Why is pricing still a topic?
Price conscious

Delighted
Set the right pricing strategy for each product life cycle?

Create customer-centric assortments

What drives your customers' path to purchase?

Delighted

Plan my business to drive higher profitability

Ensure the right levels of inventory

Determine the most relevant offer to drive the customer to purchase
Analytics gives you a complete view of your business.

And your customers.
How does a leading grocery chain with 2000 stores and 400+ small convenience stores focus on customer while driving sales and margin?

Business Challenges:

- Increased competition and eroding margins
- Analytic strategy needed for regional store pricing and channels.
- Optimize pricing efficacy and ROI.

Results:

- Increase in customer spend of 3 – 5%
- Increased profitability through optimized prices: 3–7% in sales, 2-3% margin
- Shaped demand to drive customer behavior.

Powered by SAS Revenue Optimization and SAS Analytics
Goal: make the promotion planning process more efficient

**WHY**

More benefits associated to Regular Price Optimization than Promotion

start with Regular Price Optimization?
Focus: Leverage customer data

WHY SAS?

Sound analytics
A solid pricing product

SAS was already present in the IT landscape with solutions for data integration and Customer Intelligence.

They felt SAS is a partner to work with who will listen to their needs.
Phase 0: Pilot - Test and learn

Phased deployment of Regular Price Optimization in regions

Phased Deployment of Promotion Planning
Improved execution of assortment strategy

Workload Reduction
- automatization
- Exception based system
- Optimization based on pre-set, pre-defined business rule

WHAT Are The Benefits

3-7 % Revenue increase
2-3 % Margin increase
3-5% increase in customer spend
How do we get all the benefits?

- Trust
- Localization
- Clear Strategy

- Optimize profitability at category level and include cross-effects increased prices on sensitive SKUs be competitive on image SKUs
- Zone specific pricing; What-if on revenue and profit before in store execution

Price Compliance
KEY TO SUCCESS

Change Management

Communication
Process Reviews
Training

Data

Complete
Accurate
Continue the roll out of promotion optimization and move pricing to SAS Viya™
Our digital transformation to power the analytics economy
How does a leading pharmacy chain with 1,300 stores and 20 distribution centers and 120,000 products position promotional items to increase sales? How effective are promotions across its channels?

Business Challenges:
- Analytics to understand promotional effects
- Reduce workload
- Integrate with replenishment systems

Results:
- Increased profitability through optimized prices
- Shaped demand to drive customer behavior
- Reduce promotional process complexity

Powered by SAS Revenue Optimization and SAS Analytics
WHY

SAS?

Holistic solution to resolve all business challenges
Solid retail analytics
Scalable architecture

HI-LO retailer experiencing significant out of stocks, extremely complex promotion planning process
A collaborative planning environment for Buyers, Marketing and Vendors

- **Integrated**
  - the system provides an estimate of the inventory required for:
    - Franchised dealers/stores to support the promotions
    - Stores - order quantities
    - Vendors

- **Analytics**
  - visibility to promotional effectiveness

- **What If**
  - insight into the sales and margin performance on promoted products. Efficiently run scenario analysis to find the best promoted price
Start with Promotion Optimization implementation

- Data Integration
- Promotion Planning Process Review
17 Week Promotion Planning Cycle

01 Week 1
Create promotions and start evaluating promotional support options

02 Week 3
Assign Spots in the flyer, forecast, evaluate promotion performance, adjust plans weekly

03 Week 15
Approve and lock the promotion, send the purchase orders and capture the forecast

04 Week 17
Promotion active in stores
How is business using SAS Promotion Optimization?

01. Buyers select promoted products and preferred promotional method.

02. Forecast demand, estimate promotions profitability and recommend promotion prices. Marketing chooses optimal scenario that reach expected customer segment and profitability.

03. Buyers use the forecast estimates to negotiate space in the flyer, negotiate better vendor deals and monitor promo performance.
Structured promotion planning workflow

Effective vendor negotiations

Plan, execute and monitor the results of each promotion

In stock during promotion

Increased margin and revenue
Future Direction

- Regular Price Optimization
- Inventory Optimization
How does leading global sports and footwear retailer drive more effective markdowns to increase sell-through velocity and minimize the negative impact on margin?

Business Challenges:
- Use merchant intuition to drive its pricing strategy and markdown decisions
- Automate decision-making process.
- Need product life cycle pricing structure.

Results:
- Formed optimal price points to reduce end-of-season stock.
- Generated significant additional annual revenue.
- Improved inventory productivity and profitability.

Powered by SAS Revenue Optimization
CREATING THE NEW IS OUR STRATEGY

- Culture
- Open Source
- Cities
- Speed

**Focus**

**Brand Desire**

- Top Line & Market Share Growth
- Gross Margin Expansion
- Operating Leverage
Problem: aged inventory

WHY SAS?

Fact-based solution to optimize markdowns and drive profit

Multi language and multi currency solution

Experienced consulting team that assisted with business process change and deployed the solution in 4 months
WIN WHY MDO

COUNTRIES CURRENCIES ARTICLES EXCEL

WITH MDO

SELL THROUGH ANALYSIS REPLACEMENT ARTICLES INVENTORY RELEASE

EVALUATING MDO

INCREASE STOCK OPTIMIZE MARGIN

MORE WITH MDO

RIGHT TIME RIGHT PLACE

BALANCE
Why does it work?

01 Reduces the tendency to prematurely offer the steepest markdowns and capture lost margin

02 Increases the average unit retail by 2-3% and sell thru velocity

03 By expanding the number of markdown levels from two (30% and 50%), to four (20%, 30%, 40% and 50%) optimization can choose the most profitable localized price point
Initial stock

Faster sell-through MDO

Sales NON MDO

Extra products displayed MDO

Expect to be sold before the end of t2
How well it works?

**RESULTS**

- Margin EOS Sell Through
- Margin Price Erosion
- Margin in Season Sell Through
- Net Margin

**OTHER KPI’S**

- Released Capital +10%
- Mean Sell-through Gap 14.5pp
- Based on end of season sell through gap

+20 bpp
BETTER ANSWERS, FASTER

40 years experience solving analytical challenges

Levers
See clearer & further

Very clever maths

Automation
Quality of output

Integration
Time to value

Learning

n+1

n