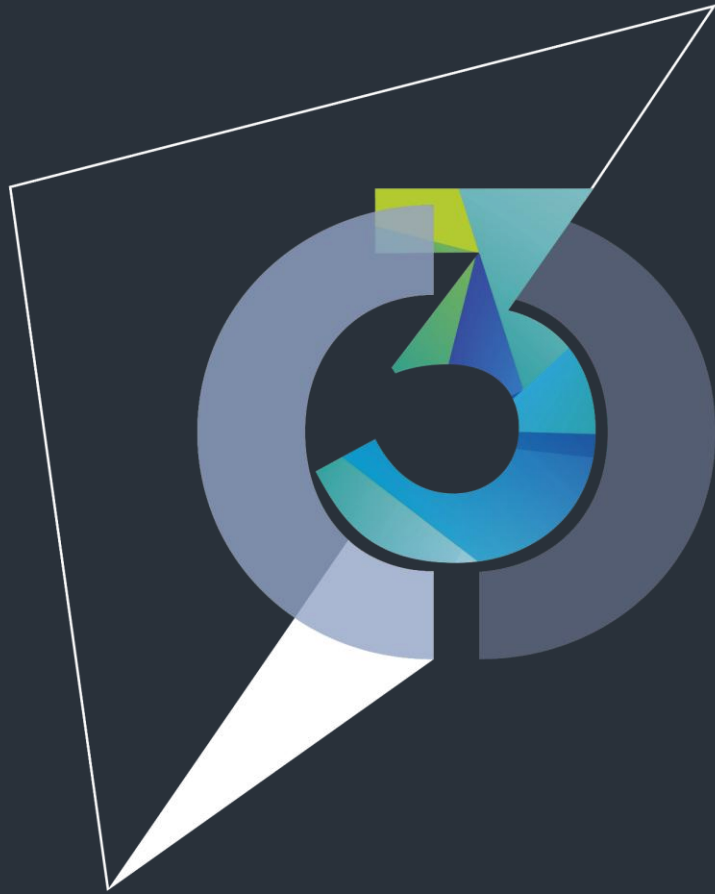


consenso

SUCCESSFUL SAP PROJECTS



SUCCESSFUL SAP PROJECTS
FOR OUR CUSTOMERS
FOR OUR PARTNERS
FOR OUR TEAM



Intelligent Pricing

Increase digital maturity and
generate measurable benefits
immediately!



Motivation and Benefits for Retail/Trade

Business motivators

- **Standard assortment** – optimisation of KPIs
- **Promotion** – optimisation of placement in advertising media
- **Promotional prices** – effect on the assortment module
- **Store-clusters / Store-specific** – price optimisation and references, as well as regionalities (margin improvement, customer reference see above)
- **Seasonal pricing** – optimisation of prices and sales rules (see also amortisations)
- **Markdown management** – zero stock, rapid product range changes and profit maximisation
- **Discount, rebate and bonus behaviour:** known customers – revenue optimisation and comprehensible structures (set of rules e.g. customer cards / apps)



Motivation and Benefits for Retail/Trade

Resources motivators

- **Demographic development** (increasing skill shortage)
- **Relieving the business department – suggested values** for support/relief for essential and interesting activities (**employee retention**)
- **Successive automation** – clear cases in pricing (reference customer with approx. **2,000,000** price changes per year and ~ **60% automation potential**)

Price Engine



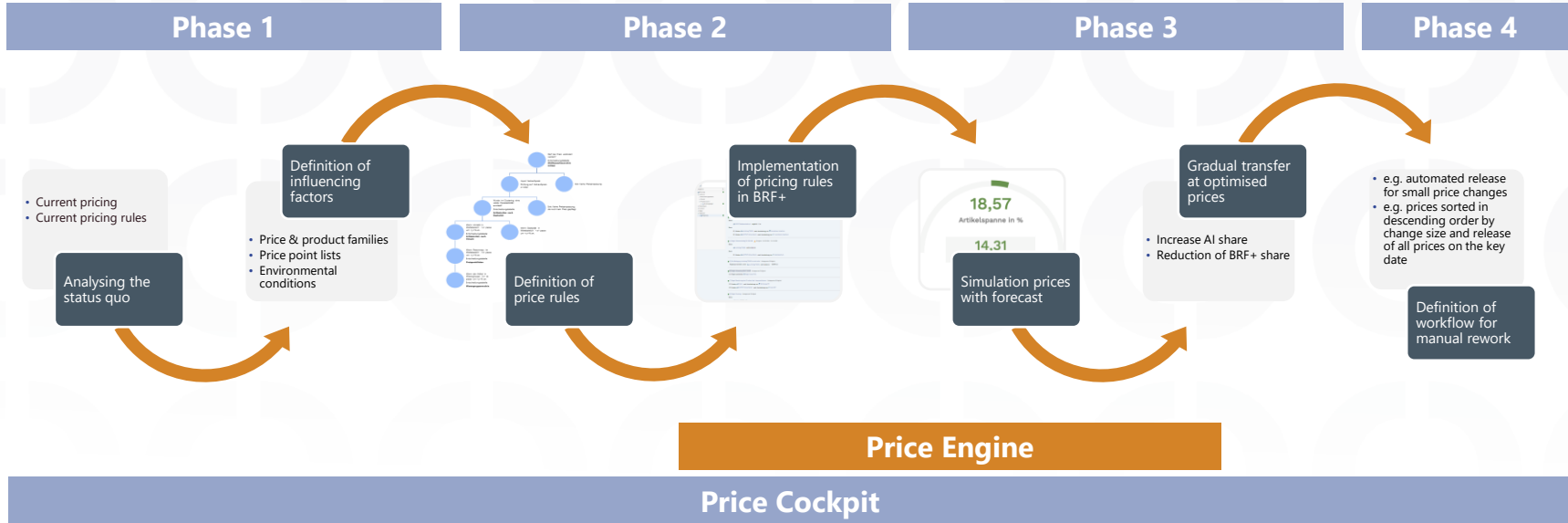
Modularisation Price Engine

Price knowledge in the organisation is the basis for all actions

- This price knowledge forms the basis for defining rules that enable automatic price changes.
- Sales forecasts (simulations) can be created for each potential price.
- Once a price-elastic sales forecast has been established, it can be used to calculate optimised prices.
- A rigorous historical analysis is required to evaluate previous pricing (e.g. precision or recall).

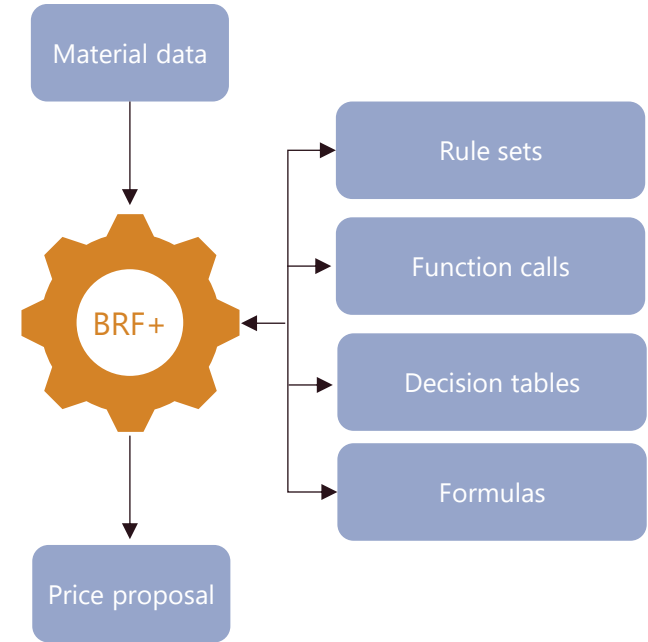


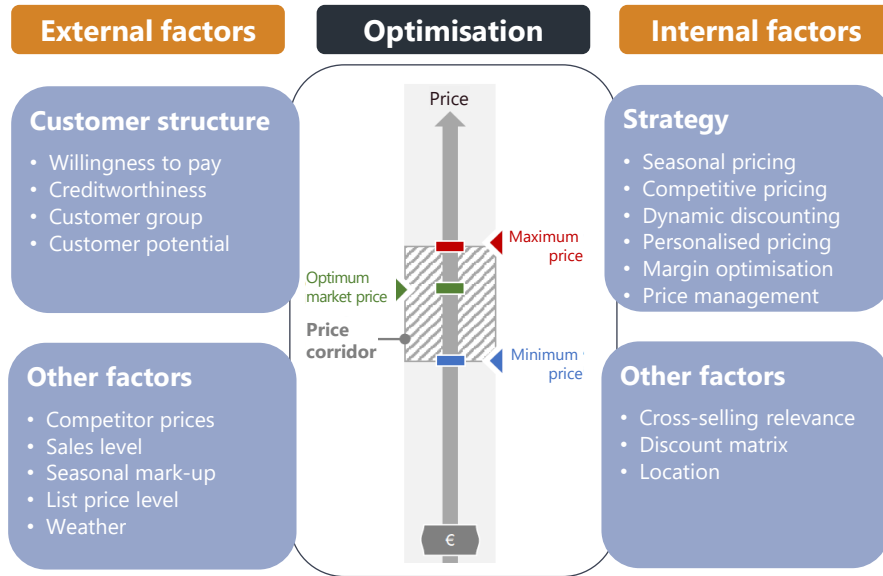
Price Cockpit and Price Engine in our Phase Model



Rule Framework

- Uses master and transaction data from different sources
- Accepts inputs with a specific structure
- Any rule sets with function calls, decision tables or mathematical formulas can influence the output
- Structured output of price proposal data





Price Optimisation

- Historical sales as a basis for forecasting
- Price Engine calculates prices based on external and internal factors
- What-if analyses determine price corridor
- Demand analyses support the evaluation
- Factors are interchangeable

Price Cockpit

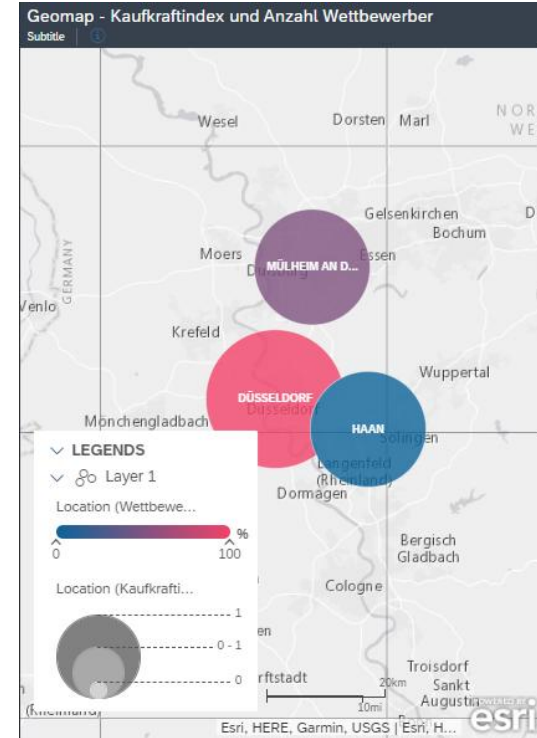


Pricing with strategy

Analysis of location-specific indices

- Prices should reflect the purchasing power of the location and the competitive pressure prevailing there
- For high-priced articles, higher prices can generate more profit in areas with higher purchasing power
- With a higher number of competitors, more consideration must be given to competitive prices

→ **Analysis of purchasing power index / competitive pressure**



Price Cockpit: : Geomap standortspezifischer Indizes

Pricing with strategy

Seasonalities

- Seasonalities can be recognised by means of a correlation analysis
 - This requires known seasonal periods to be defined
 - The higher the correlation coefficient, the higher the correlation



Price Cockpit: Korrelation zwischen Absatz und Weihnachten

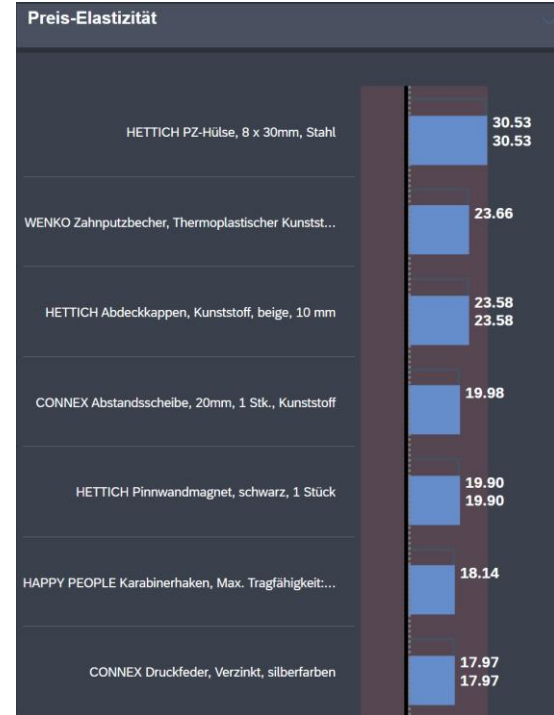
Pricing with strategy

Analysis of price elasticities

- Price changes cause changes in demand
- Inelastic articles must be identified for price optimisation
- Enables price increases without a sharp drop in demand

→ **Potential for significant profit increases!**

$$\text{Price Elasticity of Demand (PED)} = \frac{\% \Delta \text{ in } Q_d}{\% \Delta \text{ in } P}$$



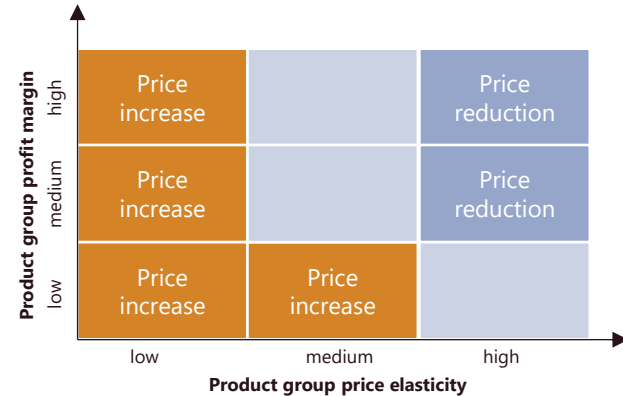
Price Cockpit: Calculated price elasticity per product location

Pricing with strategy



Analysis and reporting

- A value is calculated for each influencing factor
- The value represents the strength of the correlation
- Articles and locations can thus be classified
- Rules can be defined based on the various class combinations
 - e.g. non-seasonal, price-insensitive, fast-moving, low profit margin



Use Cases



Reference Examples from Agriculture, Food, Fashion



Rule-based

- Use of business rules for automated price creation and price supply
- Article matching and integration of competitor prices
- Price crawling



Targeted Reporting

- Checks on current prices as well as their influence and development
- What-if price forecast incl. sales development
- Checking for cannibalisation



Ai-supported

- Data forensic investigations to determine article price elasticity
- Determination of prices for price-elastic articles
- Sales forecast with what-if analyses for e.g. promotions



Analysis Of Demand Influencing Factors

- AI-supported examination of historical data to identify the influencing factors with the highest impact on the price per article and product group
- Use of the results for future pricing



Reference Agrarhandel

Costs

- Significant reduction in the manual workload of the customer's employees

Quality

- Increased performance
 - Prices for about 24 million articles are calculated in less than a minute
- Simple expandability and flexible mapping of price rules

Time

- 10 months

Initial Situation

The customer wants to integrate the price calculation (in terms of process and architecture) into SAP without changing the defined set of rules.



Solution

Introduction of the new Price Engine

- Flexible pricing rules
- Easy to expand
- Integrated in SAP
- No system breaks
- Ad-hoc price calculation





Reference Fashion Retail

Costs

- Better coordination between business departments thanks to the elimination of system breaks
- System integration simplifies the overall process.

Quality

- Fewer price discounts (strategic goal in the product range area) thanks to optimised markdown management
- Reduction of media breaks
- Securing the future viability of markdown management

Time

- 8 months

Initial Situation

Until now, prices could only be reduced on the generic article. With a new price engine, however, it should also be possible to reduce prices at option level - in this case "colours".



Solution

Introduction of the new Price Engine

- Introduction of price reductions at option level (colours)
- Replacement of the price planning workbench
- Complete integration into SAP



Thank you for your attention!

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