INTERTOP

Markdown optimization: saving profit margin

The apparel retailer Intertop used Competera
platform to maintain profit margin

Intertop manages **114 brick-and-mortar stores** and **14 mono and multi-brand apparel** chains across **25 cities in Eastern Europe**. Launched in 1994, the apparel retailer offers over five million SKUs. In 2014, the company entered the e-commerce scene.

Sixteen brand managers are in charge of **over 60 brands** offered by the retailer.

Intertop used **Competera's platform** for its summer sales 2019 campaign **to hit three goals** within a **six-week market test**:

1 liquidate excess inventory while keeping the gross profit and profit margin

2 test Competera pricing platform's effectiveness

3 speed up repricing

Challenge

High pressure to clear off shelves fast while **maintaining** the gross profit and profit margin

Repricing takes **too much time**

Solution

Regular elasticity-based **markdown suggestions**

Analytics for well-informed pricing decisions **available with one click**
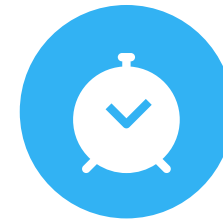
Results: Intertop reached all the set goals

200 b.p.

Profit margin saving

10.3%

Gross profit saving

15 min

Repricing time

The company is planning **to scale Competera's solution to optimize its offers** for its upcoming collection.

«When using machine learning in repricing, we set business goals and constraints. Machines do the rest of the job. In other words, we do not do repricing per se, but we set the rules of the game and control the results.

Technology does **boost the financial performance** of your company.

As technology takes up routine tasks, pricing managers need to boost their analytical skills and business thinking. We have to learn to see the big picture and make not tactical, but strategic decisions»

Ilona Baskova
Brand Manager at Intertop

Starting Intertop's journey with Competera

Markdown optimization

Regular prices optimization + New entry cold start problem

The most accurate price recommendations based on automatic feature extraction from texts and images

Scaling across the whole assortment

Coherent pricing approach across the geography of presence

Challenge:
Intertop used "blanket" discounts

1 **Profit margin and gross profit margin losses**

When crafting prices, managers do not consider demand elasticity and thus do not create optimal offers for every item.

2 **Brand managers are overloaded with data**

They need to analyze dozens of parameters, including business goals and KPIs.
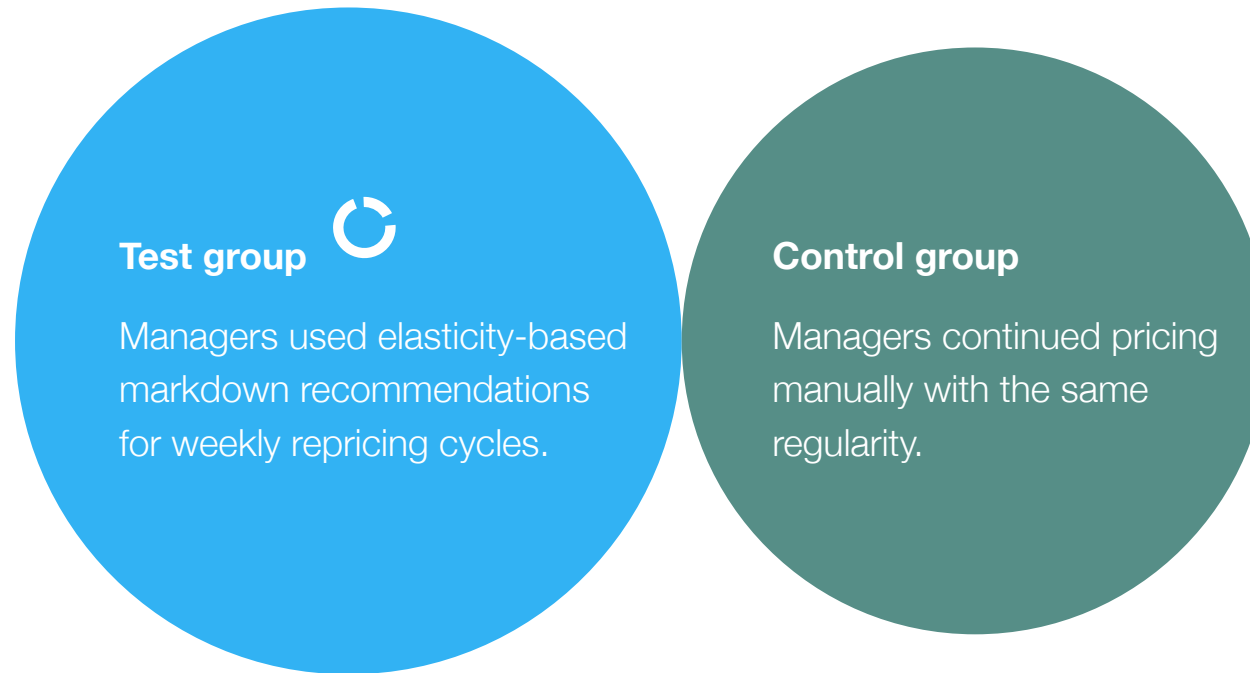
3 **Repricing takes hours**

Managers need to monitor sales dynamics manually.

Solution: tailored pricing and discounts allowed increasing gross profit and profit margin

The market test **featured 420 lines of 4 brands**:
Timberland, Clarks, Geox, Tommy Hilfiger

Test group

Managers used elasticity-based markdown recommendations for weekly repricing cycles.

Control group

Managers continued pricing manually with the same regularity.

Competera factored in all of Intertop's business rules: **thresholds, repricing steps, rounding rules.** The platform **analyzed millions of data points** of historical data to craft markdown suggestions.
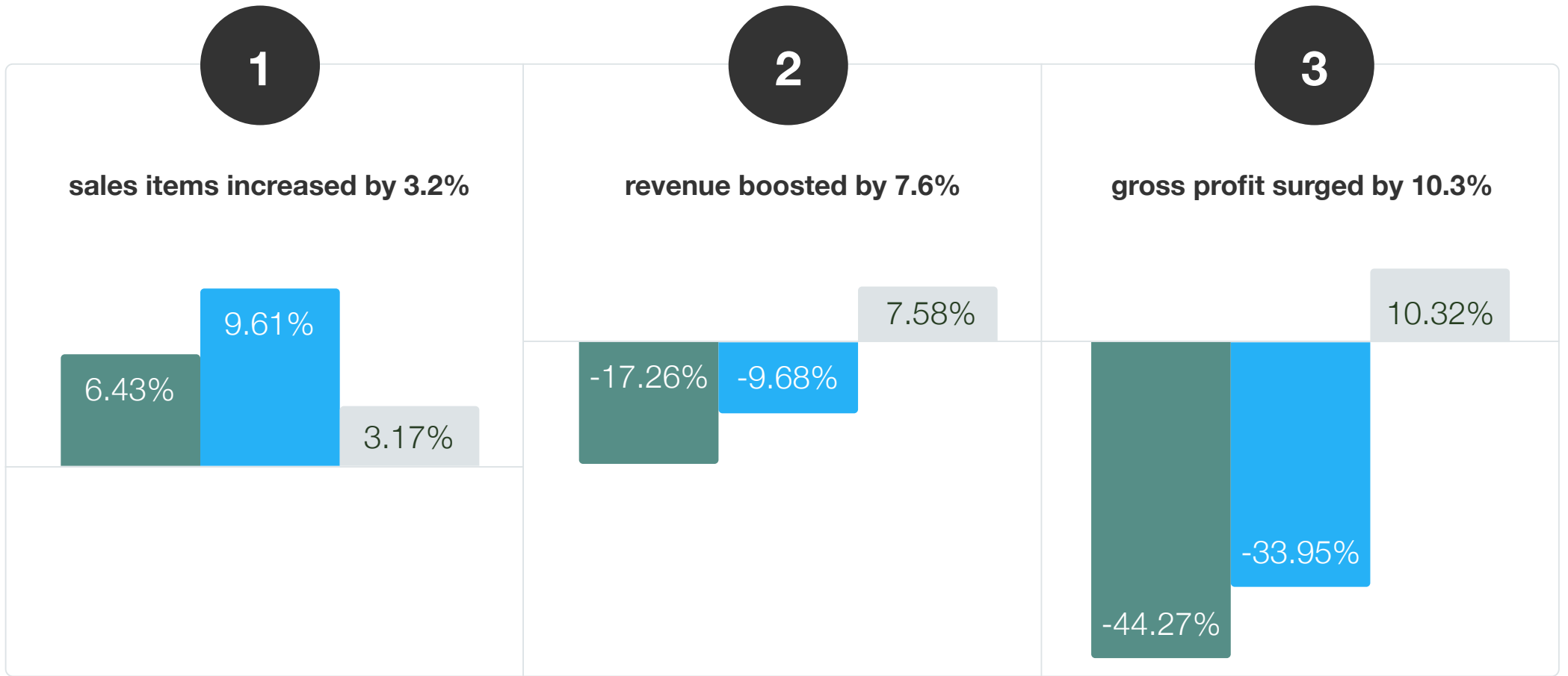
Results: profit margin saving 200 b.p.

Both the test and control group offered the same average discount price, which means that the brand and price positioning remained intact.
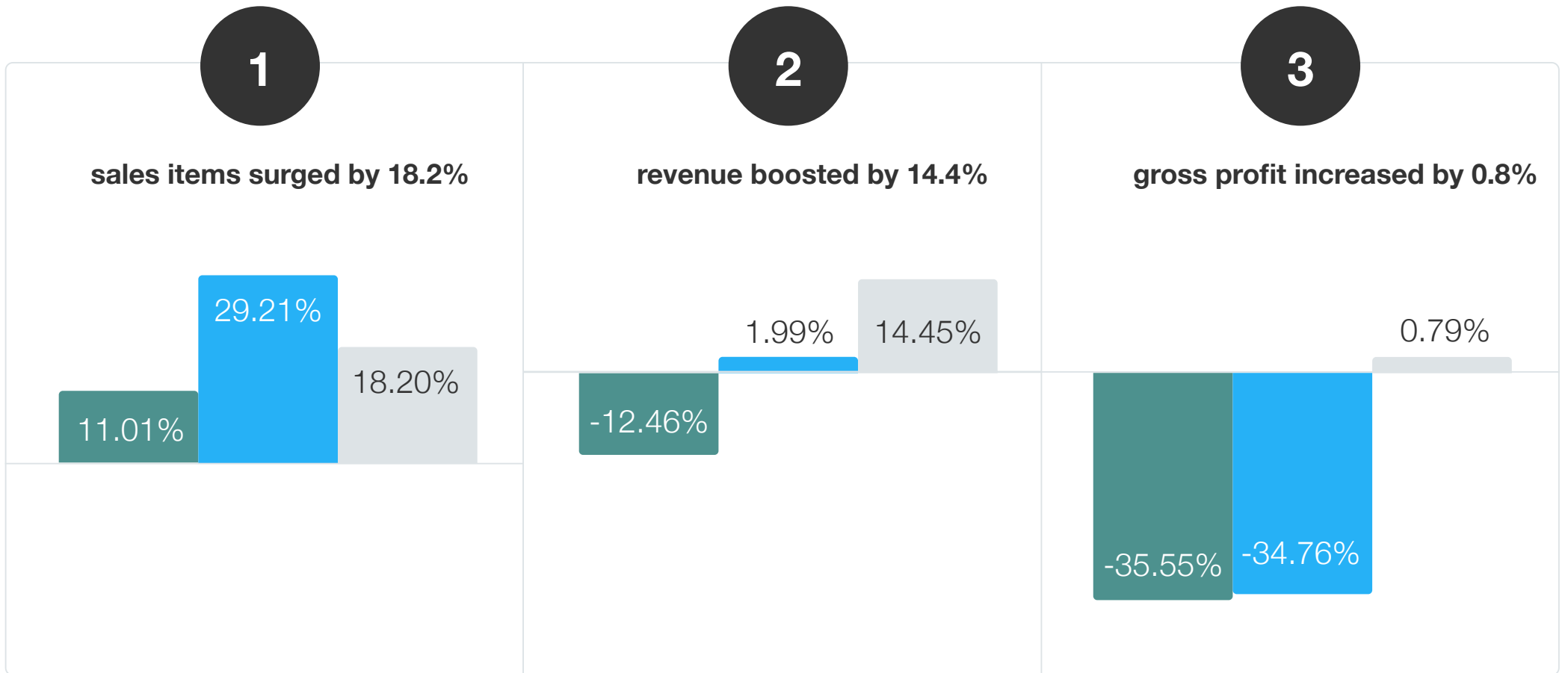

Control Group

profit margin

average price

-19.38%

-25%

Test Group

profit margin

average price

-17.26%

-25%
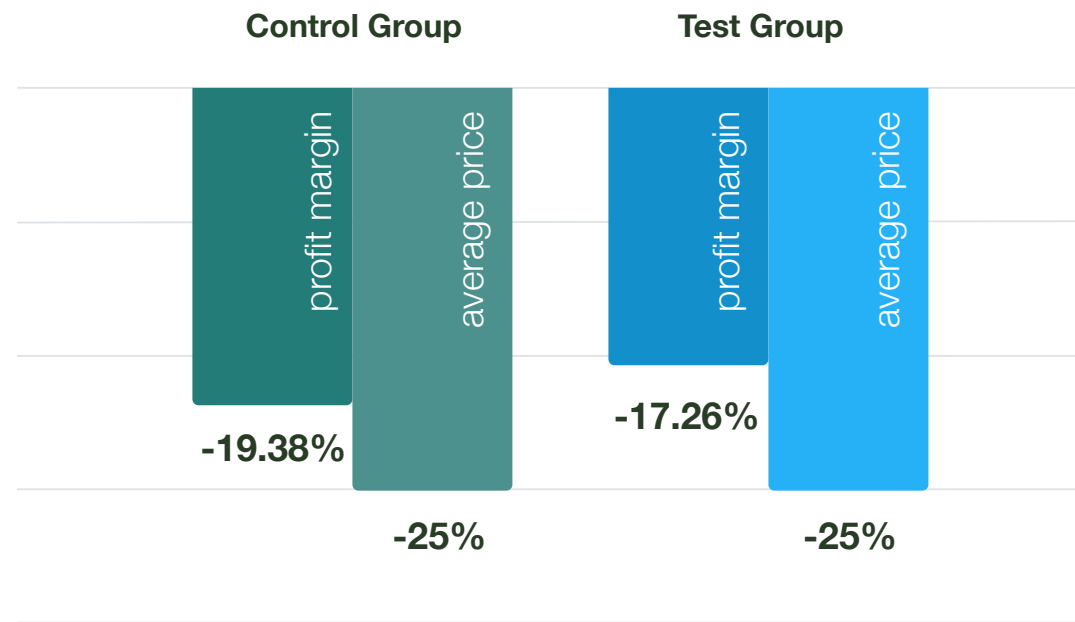
Clarks

The test group exceeded the control group by three parameters:

1   **sales items increased by 3.2%**

- Control Group: 6.43%
- Test Group: 9.61%
- Performance boost: 3.17%

2   **revenue boosted by 7.6%**

- Control Group: -17.26%
- Test Group: -9.68%
- Performance boost: 7.58%

3   **gross profit surged by 10.3%**

- Control Group: -44.27%
- Test Group: -33.95%
- Performance boost: 10.32%

● Control Group   ● Test Group   ● Performance boost

The test group exceeded the control group by three parameters:

1

sales items surged by 18.2%

29.21%

18.20%

11.01%

2

revenue boosted by 14.4%

1.99%   14.45%

-12.46%

3

gross profit increased by 0.8%

0.79%

-35.55%   -34.76%

● Control Group   ● Test Group   ● Performance boost

Competera Pricing Platform **helps retailers craft optimal offers** by using **proactive pricing** across all retail selling channels.

Get to know how FMCG, giftware, and consumer electronics retailers use Competera to earn more

CASE STUDY

Find Me A Gift

Improving revenue by 9% with the help of AI

CASE STUDY

Kosmo

Boosting revenue and sales across over 100 price zones

CASE STUDY

Foxtrot

Boosting revenue by 16% without risking profit margins

Want to know more or leave a comment? **Email us at info@competera.net**