RETAIL
CAPITAL
PARTNERS

Private Equity
Corporate Finance
Strategy Advisory

Dynamic Pricing across multiple formats and countries

WITH NICOLAS KROEGER

Agenda

Retail Capital Partners: Enterprise Strategy Consultants for Retail & FMCG

RCP *Core Competencies*

Typical phases in company evolution

Our Services

RECESSION	GROWTH	BUY & BUILD
Restructuring	Growth Strategies	Transaction Services
Functional Strategies	Omnichannel Retailing	Post Merger Integration Or Value Creation
Performance Management	Digital Transformation & IT Strategy	Exit Readiness
Restructuring & Performance Management	Strategy & Implementation	Corporate Finances

Competence Center

Our services in your
company environment

Declining *financial results*

Restructuring

- Concept development
- Liquidity and working capital management
- Project management office (PMO)
- CRO / Interim Management

Performance Management

- Improvement of KPIs and Unit Economics
- Digital marketing platform (DMP)
- Improvement of cost and process efficiency
- Smart Data Analytics

Functional Strategies

- Supply chain management
- Category management
- Optimization of store portfolio
- Marketing & CRM
- Dynamic pricing management
- Strategic buying

Finding *growth options*

Growth Strategy

- Company strategy incl. buy & build
- Innovative business models
- Customer centricity / cohort identification
- Internationalisation

Omnichannel Retailing

- Online goes offline
- Omni-Channel integration
- Digital marketplaces / platform performance management
- E- / M-Commerce optimization

Digital Transformation & IT Strategy

- Corporate Innovation & Venturing
- Smart Data strategy
- IT Strategy, architecture & implementation
- Process digitization

Buy *& build*

Transaction Services

- Buy-Side M&A
- Sell-Side M&A
- Integrated Due Diligence
- Transactional negotiation

Post Merger Integration or Value Creation

- Post merger integration program
- Value creation program / 100-Day program

Exit Readiness

- Exit readiness programs / VDD
- IPO preparation and internal project management

RCP supports *leading international clients*

Experienced professionals with retail and consumer goods expertise *supported by a team of qualified consultants*
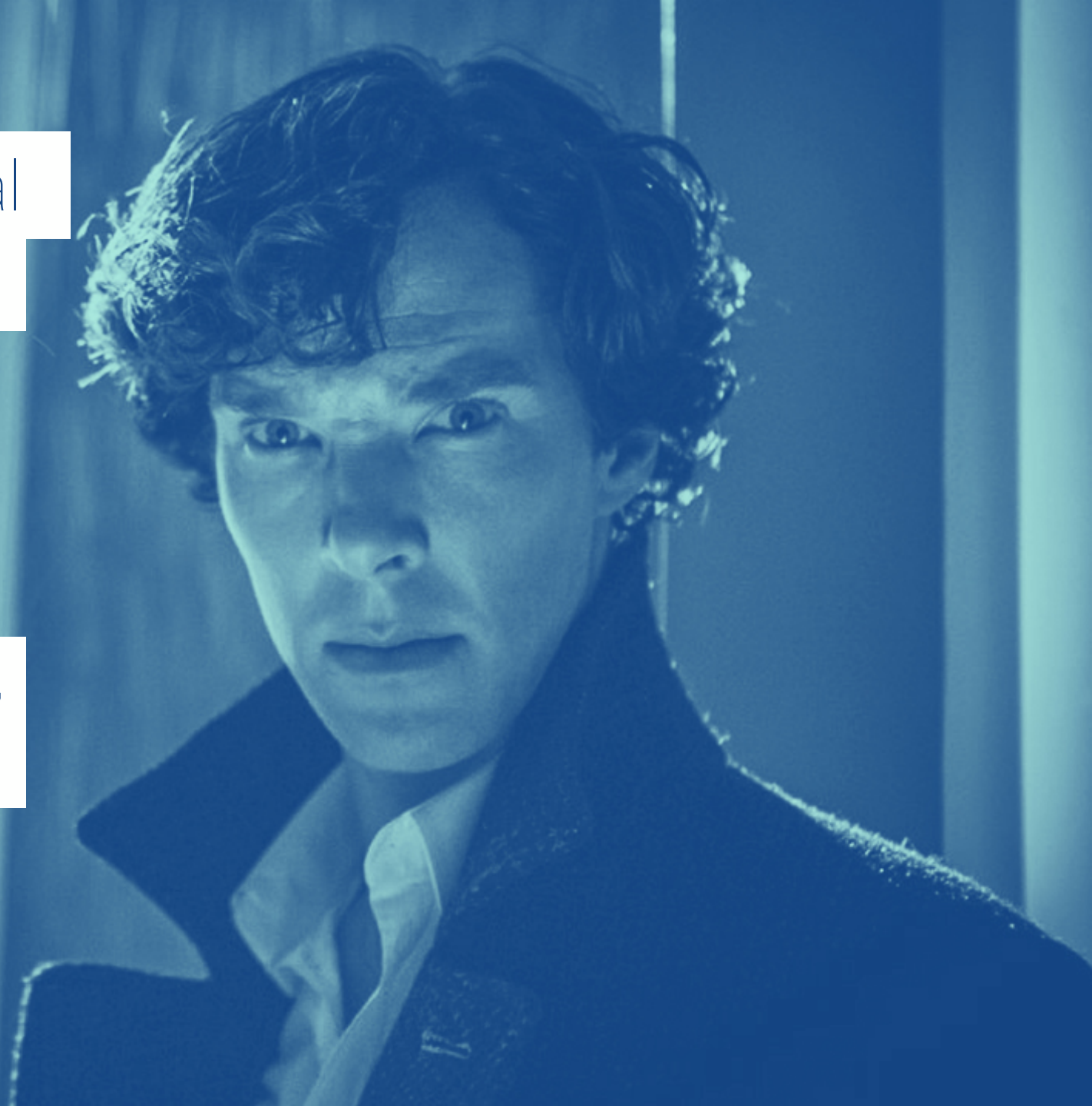
Agenda

I never guess. It is a capital mistake to theorize before one has data.

Insensibly one begins to twist facts to suit theories, instead of theories to suit facts.

SIR ARTHUR CONAN DOYLE

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

If you've got the power to raise prices without losing business to a competitor, you've got a very good business. And if you have to have a prayer session before raising the price by 10 percent, then you've got a terrible business.

WARREN BUFFETT

Sometimes when you innovate, you make mistakes. It's best to admit them quickly and get on with improving your other innovations.

STEVE JOBS

Seamless Merge of On and Offline

Dissolution of the classic roles of store and distance selling

Mobile Excellence

Mobile devices as an integral part and driver of the customer journey

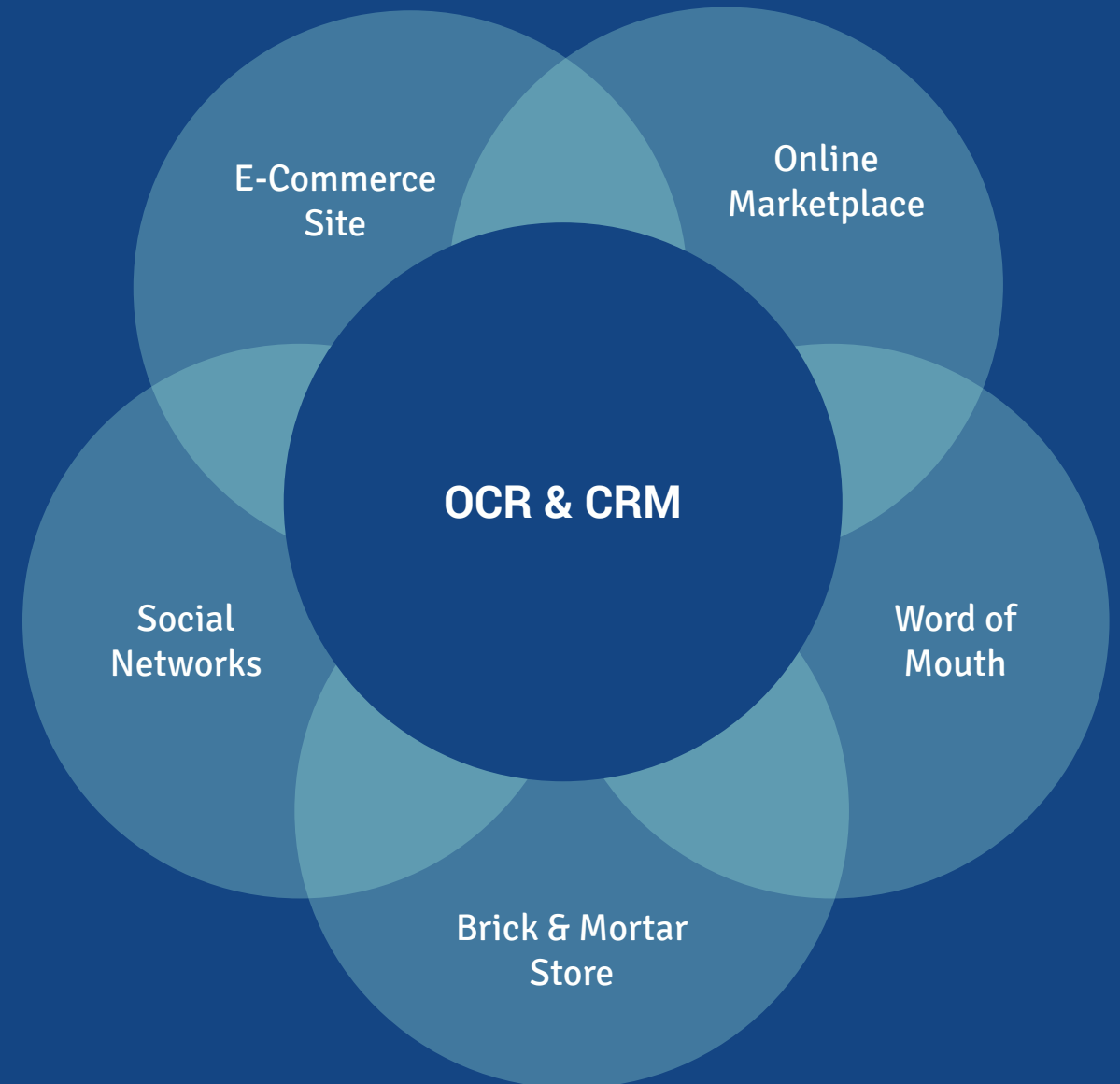**Loyalty & Big Data**

Opportunities to increase sales and better customers needs

Experience-Oriented Store Concept

Stores as an experience and event location loaded with a high social factor

360° Fulfillment

Stores as micro-logistic hubs for fast-turners, showrooming for slow-movers with central fulfillment
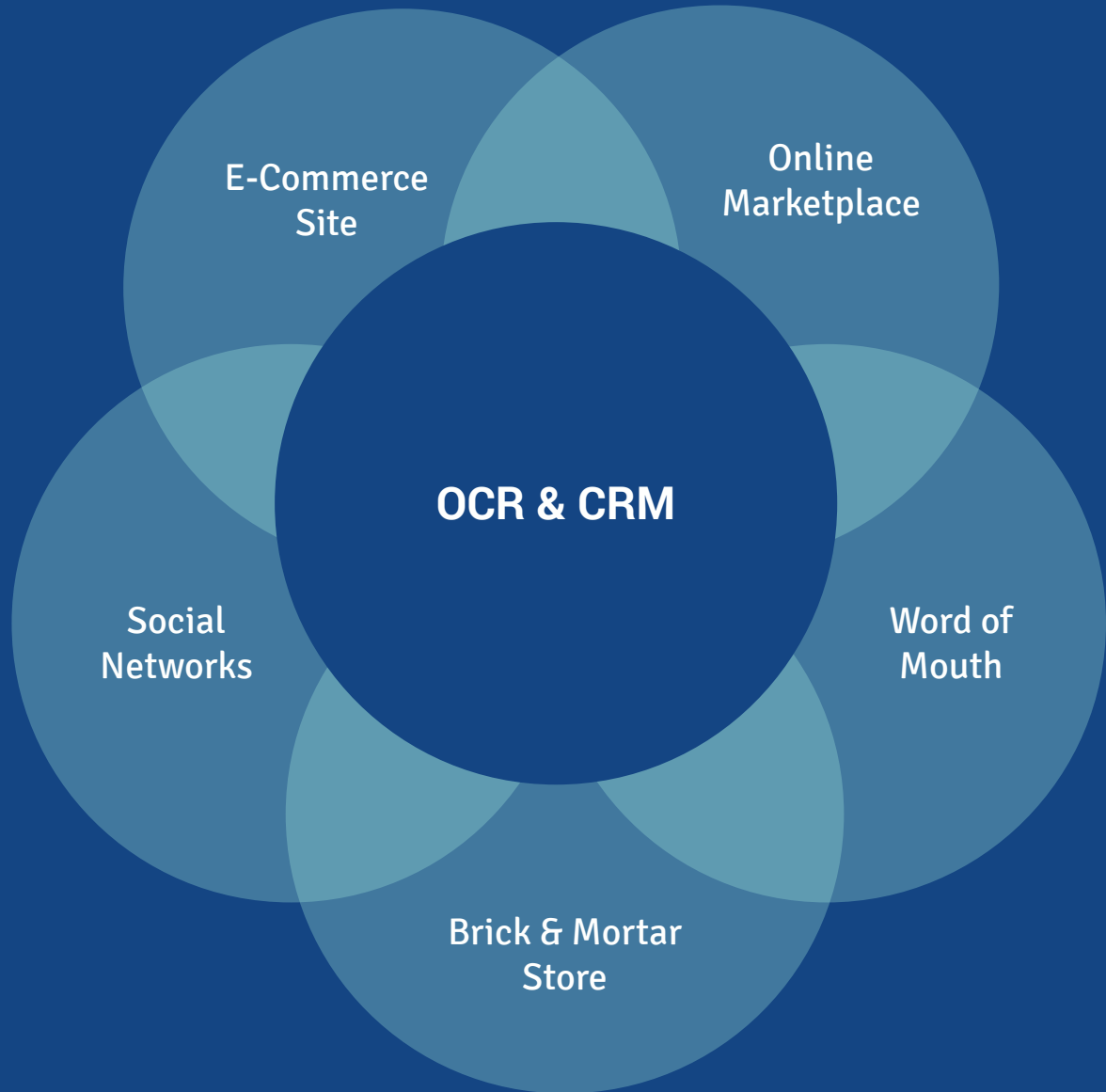
Geo-Marketing-Solutions

More reliable and efficient planning of future sales force routes, events or campaigns

Availability

Increase usage and maintenance of the CRM tool through simplicity, intuition and usability

Artificial Intelligence

Use as bots, natural language interaction with software / machines or for data-driven recommendations or pricing

Data Protection and Data Safety

Compliance with the EU Data Protection Regulation

360° Fulfillment

Documentation and measure-ment of analog and digital customer behavior and interactions in the purchase cycle

Diamond *of OCR*

BRAND

Own E-com

Marketplace Or Social

3rd Party E-com

Own retail

3rd Party Retail

CUSTOMER
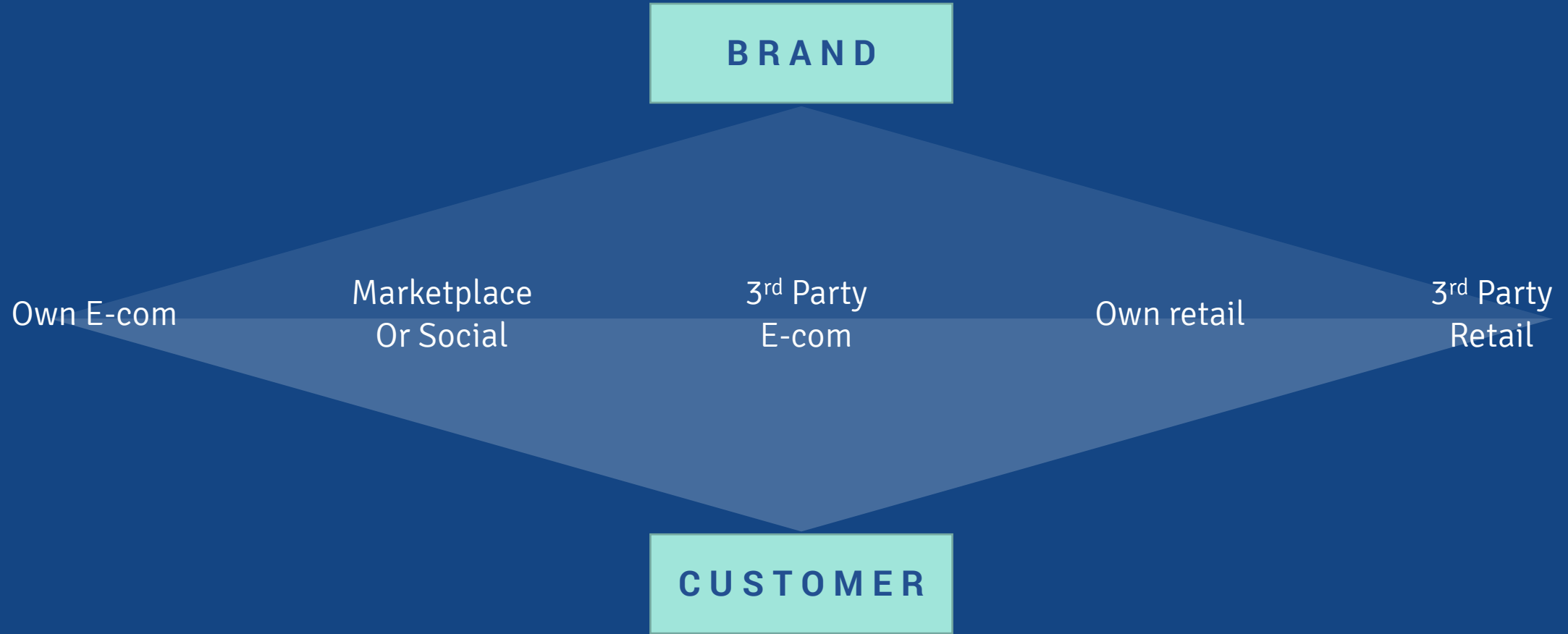
Online and offline worlds
are seamlessly merged

CHALLENGES

Online + offline coexist

No friction shopping experience

Research happens anywhere

Access to endless digital catalogue

Convenience, competitive pricing, and ease of use at the forefront

Online and offline worlds
are seamlessly merged

SOLUTIONS

Adapt customer journey to their needs and behavior

Dissolve friction between channels

Price intelligently

Think outside the box

Online and offline worlds
are seamlessly merged

EXCELLENCE CRITERIA

Product

Price

Market strategy

Loyalty

Data

People

Online and offline worlds
are seamlessly merged

Product

Price

Market strategy

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People

Best practice: Nike

Nike Plus is used as a universal login

For an app universe including shopping and fitness apps
and brick-and-mortar use-cases

Created a captivating brand universe through loyalty program with over 100m users

Nike even incentivizes brick and mortar store visits with 1-on-1 interactions

All applications are tailored to specific use cases and customer interests

D2C share of Nike's sales is constantly rising, display and pricing closely monitored

Nike reinvents itself as a verticalized D2C brand and virtously creates a seamless customer journey both online and brick-and-mortar.

Nike Snkrs stash moves the brick-and-mortar POS

to non-retail places

Agenda

Implementation of Dynamic Pricing
with Omnia Retail

THE CLIENT

International sports retail corporation

Multiple sports specific retail concepts both online pure plays and omnichannel

80+ online shops in 17 countries in various languages and currencies, diverse marketplace channels on all major digital marketplaces

Multi-brand retail with millions of SKUs in every thinkable sports segment

Implementation of Dynamic Pricing
with Omnia Retail

Primary objective: How to improve market reach and penetration through an intelligent pricing strategy without majorly affecting the contribution margin

How to efficiently apply the pricing strategy in a multi-language and multi-currency sales setup

Overview

Implementation of Dynamic Pricing
with Omnia Retail

THE CHALLENGES

Highly competitive market with many products available from multiple sellers

Nonetheless available structured data not always ideal for price matching

Available pricing data from competitor greatly varies in quality

Narrow margins only allow strict pricing corridors

Exemplary
Setup
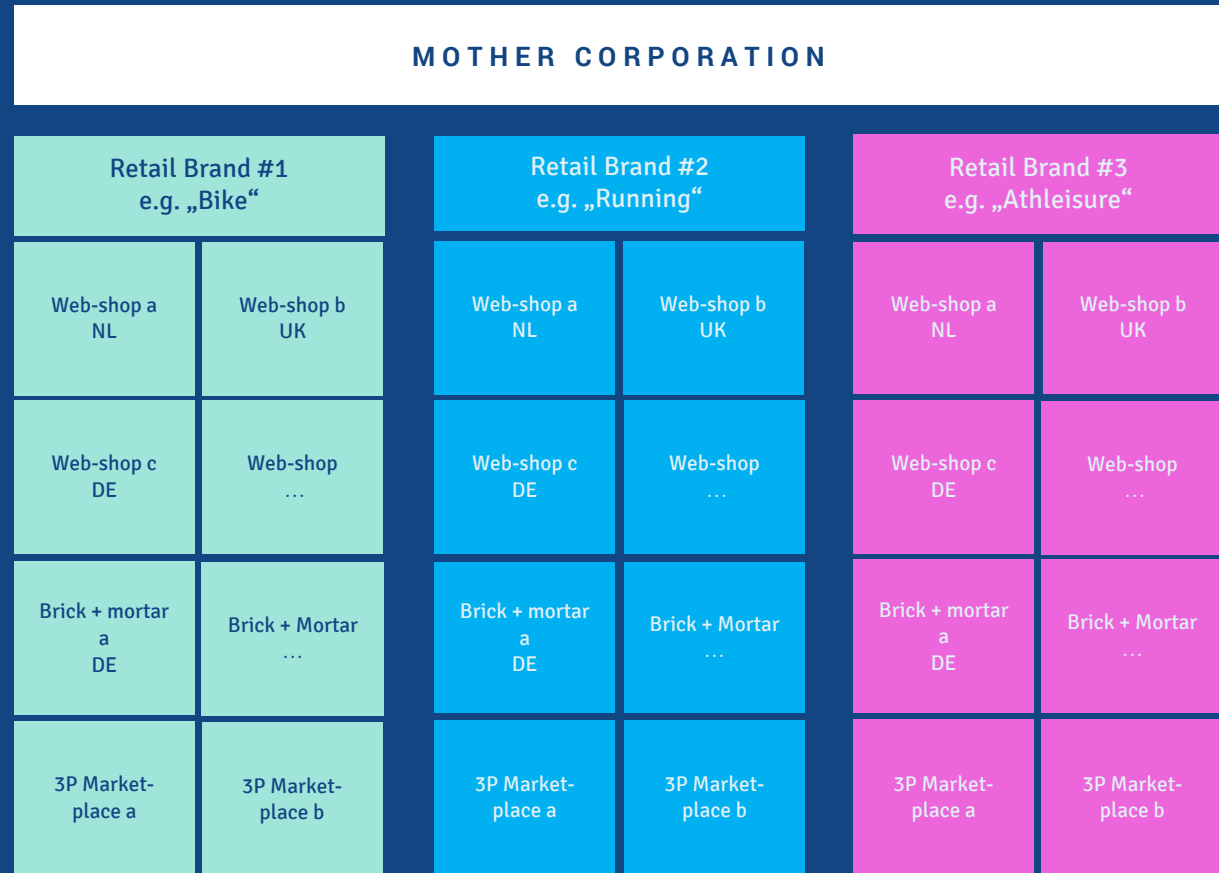
MOTHER CORPORATION

Retail Brand #1 e.g. „Bike"		Retail Brand #2 e.g. „Running"		Retail Brand #3 e.g. „Athleisure"	
Web-shop a NL	Web-shop b UK	Web-shop a NL	Web-shop b UK	Web-shop a NL	Web-shop b UK
Web-shop c DE	Web-shop …	Web-shop c DE	Web-shop …	Web-shop c DE	Web-shop …
Brick + mortar a DE	Brick + Mortar …	Brick + mortar a DE	Brick + Mortar …	Brick + mortar a DE	Brick + Mortar …
3P Market-place a	3P Market-place b	3P Market-place a	3P Market-place b	3P Market-place a	3P Market-place b

Keep the size manageable

Know your competition

Choose a relating culture
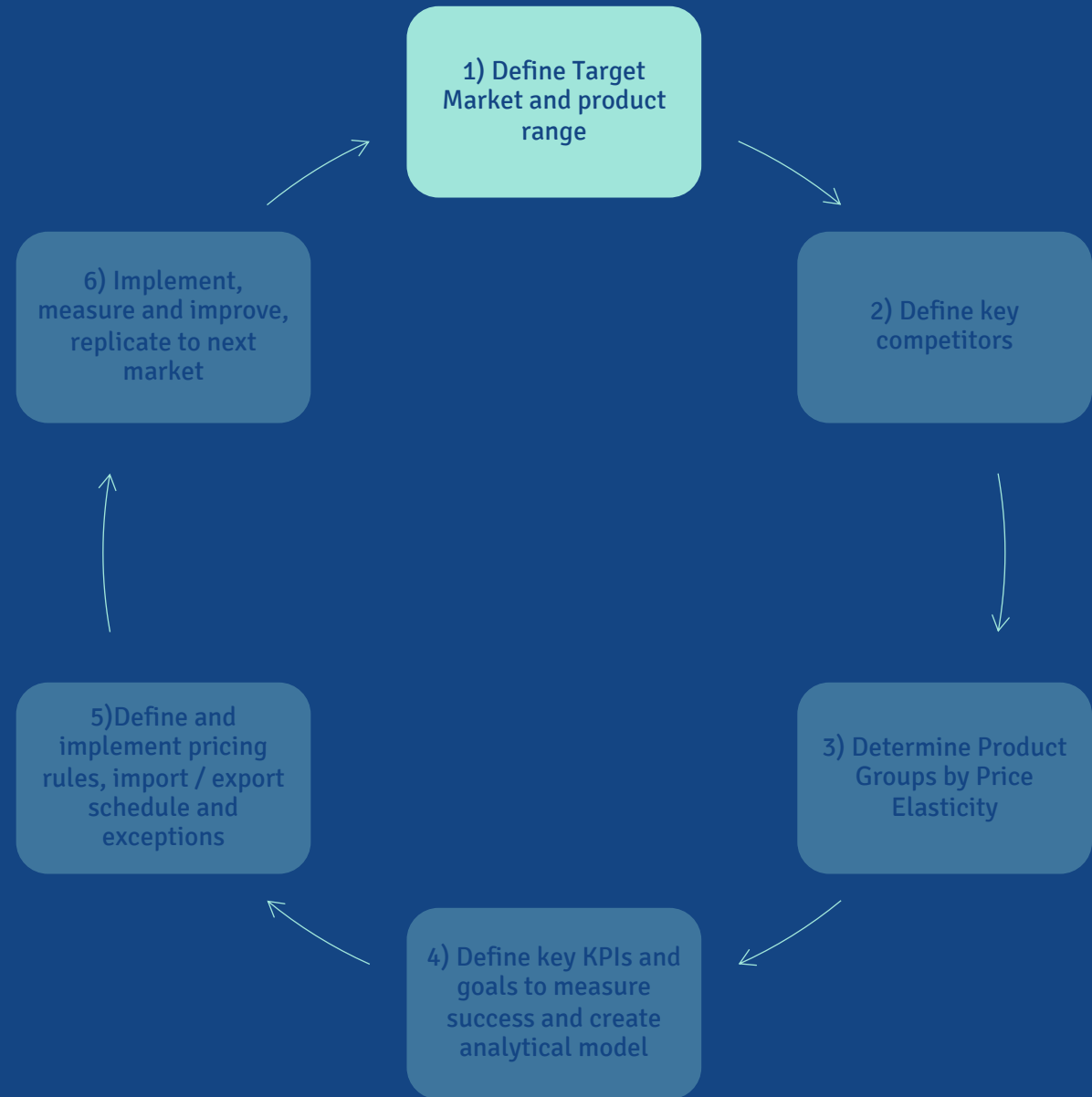
1) Define Target Market and product range

2) Define key competitors

3) Determine Product Groups by Price Elasticity

4) Define key KPIs and goals to measure success and create analytical model

5) Define and implement pricing rules, import / export schedule and exceptions

6) Implement, measure and improve, replicate to next market
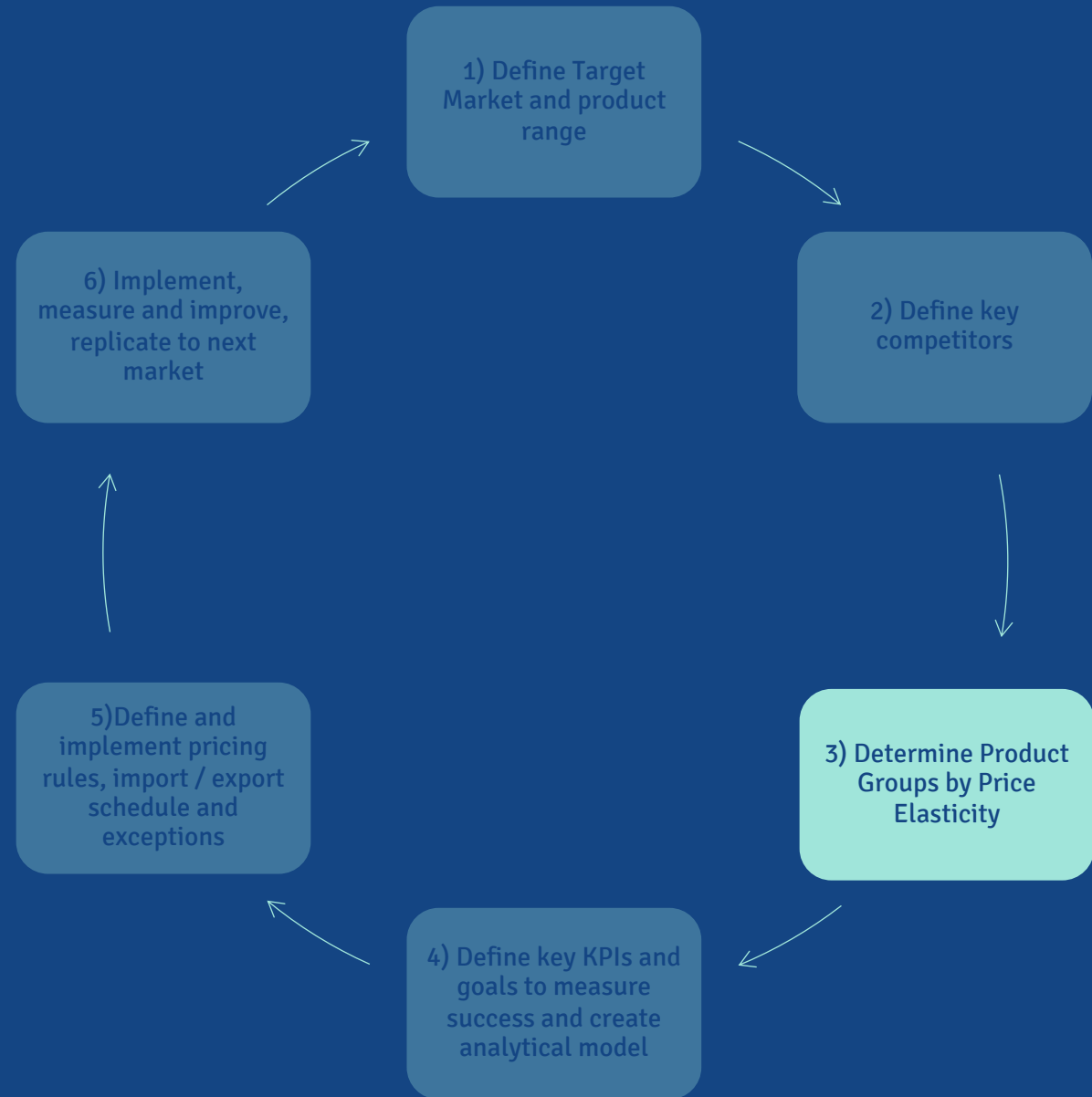
Define your goals

Build analytics toolset

Be lean

1) Define Target Market and product range

2) Define key competitors

3) Determine Product Groups by Price Elasticity

4) Define key KPIs and goals to measure success and create analytical model

5) Define and implement pricing rules, import / export schedule and exceptions

6) Implement, measure and improve, replicate to next market

Interactive Exercise: *Pricing Rulesets*

A) High elasticity product

- Tennis Racket „Head"
- RRP: 150 €, Purchasing Price 100€, Cost per outgoing piece 15€
- Your current price: 135€
- Key Competitors: 138€, 135€, 129€ and 119€

B) Medium elasticity product

- Climbing Set „Salewa"
- RRP 139€, Purchasing Price 90€, Cost per outgoing piece 15€
- Your current price: 139€
- Key Competitors: 145€, 139€, 138€, 120€

C) Low elasticity product

- Running Socks „White Label"
- RRP 29€, Purchasing Price 13€, Cost per outgoing piece 7€
- Your current price: 26€
- Key Competitors: 26€, 28€, 24€, 25€

Start basic, think pyramidal

Define minimum selling price

1) Define Target Market and product range

2) Define key competitors

3) Determine Product Groups by Price Elasticity

4) Define key KPIs and goals to measure success and create analytical model

5) Define and implement pricing rules, import / export schedule and exceptions

6) Implement, measure and improve, replicate to next market

Implement with care

Constantly analyze effects

Test, improve, iterate

Replicate and repeat

1) Define Target Market and product range

2) Define key competitors

3) Determine Product Groups by Price Elasticity

4) Define key KPIs and goals to measure success and create analytical model

5) Define and implement pricing rules, import / export schedule and exceptions

6) Implement, measure and improve, replicate to next market

Recap *& Results*

While results have been impressive in some areas, you still have to be realistic – the market is dynamic and competitive and not all measures will always react according to your projections. Pricing is just one part of success and you will have to excel in all areas of retail to succeed long-term.

In summary, we did identify two major advantages for our client during early and later stage of implementation:

IMPROVE SALES AT STABLE MARGINS

In almost all instances, in line with our ruleset strategy we saw **positive effects** on sales at stable or improved margins – in some cases by **double digits**.

SAVE TIME, REDUCE ERRORS BY AUTOMATION

Thanks to the pricing automation we could achieve a **significant reduction of employee hours** priorly needed for manual price manipulation that could then be invested in refining the pricing strategy on a broader scale

Thank you!