Price & Promotions

Focus on value perception and effective promotions

Price and promotion are two of the most important drivers a retailer can influence. But doing it right is not easy. As discounters and online continue to expand, price transparency is greater than ever. To stay ahead of the changing competitive landscape, it is critical to focus on Customer price perception without reducing prices so low that you impact financial growth; as well as understanding what promotions are most effective to your most important Customer.

By leveraging dunnhumby's strategic process, Customer insights and robust software suite, retailers can improve price perception and execute effective promotions. Pricing & Promotions from dunnhumby helps you process, understand, model and act upon all the market drivers influencing the shopper's behaviour. From strategy to execution, we can help you avoid the race to the bottom and deliver prices and promotions that are meaningful to your Customers.

For retailers – pricing analysts, buyers, category managers, advertising, marketing and finance teams
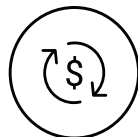
+1-3% like-for-like sales uplift

+1-2% margin gains

+4% cash profit with Price Optimisation

+1-5% promotional sales with Promotions Forecasting

x10 return on investment

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Key questions & challenges answered

Retail pricing and promotional planning is a complex and time-consuming process. It starts with maintaining pricing across the store that has integrity and is competitive, especially on the items that matter most. Promotions must be relevant, excite Customers and grow sales. Advertised items need to resonate with best Customers at the right time and price. To effectively execute this process, retailers need systems for automation and workflow management coupled with accurate promotional modelling and forecasting.

Customer & financial

- How do I drive a strong price-value perception for my best Customers?

- What items should I advertise that are most relevant to my best Customers?

- How can I get more funding from vendors to support my margins?

- How can I drive price perception while still hitting my revenue targets?

- What advertised price points, tactics and duration drive the greatest volume and profitability?

Operational

- How can I become more efficient with promotional planning?

- How can I better manage weekly price changes, competitive prices and efficiently react to routine cost changes?

- How can I make the circular/ flyer creation process more efficient?

Strategic

- How do I respond to the changing competitive landscape?

- How can I help my stores compete more effectively within their local markets?

- Which competitors are most relevant to my Customers and how should this be reflected in my price and promotions strategy?

What we offer to solve these challenges

dunnhumby Price & Promotions solutions leverage a modular framework of pricing and promotional tools and services driven by proven Customer Data Science and best practices. This enables retailers to understand, model, forecast and respond to the price and promotion drivers that positively influence shoppers' perceptions and purchase behaviour.

1. **Assess current price & promotion capability** (strategy, governance, tool and processes) and develop multi-year plan to move up the maturity curve

2. **Validate merchandise rules** to institute logical shelf pricing that reflects consistent and clear pricing policies for your Customers

3. **Establish strategic Customer-First roles** of each category and execute optimised prices that drive growth, profitability and desired Customer response

4. **Prioritise investment** by analysing and documenting the most effective promotional strategy, price point and tactics by category

5. **Accurately model, forecast, plan, deliver and measure** every promotion, event, and campaign using an integrated promotions management solution

Optimise pricing across all categories based on each category's strategy and role	Model and forecast promotional pricing, with performance metrics of sales profit, additional shopper metrics and by Customer segment	Model promotional pricing with suppliers and negotiate more favourable terms	Understand which promotions are driving Customer price image	Understand which promotions are driving real value for your shoppers	Cut promotional planning time

Return on investment you can expect

Customer-First retailers use our Price & Promotions solutions to:

➤ **Improve Customer experience and loyalty** through improved value perception, consistent and logical pricing and promotions on items that are most important to your best Customers

➤ **Increase operating margin and sales,** typically delivering between +1-3% like-for-like sales uplift and +1-2% in margin gains

➤ **Enhance competitive market position** and build a long-term competitive price image on the items that matter most to your Customers; delivering sustainable long-term profitability

➤ **Improve efficiencies** across your pricing process and promotions planning workflow

How it works

dunnhumby's unique approach leverages advanced science, strategic consulting and state-of-the-art software to manage workflow and deliver Customer insights.

Assessment
Collaborative review of Customer-First Price and Promotion capabilities

Create a roadmap for capability development

| ✓ PRICE & PROMOTION HEALTH CHECK |

Strategy
Analysis/output for all categories

Which categories are important for Price and which for Promotion and why?

What are my most important items to my most important Customers?

What is the best segmentation for my Customer groups?

- PRICE & PROMOTIONS COMPASS
- SHOPPER KVIs
- PRICING SEGMENTS

Price
Price optimisation and management

Establish & review merchandising rules. What is the best competitive price index?

Real-time price optimisation

Rapid 'what-if' scenario comparison

Best-in-class demand forecasting science

- DUNNHUMBY PRICE

Promotion
Promotion optimisation and workflow

What are my best promotional tactics?

How frequently should I promote?

What discount level provides the greatest Customer & category success?

End-to-end promotion workflow management

- PROMOTIONS ANALYTICS
- PROMOTIONS FORECASTING
- ENTERPRISE PROMOTIONS MANAGEMENT

How effective is it?

Just ask these dunnhumby clients:

"Because dunnhumby Price is a fast, intuitive solution, our merchandisers and pricing analysts will be able to use it in their daily work flow to empower their pricing and promotional decisions".

- CFO of large regional grocery chain

"Optimising the first 10 categories with Price resulted in +4.1% increase in gross margin, +1.5% in sales and 0.9% increase in units."

- International grocer and wholesaler

"Our Customer strategy is dependent on a deep understanding of our shoppers, knowing why they buy what they buy, and how to serve them better. Using the dunnhumby Price tool, we now have the ability to model prices and promotions across Customer segments, to make sure that we deliver a superior shopping experience."

- CIO of large US grocer

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THE WORLD'S FIRST
CUSTOMER DATA SCIENCE PLATFORM

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dunnhumby is the global leader in Customer Data Science, empowering businesses everywhere to compete and thrive in the modern data-driven economy. We always put the Customer First. Our mission: to enable businesses to grow and reimagine themselves by becoming advocates and champions for their Customers.

With deep heritage and expertise in retail — one of the world's most competitive markets, with a deluge of multi-dimensional data — dunnhumby today enables businesses all over the world, across industries, to be Customer First.

The dunnhumby Customer Science Platform is our unique mix of technology, software and consulting enabling businesses to increase revenue and profits by delivering exceptional experiences for their Customers – in-store, offline and online. dunnhumby employs over 2,000 experts in offices throughout Europe, Asia, Africa, and the Americas working for transformative, iconic brands such as Tesco, Coca-Cola, Meijer, Procter & Gamble, Raley's, L'Oreal and Monoprix.

Connect with us to start the conversation
dunnhumby.com