Pricing optimization & Promotional effectiveness

Business Value :

Define Promotional campaigns, pricing strategy, its KPIs and maximize profit & volume of sales per promoted product.

SAP Solution:

AI-based recommendations to automate and optimize the pricing process, considering additional data sources like competitor prices, competitor actions, customer demand and data products on SAP BDC as well as custom AI / ML models powered by SAP Databricks, including what-if analysis and revenue & margin simulation on SAC.

"By integrating intelligent technologies into our promotions planning processes, we can reduce residual quantities, minimize waste, and offer customers the goods they actually require in each store."

Head of Master Data Management and Marketing Processes, Coop Group

Marketing Head
Heiner

Accurate

More accurate predictions so that all promotional products are available in all stores

Optimal

Promotion quantities with self-learning AI models based on daily sales data

60 %

Reduction in time spent on campaign management at stores

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Challenge

▪ **Difficult to analyze and model multiple promotional effects as well as competition without having the promo calendar and the definition of competitive products beforehand.**

Solution

▪ **Custom AI model using SAP Databricks, that can be combined analytical application featuring the capability to model promotional as well as cannibalization effects, to decompose sales into base and uplift and predict sales on promoted/non-promoted products**

Value

#1

Increase of sales and contribution **margin**

#2

▪ **Decrease of competition** between similar products
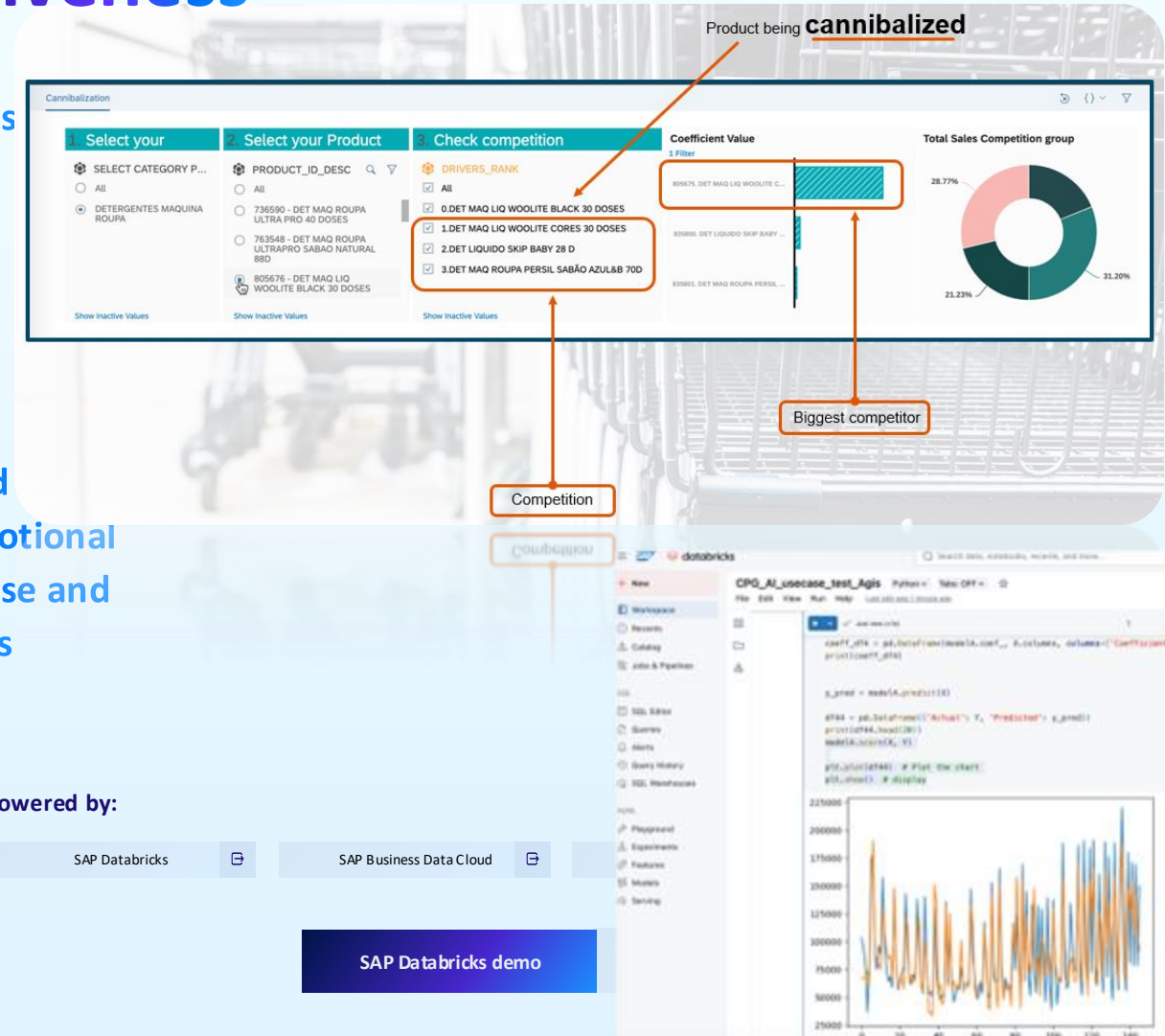
#3

Optimization of supply according to demand per store and promoted SKU / product

Powered by:

| SAP Databricks | SAP Business Data Cloud |

SAP Databricks demo

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Business Data Cloud & SAP Databricks Architecture

Business Data Cloud

SAP Data Sources

- **SAP S/4HANA PCE**
- **SAP HCM**
- **SAP ISBN**
- **SAP I&CX**
- **SAP Successfactors**
- **SAP Concur**

Intelligent Applications
360 Analytics, Extended Planning, 3rd Party Apps

AI Copilots

SAP Analytics Cloud

Analytics and Planning	Business Intelligence

Business Data Fabric

SAP BW PCE
- Legacy Data Flows
- Data Product Generator

SAP Databricks
- Zero Copy
- Custom AI/ML

SAP BDC Cockpit
- Data Product Installation
- Security and Governance

SAP Datasphere
- Business Semantics
- Knowledge Graph

Object Store
Data Ingestion

SAP Data Products
(data sync managed by SAP LoB Apps)

Custom Data Products
(managed by SAP Datasphere)