



Highlights

- Develop more profitable promotional plans
 - Dramatically improve the incremental lift and total category impact of promotions
 - Combine and forecast multiple overlapping promotions for a more accurate category forecast
 - Negotiate deals with manufacturing partners more effectively by predicting outcomes
 - Get insights into lifts from various promotional tactics
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IBM Promotion Optimization

Select the most profitable promotion based on forecasted optimal results

Managing retail promotions can be a complex process that involves both long-term planning cycles that can extend twelve to eighteen months and short-term, day-to-day activities such as evaluating competing vendor offers for a given week. To be successful in these processes, retailers need to collaborate internally among senior management, category managers or merchants and buyers, as well as externally with vendors to build promotion plans that provide win-win results.

IBM® Promotion Optimization is designed to enable retailers to view promotion forecasts and tactics to execute more effective and profitable promotion plans. Promotion Optimization is part of the comprehensive cloud-based Promotion Management solution for managing the promotions process, from collaborative promotion planning and deal management to in-flight and post-event analysis. This IBM digital commerce solution enables retailers to quickly move from insights to actions to results with the right promotion at the right time and place to customers.



Improve the incremental lift and total store impact of promotions

Promotion Optimization leverages advanced Consumer Demand Management science to help retailers develop promotional activities and placement that dramatically improve the total store impact across categories. The science behind IBM solutions takes into account cannibalization, halo effects and cross-elasticity effects of regular retail and markdown programs. With Promotion Optimization, retailers can quickly determine the optimal promotional pricing price for virtually any item or promoted item group, such as buy one get one, percent off and multiples; and the optimal use of merchandising support, such as ads and displays, as well as specific placement within an ad, to significantly improve the incremental lift and total store impact of virtually every promotion.

Retailers can also use Promotion Optimization in conjunction with the IBM® Deal Management software service to streamline deal presentations, negotiations and reconciliation processes, and automatically pull this information into Promotion Optimization for evaluation. This allows the retailer to develop alternate

scenarios to see what could happen if the promotional tactics were changed. Merchants can compare multiple iterations of each promotion to identify the right combination of discount and merchandising support.

Retailers can also analyze cannibalization between promoted items and regularly priced items within the category, cannibalization between stacked promotions, and the pantry-loading effects of successive promotions. Plus, when used in conjunction with promotion planning capabilities, Promotion Optimization can provide analytics at the point of decision.

Comprehensive solution for managing lifecycle pricing and promotions

With Promotion Optimization, retailers can view their category plans in a single, unified view of planned events across categories, including an integrated forecast across promotions as well as pricing types. This integrated forecast can help retailers verify their promotions meet company goals. Retailers can then continually monitor and measure the results of events, weekly promotions and partial-week promotions.

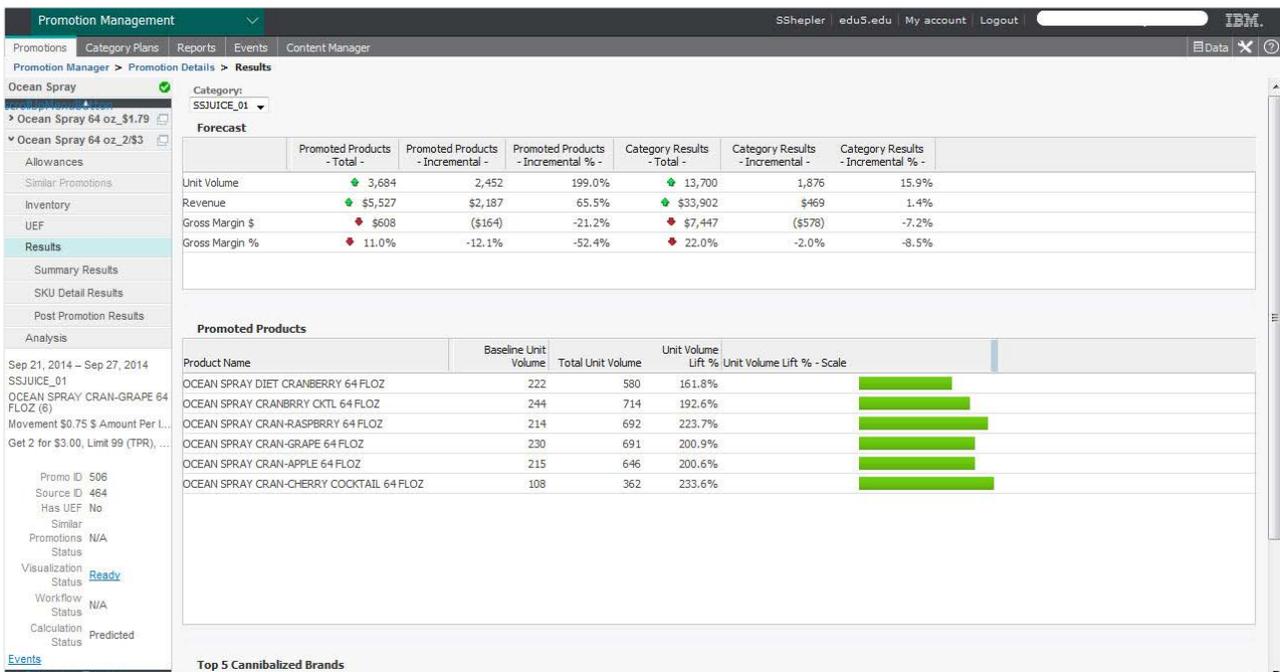


Figure 1: Promotion Optimization promotion results

Why IBM?

In summary, in the new era of retailing the changing market dynamics of retail promotion is very complex. It requires actionable insights, analytics, cross-organizational collaboration and transparency at every stage of the promotion planning process to deliver seamless, personalized shopper experiences across all channels. You need a solution that is based on your defined promotion objectives and can develop promotion strategies that will enable you to achieve your business objectives and meet evolving customer expectations for your digital commerce activities. With Promotion Optimization, you can promote effectively, remain competitive, and achieve significant financial and productivity improvements.

For more than a decade, IBM solutions have helped retail organizations develop and continuously enhance their capabilities. IBM's many years of deep retail pricing experience, combined with leading optimization science and research resources, delivers true omni-channel promotion optimization capabilities that allow our retail clients to set, manage and execute optimal and coordinated promotions across their physical and digital channels.

For more information

To learn more about IBM's Omni-Channel Merchandising solutions, please contact your IBM representative or IBM Business Partner, or visit the following website:
ibm.com/software/products/en/ibm-promotion-optimization.



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