

BeSci Wins!

Drink Sales
Reversed





Category: Retail / Food and Beverage

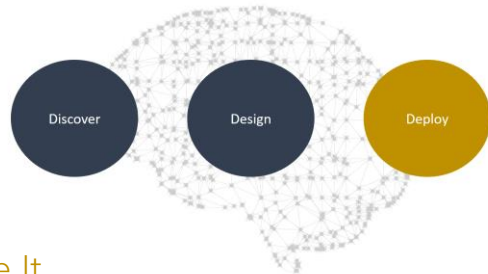
Project: Reverse Drink Sales Decline

Client: Naked Juice Bar, Sweden. 23 Stores

Naked Juice Bar is the #1 in the health drinks retail category in Sweden. They experienced a 10% downturn in drink sales over 18 months. The Board and Executive believed the sales decline was due to a market downturn. Separately they had deleted a kids cup size because it wasn't selling as well as the other two adult cup sizes.

Our BeSci Hypothesis: The *kids cup* deletion caused a reverse decoy effect impacting customer choice and resulting in lost sales. There was no market downturn. We needed to prove it.

Our BeSci Approach



Phase 1: Let's Prove It

- NJB allocated 2 'Experimental' stores for the project
- We analysed data from the 2 stores for 6 months prior to the deletion against previous years
- We proved a causal relationship that the kids cup size

deletion resulted in decline of overall drink sales of 19% and 11% units in the two stores respectively.

- Unexpectedly we also identified a 10% decline across Premium Blends: A drink line where no kids cup had been available.

Phase 2: Nudging Success

NJB wanted to reintroduce the kids cup. We deliberately recommended *against* re-introducing the kids cup size as the data indicated these customers had already 'left'. We needed a faster solution to halt the sales decline. The aim was to intervene and nudge existing customers.

We recommended a 3rd Adult Cup size be introduced to create an asymmetrical dominating decoy effect. Profitability analysis was calculated for product volumes before pricing determined. Staff were trained in the new products prior to the pilot. The pilot timing was limited due to upcoming seasonal holidays that would impact pilot results. The Pilot results proved an 8.2% uplift in revenue and 4.8% uplift in units sales within 6 weeks across the 2 experimental stores. The new cup size was introduced to the team at a national conference and roll-out nationally.

Challenges to Nudging in the Real World

- NJB wanted to immediately make 13 nudges to their menu. We needed to slow this down to 1. To get proof points of nudge success.
- It took 3 months to collect the baseline data. NJB had to manually collect the sales data which to their credit they did. They were in the process of moving to an electronic POS.
- 1 million cups had been ordered from a new cup supplier. They were a different size to all the existing cups. We needed to modify the nudge design to accommodate the new cups.

Big Win Recommendation:

Introduce **pilots for product deletions** to measure unintended consequences.

We applied BeSci to hypothesise the problem, data science to prove it, and nudge interventions to solve it.

Measured Results Matter

-19% and -11%

Decline in total drink unit sales = causal relationship proven
(p=0.0002 and p=0.0139)

2

Experimental stores

+8.2%

Increase in revenue in 6 weeks

4.8%

Increase in unit sales in 6 weeks