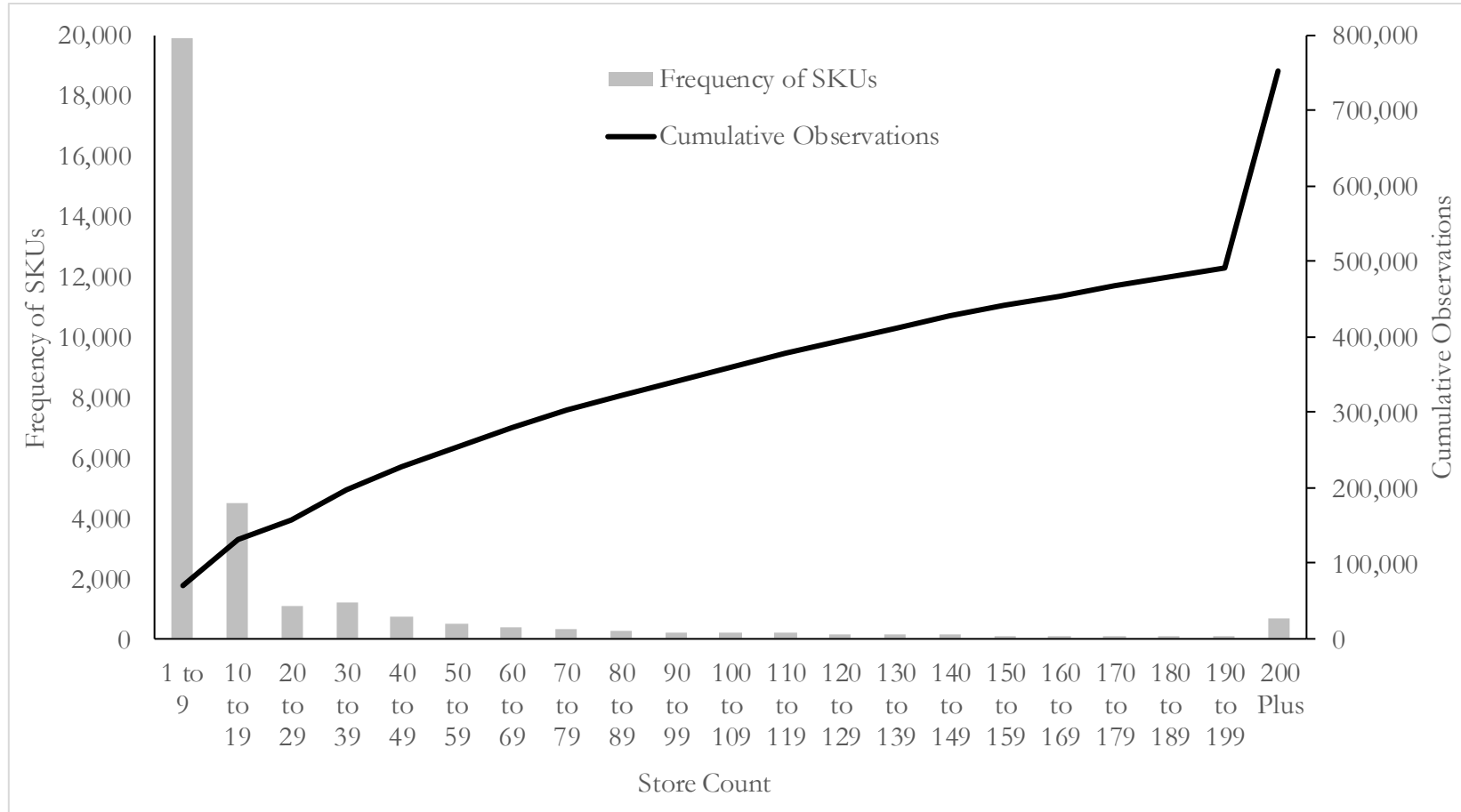
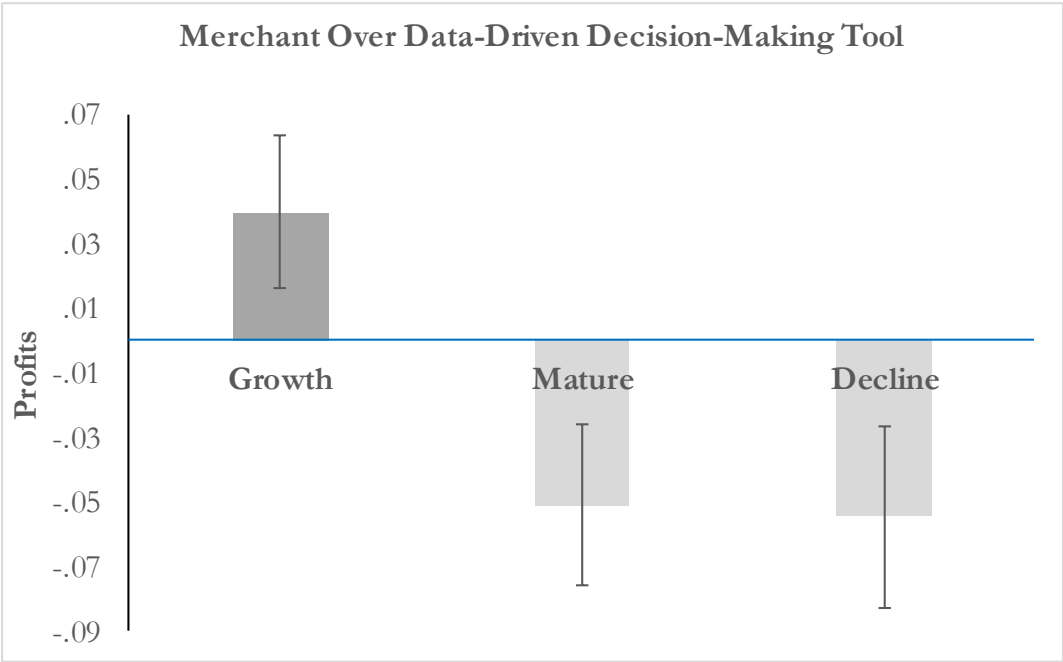


WEB APPENDIX 1
Figure WA1: Distribution of Store Count by SKUs



WEB APPENDIX 2

Figure WA2: Profitability Impact: Interaction between Test Group and PLC



WEB APPENDIX 3

RESULTS FOR ALTERNATE EXPLANATION

Table WA1: Avoiding Potential SKU Complementarities

Dependent Variable - $PRFT_{ij}$	Parameter	RCT3_ALT1		RCT6_ALT1	
		Coeff.	S.E.	Coeff.	S.E.
$TEST_{ij}$ (DDD Tool)	β_1	.0072*	.0040	-.0392***	.0103
$MATURE_i$	β_2			NA ¹	
$DECLINE_i$	β_3			NA ¹	
$TEST_{ij} * MATURE_i$	β_4			.0497***	.0114
$TEST_{ij} * DECLINE_i$	β_5			.0547***	.0110
	$\beta_1 + \beta_4$			.0104**	.0051
	$\beta_1 + \beta_5$			.0154***	.0041
<i>SKU Fixed Effects</i>	β_i	YES		YES	
<i>Store Fixed Effects</i>	β_j	YES		YES	
<i>No. of SKUs</i>		4,320		4,320	
<i>N</i>		492,151		492,151	

Note: * $p < .10$; ** $p < .05$; *** $p < .01$; ¹The main effect of PLC stages cannot be separately identified from SKU fixed effects.

WEB APPENDIX 4

ROBUSTNESS CHECKS

Subsample Analyses. Our identification strategy is reliant on the randomization of stores within an SKU. However, the effectiveness of randomization is sensitive to the available sample. When an SKU is flagged for removal at a small number of stores, the distribution of stores between test and control group may not be ideal. We test the sensitivity of our results to this assumption by performing subsample analyses on SKUs flagged for removal in all stores (i.e. for SKUs that were flagged in fewer than 30 stores were assigned to control condition by the firm), at least 40 stores, and at least 50 stores. Please note that main analyses is based on SKUs that were flagged for removal in at least 30 stores, thus permitting enough sample for treatment condition (i.e. six stores). The results are reported below and are consistent with the main results.

Table WA2: Robustness Test: Subsample Analyses Based on Store Count

Dependent Variable - $PRFT_{ij}$	Parameter	RCT3_ALT2			RCT6_ALT2		
		Entire Sample	>40 Stores	>50 Stores	Entire Sample	>40 Stores	>50 Stores
$TEST_{ij}$ (DDD Tool)	β_1	.0092* (.0048)	.0076* (.0040)	.0073* (.0042)	-.0523*** (.0141)	-.0412*** (.0106)	-.0418*** (.0109)
$MATURE_i$	β_2				NA ¹	NA ¹	NA ¹
$DECLINE_i$	β_3				NA ¹	NA ¹	NA ¹
$TEST_{ij} * MATURE_i$	β_4				.0659*** (.0153)	.0522*** (.0117)	.0525*** (.0122)
$TEST_{ij} * DECLINE_i$	β_5				.0710*** (.0147)	.0574*** (.0114)	.0587*** (.0119)
	$\beta_1 + \beta_4$				.0135** (.0061)	.0109** (.0051)	.0107** (.0053)
	$\beta_1 + \beta_5$				.0187*** (.0047)	.0162*** (.0042)	.0169*** (.0044)
<i>SKU Fixed Effects</i>	β_i		YES			YES	
<i>Store Fixed Effects</i>	β_j		YES			YES	
<i>No. of SKUs</i>		30,731	3,362	2,827	30,731	3,362	2,827
<i>N</i>		753,409	506,120	481,918	753,409	506,120	481,918

Note: * $p < .10$; ** $p < .05$; *** $p < .01$; Standard errors in parentheses; ¹The main effect of PLC stages cannot be separately identified from SKU fixed effects.

Sensitivity to Inventory Holding Cost Assumption. For our primary analysis, we use inventory holding cost measured used by the management of the company, i.e. 25% of cost of the product. We perform robustness tests by considering other inventory holding costs, which at 20% and 30% of the cost of the product. The results from these analyses are reported below and our conclusions remain unchanged.

Table WA3: Robustness Test: Sensitivity to Inventory Holding Cost

Dependent Variable - $PRFT_{ij}$	Parameter	RCT3_ALT3		RCT6_ALT3	
		20% of Cost	30% of Cost	20% of Cost	30% of Cost
$TEST_{ij}$ (DDD Tool)	β_1	.0097** (.0038)	.0066* (.0038)	-.0495*** (.0120)	-.0326*** (.0087)
$MATURE_i$	β_2			NA ¹	NA ¹
$DECLINE_i$	β_3			NA ¹	NA ¹
$TEST_{ij} * MATURE_i$	β_4			.0636*** (.0129)	.0419*** (.0100)
$TEST_{ij} * DECLINE_i$	β_5			.0673*** (.0126)	.0456*** (.0093)
	$\beta_1 + \beta_4$			.0142*** (.0047)	.0093* (.0050)
	$\beta_1 + \beta_5$			.0178*** (.0043)	.0130*** (.0033)
<i>SKU Fixed Effects</i>	β_i	YES		YES	
<i>Store Fixed Effects</i>	β_j	YES		YES	
<i>No. of SKUs</i>		4,397		4,397	
<i>N</i>		541,836		541,836	

Note: * $p < .10$; ** $p < .05$; *** $p < .01$; ¹The main effect of PLC stages cannot be separately identified from SKU fixed effects.

Ignoring Leftover Inventory. Our main results considered residual profits from leftover inventory. We recalculate profits ignoring the leftover inventory (see the figure below). The comparison of merchant’s intervention, i.e. keeping the SKUs in store, is made with the counterfactual of zero profits derived from SKUs, which are removed from the stores. The results from this analysis are reported below and are consistent with main results.

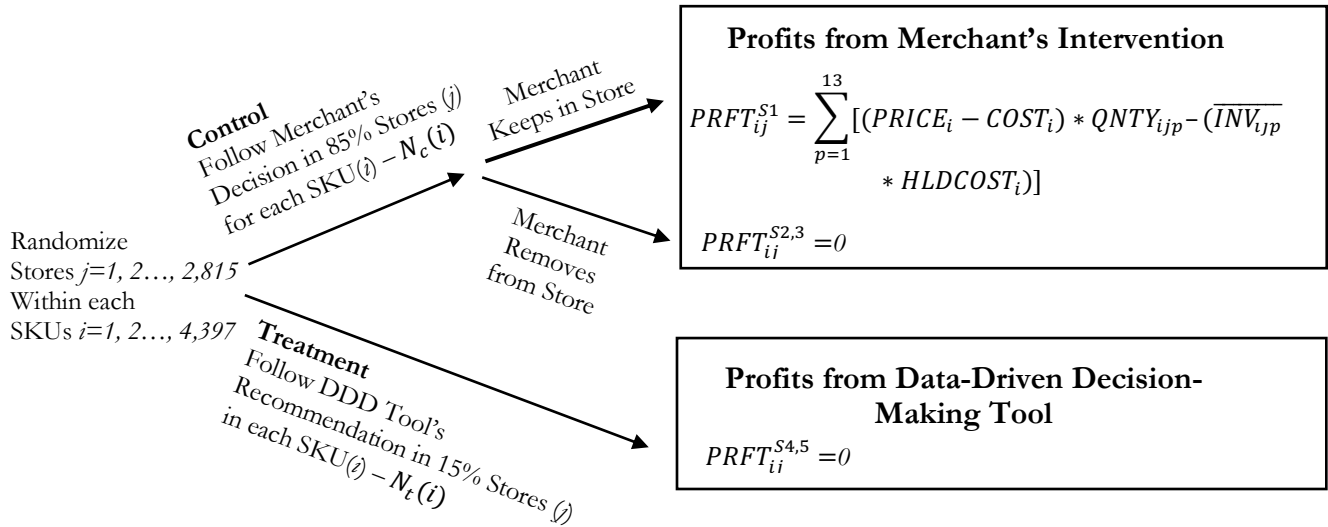


Table WA4: Robustness Test: Ignoring Leftover Inventory

Dependent Variable - $PRFT_{ij}$	Parameter	RCT3_ALT4		RCT6_ALT4	
		Coeff.	S.E.	Coeff.	S.E.
$TEST_{ij}$ (DDD Tool)	β_1	.0255***	.0026	-.0627***	.0166
$MATURE_i$	β_2			NA ¹	
$DECLINE_i$	β_3			NA ¹	
$TEST_{ij} * MATURE_i$	β_4			.1010***	.0168
$TEST_{ij} * DECLINE_i$	β_5			.0834***	.0163
	$\beta_1 + \beta_4$			.0383***	.0022
	$\beta_1 + \beta_5$			.0207***	.0025
<i>SKU Fixed Effects</i>	β_i	YES		YES	
<i>Store Fixed Effects</i>	β_j	YES		YES	
<i>No. of SKUs</i>		2,652		2,652	
<i>N</i>		390,185		390,185	

Note: * $p < .10$; ** $p < .05$; *** $p < .01$; ¹The main effect of PLC stages cannot be separately identified from SKU fixed effects.

Sensitivity to Outliers. We perform robustness tests by winsorizing (i.e. using mid 98th percentile of data) the profits. Our results are robust to removal of extreme outliers.

Table WA5: Robustness Test: Ignoring Outliers

Dependent Variable - $PRFT_{ij}$	Parameter	RCT6_ALT5	
		Coeff.	S.E.
$TEST_{ij}$ (DDD Tool)	β_1	-.0168***	.0020
$MATURE_i$	β_2	NA ¹	
$DECLINE_i$	β_3	NA ¹	
$TEST_{ij} * MATURE_i$	β_4	.0232***	.0020
$TEST_{ij} * DECLINE_i$	β_5	.0227***	.0021
	$\beta_1 + \beta_4$	.0065***	.0004
	$\beta_1 + \beta_5$	.0060***	.0008
<i>SKU Fixed Effects</i>	β_i	YES	
<i>Store Fixed Effects</i>	β_j	YES	
<i>No. of SKUs</i>		4,360	
<i>N</i>		530,974	

Note: * $p < .10$; ** $p < .05$; *** $p < .01$; ¹The main effect of PLC stages cannot be separately identified from SKU fixed effects.