

## 8. OMNI-CHANNEL / DYNAMIC PRICING

# Specialty apparel retailer

**Overview:** Merchants used "intuition" driven approach to pricing and promotions, and had difficulty disaggregating the impact of price discounts vs. promotions. Retailer restructured their marketing calendar, developed a new approach for merchants to make pricing decisions, and built a roadmap to embed the capability

**Example of:** Advanced analytics to optimize pricing strategy

**Impact delivered:** Identified 2-3% sales impact and 1-2% in gross profit (within 2 years)

## Key elements of their pricing transformation

### ECONOMETRIC ANALYTICS

Leveraged 3 years of transaction data to quantify sales and margin impact of each promotion (e.g., stripping out holidays, seasonality)

### PRICE ELASTICITY ANALYTICS

Calculated price elasticity of each style to isolate impact of price discounting vs. promotions. Allocated categories into pricing archetypes based on Key Value Category role, sensitivity to price and margin rates

### CUSTOMER CONJOINT RESEARCH

Complemented econometric modelling with customer conjoint research to find optimal promotion / event stack combinations

