

RETAILER BENCHMARK 2023

Price Optimization

Am I managing prices for the health of my business? **5 ways** the right pricing disciplines make retail business healthier.



01. Do we read the right signals?

Track shoppers and competitors to inform price decisions and drive decision-making.

- Keep a finger on the pulse of your shoppers and monitor changing responses.
- Establish an ongoing systematic process.
- Ensure granularity and frequency of data capture.
- Compare KVIs by clusters, zones, and categories.



02. Do we measure elasticity and use it to inform decisions?

Build price elasticity metrics into an engine that captures shoppers' tolerances for price increases and responses to deals.

- Track data to reveal where you may find opportunities.
- Keep pace with business, prices, costs, and demand.



03. Have we defined our business case with rigor?

Understand the soft ROI and business case(s) established by shoppers.

- Remember to consider price image and impact on baskets.
- Know the 200 key-value items that define your total strategy and define a process to track how they change over time.



04. Do we model the right shopper behavior?

Incorporate shopper's behavioral data to make your pricing models as accurate as possible.

- Focus on the KVIs that matter to your best shoppers.
- Iterate. Iterate. Iterate.



05. Do we have a firm grasp on margin/sales tradeoffs?

Know when to sacrifice some margin to drive volume and strengthen your price image.

- Know when to capture profit margin and accept some loss of sales volume.

Price to win.

To do it right, partner with an industry leader. Learn more at: demandtec.com