



## SAS® Revenue Optimization Suite

Get pricing, promotion and markdown right every time to increase profitability



### Overview

Pricing has a dramatic effect on a retailer's bottom line. Just a 1 percent increase in product price can raise operating profit by as much as 8 percent to 11 percent. What if you could get such results quickly, from retail pricing experts, with low, upfront costs?

Competing in retail has always meant offering the right product to the right customer at the right price – even at the right moment. Intense competition for consumer dollars has reduced the margin of error; meanwhile, it's difficult to maintain brand image and competitive pricing strategy. As a result, retailers have to get it right – every time.

Getting it right every time means that pricing, promotion and markdown strategies all must be more intelligent and more predictive. Setting such strategies requires using accurate, reliable information about not just what customers want now, but what they will want in the future.

The automated SAS Revenue Optimization Suite can increase productivity and communication across the retail organization by providing visibility into decision making, giving you the confidence to merge business with analytics to optimize revenue.

#### What if you could ...

- Optimize prices for better results?
- Gain greater merchant productivity?
- Scale for custom optimization for your company?
- Gain price optimization without painful financial decisions?
- Speed results?
- Obtain lower total cost of ownership?

#### You can overcome these challenges:

- Maximizing margins across stores/products and optimizing prices.
- Executing the most profitable pricing strategies.
- Predicting demand, revenue or the effects of halo and cannibalization.
- Aligning markdowns with demand and store-specific inventory levels.
- Accounting for product, consumer and market-level variations for pricing and promotion.



# Flexible solution licensing, better pricing decisions

## ■ Key Benefits

- **Better prices, better results.**
  - o Gain visibility into pricing decisions to see the cross-effects and differentiators directly affecting the bottom line.
  - o Optimize prices for a wide range of products for grocery, apparel and hardlines, including fast-moving consumer goods and fashion items.
  - o Built-in forecasting lets you easily handle and understand difficult retail scenarios, such as sorted-out cause and effect, promotions, seasonality and changing calendar events.
- **Greater merchant productivity.**
  - o Retailer workflows and an intuitive interface empower business users.
  - o Automated plans speed pricing decisions, reducing or eliminating the need for manual processing.
  - o Improve communications with shared visibility into the optimization rationale.
  - o Provide merchants with visibility into category promotional plans.

## How SAS® Can Help

The SAS Revenue Optimization Suite enables you to maximize revenue throughout the product life cycle – across all kinds of merchandise – with a flexible approach to solution licensing that lets you invest in SAS without straining your budget. The solution:

- Scales to handle granular pricing at the appropriate level – even to the store-SKU level of pricing – as well as zone pricing.
- Uses advanced analytics to enable complex retail forecasting, including accounting for seasonality, shifting holiday dates and promotional variations.
- Enables modeling of both short- and long-lifecycle products.
- Provides pricing recommendations to merchants and price analysts, who can access reports that explain the rationale behind the optimization.
- Accounts for trade/vendor funds in promotion optimization.

With the SAS Revenue Optimization Suite, you can optimize regular or everyday pricing, promotion pricing and markdown pricing. And because of a common foundation for pricing rules, forecasting and merchandise data across all phases of pricing and promotion, SAS has a lower cost of ownership.

The SAS Revenue Optimization Suite also helps you manage revenue and margin. By combining advanced data management, forecasting and optimization capabilities within an easy-to-use interface, SAS helps you set and manage regular prices, plan optimal

promotions and execute the most successful markdown strategies, all within the context of total product lifecycle management.

## Maximize profitability through optimal pricing

The SAS Revenue Optimization Suite empowers you to improve profitability by helping you:

- Access the factors of optimal price consideration, such as price elasticity, cross-price effects, lift from participating in marketing vehicles, inventory effects, trend and seasonality, and product lifecycle effects.
- Set and manage regular prices for products based on costs, regional demand patterns and competitive price information.
- Determine the incremental lift in demand – and, thus, revenue – from planned promotions.
- Take trade funds into account when making pricing decisions.
- Create permanent markdown plans that maximize margins and eliminate unnecessary markdowns.

By using robust predictive analytics and optimization technology to make these pricing and promotion decisions, you can price products to achieve the goals set for them – whether those goals involve revenue, margin or volume.

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### **Improve productivity through automated, exception-based pricing**

By identifying exceptions and recommending optimal price changes, this powerful suite enables you to make decisions easier and faster, so you can respond quickly to product performance, market opportunities and competitive actions without additional burdens on your time. Predefined, extensive price rules help you set prices that maximize category performance without the need to manually validate price changes across a number of rules.

As a result, category managers can more effectively and frequently manage large volumes of price changes while relying on fewer analysts. By making pricing decisions easier to analyze and implement, and by focusing your efforts on managing exceptions, the SAS Revenue Optimization Suite enables you to focus on other critical activities, such as creating targeted assortments for the customer.

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### **Minimize revenues lost due to stock-outs**

With the SAS Revenue Optimization Suite, you get best-in-class demand forecasting and demand modeling capabilities to accurately calculate both your base sales volume and incremental lift in demand from planned promotions and markdowns, helping you achieve better in-stock positions during promotional periods.

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### **Achieve ROI quickly**

The SAS Revenue Optimization Suite was specifically designed to address key business challenges unique to retail. It eliminates the need to develop or adapt generic analytic software to fit the retail environment. The solutions in the SAS Revenue Optimization Suite rely on a retail-specific, fully integrated architecture, thus providing you with a single, comprehensive, end-to-end revenue management environment.

In addition, the suite is fully extendable. You can plan strategically, start focused and maintain a phased approach toward your specific revenue management goals. The component solutions incorporate industry domain expertise and contain industry-proven business definitions, data models, analytic models and reporting templates. All these features combine to reduce project risk and provide better, faster return on investment.

The SAS Revenue Optimization Suite allows different retail segments to address their particular revenue needs – but individual companies can also configure the solution components to incorporate proprietary knowledge and business processes, helping retailers yield maximum competitive advantage.

### **Key Benefits cont.**

- **Flexible investment strategies.** SAS enables you to determine the best option for your company by deploying SAS Revenue Optimization one of two ways:
  - o As a managed service (which can speed results and reduce your initial investment).
  - o As software behind the firewall (which can provide a lower long-term cost of ownership).
- **Optimization that scales.** SAS has a proven track record at large, medium and small retailers, and can price at all levels of the product and location hierarchy down to store SKU.
- **Lower total cost of ownership.** SAS provides a common retail foundation that reduces implementation and administration for retailers.

## Solution Components

The SAS Revenue Optimization Suite includes three integrated components, also available individually:

- SAS® Regular Price Optimization.
- SAS® Promotion Optimization.
- SAS® Markdown Optimization.

Each component within the suite addresses a specific business problem, while they all work together to provide a complete, synergistic solution.

### SAS® Regular Price Optimization

SAS Regular Price Optimization helps retailers establish and maintain optimal everyday prices based on costs, regional demand patterns and competitive price information to maximize category margin and volume goals. The solution allows for high-low product categories.

This solution provides an intuitive interface that enables merchants, their assistants, category management teams and pricing analysts to make timely profit- and revenue-maximizing decisions in the context of operational constraints. Retailers can also predict the impact of proposed price changes on revenue, unit volume and profitability based on elasticity, cross-elasticity and demand associated with different products.

### SAS® Promotion Optimization

SAS Promotion Optimization enables retailers to maximize margin and revenue through improved promotion planning. The solution provides a promotional planning process that enables better workflow and communication

between the marketing department and product managers, as well as a more efficient and effective method for managing the process of selecting products to be represented in marketing vehicles. It helps in determining which items or groups of items to promote in which locations, at what price points and through which promotional vehicles.

The solution has comprehensive support for vendor deal management and collaboration. It helps category managers determine if the vendor deals are profitable for the category – i.e., would accepting the deal grow the category or merely cannibalize sales from the rest of the category.

With the advanced demand modeling and optimization techniques that SAS provides, you can accurately predict incremental lift from planned promotions, develop and implement optimal promotional plans, support inventory planning decisions and maximize return on promotional investments while accounting for cannibalization.

### SAS® Markdown Optimization

SAS Markdown Optimization enables you to identify which items to mark down, at what levels and in what locations. You can base this analysis on critical factors such as inventory levels, base sales volume, price elasticity and local demand or preferences.

In addition, you can develop and implement optimum clearance pricing strategies at the local market level to maximize revenues and profitability while meeting end-of-season inventory goals.

## Comprehensive merchandising intelligence

All three modules enable the creation of customized reports that can show pricing information by product, location and time hierarchy along with various performance metrics, including sales, revenue, margin and price changes per market.

All three modules also analyze the performance of previous clearance events and forecast the uplift from planned clearance events. Such forecasts help you avoid stock-outs and overages, as well as unnecessary and costly markdowns.

The [SAS Revenue Optimization Suite](#) is an integral part of a comprehensive suite of proven solutions that provides unmatched merchandise intelligence for retailers around the world. [SAS Retail Intelligence Solutions](#) help retailers make the best decisions and get the best results.

## About SAS

SAS is the leader in [business analytics](#) software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at more than 45,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®.



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