help us streamline our product offer, taking a data-driven approach to removing, adding, retaining and improving the assortment of SKUs based on demand. Their ability to quickly formulate an analytics framework to address the problem at hand, bringing data science and technology to develop a scalable solution, enabled our category teams to spend less time trawling through data, and more time strategizing their range mix according to customer needs."

RS Component, Product Manager

eClerx Digital won ISG's 2021 Digital Case Study Award for its proprietary SKU Range Optimisation for RS Components. ISG showcase the year's best provider and client partnerships.

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How we did it: A holistic data-driven approach for speed and scalability.

The inputs from the data scraping were modelled using an ensemble of technologies and tools to bring out insights on product performance and opportunities for supplier brands and product changes.

- NLP & Machine Learning algorithms
- Text matching
- Substitutability
- Assortment intelligence
- Clustering
- Forecasting

Operational Capabilities used:
A total team of 62 people

Experts and Advisory used:
6 subject matter experts

Technologies used
- eRange
- Merchandiser+
- eCube

Approach to recommend Keep/Drop SKUs by category

1. Customer decision tree.
2. Demand forecasting
3. Demand Transference
4. Halo impact Calculations
5. Range optimization
6. New product addition.

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About eclerx digital

eClerx Digital is the trusted partner of choice to many of the world's largest global brands for creative production, eCommerce/web operations and analytics and insights services. We help clients maximize the results of their digital activities across the customer journey. We complement existing capabilities through data analytics and marketing support. Global industry leaders partner with us to cost-effectively scale their digital activities by leveraging our highly-skilled and blended resource model.
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