



RETAIL CMO SERIES

# From Strategy to Success:

Journey to Profitability in Retail



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**Written by:** Melissa Tatoris  
VP, Retail, *Zeta Global*

Melissa is a 23-year retail veteran and results-driven, strategic marketing leader with proven experience owning P&Ls with Fortune 500 companies including ULTA Beauty, Office Depot, Sears Holdings, and IBM. She currently heads up Zeta’s Retail Practice, helping clients drive market share, brand recognition, and revenue growth.

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# Understanding the Retail Landscape

**Understanding the evolving retail landscape – including key trends and challenges – is crucial to staying aligned with market needs, fostering growth and innovation, and driving long-term profitability.**

## E-commerce growth

Online and social shopping continues to surge, driven by convenience, competitive pricing, broad selection, and bespoke offering of unique products. Retailers are expanding their digital presence and enhancing user experience with faster delivery options and personalized recommendations.

## Omnichannel retailing

Retailers are integrating online and offline channels to create frictionless shopping experiences (the fewer clicks, the better). Technologies like buy online, pick up in store (BOPIS), and mobile apps allow customers to easily transition between digital and physical stores.

## Personalization and AI

Early retail adopters are using artificial intelligence to personalize shopping experiences, from product recommendations to targeted marketing. Many are also using advanced data analytics to understand customer preferences and enhance engagement.

## Sustainability

Consumers, especially younger generations, are increasingly prioritizing sustainability and ethical sourcing. Retailers are responding by adopting eco-friendly practices, reducing carbon footprints, and offering sustainable products.

## Experiential retail

Retailers are creating unique, immersive experiences to draw customers into physical stores. This includes in-store events, interactive displays, real-time inventory options, and a host of other personalized services that can't be replicated online.



With the convergence of heightened consumer demands, non-linear customer journey's, AI driven intelligence & continued economic headwinds, retailers should brave for a year of transition.

**-Melissa Tatoris, VP Retail, Zeta Global**



# Key Retail Challenges

## 1. Supply chain disruptions

We are still living through global supply chain issues, exacerbated by the pandemic and geopolitical tensions. Both are causing delays and increasing costs. Retailers must find ways to mitigate these disruptions and manage inventory effectively, especially those retailers using stores as distribution locations via ship-from-store functionality (although we discourage this approach from a profitability perspective – inefficient shipping costs are a big drain on your margins).

## 2. Economic uncertainty

Inflation and fluctuating economic conditions affect consumer spending power. Retailers need to balance pricing strategies to remain competitive while maintaining margins.

## 3. Tech debt and integration

While retailers are investing in new technologies to stay competitive, they have also amassed significant tech debt, impacting the ability to integrate (and share data between) systems. This tech debt is also increasing FTE and resource costs, adding to profit erosion.

## 4. Data privacy and security

With increased reliance on data for personalization and marketing, retailers face heightened scrutiny over data privacy and security. Ensuring compliance with regulations and protecting customer information is critical.

## 5. Labor shortages

Many retailers are struggling with labor shortages, impacting their ability to provide consistent service and maintain operational efficiency. Attracting and retaining skilled workers is a significant challenge in the current market.

To achieve profitability while navigating these trends and challenges, you need to be agile, innovative, and customer-focused. Successful retailers are also using technology and data to drive their strategies forward.

# Developing a Profitability Mindset

**It's crucial to build your top-line revenue to hit the numbers your investors expect. But hitting your revenue numbers without also achieving your bottom-line profit goals is not quite the win you want.**

Achieving revenue versus achieving profit is a constant balancing act.

It's easier to make an impact on revenue – just ask any marketing team that has driven end-of-quarter revenue up with attractive pricing and promotional strategies. But when you shift from revenue-focused to profit-focused sales, there are more pieces to the puzzle.

It involves a strategic approach that emphasizes efficiency, cost management, and maximizing the value of each sale. It also involves cultivating a culture where every decision is evaluated through the lens of its impact on profitability. This starts with leadership setting clear, profit-oriented goals and communicating their importance throughout the organization. Training and empowering employees at all levels to understand the financial implications of their actions is crucial – whether it's in pricing, inventory management, or customer service.

Instead of using that end-of-quarter marketing budget to drive revenue, for example, you might consider dropping



those remaining budget dollars to the bottom line to increase profit. But as we know, if it isn't spent this year, chances are you won't get it next year, so be cautious with this one. By fostering an environment where profitability is a shared priority, retail organizations can drive sustainable growth and maintain a competitive edge in the market.

There are numerous ways to operationalize this profitability mindset in your retail business – to ensure sustainable growth and long-term success.

## ZETA | Price Sensitivity Back Testing

	Price Sensitivity Decile										
	1	2	3	4	5	6	7	8	9	10	
Average Age	53	53	52	54	52	51	49	47	43	41	
Average Discretionary Spend	\$27,333	\$16,653	\$11,949	\$9,379	\$8,186	\$7,490	\$6,688	\$5,968	\$5,533	\$5,212	
Average Number of Adults in Household	2.5	2.3	2.2	2.3	2.2	2.1	2.1	2.0	1.9	2.2	
Likelihood to be a Heavy Transactor	70%	58%	49%	54%	48%	42%	37%	33%	28%	28%	
Likelihood to have Insurance	68%	47%	47%	62%	50%	45%	41%	36%	30%	28%	
High Card Spender	% Likely	25.41%	14.91%	11.87%	11.63%	9.36%	7.34%	5.98%	5.06%	4.32%	4.12%
Home Value greater than 400k	% Likely	44.53%	15.39%	11.70%	8.47%	5.92%	4.02%	2.97%	2.50%	2.22%	2.23%
Home Value less than 100k	% Likely	6.29%	8.36%	8.09%	9.37%	10.67%	11.88%	12.45%	12.00%	10.60%	9.39%
House Size greater than 2000sqft	% Likely	27.01%	15.55%	11.00%	12.32%	9.42%	6.93%	5.39%	4.40%	3.61%	3.59%
House Size less than 1000sqft	% Likely	3.06%	10.76%	10.40%	11.90%	11.36%	11.57%	10.63%	9.60%	7.41%	7.11%
Likely Living a Luxury Lifestyle	% Likely	17.84%	13.67%	11.38%	13.27%	10.92%	9.22%	7.72%	6.20%	4.80%	4.97%
Low Card Spender	% Likely	5.38%	7.96%	9.07%	7.89%	9.06%	10.53%	11.61%	12.57%	13.38%	12.51%
MasterCard User	% Likely	12.28%	10.58%	7.19%	15.24%	13.64%	12.08%	10.11%	7.76%	5.52%	5.60%
AMEX User	% Likely	21.70%	13.57%	8.30%	15.91%	17.02%	9.24%	7.17%	5.16%	3.54%	3.44%
Visa User	% Likely	12.28%	10.68%	7.19%	16.24%	12.64%	13.08%	10.11%	7.76%	5.52%	5.60%
Precision ITA Score	Zip 12 Level	8.16%	8.34%	7.92%	9.40%	10.41%	11.61%	12.09%	11.79%	10.73%	9.56%
	Zip 13 Level	7.51%	7.81%	7.34%	9.75%	10.84%	12.04%	12.32%	11.90%	10.61%	9.89%
	Zip 14 Level	10.35%	9.04%	7.89%	10.28%	10.27%	10.41%	10.43%	10.45%	10.48%	
	Divisional/Tech School	6.24%	7.70%	6.39%	10.65%	12.27%	13.59%	12.39%	10.04%	7.92%	
	1-High School	8.07%	8.37%	6.13%	10.13%	10.72%	11.36%	11.52%	11.46%	11.20%	10.81%

## Optimize Pricing Strategies

Protect your margin at all costs. Understand which individuals need an offer to convert versus those that will convert without an offer – it's both an art and a science. At Zeta, we have implemented a price sensitivity score that scores individuals' propensity to convert with an offer.

Zeta uses first-party data and third-party data to conduct a back test to see how price/promotion impacts the purchase, then identifies the proclivity to respond based on attributes.

In addition, retailers should look at implementing dynamic pricing models that consider factors like demand, competition, and customer willingness to pay. Use data analytics to identify the optimal price points that maximize profit margins – rather than just driving volume.

## Optimize Product Mix

There are a couple of key practices here:

First, don't sell under-priced goods to people who are not price sensitive. Cherry pickers will do what they can to find items at the value equation they are looking for. This is especially relevant for talent-based products (think DIY-ers or athletes). These consumers are all on a continuum from beginner to expert – don't insult an expert with a beginner product (or vice versa).

Second, analyze your product portfolio to identify items with the best profit margins – and prioritize their promotion. Selling a \$50 product with a 50% margin is more profitable than a \$60 product with a 30% margin. You can also bundle

high-margin items with lower-margin ones to increase overall profitability. Don't forget that private label products almost always have the most margin to play with. Mixing them in with branded goods will not only increase the margin, but the strategy will also increase trial.

## Control Costs

You must carefully manage operating costs to optimize profitability. For example, this includes:

- Negotiating better terms with suppliers
- Optimizing inventory levels to reduce carrying costs
- Streamlining logistics and supply chain operations to lower expenses

If you receive co-op funding (or fuel funds), keep strict reporting on how much advertising each brand buys versus how much visibility you've provided. This has been an Achilles heel for most retailers, but now with AI agents like Zeta offers, you will know the exact impact each vendor/brand has on your sales by each channel they have been advertised in.

### **Got a Retail Media Network? Don't Neglect the Sleeper Brands**

You may be tempted to focus solely on those big brand names that buy out your first ad spot for several weeks at a time. And why not? Some will pay \$500,000 for that space! The problem is that these ads are irrelevant to many of your shoppers, which drives down the profitability of the ad.



There are many smaller brands that will actually pay more per click when you add individual relevance to the mix.

“We had a sleeper brand that made face masks – it sold out every time we promoted it,” explains Tatoris. “Whenever we put it out there, there was a specific segment of people that would always buy it. Those little sleeper brands will pay for inclusion and will pay even more money for each individual customer in your retail media network.”

## Optimize Inventory

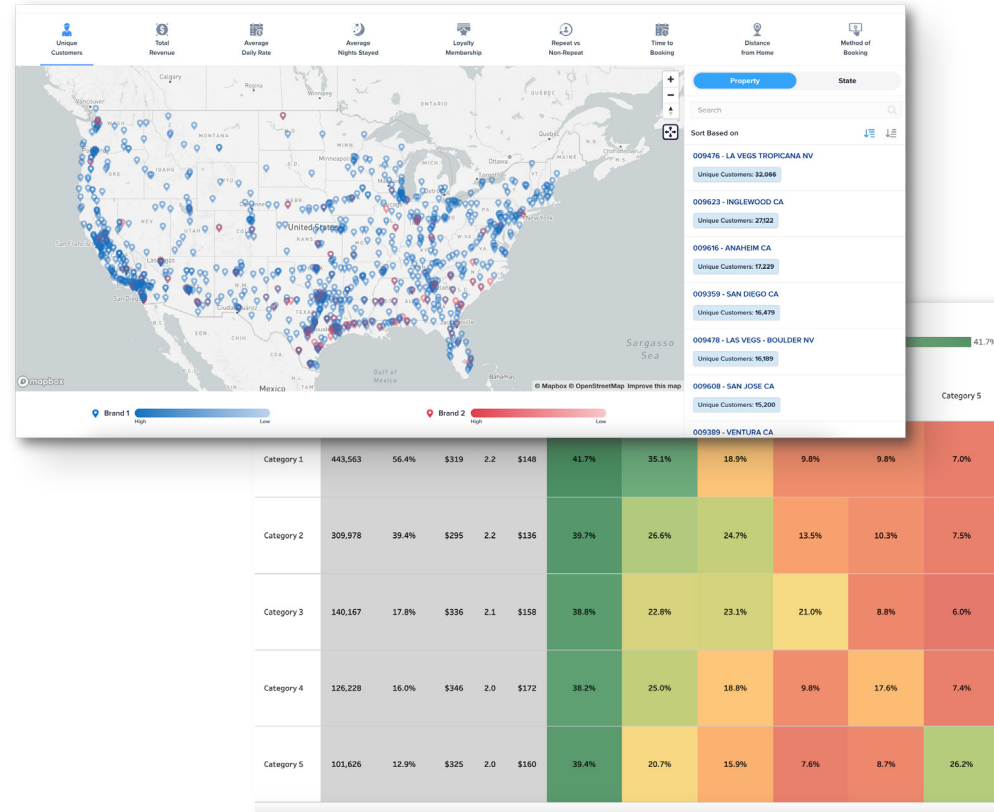
Selling goods before the first or second markdown – and certainly prior to clearance – is the sweet spot. Use sophisticated inventory management models to minimize overstock and reduce markdowns. Accurate demand forecasting and efficient stock replenishment can help ensure your inventory levels are aligned with actual sales patterns, thus reducing waste and improving profit margins. Find the right consumers to target prior to markdown strategy.

## Segment and Personalize by Customer Profitability

Use data to segment customers based on their purchasing behavior and profitability. This allows you to gain intelligence on the path to a second purchase. [Only 27% of consumers](#) make a second purchase with a brand – but once that second purchase is made, there’s a 49% chance they’ll buy again. The likelihood increases to 67% once a third purchase is made.

## Reward Profitable Behaviors

Develop loyalty programs that reward profitable behaviors – such as frequent purchases of high-margin items or larger basket sizes. This can help increase customer lifetime value and drive more profitable sales.



## Improve Operational Efficiency

Streamline store operations to reduce costs. This can include:

- Automating processes
- Using individualized trigger campaigns
- Optimizing labor scheduling
- Reducing energy consumption

Improving operational efficiency can significantly enhance profitability.



I've always believed in 'firing yourself' from your day job two to three days a month and using that time to create efficiencies in workstreams – in both front and back office.

**-Melissa Tatoris, VP Retail, Zeta Global**

## Enhance Customer Experience

Invest in creating a superior shopping experience that encourages customers to visit more and spend more. You must scrutinize every touchpoint across brick-and mortar stores,

digital channels (e.g. website, social), mobile apps, call centers – you name it. Challenge the store layout, train staff to upsell effectively, and provide exceptional customer service.

And don't forget to consider every entry point. It's important to create new ways to drive traffic and increase dwell time in stores. For example, many retailers have partnered with return bars inside store locations, which encourages customers to browse and buy new items during the return process.

## Increase Marketing ROI

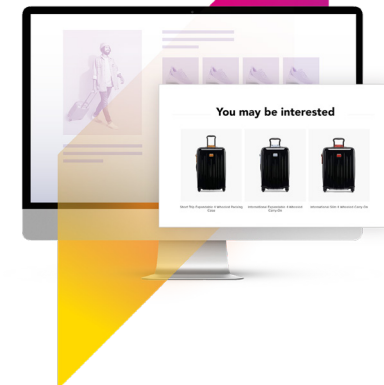
Evaluate the ROI of marketing campaigns and understand attribution by channel. Focus on campaigns that not only drive sales – but also contribute significantly to profits. Use targeted marketing strategies to reduce customer acquisition costs and increase the profitability of each sale.

Reduce tech debt by combining capabilities into a single platform. This will reduce the integration issues, resource constraints, and wasted platform features that all retailers struggle with.



# Increasing Sales Volume

Speaking of marketing, a significant aspect of profitability is convincing the consumer to make one more purchase. To add one more item to their cart. To contribute even a few more dollars to your bottom line. Increasing these sales requires a comprehensive approach that leverages the strengths of each channel – while creating a seamless, integrated customer experience.



## Online Sales Strategies

- 1. Enhance user experience:** Ensure your website is user-friendly, mobile-optimized, and fast-loading. A clean design, intuitive navigation, and an easy checkout process reduce cart abandonment and increase conversions. And the best way to design an effective digital experience is with customer feedback. Make sure you incorporate your customers' wants and needs in your online experience by creating and tapping into a customer advisory board.
- 2. Personalization:** Personalization can significantly improve the relevance of your offerings and boost sales, but too many retailers are still relying on the basics. Use intelligence-based data analytics to offer personalized product recommendations and targeted promotions based on customers' browsing and purchase history (online and in store). Just because you have a shopper buying a black dress at Nordstrom, for example, does not mean they also want a pair of fancy heels – they may be more likely to buy flats or a pair of white Nikes.
- 3. Digital marketing:** It's obvious that retailers must have robust digital marketing, including search engine optimization (SEO), pay-per-click (PPC) advertising, social media marketing, and email campaigns. Engaging content and individually-relevant strategic ads can drive traffic and increase sales. But intelligent retargeting is the most cost effective way to drive profitable sales. Use data to target high-value individuals that are currently in market versus clusters of individuals. You may spend more per person, but your ROAS will deliver exponentially. Zeta provides a profitability score for each individual – use it to determine who to retarget before purchasing any ads.
- 4. Social commerce:** Use social media platforms to sell directly through shoppable posts and ads. Platforms like Instagram and Facebook now offer integrated shopping features that can boost sales directly from social feeds. Again, it's key to identify your most profitable customers prior to making an investment into any digital ads (via look alike audience development).
- 5. Customer reviews and testimonials:** Highlight positive reviews and testimonials to build trust and influence purchase decisions. Encourage satisfied customers to leave reviews and share their experiences.



I lived and died by my customer advisory board. I would have them look at creative. I would have them look at product. This zero-party feedback was such a key piece of my business.”

— **Melissa Tatoris, VP of Retail, Zeta Global**

## In-store Sales Strategies

1. **Customer experience:** It’s never been more important to create an inviting and engaging in-store environment that increases dwell time. Retail-tainment is back and bigger than ever (there’s a good reason Netflix is creating pop-up stores to engage consumers on their content). Let customers “try on” items with virtual reality. Highlight your “dark corners” few people visit. Ensure staff are well-trained to provide excellent customer service, including personalized recommendations and support.
2. **Visual merchandising:** Use eye-catching displays and strategic product placements to attract attention and encourage impulse buys. Highlight promotions and best-sellers prominently. Use your data to identify product affinities and merchandise items that buyers are actually buying together – and use this insight to persuade others to buy. Got exclusive styles or colorways? Put them front and center. Don’t underestimate the power of placing high-margin products around the register for impulse buys. Bonus points if you use visual merchandising to brighten your dark corners.

3. **In-store events and promotions:** If we learned anything during COVID, it’s that being part of a community is one of the drivers of consumerism. Consider ways to create community and connect one shopper to another. Host events, workshops, or exclusive sales to draw customers into the store. Limited-time promotions and in-store discounts can also drive foot traffic and increase sales.
4. **Loyalty programs:** Implement loyalty programs that reward repeat in-store transactions with discounts, exclusive offers, or points redeemable for future purchases. These programs can increase customer retention and spending.

## Embrace TRUE Omnichannel Retailing

While it’s important to optimize both online and in-store experiences to drive profitable sales, it’s even more important to create a seamless experience across channels. According to studies, [73% of customers](#) use several channels during their shopping journey, and [customer lifetime value \(CLTV\) increases by 30%](#) once a consumer begins shopping in an omnichannel manner.

**Compared to single-channel customers, omnichannel customers spend:**

**4%**

more while shopping  
at a physical store

**10%**

more online

[Harvard Business Review](#)

## Integrating online and offline channels to create a cohesive shopping journey is essential for meeting modern consumer expectations – and maximizing profitability. Integration involves several strategic steps.

- 1. Consistent branding and messaging:** Develop marketing campaigns that are cohesive and integrated, using both online and offline media to deliver a unified message.
- 2. Seamless shopping experience:** Enable customers to reserve and/or buy products online and collect them in-store, reducing wait times and improving satisfaction. Provide customers with visibility into inventory levels, allowing them to see product availability both online and in nearby physical stores. Allow customers to return online purchases in physical stores, providing flexibility and enhancing the customer experience.
- 3. In-store technology integration:** Develop mobile apps that enhance the in-store experience with features like product locators, personalized offers, digital loyalty cards, unboxing, hauls, etc. Do you have online reviews with images or videos? Feature them on screens in store. Use QR codes and NFC tags in store to provide additional product information, endless aisle, product reviews, and redirect for exclusive online content.
- 4. Staff training and empowerment:** Train staff to understand and leverage omnichannel tools and data, enabling them to assist customers effectively, regardless of where the initial interaction occurred. Equip employees with mobile devices, check out devices, or tablets to access customer profiles and inventory information, enhancing their ability to provide personalized service.
- 5. Customer feedback and continuous improvement:** Consider using a clienteling app to gather more zero-party data from customers shopping in your stores. Do NOT forget to integrate this data with your customer data platform (CDP) as a new source of intelligence. Regularly analyze customer feedback and sales data to refine and optimize omnichannel strategies, ensuring they evolve with changing customer expectations.

# Enhancing the Customer Experience

The cornerstone of profitability is centered within your consumers. Consumer demand for your product, perception of your value equation (quality + price), and loyalty and retention are just the start. Delivering exceptional customer service and experiences is crucial for profitability, as they directly influence customer satisfaction, repeat buying, and word-of-mouth referrals.



## Invest in Customer Service

Outstanding service creates a positive emotional connection with customers, making them feel valued and understood. In an increasingly competitive market, exceptional service differentiates a retailer from its competitors, providing a compelling reason for customers to choose them over others. Attentive and fast responsive customer service can also help to quickly resolve issues — turning potential negative experiences into positive ones and maintaining customer trust. And happy customers often share their positive experiences with others, amplifying brand reputation and attracting new customers.

Investing in exceptional customer service is essential for building strong, lasting customer relationships and sustaining business growth.

- How well staffed are you on your social response and CSR teams?
- How quickly do you respond to customers?

Challenge the engagement your teams provide on an ongoing basis versus a one-and-done assessment. Create a team to push the needle in how your processes work from a consumer standpoint and pivot as necessary. Every customer interaction should be scrutinized and trained to.

## Invest in Customer Experience

Personalizing the shopping experience and increasing customer satisfaction requires advanced tools and platforms to tailor interactions based on individual customer preferences and behaviors. Your tech should enable the speed required to deliver in-the-moment marketing.

**Retailers should have technology that incorporates AI-driven recommendation engines to:**

- Suggest products
- Personalize emails
- Adjust website content to each shopper's interests

Challenge your technology providers on their Gen AI capabilities to align with your strategic imperatives.

**You can further enhance the customer experience via:**

- Mobile apps with location-based offers
- Chatbots providing 24/7 personalized assistance
- Augmented reality (AR) features for virtual try-ons

A CDP should integrate data from all of these touchpoints to build comprehensive customer profiles, enabling more targeted marketing.

And adding enrichment data to your CDP is your secret weapon to beat the competition. However, make sure you're investing in real-time data – NOT appended rearview (happened four to 12 months ago) data. You want to have real-time enrichment data (e.g. behavioral data) at the ready in your CDP, including:

- What your target is reading
- Where your target is visiting (think mobile geo-fencing around every brand)
- Where your target is transacting (even outside of your industry sub-segment)

You may learn your target is driving a luxury vehicle and travels five times per year – but tends to cherry pick your brand and demand an offer for conversion vs paying full price (the likelihood that you trained your consumer to look for the offer is real!).

Get to know your customer through data, provide them with an outstanding experience at every touchpoint (or be quick to solve an issue), and you are on your path to profitability.



# Do More with Data

From optimizing operational efficiency, to driving sales volume, to enhancing the customer experience – all of these strategies start with data. But how do you make sense of all the data lurking in corners throughout your business?

**Take a step-by-step approach to turning data into intelligence.**

## 1. Data Collection

- **Customer interactions:** Gather data from all customer touchpoints, including website visits, social media interactions, in-store purchases, and customer service interactions.
- **Transactional data:** Collect information on purchase history, frequency, average order value, and product preferences.
- **Behavioral data:** Track online behavior such as page views, clicks, time spent on site, abandoned carts, and search queries.
- **Demographic data:** Collect demographic information like age, gender, location, and income levels.

## 2. Data Integration

- **Invest in a customer data platform:** Integrate data from various sources into a centralized data warehouse to create a unified view of each customer. You need to get to a single view of a customer (aka golden record). You will never be able to see the profitability of a customer without having a unified customer record.
- **Data cleanliness:** Ensure data accuracy and consistency by cleaning and standardizing data formats – your data is only as good as it is clean!

## 3. Data Analysis

- **Identity:** Understanding who you can reach is key. Understanding who you cannot reach (your unknowns) is just as rich. Nearly all (up to 98%) of the people that visit your website are more than likely unknown to you and your brand. Adding a partner like Zeta to help you match unknown visitors to known identities is a low-hanging-fruit opportunity.





- **Segmentation:** Segment customers into different groups based on their behavior, preferences, and demographics. Common segments include frequent buyers, high spenders, and lapsed customers.
- **Customer journey mapping:** Analyze the customer journey to understand how customers move through the sales funnel – from awareness to purchase – and understand the profitable versus unprofitable journeys. Some customers may appear to have a decent lifetime value (CLV), but if it costs too much to retain them, the profitable move is to cut them loose. Conversely, if you lost a profitable customer over time, chances are they are still buying your product from another brand. Create a strategy to win them back by analyzing intent signals while they are in buying mode (before they buy again from another competitor).
- **Trend analysis:** Identify trends and patterns in customer behavior over time, such as seasonal preferences or popular product categories.

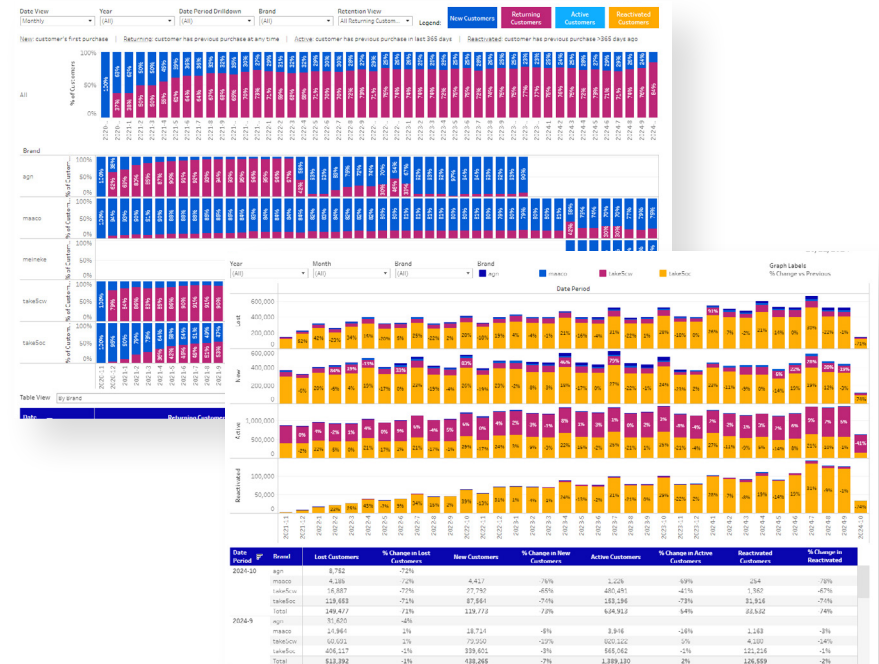
## 4. Predictive Analytics

- **Purchase predictions:** Use predictive analytics to forecast future buying behaviors and preferences. This can help in inventory management and personalized marketing.
- **Churn analysis:** Predict which customers are likely to churn before they churn and develop strategies to retain them.

Understanding which customers are active/inactive, new/returning, is key to understanding who will leave and who has a propensity to attrite – before they actually churn.

## 5. Personalization & Targeting

- **Personalized recommendations:** Implement recommendation engines that suggest products based on past purchases and browsing behavior.
- **Targeted marketing campaigns:** Use insights to design targeted marketing campaigns that address the specific needs and preferences of different customer segments.
- **Dynamic pricing:** Adjust pricing dynamically based on customer segments, demand, and competition.



## 6. Customer Feedback

- **Sentiment analysis:** Bring in sentiment analyses and analyze customer reviews and feedback to gauge sentiment towards products and services. This can help identify areas for improvement and opportunities for innovation. You can also use product review copy in your meta data for SEO and SEM.
- **Surveys and feedback forms:** Use surveys and feedback forms to gather direct input from customers about their preferences and experiences.

## 7. Performance Monitoring

- **KPIs and metrics:** Define key performance indicators (KPIs) such as CLV, retention rate, and average order value (AOV) to measure the impact of your strategies.
- **Dashboard reporting:** Create dashboards to visualize data and track performance metrics in real-time, enabling quick decision-making.

## 8. Continuous Improvement

- **A/B testing:** Conduct A/B tests on marketing messages, website designs, and promotional offers to determine what resonates best with customers.
- **Iterative approach:** Continuously refine strategies based on data insights and performance outcomes.



# Measuring Success & Adjusting Strategies

**None of the above matters without the ability to measure its impact.**

Attribution of budget spend is critical in retail – it directly influences the efficiency and effectiveness of marketing strategies and overall business operations.

Precise attribution allows you to identify which marketing channels and campaigns are driving sales and generating the highest return on investment. The profitable path to purchase has to be scalable and repeatable. Different segments, sub-segments, personas, even generations require different engagement paths and variable messaging.

This insight enables more informed decision-making, ensuring your budget allocations are optimized to enhance customer acquisition and retention efforts. Accurate attribution also helps minimize wasting resources on ineffective tactics, thereby maximizing profitability.

By understanding the impact of different expenditures, you can tailor your strategies to better meet consumer demands and stay competitive in a dynamic market landscape.

Ultimately, robust budget attribution fosters transparency, accountability, and continuous improvement – which are essential for sustained growth and success in the retail industry.

Measuring success in the journey to profitability has varied KPIs:

## 1. Financial Metrics

- **Gross profit margin:** Calculate the difference between sales revenue and the cost of goods sold (COGS), divided by sales revenue. This metric indicates how well the company is managing production and procurement costs.
- **Net profit margin:** Measure the percentage of revenue that remains as profit after all expenses are deducted. This reflects the overall profitability of the business.



- **Operating expenses:** Monitor all operational costs, including rent, SG&A, utilities, and marketing. Controlling these expenses is crucial for maintaining profitability.
- **Return on investment (ROI):** Evaluate the profitability of investments in marketing, technology, and store improvements by comparing the gains from these investments to their costs.

## 2. Sales Metrics

- **Same-store sales growth:** Compare sales from the same period in previous years (for stores that have been open for at least a year). This indicates the health of existing stores without the influence of new store openings.
- **Sales per square foot:** Measure the revenue generated per square foot of retail space. This helps assess the efficiency of space utilization and store layout.
- **Average transaction value (ATV):** Calculate the average amount spent per transaction. Strategies to increase ATV include upselling, cross-selling, and bundling products.

## 3. Customer Metrics

- **Customer acquisition cost (CAC):** Track the total cost of acquiring a new customer, including marketing and sales expenses. Lowering CAC while maintaining or increasing customer numbers is crucial for profitability.

- **Customer lifetime value (CLV):** Estimate the total revenue a customer is expected to generate during their relationship with the business. Increasing CLV through retention strategies and repeat purchases boosts profitability.
- **Customer retention rate:** Measure the percentage of customers who make repeat purchases over a specific period. High retention rates often correlate with high customer satisfaction and profitability.

## 4. Inventory Metrics

- **Inventory turnover ratio:** Calculate how often inventory is sold and replaced over a period. A higher turnover rate indicates efficient inventory management and reduces holding costs.
- **Sell-through rate:** Measure the percentage of inventory sold within a given period. High sell-through rates suggest effective product selection and merchandising strategies.

## 5. Operational Metrics

- **Order fulfillment time:** Track the time taken from when an order is placed to when it is delivered. Faster fulfillment times can enhance customer satisfaction and repeat business.
- **Stockouts and overstocks:** Monitor instances of running out of stock (stockouts) and having excess inventory (overstocks). Balancing inventory levels helps in reducing lost sales and holding costs.

## 6. Customer Experience Metrics

- **Net promoter score (NPS):** Gauge customer loyalty and satisfaction by asking customers how likely they are to recommend your store to others. A higher NPS indicates stronger customer loyalty.
- **Customer satisfaction score (CSAT):** Measure customer satisfaction with specific interactions or overall shopping experience. High CSAT scores reflect positive customer experiences.

## 7. Digital Metrics

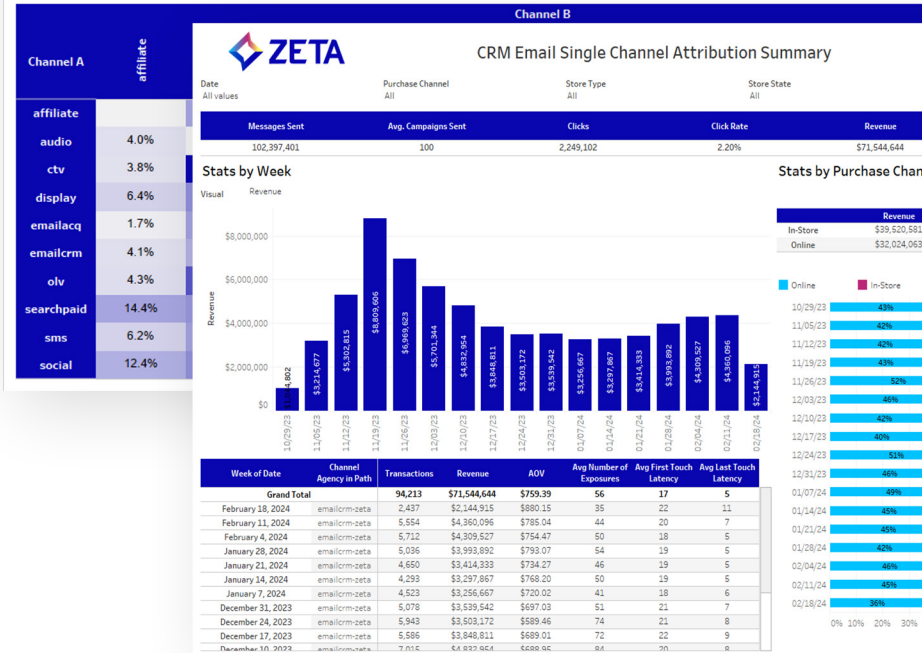
- **Website conversion rate:** Track the percentage of website visitors who make a purchase. Improving the user experience and personalization can boost this metric.
- **Cart abandonment rate:** Measure the percentage of online shoppers who add items to their cart but do not complete the purchase. Reducing this rate can significantly increase sales.

By systematically tracking and analyzing these metrics, you can gain insights into your profitability journey, identify areas for improvement, cancel what is not working, and double down on what is. Data-driven decisions to enhance performance are key to creating profitability.



### Media Pathway Summary

Media Pathway	Exposed Users	Converters	Conversion Rate
affiliate independent	38,870	8,619	22.17%
sms independent	79,174	6,753	8.53%
searchpaid independent	304,295	12,129	3.99%
social independent	208,374	7,597	3.65%
display independent	1,987,756	32,632	1.64%
emailcrm independent	2,109,763	27,392	1.30%
ctv independent	753,550	1,508	0.20%
audio independent	15,529,552	28,333	0.18%
olv independent	17,809,120	13,970	0.08%
emailacq independent	6,551,633	2,421	0.04%



# Key Takeaways

The journey to retail profitability in today's dynamic market requires a comprehensive approach that leverages data, technology, and customer-centric strategies. Let's recap the key insights and strategies for achieving profitability:

- 1. Develop a profitability mindset:** Focus on margin protection, optimized pricing, and efficient operations.
- 2. Increase sales volume through personalized experiences:** Use data analytics and AI to tailor offerings and marketing efforts.
- 3. Enhance customer experience:** Invest in exceptional service and seamless omnichannel interactions to build loyalty and increase lifetime value.
- 4. Embrace true omnichannel retailing:** Create a cohesive shopping journey that integrates online and offline channels.
- 5. Leverage technology:** Implement a customer data platform and other AI-driven tools to gain deep customer insights and drive personalization.
- 6. Measure and adjust:** Use robust attribution models and key performance indicators to continuously optimize your strategies.

The retail landscape is evolving rapidly, and the time to act is now. Start by assessing your current strategies against these recommendations and identify opportunities for improvement. Remember, even small changes can lead to significant gains in profitability when applied consistently.

Zeta Global has been transforming retailers' growth and profitability one step at a time.

Our AI-driven marketing platforms are designed to enhance your customer data management, personalization efforts, and omnichannel marketing strategies. Connect with us to learn more about how our solutions can support your path to increased profitability.





## About Zeta Global

Zeta Global is the AI-powered marketing cloud that empowers enterprises to acquire, grow and retain customers. Our Zeta Marketing Platform (ZMP) is the largest omnichannel marketing platform with identity data at its core. The ZMP analyzes billions of structured and unstructured data points to predict consumer intent by leveraging sophisticated artificial intelligence to personalize experiences at scale.

Visit [zetaglobal.com/cdp](https://zetaglobal.com/cdp) to learn more

Contact us at [info@zetaglobal.com](mailto:info@zetaglobal.com)

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