

Case study

Pricing and Promotion



AI-Powered Pricing Boosts Revenue and Profit for Retailer bonprix

- Increased sales by a double-digit percentage
- Increased gross profit per article (after costs)
- Growth in new customer base

Productivity improvement:

“With Blue Yonder, we can now simply and centrally adjust prices from day to day in individual markets. That was not previously possible at this speed.”

– **Project Manager, bonprix.**

Challenges:

- International fashion retailer bonprix was plagued by antiquated pricing and promotion systems and used rigid price-conversion tables.
- Too high prices for many products in the highly competitive Russian market left the OTTO group company feeling the pangs of rising costs and falling profits.
- To modernize internal processes and meet the complex and changing market demands, the online German shop needed an automated solution to achieve consistent and granular price optimization with varying parameters for different countries.

A True Return on Investment

- With five house brands in 30 countries, it was imperative the solution be seamless and effective. Using one of its more challenging markets as the test ground, bonprix piloted the Luminare Platform in Russia for a 4-month trial to evaluate software capabilities.
- Tests quickly proved that the AI/ML software algorithms improve themselves over time, without any manual intervention. As a result, while price optimization provided a measurable impact and return on investment in a short period, results are likely to improve even further.





Solution benefits:

- With a treasure trove of data, bonprix's purchasing department can successfully optimize and manage price settings, allowing the organization to strategically steer each market.
- Today, bonprix has applied the Luminate solution to all relevant markets and has seen a positive difference when it comes to all key performance indicators (KPIs).
- The new price optimization solution has resulted in an increase in revenue as well as profit, particularly in the Russian market where it has improved the retailer's bottom line and directly contributed to improved margins.
- Beyond the initial pilot project, this data can be analyzed in other ways such as calculating cross-price elasticity to determine what effect a price change on one product has on others. Other correlations can also be determined, such as price-related consumer behavior. This lets bonprix align its offerings even closer with customer expectations and maintain the organization's strategic goals.

Blue Yonder's expertise:

The Luminate Platform delivers the most powerful next-generation supply chain programming. The AI/ML-based technology measures the relationship between price changes and customer demand and automatically delivers the right price based on the priorities of each store and market.

 **Luminate Commerce**

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