How to recognize campaigns that cause cannibalization (topic presentation)

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Background

- If product A is in a campaign (promotion), it can decrease the demand of a non-promotional product, product B

- This phenomenom is called cannibalization

- Cannibalization relationships can be recognized by a few different methods

  – Examples include sales correlation and receipt analysis

Background

- When a cannibalization pairing has been created, we can create cannibalization events for product B for periods when A is on promotion
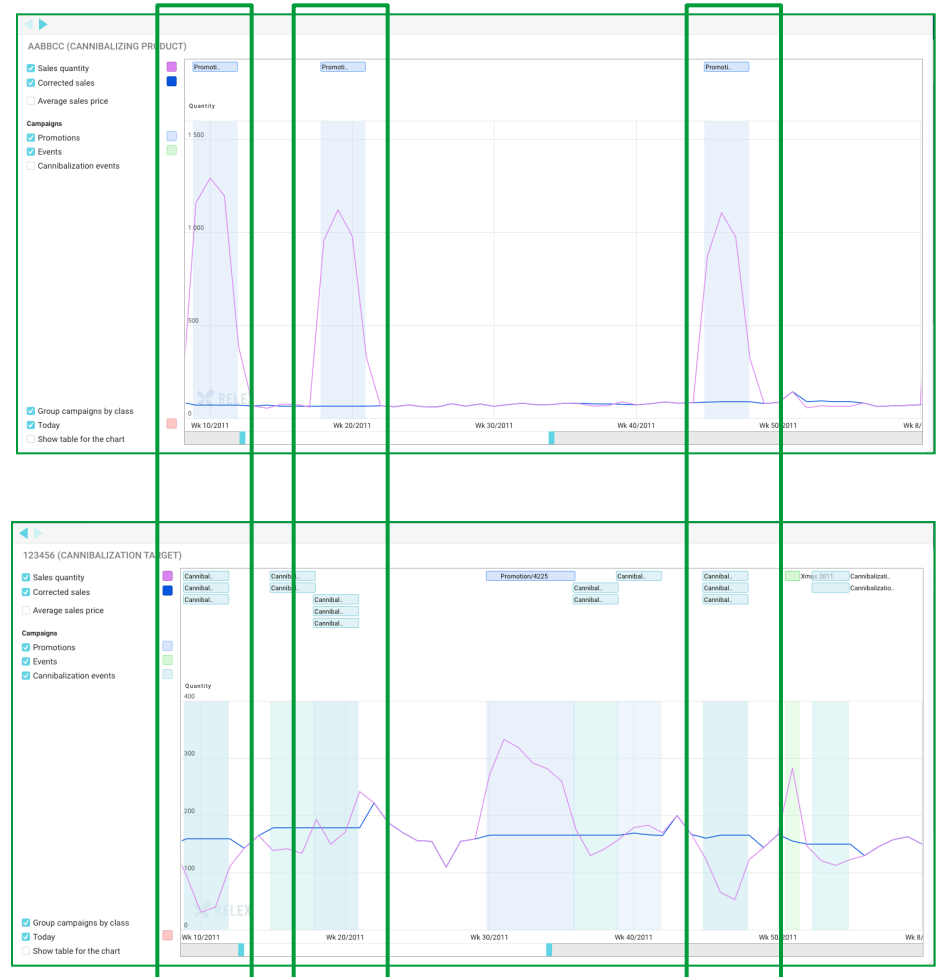
Background

- Being able to forecast these cannibalization events decreases spoilage during those time periods
- Forecasting cannibalization requires knowledge of when cannibalization actually occurs
  - Even if we have already established the relationships, we can't be certain that each campaign of product A causes cannibalization (or the same amplitude of cannibalization) for product B

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Goals

- The goal is to find out what campaign parameters and metrics attribute to cannibalization
  - E.g. if additional sales of product A during a campaign are > x and the price reduction is > y, product B's demand decreases

Data and scope

- The analysis will be conducted with data from one of Relex Solutions' customer environments
    - Food retailer
- The data will consist of promotions of three different product groups
    - Time period 2014-2016
- The promotion data will be combined with information of the cannibalization event and cannibalization relationships

Analysis method

- Taking advantage of the Relex setup and calculations gives us the campaign data, cannibalization event data and cannibalization relationship data in the right format

- The data will be analysed in R, method is to be decided later on

  - Investigating the possibility of using logistic regression

- A literature review will also be conducted

Schedule

- 1/2018: Choosing the topic
- 2/2018: Presenting the topic, setting up the analysis and literature review
- 3/2018: Analysis
- 3-4/2018: Writing the literature review
- 5/2018: Presenting the results