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SAS® Regular Price Optimization

Proactively implement your ideal pricing strategies

Overview

SAS® Regular Price Optimization enables retailers to proactively plan, optimize and implement pricing based on a comprehensive understanding of consumers, demand and markets.

SAS' superior analytics and high-performance computing platform – with decades of retail experience built in – speeds time to insight and delivers the most accurate forecasts. This allows you to price confidently and proactively.

Price is a strategic lever for retailers. By using real-time what-if scenarios, you can evaluate consumer response to price changes and set strategies accordingly. SAS Regular Price Optimization has been deployed on a proven, scalable, low-cost architecture at leading retailers who have seen significant increases in sales and margins.

■ Challenges

- **Constant change**
Without predictive science to interpret your big data and forecast consumer demand, you risk not knowing what products and prices to target for specific segments, leading to missed profit opportunities and lower market share.

- **Aligning price strategies with organizational goals**
You need a centralized platform for data, forecasting and strategy management. Without it, pricing decisions become reactive, are poorly targeted, and fail to support strategic goals, which can have a negative effect on profitability, your price image and customer loyalty.

- **Improving customer loyalty**
Without predictive science to interpret your big data and forecast consumer demand, you risk not knowing what products to target to which segments at a price that satisfies expectations, enhances the shopping experience and improves your market share.

Price Proactively with Precision

The SAS® Solution

SAS Regular Price Optimization enables the creation of demand-driven everyday pricing that is more strategic, more targeted and more localized. You can quickly and accurately forecast complex retail scenarios to create proactive pricing aligned with your organizational strategy and image, leading to competitive advantage, maximum profit and increased customer loyalty.

Everyday shelf prices have a significant effect on profitability and customer loyalty. In today's demanding retail environment and with consumers' heightened awareness and sensitivity to price, establishing the right price for every product requires a thorough understanding of price responsiveness by customer segment and across products.

Pricing decisions need to be proactive, targeted at specific customer segments and aligned with strategic corporate goals. To properly establish, maintain and implement demand-driven pricing across stores, banners and channels requires scalable, retail-specific technology to model and forecast customer responsiveness at the store/SKU level.

The resulting insights, coupled with accepted merchandising rules, costs and competitive actions, provide the knowledge to proactively implement pricing decisions that improve profitability and customer loyalty.

Benefits

Increased sales, gross margins

- Price proactively by understanding consumer response before price changes are made by using powerful what-if scenarios to model and evaluate the effect of alternative strategies and select those that deliver the most profitable sales and highest margins.

- Implement pricing at any level – store, zone or market – with flexible business hierarchy settings.

- Price strategically with a detailed understanding of elasticity and cross-category effects to maintain price image and corporate goals for volume, sales and margins.

Maximize optimization and forecasting

- Complete forecasts and optimization computations in seconds using a high-performance platform that is many times faster than traditional platforms, enabling you to evaluate more scenarios.

- Empower your staff to save time, use their experience and harness advanced scientific forecasting techniques.

- Create optimal pricing strategies by using high-performance demand forecasting to accurately predict consumer demand down to the store/SKU level, then localize pricing based on store, zone or segment-level demand.

- Start where your needs are greatest – perhaps regular price optimization – and add other capabilities as your business needs change since SAS Revenue Optimization suite is modular and uses a common retail forecasting platform.

- Improve performance with an architecture that allows for more deployment flexibility and adaptability to foster growth.

Improve efficiency and accuracy

- Set unique business rules and thresholds for automated alerts of price changes – cost, competitive or demand.

- Configure the user interface based on your business processes to simplify workflow and approvals.

- Establish business rules to automate pricing recommendations, increasing productivity and creating time to focus on exception management and find new profit opportunities.

- Integrate seamlessly with the broader-reaching SAS Revenue Optimization suite to more efficiently implement lifecycle pricing.

Capabilities

High-performance modeling and optimization

Evaluate every possible pricing scenario to provide the most effective pricing recommendations. Pricing decisions are based on a granular evaluation of current demand and business rules to optimize the price strategies that will help achieve financial objectives. SAS Regular Price Optimization will allow you to price consistently across markets, banners and channels.

Forecasting

Use powerful analytics to create the most accurate picture of customer demand. Your models continually learn and adapt to consumer demand, enabling merchandising teams to create the most profitable pricing strategies.

Workflow automation

Automate the pricing process using system-generated recommendations based on rules, demand and existing inventory. You can use your own rules, goals and forecasts to automatically calculate pricing recommendations for review and quick approval.

Reporting

SAS provides embedded performance evaluation and detailed reporting that give you the insight to evaluate current changes and predict future outcomes.

A reporting extract can feed any existing BI tools to create custom reporting. This ability empowers you to price profitably in alignment with corporate goals while increasing market share and basket size.

Flexible hierarchies

Business users have a need to manage pricing within their established product and location hierarchies, but the most accurate modeling and forecasting results are generated by calibrating models to hierarchies that more closely resemble a consumer decision tree. SAS Revenue Optimization, enables users to determine separate business and modeling hierarchies to support both effective business decisions and the best possible modeling and forecasting results.

■ The SAS® Difference

Only SAS enables you to take a proactive approach to optimize every-day pricing using:

- Store-level analytics and price optimization that empowers you to proactively plan and implement the most profitable pricing strategies by deconstructing demand by store and item.

- A high-performance retail architecture that enables you to understand how consumers will react and how sales of other products respond to price changes, leading to better financial results.

- Transparent model results and flexibility in model maintenance so you will know why price recommendations are made with an easy-to-use interface for analytical modeling – not an indecipherable "black box" of analytics.

- Flexible deployment and integration to lower the cost of ownership because it can be deployed as a standalone solution or can be easily integrated with promotion optimization and markdown optimization modules that operate on a common platform, database, model and forecast.

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, SAS helps customers at more than 60,000 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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