Perfect Price and Promotion Execution

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Create Optimal Prices and Promotions

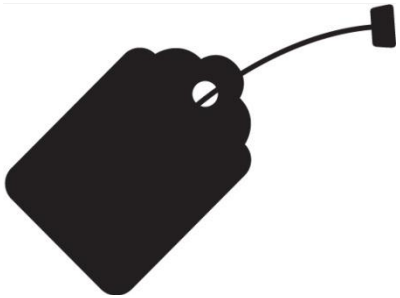
Optimal Prices and Promotions

Focused Prices and Promotions

Growing Market Share

SAP Innovations

Consumers are networked and have instant and detailed access to transparent information and real-time price comparisons. This drives retailers to offer appealing prices and promotions to retain and grow customer loyalty.



The availability of information is at an all-time high, and cost-conscious, informed shoppers can view very detailed information through online and smartphone devices in real time. They expect great value and choice and are keen to find relevant promotions that suit their needs and lifestyle.

In light of the changes in how people shop, retail companies must align marketing and merchandising to create effective pricing and promotional strategies and tactics that appeal to and retain customers.

Retailers are faced with the additional challenge of increasing costs, which puts pressure on margins. They need to offer customers great value, while protecting profits.

To provide a superior shopping experience, customer interactions must be seamless, whether shoppers choose to receive offers on their smartphones or shop online and collect in a store. Retailers also need to make sure that specific segments or individual shoppers are targeted with appropriate offers at localized prices.

To effectively manage and overcome these challenges, while remaining competitive, retailers need to take a customer-centric approach towards their pricing and promotional practices.

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Ensuring Focused Prices and Promotions

Optimal Prices and Promotions

Focused Prices and Promotions

Growing Market Share

SAP Innovations

Incorporate customer insights into your pricing and promotions processes. Combine a deeper, localized understanding of demand with more effective customer-centric pricing and promotion practices to deliver higher market share and greater customer loyalty over time.

To satisfy and retain customers, successful retailers must put customers at the center of their merchandising activities. Shoppers are faced with an extensive choice of retailers and assortments. To increase revenue and market share, retailers need to incorporate this factor into their promotional and pricing strategies, along with valuable insight into customers and their buying behavior. Sales are often lost due to ineffectively targeted promotions and pricing. Therefore, insight into customer profiles and buying behavior must also be incorporated into the creation and communication of offers as well as merchant-based processes.

As buying behavior and preferences change frequently, retailers must be able to monitor these changes and adapt their promotions and pricing quickly and appropriately. By executing promotions and pricing in real time and with greater understanding of rapidly changing customer behavior, retailers can stay ahead of the competition and grow their market share.

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Grow Market Share Through Promotions

Optimal Prices and Promotions

Focused Prices and Promotions

Growing Market Share

SAP Innovations

The benefits of incorporating customer insights into pricing and promotional strategies and activities can be huge. Best-run companies understand customer buying behavior and deliver targeted promotions and appealing prices to profitably increase market share. Our pricing and promotion software solutions facilitate the management and optimization of pricing and promotions, resulting in:

- Improved profitability through effective pricing
- Increased revenue and share of customer spending through more effective, targeted promotions
- Shortened time to market and reduced promotion-related costs
- Greater customer loyalty
- Alignment of pricing and promotions with strategic goals

5%-10%

Improvement in promotion profits

Source: SAP Performance Benchmarking

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SAP Innovations

Optimal Prices and Promotions

Focused Prices and Promotions

Growing Market Share

SAP Innovations

Our software for pricing and promotion planning supports your strategies and practices through a customer-centric approach. New innovations help you manage aspects such as increased price transparency and customer-targeted promotions, while maximizing customer loyalty, revenue and market share.

Database and technology solutions enable execution of promotions planning in almost real time. With the power of the SAP HANA platform, you can respond quicker to customer behavior. In-memory functionality, such as the unified forecast platform, can help retailers and supply chain planners improve overall service levels.

Advanced analytics functionality enables a better understanding of price sensitivity according to location or channel. Other promotional tactics can also be deployed to help ensure a more profitable financial outcome.

Mobile solutions are placed at the center of pricing and promotional strategies to support customer interaction with regard to competitive pricing checks and in-store availability of products.

Cloud-based delivery of analytics functionality for zone and basket analysis facilitates targeted promotions through insight into the buying behavior and preferences of customer segments or individuals.

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Customer-Centric Pricing and Promotion

Solution Overview

Strategic and Operational Pricing

Targeted Promotions

Effective Markdowns

Customer-Centric Merchandising

Why SAP?

Strategic and Operational Pricing

Conduct customer-centric strategic analyses and align operational execution with your pricing strategy.

Targeted Promotions

Enable an analytical and targeted approach to promotion planning and execution.

Effective Markdowns

Carry out advanced econometric markdown planning and execute markdowns effectively to help ensure profitability.

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Perfect Price and Promotions Planning Execution

Solution Overview

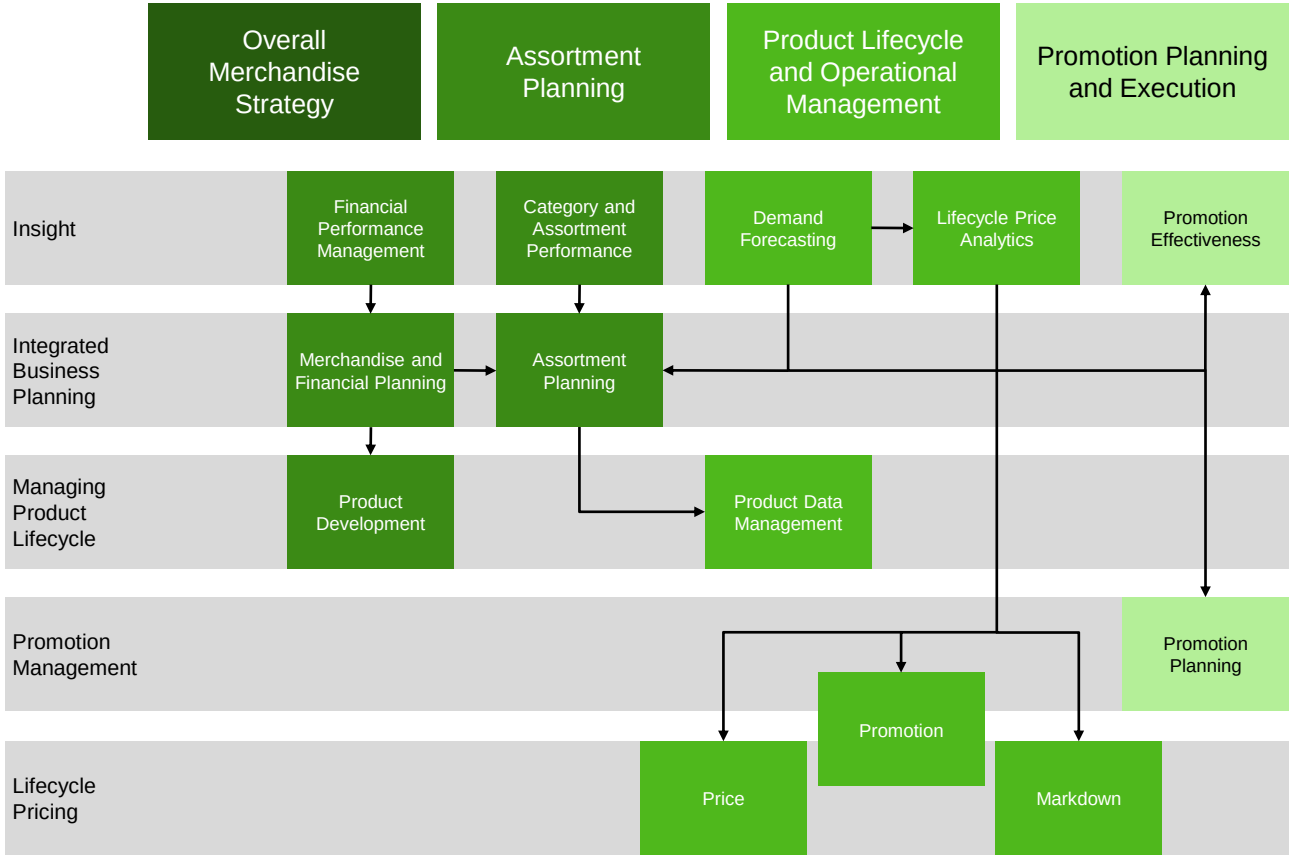
Strategic and Operational Pricing

Targeted Promotions

Effective Markdowns

Customer-Centric Merchandising

Why SAP?



Perfect price and promotions planning execution integrates customer insight into the creation of customer-centric pricing and promotional strategies.

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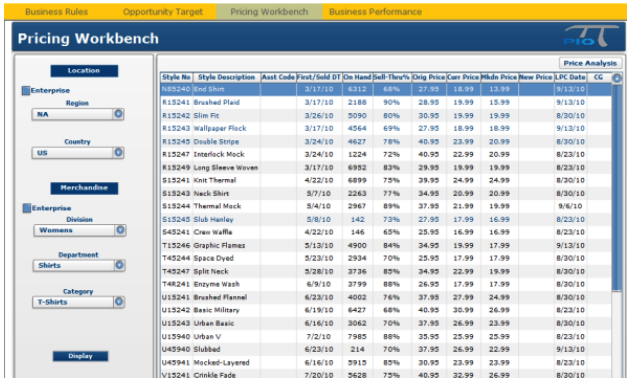
Strategic and Operational Pricing

Solution Overview

Strategic and Operational Pricing

- Capabilities
- Benefits
- SAP Innovations

Our strategic and operational pricing software enables retailers to plan pricing through optimization and forecasting, as well as execute price plans at the point of sale (POS) or on other channels.



3%-5%

Improvement in gross margin

Source: SAP Performance Benchmarking

To increase revenue, customer loyalty, and market share, retailers need effective pricing capabilities. Strategic and operational pricing functionality in SAP software enables retailers to counteract pressures such as competitive online pricing and rapidly changing consumer preferences, while protecting profits despite rising costs. By understanding the unique patterns that shoppers produce when making purchases, retailers can proactively manage their pricing. Efficient execution of prices at the point of purchase across all channels helps improve gross margin and can be achieved by applying a defined set of rules.

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Price Strategically and Efficiently

Solution Overview

Strategic and Operational Pricing

Capabilities

Benefits

SAP Innovations

5%-10%

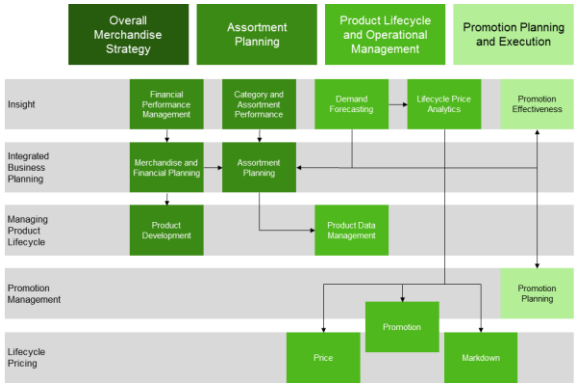
Improvement in price efficiency

Source: SAP Performance Benchmarking

Pricing is becoming increasingly challenging due to the pressure on profits and the need to appeal to the new generation of consumers. Therefore, pricing strategies need to be linked to the type of assortment and customers who are purchasing a retailer's products – regardless of channel.

Strategic pricing functionality in SAP software facilitates the collection and analysis of historical buying behavior and preferences. It enables the creation of a strategic map of varying sensitivity by location or point of purchase, highlighting how different shoppers react to different price points for products.

Strategic pricing plans and what-if scenarios can be evaluated to enable retailers to obtain the best possible financial outcome.



Our rapid price execution software provides functionality for managing large volumes of retail data at all hierarchical levels. This supports the rapid changes in customer buying behavior resulting from the access to price transparency through mobile devices.

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Improve Pricing Profits While Increasing Customer Loyalty

Solution Overview

Strategic and Operational Pricing

Capabilities

Benefits

SAP Innovations

Increase insight into customer behavior and preferences and apply the insight to pricing strategies. Execute these scalable strategies to meet today's increasingly rapid trends and shopper activity.

10%-15%

Reduction in the cost of analyzing key value items

Source: SAP Performance Benchmarking

Strategic and operational pricing leverages shopper demand patterns, enabling you to align pricing with your overall merchandising strategy. Anticipate what shoppers want through analytical insight and predict the trade-offs between revenue, profit, and price image. In response to the greater transparency that is available to shoppers online and through mobile devices, confidently set prices that support your business strategy, and flexibly execute and adjust pricing across the company.

As assortment plans change to satisfy increasingly diverse groups of shoppers, align your pricing strategy accordingly.

Improve financial performance by ensuring that pricing meets consumer expectations at a localized level. Use accurate forecasting technology based upon changing customer preferences. Position your business against the competition and other channels offering similar products through rules-based pricing strategies.

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Innovations for Strategic and Operational Pricing

Solution Overview

Strategic and Operational Pricing

Capabilities

Benefits

SAP Innovations

SAP innovations enable high-speed analysis of sales data at the transaction level to help understand consumer behavior.

10%

Improvement in the profitability of basket purchases

Source: SAP Performance Benchmarking

Database and Technology

Processing and analysis of transaction data generated by POS represents a major challenge to retailers. Functionality that is powered by the SAP HANA platform enables data to be analyzed and processed at extremely fast in-memory speeds. Retailers can use information such as recent customer purchases and adjacency analyses to help ensure their products are competitively priced, while driving profitability.

Mobile

By making information available through mobile in-store devices, employees can offer customers instant, informed responses at the point of purchase. This enhances the shopping experience, improving image and customer loyalty.

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Targeted Promotions

Solution Overview

Targeted Promotions

- Capabilities
- Benefits
- SAP Innovations

Create effective promotions that leverage insights into consumer purchasing patterns, while executing targeted and appealing offers to your customers across all channels.

5%-15%

Improvement in gross margin on promotions

Source: SAP Performance Benchmarking

Our software for promotion planning and execution includes functionality for financial analysis and promotions forecasting.

It enables retailers to accurately assess promotion effectiveness and the financial impact of promotional decisions. This allows for necessary subsequent adjustments to be made to planned promotions. It replaces manual data-gathering and analytical tasks, leading to better decisions and increased profitability for promotions.

Demand-based forecasting models predict how individual promotions will perform, reveal shopper preferences, and predict the financial impact of varying factors.

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Use Insight for Targeted Promotions

Solution Overview

Targeted Promotions

Capabilities

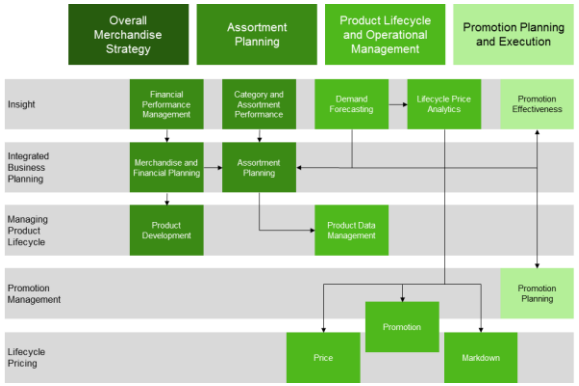
Benefits

SAP Innovations

Our software for targeted promotions supports collaborative and efficient planning, creation, and execution of profitable promotions. Better decision making tools empower merchandising managers, and sophisticated productivity tools help advertising staff reduce the time and cost associated with promotion production.

Econometric, accurate forecasting allows planned promotions to be adjusted and optimized before being rolled out to customers.

Promotions software incorporates financial projection and analysis functionality, and promotion media can be aligned with financial plans.



Comprehensive event planning and the creation of versioned events and promotional offers for targeted print and in-store promotions help increase sales and profitability.

50%

Reduction in cycle time to enable a faster, more targeted promotion process

Source: SAP Performance Benchmarking

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Enable Customer-Centric Promotions Planning and Execution

Solution Overview

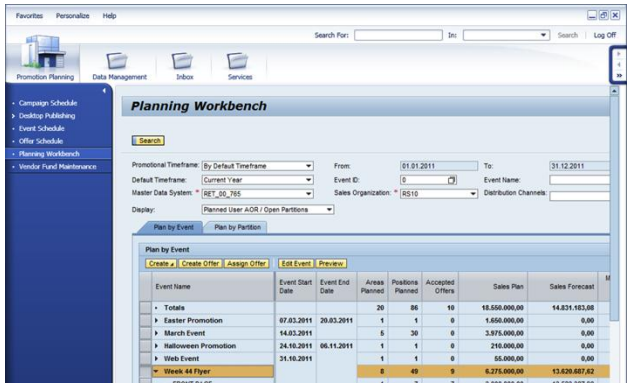
Targeted Promotions

Capabilities

Benefits

SAP Innovations

Achieve greater profitability for all your promotions by increasing profits and customer spend. Execute promotions across all channels including smart phone applications.



5%-10%

Reduction in promotion production costs

Source: SAP Performance Benchmarking

Create profitable, timely, and targeted promotions through greater promotional effectiveness. Enhance efficiency through sophisticated software and generate targeted promotions that are effective and profitable across all your sales channels. Improved productivity can be achieved through better collaboration between marketing, merchandising, and advertising execution systems, thereby streamlining promotions and using resources more efficiently.

Increased product and store-level forecasting accuracy helps you understand the financial performance of each promotional event before making key final decisions and rolling them out to your customers.

Lower your promotional costs by reducing the time required to produce advertisements and minimizing the number of proofs to review and print.

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Innovations for Targeted Promotions

Solution Overview

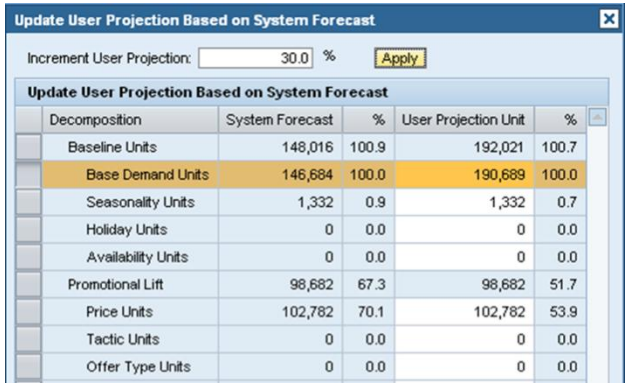
Targeted Promotions

Capabilities

Benefits

SAP Innovations

SAP innovations help predict customer responses to planned promotional activities, and calculate financial impact.



Update User Projection Based on System Forecast

Increment User Projection: 30.0 % Apply

Update User Projection Based on System Forecast

Decomposition	System Forecast	%	User Projection Unit	%
Baseline Units	148,016	100.9	192,021	100.7
Base Demand Units	146,684	100.0	190,689	100.0
Seasonality Units	1,332	0.9	1,332	0.7
Holiday Units	0	0.0	0	0.0
Availability Units	0	0.0	0	0.0
Promotional Lift	98,682	67.3	98,682	51.7
Price Units	102,782	70.1	102,782	53.9
Tactic Units	0	0.0	0	0.0
Offer Type Units	0	0.0	0	0.0

10%

Improvement in promotional forecast accuracy

Source: SAP Performance Benchmarking

Database and Technology

Our promotion management software for retail incorporates a demand forecasting engine that is powered by the SAP HANA platform to capture demand across all channels. Forecasting functionality leverages sophisticated algorithms to predict consumer responses to planned promotions and calculates the financial impact on profit, sales, and margin.

Analytics

New predictive analytics functionality can help you understand and calculate promotional lift, baseline demand, and variations based on consumer groups, geography, seasonality, trends, and price discounts. This enables targeted promotions based on demand patterns to maximize sales and profitability.

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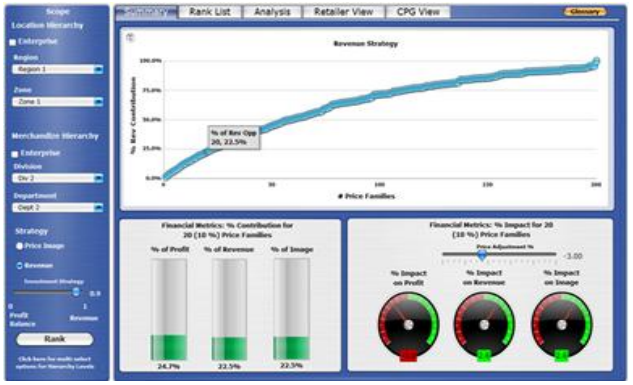
Effective Markdowns

Solution Overview

Effective Markdowns

- Capabilities
- Benefits
- SAP Innovations

Understand how demand and inventory are influenced by location and product during the markdown period. Quickly maximize profits from clearance stock making place for new assortments.



10%

Increase in markdown profits

Source: SAP Performance Benchmarking

Markdown activities during clearance cycles can be managed more effectively by understanding how demand varies according to location. Capturing and measuring demand in econometric models makes it possible to define a schedule of markdowns that perform as planned.

Through a streamlined process and an understanding of how to maximize sales of clearance stock, valuable space in the store and warehouse can be allocated to new assortments or seasonal items. The overall solution leads to enhanced customer satisfaction and increased profitability.

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Sell Clearance Profitably and Quickly

Solution Overview

Effective Markdowns

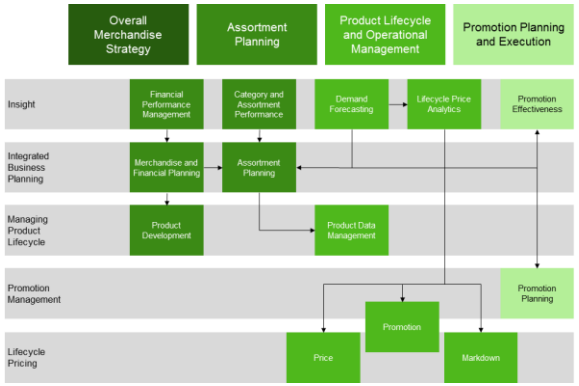
Capabilities

Benefits

SAP Innovations

Econometric analysis supports effective markdowns and is performed on the underlying sales data to capture demand patterns, as well as inventory on hand. This is integrated with factors such as sell-through deadlines and price-point reduction percentages to deliver strategic forecasted planning scenarios.

Once the markdown strategy has been defined, prices are scheduled and transferred to the POS. The entire process is measured and monitored with regard to the rate of sale of clearance items, and adjustments can be made in response to changing inventory patterns. Localized preferences are captured through the models, helping to ensure that each location is assigned an appropriate schedule.



Analytics also enables the investigation of slow-selling inventory items at the time of execution, scheduling of necessary markdowns, and auditing of markdown activities for future scrutiny.

5%-10%

Reduction in markdown budget spend

Source: SAP Performance Benchmarking

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Increase Sales and Profits and Clearance Markdowns

Solution Overview

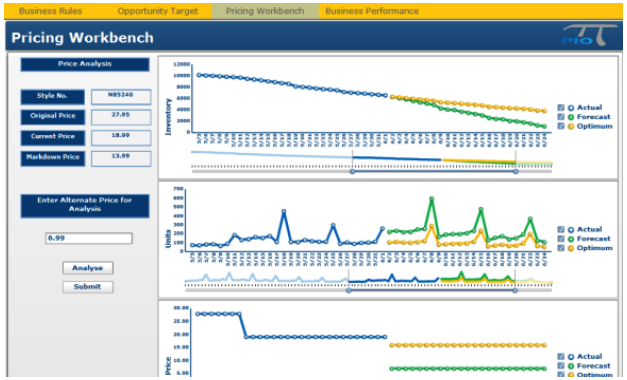
Effective Markdowns

Capabilities

Benefits

SAP Innovations

Understand the demand of clearance items by using econometric models. Improve sales and profits with executing more effective plans.



10%

Increase in markdown sales

Source: SAP Performance Benchmarking

Reduce inventory levels of in-season merchandise more profitably, according to defined strategies. Automatic production of markdown schedules for selling store and warehouse inventory drives sales and profit improvement.

Establish scheduled markdown dates before the start of a season, and regularly monitor planned and actual sales to evaluate the success of the markdown strategy. Retailers can apply different markdown rules to reflect frequency and pricing policies as well as different markdown profiles for articles, groups of articles, and merchandising categories.

Perform and assess what-if scenarios ahead of the markdown period. Retailers can benefit from automatically updated sales and inventory data such as sales revenue, current inventory and value, or amount of open purchase orders. Through automatic transfer of markdown prices to the POS, prices can become more timely and accurate. And complete reporting on lifecycle and markdown selling performance can help refine future markdown profiles.

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Innovations for Effective Markdowns

Solution Overview

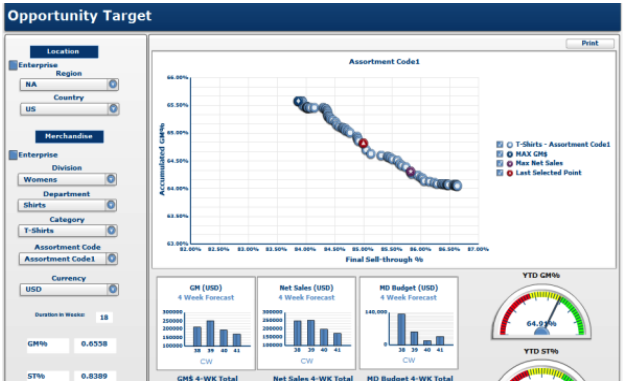
Effective Markdowns

Capabilities

Benefits

SAP Innovations

Fully understand store demand and how it influences markdowns by using Big Data approaches.



7%-10%

Increase in unit sales

Source: SAP Performance Benchmarking

Big Data and analytics delivered in the cloud can help tackle the issue of markdowns in an innovative way. By leveraging all the trans-action data that is available to retailers, a map of basket-level purchases is formed to create innovative statistical models. These new models provide greater understanding of the correlations between articles and its affect on the behavior of clearance items.

Inventory is also included in the analysis, instead of being considered as a constraint, to give greater insight. And this is particularly useful for products with a short lifecycle and short demand history.

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Retail Value Map

Solution Overview

Strategic and Operational Pricing

Targeted Promotions

Effective Markdowns

Customer-Centric Merchandising

Why SAP?

Real-Time Customer Insight and Predictive Analytics	Marketing Analytics	Customer Insights and Segmentation	Merchandising Analytics	Shopper Insight
Optimized Merchandise and Assortment Planning	Merchandise and Financial Planning	Channel Planning	Assortment Planning	Plan Optimization
Marketing, Campaign, and Promotion Planning	Marketing Planning	Campaign Management	Promotion Planning	Loyalty Management
Perfect Price and Promotion Execution	Strategic and Operational Pricing	Targeted Promotions	Effective Markdowns	

Perfect price and promotions planning execution integrates customer insight into the creation of customer-centric pricing and promotional strategies.

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Why SAP?

Solution Overview

Strategic and Operational Pricing

Targeted Promotions

Effective Markdowns

Customer-Centric Merchandising

Why SAP?

Our software for consumer-centric pricing and promotions offers predictive functionality to closely align prices and promotions with customers' needs and buying behavior, while achieving growth across retail operations and processes.

Innovation for Greater Insight

Build forecasted customer insight into all your merchandising areas to enable targeted promotions, pricing and markdown activities, and maximized profitability and customer loyalty.

Leveraging Breakthrough Technology

Use sophisticated database and technology solutions to execute your promotions in real time. Improve your service levels, respond quicker to customer behavior, and become a more appealing brand for your customers.

Tightly Integrated, Comprehensive Solution

Build scalable, yet insightful, solutions for the new generation of shoppers to meet the changes in customer behavior and increase your market share.

60% increased operating margin, when innovation processes are extended to the enterprise, partners, and customers to improve idea capture

Source: SAP Performance Benchmarking

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