

— **Knowledge Brief** —
Quadrant Knowledge Solutions

DemandTec by Acoustic is a Leader in
SPARK Matrix™: Intelligent Retail Pricing
& Promotion Optimization (IRP&PO),
Q4 2023



An Excerpt from Quadrant Knowledge Solutions
“SPARK Matrix™: Intelligent Retail Pricing & Promotion
Optimization (IRP&PO), Q4 2023”

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Quadrant Knowledge Solutions defines Intelligent Retail Pricing & Promotion Optimization (IRP&PO) solution as “a solution which helps retailers optimize prices across the product lifecycle, plan effective promotions, and formulate optimal markdown strategies. The solution utilizes advanced analytics to increase sell-through, maximize sales, and improve margins. The solution also helps retailers manage prices with ease and monitor the pricing performance. It equips retailers with a granular analysis of their consumers and the market by leveraging insightful data to recommend real-time prices across all channels and enable them to make informed pricing decisions.” The IRP&PO solution incorporates a variety of internal and external parameters, such as demand, cost, seasonality, weather, trends, competition, events, inventory, and location, to deliver accurate market-aligned prices using AI/ML. It empowers retailers to sustain constantly changing market conditions and meet their strategic business objectives.

Due to time-consuming and tedious pricing processes, retailers are transitioning from legacy methods to comprehensive IRP&PO solutions that adopt a dynamic pricing approach to determine optimal prices. Previously, retailers utilized spreadsheets to manually set prices for their products or services, which led to inaccuracy in pricing, a decrease in their productivity, and low customer satisfaction. They often made pricing decisions based on intuition, which led to inaccurate and suboptimal results. Furthermore, retailers also strived to manage their complex product portfolios, administer global operations with stores at multiple locations, handle multiple supplier agreements, comply with regulatory constraints, and adjust prices owing to constantly fluctuating item costs. Retailers also would make pricing decisions in the absence of relevant information, such as cost volatility, competitor prices, demand, and supply, which essentially impacted the performance of the business in terms of revenue, margin, and customer experience & loyalty. The traditional pricing approaches exhibited signs of ineffectiveness and impracticality, which necessitated retailers to seek alternatives for addressing these challenges.

Over the past few years, retailers began adopting retail pricing solutions to overcome the complexity of pricing. The adoption of these solutions helped

retailers make better pricing decisions, improve their business performance, and enhance long-term customer loyalty. The development of intelligent retail pricing and promotion optimization solutions played a key role in setting and managing prices with improved efficiency. It automated many of the retailers' pricing tasks and enhanced their accuracy, productivity, and efficiency. The IRP&PO solution relieved retailers from the inconvenient and manual task of pricing with an effortless, seamless, and error-free pricing experience. As a result, retailers are increasingly implementing intelligent retail pricing & promotion optimization solutions to optimize regular, promotional, and markdown prices and deliver real-time prices across online and offline channels.

With evolving consumer preferences and market dynamics, retailers are tailoring their pricing strategies to meet the expectations of customers and offering individualized promotions to encourage consumers to buy their products. Retailers are focusing on creating and executing engaging promotions to attract buyers and enhance their sales. By setting a fair and competitive pricing strategy, retailers could get a competitive edge over their rivals and can attract new customers to grow their market share and enhance customer satisfaction. The global pandemic of COVID-19 led to intense competition that necessitated retailers to adopt event-based pricing. The intelligent retail pricing & promotion optimization vendors aim to help retailers by acquiring data regarding past purchases, brand loyalty, & purchase frequency, providing insights into customers, and delivering real-time market-aligned prices.

Intelligent retail pricing & promotion optimization solutions are continuously evolving to adapt to the changing preferences of customers and keep up with the rapid innovation in technologies. The retail pricing solution market is progressing towards providing personalized price recommendations to retailers for driving customer traffic. The solutions leverage customer demographic data, loyalty data, basket data, and customer segmentation to recommend personalized promotions to retailers. The retail pricing solution vendors are incorporating advanced AI/ML to improve the efficiency of business processes. The vendors are upgrading their solutions with recent AI/ML technological enhancements, such as generative AI for data enrichment to obtain better competitive insights. Additionally, more vendors are focusing on improving retailer and supplier collaboration to plan and manage effective promotions and make optimal usage of trade funds for optimizing promotion efficiency across channels. The growing competition due to customers switching towards online channels for shopping necessitates retailers to adopt dynamic pricing and more real-time data integration. Retailers are

required to focus more on closely monitoring markets to obtain a holistic view of the competitive landscape and set competitive prices for their products.

The research includes detailed competition analysis and vendor evaluation with the proprietary SPARK Matrix analysis. The SPARK Matrix includes ranking and positioning of the leading Intelligent Retail Pricing & Promotion Optimization vendors with a global impact, including - This study includes an analysis of key vendors, including Aifora, antuit.ai, Blue Yonder, Clear Demand, Competera, Daisy Intelligence, DemandTec by Acoustic, Engage3, First Insight, Impact Analytics, Intelligence Node, Logility, Oracle Retail, Periscope® by McKinsey, RELEX Solutions, Retalon, Revionics® (an Aptos Company), SAP, Solvoyo, SymphonyAI, ToolsGroup, and Yieldigo.

Market Dynamics and Trends

The following are the recent market trends in the intelligent retail pricing & promotion optimization market:

- Retailers are increasingly focusing on personalization. They are enhancing customer experience by providing customers with products based on their needs, preferences, and feedback through various communications channels. Additionally, retailers are ensuring that the personalizations are optimally priced based on customers' willingness to pay, thereby maximizing revenue.
- IRP&PO solution vendors are leveraging automation across various pricing processes, such as formulating, tracking, and understanding pricing strategies. They are also helping retailers determine how a particular pricing strategy impacts KPIs and enhances return on investment (ROI).
- There is an increase in the number of retail organizations switching towards eCommerce and adopting dynamic pricing strategies. Dynamic pricing helps them adjust prices in real-time based on various factors, such as demand, supply, and competitor prices, and stay competitive. The IRP&PO solutions are now analyzing various data that affect demand and customers' willingness to pay, such as customer behavior, inventory levels, and competitor prices, and external factors, such as weather & seasonality, to determine the optimal price for products.
- The IRP&PO solutions are helping retailers obtain pricing data from big data, enabling them to make data-driven pricing decisions. The solution analyzes large amounts of data to better understand customer behavior and optimize pricing for different customer segments.
- Retailers are constantly focusing on providing omnichannel pricing to help retailers maintain a consistent pricing experience across all sales channels, such as offline and online channels. The omnichannel pricing also enhances customer experience and provides customers with various channels for making purchases, leading to an increase in sales and customer traffic.

- The IRP&PO vendors are leveraging advanced AI/ML to create and analyze complex pricing models to help retailers make better pricing decisions and achieve business objectives. Furthermore, vendors are leveraging AI/ML technologies, such as generative AI, to enrich data with additional details regarding product attributes. This enriched data assists retailers in accurately comparing their products with the competitor's products, helping them gain better insights into competitor pricing.
- Vendors are improving their AI-driven advanced capabilities for demand forecasting and predictive analysis. They are providing users with a comprehensive understanding of business-critical factors, such as demand, turnover, profit per unit, and customer behavior & satisfaction.

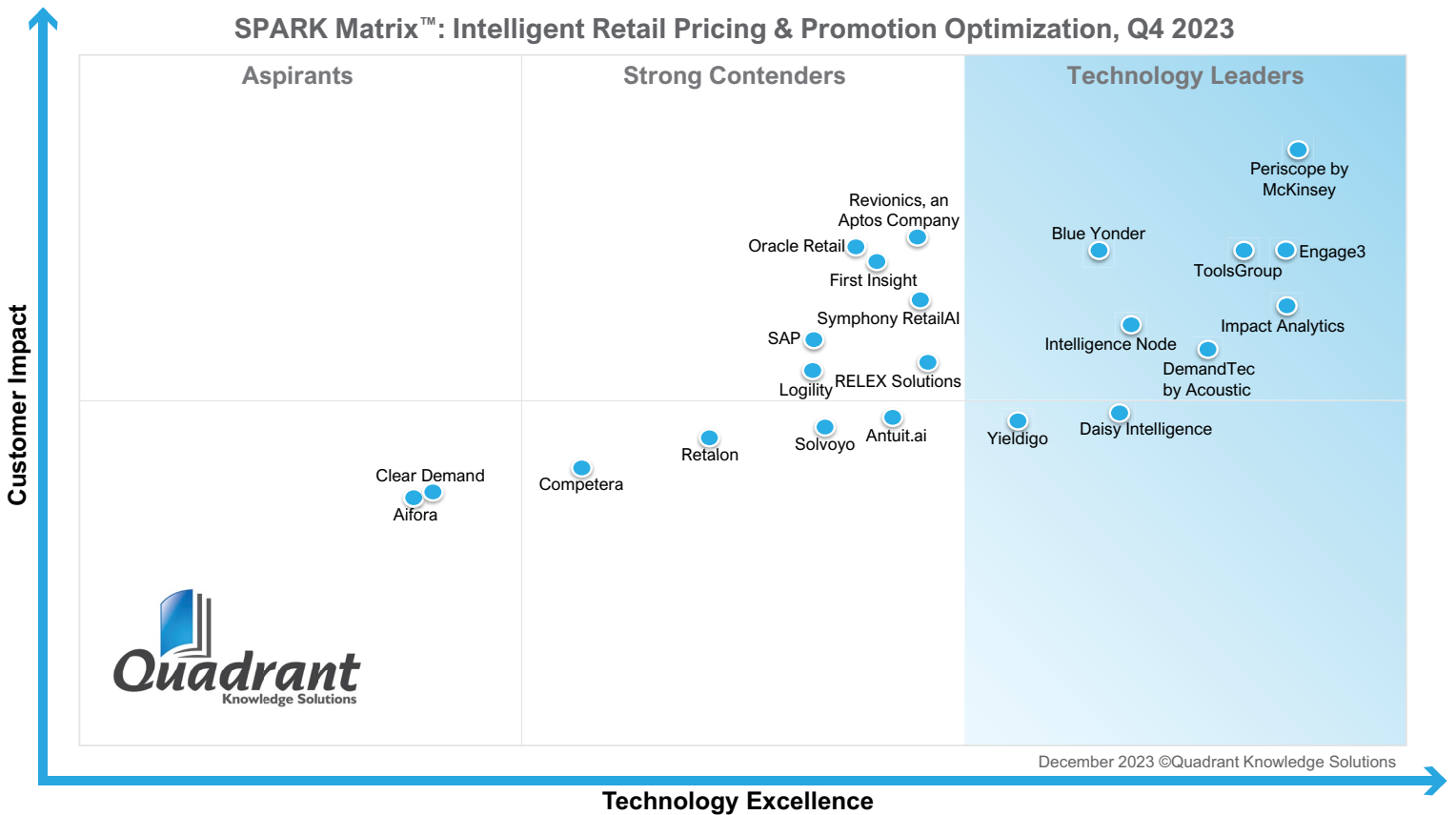
SPARK Matrix Analysis of the Intelligent Retail Pricing & Promotion Optimization Market

[Quadrant Knowledge Solutions](#) conducted an in-depth analysis of the major Intelligent Retail Pricing & Promotion Optimization vendors by evaluating their product portfolio, market presence, and customer value proposition. The Intelligent Retail Pricing & Promotion Optimization market research provides competitive analysis and a ranking of the leading vendors in a proprietary SPARK Matrix™. SPARK Matrix analysis provides a snapshot of key market participants and a visual representation of market participants. It provides strategic insights on how each vendor ranks related to their competitors based on their respective technology excellence and customer impact parameters. The evaluation is based on primary research, including expert interviews, analysis of use cases, and Quadrant’s internal analysis of the overall Intelligent Retail Pricing & Promotion Optimization market.

Technology Excellence	Weightage	Customer Impact	Weightage
Data Acquisition & Management	8%	Product Strategy & Performance	20%
Price Management & Optimization	15%	Proven Record	15%
Promotion Planning & Optimization	15%	Ease of Deployment & Use	15%
Markdown Pricing & Optimization	10%	Customer Excellence	15%
Analytics, Dashboards & Reporting	10%	Unique Value Proposition	15%
Recommendation Engine	10%		
Competitive Differentiation Strategy	7%		
Application Diversity	5%		
Integration & Interoperability	5%		
Vision & Roadmap	5%		

According to the SPARK Matrix analysis of the global Intelligent Retail Pricing & Promotion Optimization market, DemandTec by Acoustic, with its comprehensive technology for Intelligent Retail Pricing & Promotion Optimization, has received strong ratings across the parameters of technology excellence and customer impact and has been positioned amongst the technology leaders in the 2023 Intelligent Retail Pricing & Promotion Optimization.

Figure: 2023 SPARK Matrix™
 (Strategic Performance Assessment and Ranking)
 Intelligent Retail Pricing & Promotion Optimization, Q4 2023



DemandTec by Acoustic

URL: <https://www.demandtec.com>

Founded in 1999 and headquartered in Conway, Arkansas, USA, DemandTec, a strategic business unit of Acoustic, is a provider of SaaS-based pricing solutions helping retailers and consumer products manufacturers to plan, manage & optimize their pricing, promotions & markdowns using advanced analytics. The company offers a Total Lifecycle Pricing platform, that provides a holistic view of consumer demand across pricing, promotions, and markdowns enabling retailers to make informed decisions. It offers four solutions, namely DemandTec Pricing, DemandTec Promotions, DemandTec Markdowns, and DemandTec Collaboration. The solutions provide robust retail pricing capabilities such as price management & optimization, promotion planning, forecasting & execution, markdown management & optimization, and deal management for retailers & suppliers.

Analyst Perspective

Following is the analysis of DemandTec's capabilities in the global intelligent retail pricing & promotion optimization (IRP&PO) market:

- DemandTec offers a Total Lifecycle Pricing platform to help retailers & suppliers optimize & execute customer-centric pricing and promotions strategies. The solutions assist organizations in balancing consumer demand with their financial objectives using AI-driven price, promotion, & markdown recommendations. Additionally, the solutions assist retailers in optimizing their pricing for different products, channels, and customer segments to maximize sales and improve customer experience.
- DemandTec offers the Total Lifecycle Pricing platform that helps organizations consolidate their data into a single source of truth. The consolidated data can be used by organizations to automate and predict the impact of pricing decisions. Additionally, the platform aids organizations in generating & analyzing complex pricing models that can deliver accurate price recommendations, facilitating them to execute optimum pricing, promotions, and markdown strategies.

- DemandTec offers the DemandTec Pricing solution that enables organizations to manage and optimize their prices. DemandTec Pricing solution supports rules-based pricing by allowing users to apply rules to define pricing guardrails, ensuring that optimal pricing recommendations are aligned with the user-defined pricing strategy. The solution provides an extensive library of configurable pricing rules that organizations can use to tailor & customize their pricing. The solution allows its users to prioritize rules, notifies users of any broken rules, and allows them to view how each rule affects the price when applied. The solution helps organizations measure price elasticities for every product, category, or stock-keeping unit (SKU) level, uses AI/ML to recommend optimal prices to the users, and provides a reason behind every price recommendation. It optimizes and automates real-time price updates based on defined strategy, market changes, & business objectives across all or individual channels. Additionally, it provides organizations with ML-based suggestions & insights on key value items (KVIs) and key-value categories (KVCs) through competitive analysis and demand prediction.
- DemandTec offers the DemandTec Promotions solution that facilitates promotion planning by centralizing the creation, amendment, and analysis of promotions using what-if scenarios. DemandTec Promotions solution uses advanced analytics to provide optimal promotion recommendations to the users and helps them forecast promotions considering various factors, such as product cannibalization, halo & cross-category effects. The solution assists them in implementing channel-specific promotion strategies using the obtained insights, recommendations, and plans. Additionally, it helps organizations evaluate the effectiveness of promotions for the promoted items by analyzing their impact on key performance indicators (KPIs) such as sales and margins.
- DemandTec offers the DemandTec Markdowns solution for managing markdowns. DemandTec Markdowns solution leverages machine learning & data science to recommend optimal timing and pricing for markdowns based on a complete view of consumer demand. The solution supports autonomous markdown workflows for streamlining the automatic creation, initiation, and approval of new markdown strategies across channels, divisions, zones, individual stores, and

SKUs based on user-defined rules. It automatically clusters stores based on price sensitivity and assesses the inventory level at each store to assist organizations in creating optimal markdown strategies. Additionally, it helps organizations identify markdown items for each season and address end-of-season excess inventory challenges.

- DemandTec has a broad range of technology, consulting, and channel partners. DemandTec's strategic partnership with implementation partners enables it to offer seamless implementation and change management to retailers. Additionally, its partnerships also help it to receive wider reach and support.
- DemandTec's key technology differentiator is its DemandTec Collaboration solution, which facilitates deal management, helping retailers and suppliers streamline & automate trade collaboration and promotion funding. It offers a centralized space for retailers & suppliers to negotiate, execute, and reconcile deals. It also helps organizations manage invoices, track fund spending, and audit deals & trade promotions. Additionally, it provides customizable workflows and specialized reports to measure the efficiency of processes.
- DemandTec's platform supports various use cases, such as implementing a fully automated billing process for reducing errors, eliminating the need for manual labor on the reconciliation, recommending promotions to corporate & independent stores, planning & executing advertisements for corporate & independent store operators, and leveraging qualitative & quantitative data to create impact analysis reports.
- From a geographical perspective, DemandTec has a strong presence across North America, South America, Europe, Asia, and Oceania. From an industry vertical perspective, DemandTec serves customers in the consumer packaged goods (CPG) sector and retail clients in fashion & apparel, convenience stores, do-it-yourself (DIY), general & mass merchandise, grocery, pharmaceutical, healthcare, beauty, discount, pet, sports, automotive parts, and consumer electronics segments.

- In its future roadmap, DemandTec focuses on enhancing its promotion and markdown optimization capabilities. It also plans to introduce more intuitive user interfaces (UIs) for improving user experiences, usability, and efficiency. Furthermore, DemandTec aims to create an advanced pricing rules engine that can monitor, identify, and self-repair broken rules to simplify pricing for retailers.