



CUSTOMER-FIRST MERCHANDISING STRATEGY



dunnhumby PRICE AND PROMOTION

Price and promotion are two of the most important levers a retailer can pull — but doing them right isn't easy. Competition is fierce as discounters and pure online retailers grow, and price transparency is greater than ever. To build loyalty, it's crucial to strengthen customer price perception without reducing prices so low that you limit financial growth — or worse.

The reality: 59% of promotions are unprofitable* in part because many retailers are still making these decisions based on gut feelings instead of data and science.

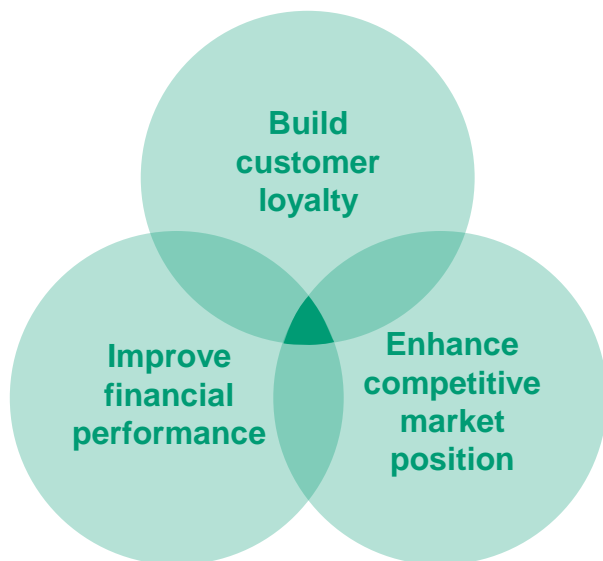
dunnhumby can help you focus on what's important. Our strategic process, proprietary insights, engagement approach and cutting-edge software suite **create sustained pricing power** for retailers that want to grow customer loyalty and long-term profit.

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.** After all, it's your customers that matter most.

*Nielsen, 2015

THE DUNNHUMBY DIFFERENCE

BETTER PRICING WITH A BALANCED APPROACH



Build customer loyalty

- Prioritise and protect your best customers
- Create more relevant and personalised prices and promotions
- Maintain consistency and logic at the shelf

Improve financial performance

- Drive lift in sales and gross margins
- Minimise costs of poor promotions
- Increase basket size and diversity
- Gain footfall and household penetration

Enhance competitive market position

- Improve CPI scores
- Gain visibility into where you need to be price competitive... and where you don't
- Build a long-term competitive price image

WE'RE NOT LIKE THE OTHER PRICING PEOPLE

Laser focused on loyalty

We help change the way customers view your prices and promotions against the competition to build long-term loyalty.

We know what customers want

We can identify which regular prices and trade promotions engage each customer most, while providing the insights needed to invest more efficiently and strategically.

A passion for personalisation

With expertise in designing, developing, leading and measuring dynamic pricing programs, we can help personalise your price investments at a customer level.

Big Data ready

While others talk about customer-centric data, we deliver: our tools are built around behavioural data from nearly one billion customers.

Better decisions through technology

Our industry-leading optimisation and analytics solutions are built and proven to support even the world's largest retailers. Make quick, customer-centric decisions based on the best in demand science.

No problem we haven't solved

From strategy and benchmarking to execution and evaluation, from day-to-day issues to long-term challenges, our team offers decades of retail pricing experience.

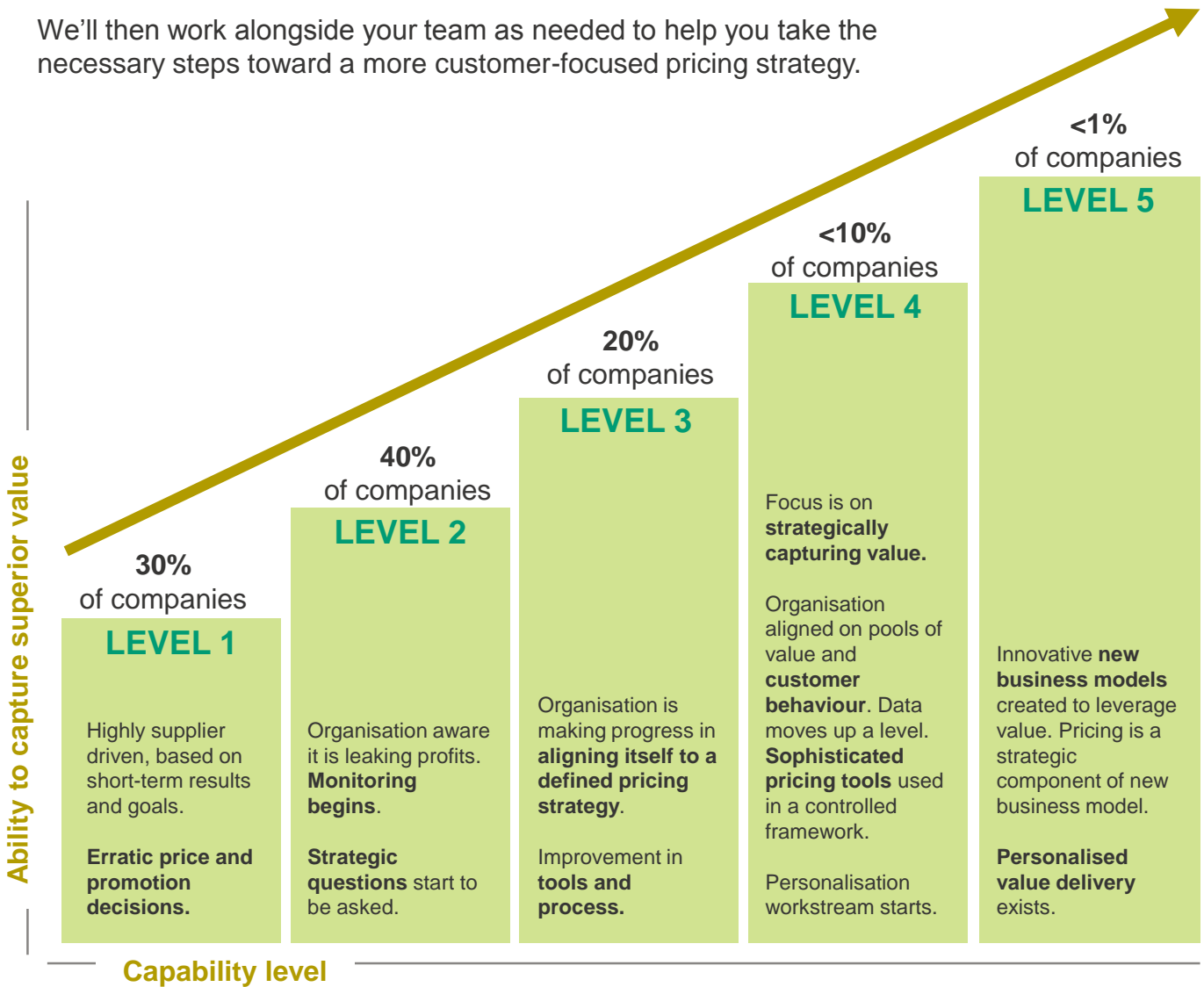
Partnering for success

We work with you side-by-side to help you feel confident and in control. We don't just present and leave — we partner to help you win now and in the future.

THE JOURNEY OF CUSTOMER-FIRST PRICE AND PROMOTION

Wherever your organisation is on the journey to maximising price and promotion performance, dunnhumby can help. Our project starts with a benchmark to see where you are and a plan to take you to the next level.

We'll then work alongside your team as needed to help you take the necessary steps toward a more customer-focused pricing strategy.



Warren Buffet

February 2011

The single most important decision in evaluating a business is pricing power.

OUR APPROACH

DELIVERING THE BEST IN EXPERTISE, TOOLS AND METHODOLOGY

Only dunnhumby provides this depth and breadth of consulting services, side-by-side expert support and science-based software across the price and promotion spectrum.



STRATEGY

Tools and tactics aren't at their best without a solid pricing strategy to support them. Analysing your shoppers, financial goals and competitive position, we provide a clear view of the big picture and develop a customer-first strategy that ensures your future success.

PLAN

Put your strategy in place with smart planning. Armed with deep data insights and proven methodologies, our consultants will help map the marketing and merchandising tactics that result in more profitable promotions, assortment and competitive price matching. We'll also work with you to develop guidelines to improve your overall planning processes.

OPTIMISE

Even the best plans need tools that can model and optimise decisions and help deliver personalised customer experiences. Our innovative, intuitive solutions unlock profit potential and enhance price perception — no spreadsheets necessary.

ANALYSE

If you don't understand how your pricing tactics are performing — and why — you can't move quickly to improve or reverse a negative trend. We can show you not only what happened, but also what you should do to jump-start further growth, all with a single view of the truth.



Vice President of Merchandising SpartanNash

"PriceStrat is really a strategic tool that helps our merchandising team optimise results at the category level across the company, providing us with a broad view of pricing decisions on the totality of our business."



STRATEGY

Price and Promotion Healthcheck

An essential starting point for benchmarking the maturity of your price and promotion capability, this service identifies opportunities for improvement and delivers a clear action plan to take your business to the next level.

Customer Segmentation

Relevant and personalised pricing requires a deep understanding of your customers' price sensitivity. We can help analyse and build a segmentation strategy to drive better pricing and promotion decisions.

Pricing and Promotion Loyalty Drivers

More promotions or fewer? Which categories are delivering the most customer value? Our attitudinal and behavioural research answers the big questions to help drive improvements in price perception and customer loyalty.

Price Perception Tracking and Insights

A combination of attitudinal and behavioural shopper insights, this service offers a model of competitive price perception which reveals where competitors are outperforming you, so you can better prioritise investments.

Balanced Budgets

This consulting service helps you to realign merchant or category targets to sustainably deliver financial and customer results.

Strategic Modelling

Using agent-based modelling, we predict the result of a strategic shift in pricing, including impact to profitability and customer reach.



PLAN

Customer KVI Analysis

We can identify the Key Value Items (KVIs) and ranges most important to your price-sensitive customers, allowing you to invest in those while minimising the costs associated with price-matching competitors where it doesn't make an impact.

Price and Promotion Balance Matrix

Evaluating how your prices affect shopper behaviour and your unique price elasticity scores, we deliver a price and promotion category strategy on everyday and promotional pricing that will help improve your inventory turns.

Price Zone Analysis

Leveraging cutting-edge techniques and 20+ years of experience, our science experts can help you identify the best price zones based on customer behaviour, resulting in greater forecast accuracy and shopper relevance.

Promotions Analytics

Don't just tweak last year's plan. Our fast and powerful tool saves hours in simulation by helping you understand where to start and what to consider when building a better promotions plan. Quickly determine which tactics and mechanics will deliver the best results and inform optimisation scenarios.

Retail Heartbeat Market Basket Analytics

Our fast, powerful machine-learning solution analyses your shopper data to deliver unique insights on patterns such as basket diversity, affinity and brand loyalty, so you can improve assortment and promotional planning.



OPTIMISE

PriceStrat: Price and promotion optimisation

Developed with the world's leading retailers and powered by the best in demand science, PriceStrat helps model and execute pricing and promotional scenarios in real-time with unparalleled accuracy. It features a flexible and sophisticated pricing rules engine, automated pricing and unique customer segmentation capabilities.

PriceStrat Bite Size: Entry-level software

Not quite ready for full optimisation, yet still want to make smarter pricing decisions? Our modular tool offers the power of PriceStrat in a simpler modelling application that's quick to deploy for fast ROI.

Shelf Review: Assortment optimisation

Blending customer and sales data to reveal how shoppers interact with product lines, this tool enables retailers and manufacturers to optimise their assortment decisions to meet customer needs, driving loyalty and sales.

Media Centre: Personalised loyalty card promotions

Our clients enjoy world-class response rates. How? Personalisation algorithms that match offers to shoppers to maximise conversion. Our Media Centre software solution unlocks loyalty card data for rich targeting.

Personalised Prices and Promotions

Our digital personalisation offering helps you to recommend the right offer to the right customer in real time, or display promotions according to each customer preference on your e-commerce platform or digital app.



ANALYSE

Promotions Analytics

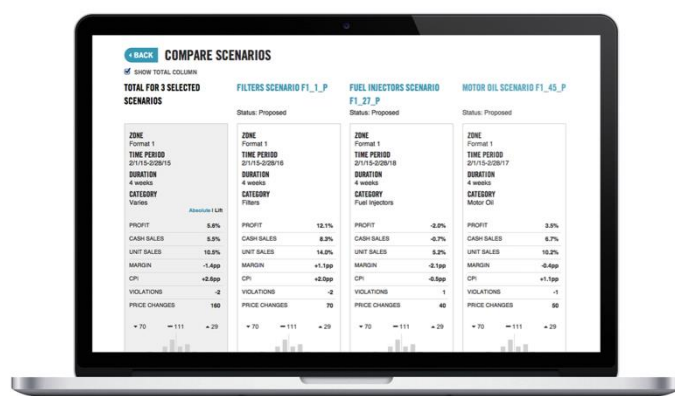
Our web-based dashboards are essential to understanding how your recent promotions performed and why, and determining which tactics and mechanics maximise results.

PriceStrat Analyzer

Our companion reporting suite for PriceStrat compares the performance of your price and promotion scenarios against forecasts so you can adjust and continuously improve.

Retail Heartbeat Availability Suite

Using a real-time, fine-grain prediction engine with machine-learning techniques, quickly and accurately create demand forecasts for better inventory planning. Analyse current or near-time sales, out of stocks, and other anomalies, and send mobile alerts so store personnel can take fast action.



PriceStrat: Real-time “what if” price modelling to help you make quick, smart choices.



CASE STUDY: PRICESTRAT IMPACT ON PROFIT

Typical PriceStrat results; 4.5+% Cash Profit

| Client | Sales | Cash Profit | Units | Objective |
|---|-------|-------------|-------|---|
| 200 Supermarket Stores (Mexico) | +6.5% | +5.0% | +4.8% | Grow Units & Sales Revenue, Hold GM% |
| 25 Supermarket Stores (US - Midwest) | +7.5% | +10.6% | +1.6% | Grow Units & Sales Revenue, Hold GM% |
| 45 Supermarket Stores (US - Midwest) | +8.4% | +10.5% | +5.2% | Grow Units & Sales Revenue, Hold GM% |
| 165 Supermarket Stores (US - Northeast) | +0.5% | +4.5% | 0% | Grow Profit while holding Units |
| 395 C-Stores (US - Mid Atlantic) | +2.1% | +7.0% | 0% | Grow Profit while holding Units |
| 75 Supermarket Stores (US - Texas) | +0.5% | +7.5% | +0.8% | Grow Profit while holding Units |



CASE STUDY: IMPROVING PROMOTIONAL PERFORMANCE

Background

A multinational retailer wondered if a price optimisation solution would help it improve gross profit margins, enhance promotional performance and provide greater understanding of the price elasticity of Key Value Items (KVIs) and other important products. The company also wanted to improve sales performance of its private-label products. The overall objective was to move toward decisions based on science, not intuition.

Solution

In close collaboration, we executed a structured “test and control” evaluation of PriceStrat covering eight product categories over just 20 weeks. Our consultants created optimisation scenarios to see where flexibility in business rules would generate better return. PriceStrat-driven prices rolled out to test stores and were compared with a set of control stores.

Results

The company was delighted. On the promotional optimisation test alone, the firm achieved a lift in profit of more than 5% in just four months, compared with a goal of only 0.85%. That translated to a lift of about \$2.5 million in additional revenue. Optimisation of everyday prices also demonstrated strong results.



dunnhumby
**PRICE AND
PROMOTION**

dunnhumby is the world's leading customer science company. We analyse data and apply insights from nearly one billion shoppers across the globe to create personalised customer experiences in digital, mobile, and retail environments.

Our experts in dunnhumby Price and Promotion help retailers develop and refine their pricing strategy and processes to drive shopper loyalty, financial performance, and consumer price perception. dunnhumby employs over 2,000 experts in offices worldwide. The Price and Promotion team works with a prestigious group of companies including Tesco, AutoZone, 7-Eleven, Southeastern Grocers, Raley's, SpartanNash, Sonae, and ABC Fine Wine and Spirits.



GET IN TOUCH

MAKE YOUR PRICE AND PROMOTIONS STRATEGIES WORK SMARTER

Contact dunnhumby today to see how a focused, insights-driven price and promotion strategy can help grow sustainable sales, price perception, and customer loyalty for your business.

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