A person in a blue uniform is handing a cardboard box to a customer. The person's hands are visible, and the customer's hands are also visible. The box is brown and has a white label with a checkmark. The background is dark and out of focus.

# Pricing Automation for grocery delivery service

# Key Summary

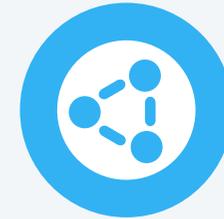
Our client is one of the leading instant grocery delivery services in its domestic market. Competera pricing platform and KORUS Consulting helped the business to enhance its pricing system. Provided solution optimized repricing processes, reinforced sales scenario analysis, and helped to manage margin effectively through products' cost differentiation. The latter was achieved by analyzing consumption structure and dark stores' locations.



8 times faster repricing



Unified and coherent price  
management system



'What-If' analysis tool enabled  
repricing scenarios'  
customization

# Client

Our client is the leading instant grocery delivery service in Russia. This company was among the first on the national market to adopt a dark store model — instead of conventional stores, it runs warehouses used as trading floors, where pickers assemble the orders made online. Such warehouses are located in every geographical region where the retailer operates. Today, the company has more than 400 dark stores with a total turnover of \$123M.



# Context

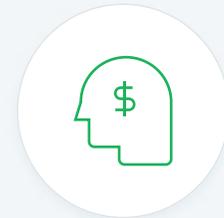
Retailer operates in a highly competitive online segment requiring immediate reaction to market pressure and consumers' requests. In 2020, the company had to reconsider its business development plan. Due to the global pandemic, the online sector began to grow abnormally. To take advantage of the situation, the company decided to optimize its pricing system, which was previously operated manually using business rules.



Online-only sales



Abnormal segment  
growth



Manual rule-based  
repricing

# Challenges

1

The category manager was responsible for applying key pricing rules. At the same time, the competitive data was collected by the pricing department who was also running operational price recalculations. While the stores' network and assortment rotation grew, it took **up to 4 hours daily to reprice.**

2

As **managers were overloaded** with operational tasks, the company had no strategic vision of the "optimal" price.

3

**Using Excel for repricing** made the process too long and hardly effective in terms of revenue and margin management.

4

The number of custom **repricing rules was constantly growing.**

# Project Goals

To deal with these challenges, the client chose KORUS as a consulting partner and Competera as a pricing tool. Together, we have come up with the following project goals.

1

Design a unified pricing architecture

2

Provide an ability to run experiments with diverse approaches to pricing

3

Automate the repricing and markdown processes.

4

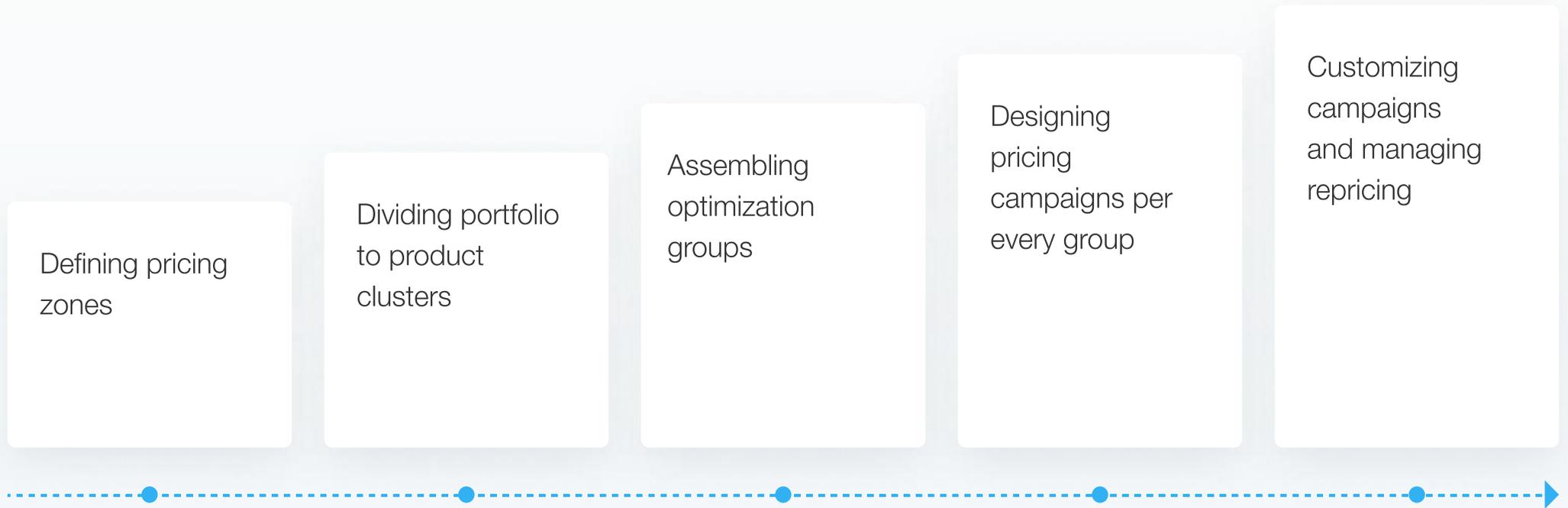
Build a 'What-If' analysis tool to find optimal pricing scenarios

# **Solution**

Implementing a unified automated system  
for pricing management

# Pricing Architecture

The project started with the unified pricing architecture design and refinement. Before the cooperation with Competera, our client was setting prices at SKU-level. As the number of dark stores grew, such an approach was becoming more and more ineffective. So, as the first step, we defined price zones and product clusters. Next, we arranged an optimization groups' list and pricing campaigns per every tier. After the assortment segmentation was done, it became possible to create and manage rule-based pricing campaigns contributing to the clients' strategic goals' achievement.



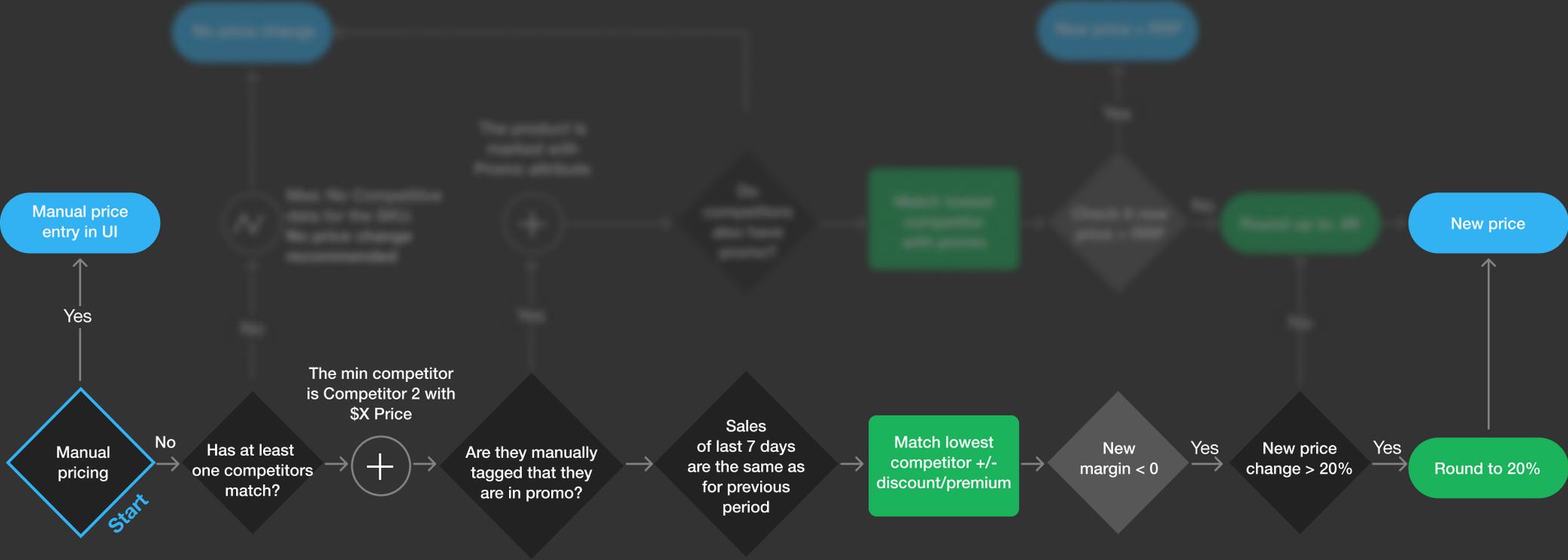
# Pricing Automation

Competera Pricing Automation became the primary tool to meet all project challenges. It enables retailers to run coherent, quick and flexible pricing campaigns based on a cascade of business rules. The latter are built using the data integrated either manually or directly from the client's ERP. Automating all pricing-related processes in a single system allows running up to 50% faster repricing campaigns with no risk of human mistake.

| Business goal | Regular repricing   | 'What-If' analysis   | Markdown  |
|---------------|---|--|---|
| Pilot         | Regular prices' recalculation<br>KPIs performance tracking<br>Repricing rules' management                           | Scenario analysis<br>Repricing scenarios' testing  | Markdown prices' recalculation<br>Shifting back to regular repricing after markdown |
| Data/sources  | <b>ERP</b><br>Sales<br>Promo<br>Market data<br>Competitors' prices  | <b>Manually integrated:</b><br>Metrics to be tracked<br>Margin-related rules<br>Market-related rules | <b>ERP</b><br>Markdown requests by stores<br>Stock data<br>Expiry dates             |
|               | Prices are managed in regard to categories and pricing lists<br>Recalculated prices are re-integrated to ERP system | Various scenarios and their impact are recreated using statistical methods                           | The complex automatic markdown process is supported                                 |

# How Competera crafts price recommendations

The repricing process is built on the optimization groups with their own pricing campaigns. Competera allows to craft prices using rules with a sophisticated logic based on the so-called pricing decision tree.



Example of a decision tree for one of the pricing rules.

# **Pricing with Competera**

The entire pricing process at one place

# Pricing campaigns created in a single dashboard

1

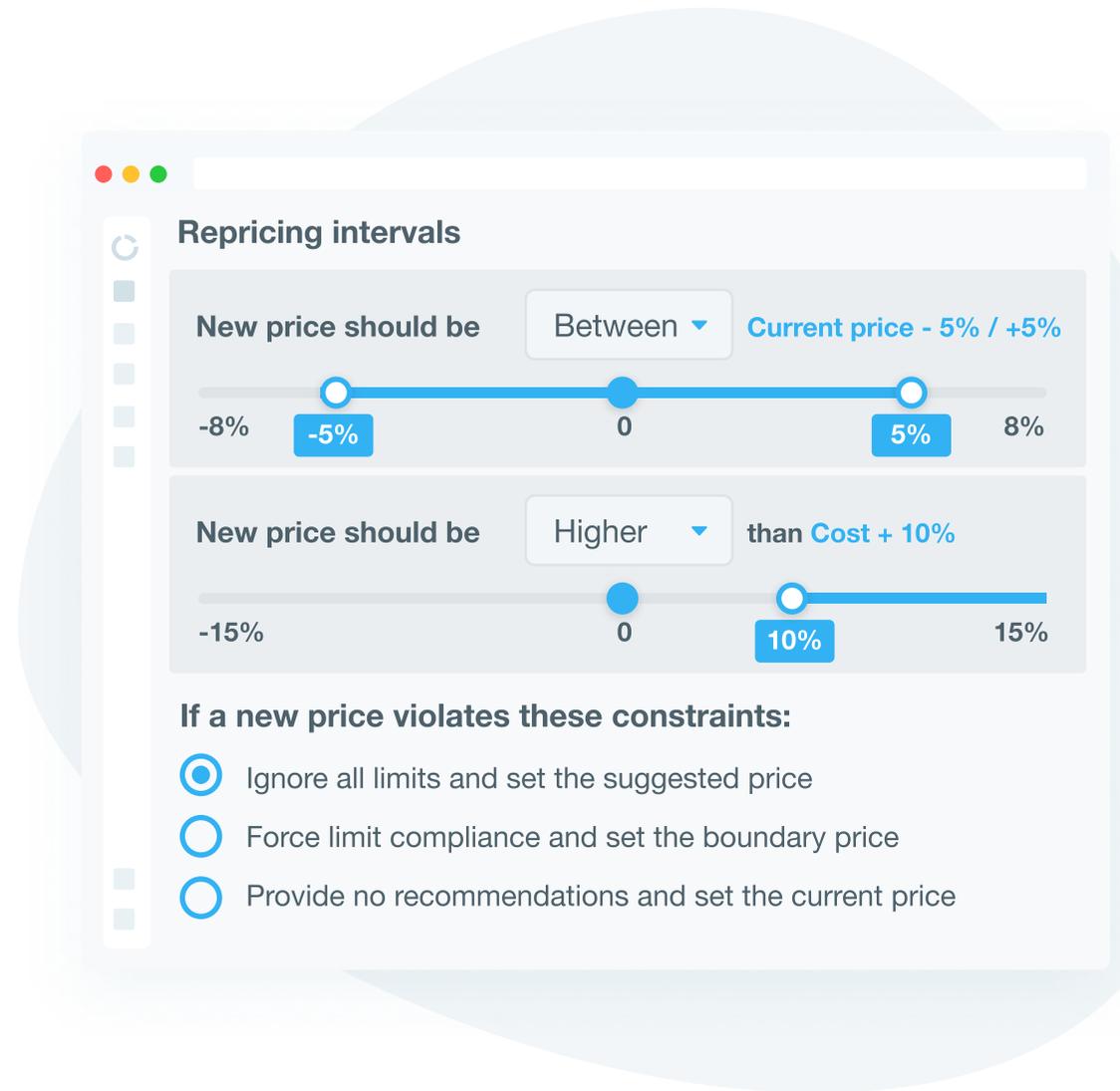
Control over each parameter of every campaign

2

Library of diverse rules for repricing

3

Constraints' setup per each campaign



# Integrated approach to portfolio management

1

Competera allows to reprice any number of product categories

2

Campaign parameters can be copied to other ones saving managers' time

This is a **draft version** of the new PC. To apply the setting and save campaign, please press '**Create**' button. In case you leave the page without saving, a new PC will not be created and all products will remain unchanged in current PCs.

Pricing approach: **Smart rules** Contains: **284 items**

Set as **Default Pricing campaign** for all new products

### Repricing logic

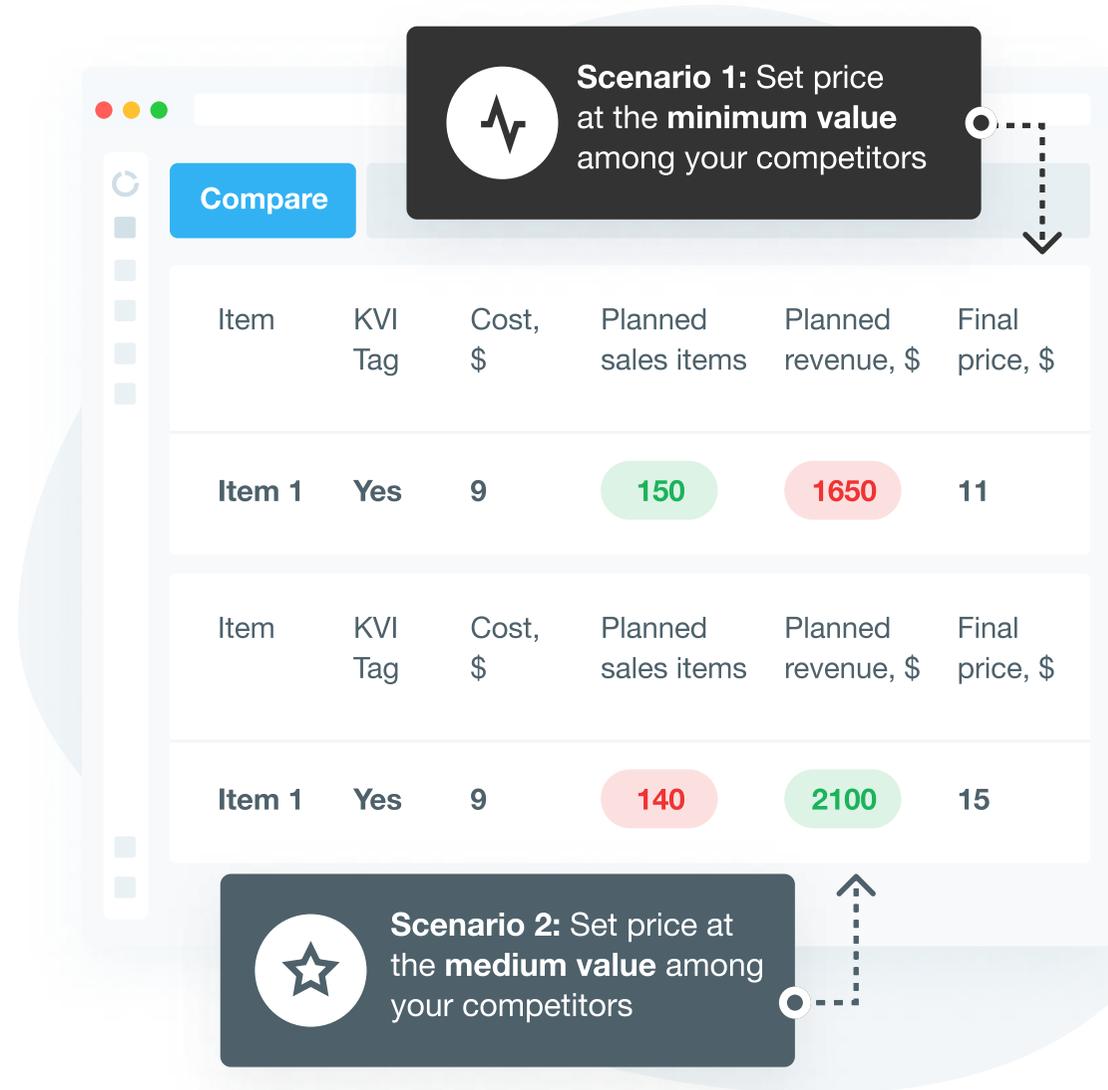
| Follow MAP  | Rule description  |
|---|---|
| <input checked="" type="checkbox"/> Follow min competitor | The rule will suggest a price of a minimal competitor adjusted by Premium or Discount, setting 0 will match the price of the minimal-priced competitor. |
| <b>Repricing rule</b>                                     |   |
|   | <b>Competitors</b> SportShoes.com ×   |
|   | <b>Free shipping threshold</b> 100  |
|   | <b>Minimum delivered margin percent</b> 10%   |

**Create new PC** × **Cancel** **You have unsaved changes!**

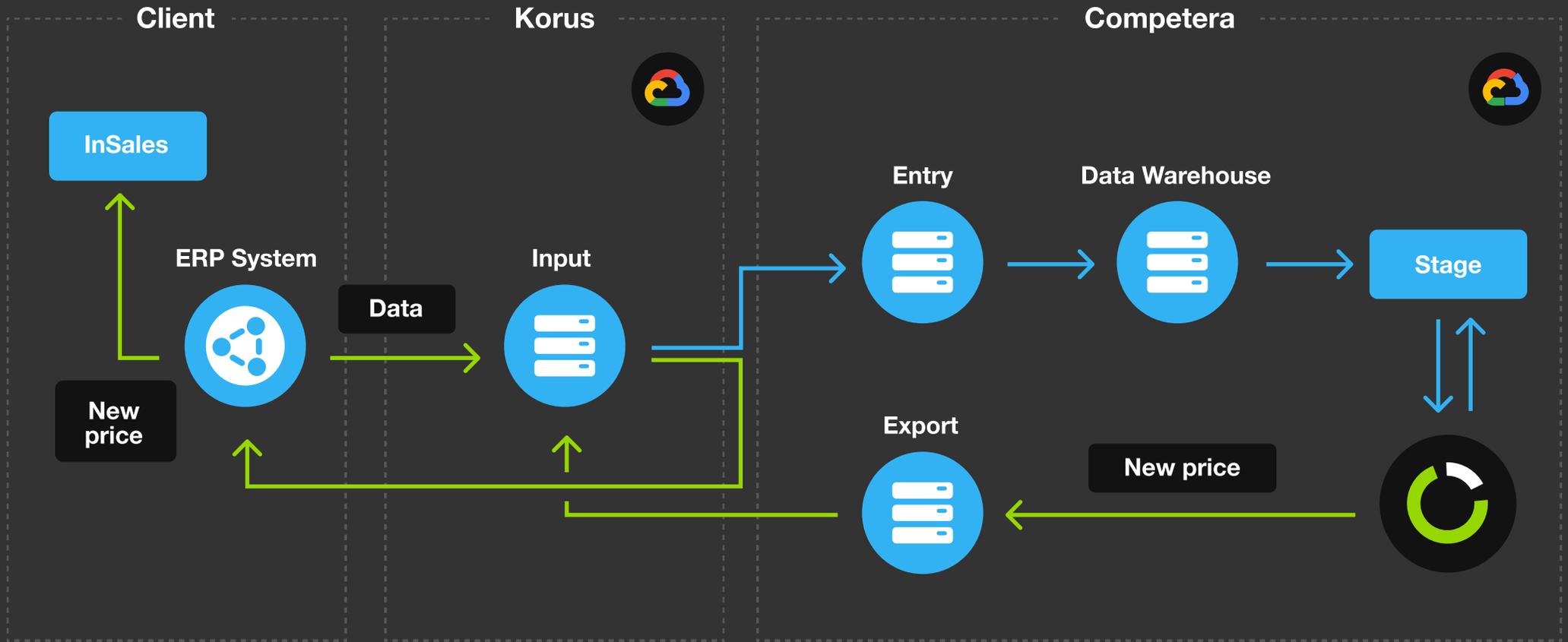
# 'What-If' analysis tool

Competera platform allows testing scenarios safely. This client can change the rules and the system will forecast the results without applying them in real-life.

Thus, in addition to operational pricing management, the client also received an analytical functional tool that can be easily applied in the same dashboard. Daily rule-based price recalculation analysis can process up to 1,000 various options.



# New prices are integrated into client's ERP



ERP system both provides the data used for repricing and gets the new prices back once they are ready.

Prime cost procession

Data integration and validation by Competera

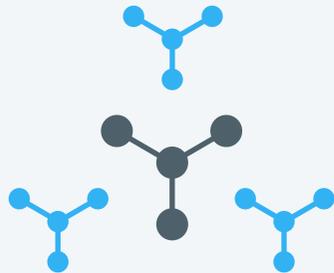
Price recalculation by Competera

# Results

Retailer reached a new  
level of pricing

# What did our client achieve?

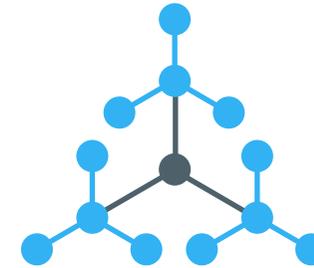
Before



Market-driven  
pricing in Excel

- Lack of clear pricing methodology
- Operational overload
- Dependence on manual decisions
- Poor understanding of what should 'optimal' prices be like

After



Automated  
rule-based pricing

- Repricing time reduced from 4 hours per 200 stores to 30 min per 500 stores
- Pricing overall effectiveness increased
- Differentiated pricing per separate dark stores

# What did our client achieve?

1

Refreshed pricing architecture with more effective processes

2

Diverse pricing scenarios that client can apply depending on particular goals

3

A single workplace for pricing manager with no need for spreadsheets and additional tools

4

'What-If' analysis tool: now managers can make decisions based on accurate effect forecasts

5

Segmented assortment reflecting the development priorities of retailer

# Competera **helps retailers to craft optimal prices** across all sales channels.

Find how Competera helped other retailers to win

## CONSUMER ELECTRONICS

### Consumer electronics

4.5% uplift in gross profit



## APPAREL & FOOTWEAR

### Intertop

Markdown optimization:  
saving profit margin



## SPORTING GOODS

### Wiggle

Market-driven pricing for  
over half a million SKUs



Have a question or feedback? **Contact us via [info@competera.net](mailto:info@competera.net)**