



Increasing revenue and sales across over 100 price zones

The health&beauty retailer Kosmo used
Competera's platform to optimize pricing



Kosmo is a leading Eastern European retailer with over **100 brick-and-mortar stores** across **41 regions**. The health&beauty company has been operating since 1994 and has **over a million members** in its shopping club. In addition to dozens of global brands, the retailer also sells a range of **private labels**.

LIERAC

VICHY
LABORATOIRES

MAXFACTOR

NATURAL
Sea Beauty

Calvin Klein

NINA RICCI

L'ORÉAL

NINA RICCI

Schwarzkopf & Henkel

NIVEA



COLGATE-PALMOLIVE

Kosmo utilized
Competera's platform
to hit **five goals** during
a nine-week market test:

1

To maximize revenue without losing profit margin

2

To gain control over the creation of pricing and promo strategies

3

To cushion the effect of high promo pressure in the industry;

4

To stop copying pricing moves of competitors



Challenge

- Significant promo pressure: **over 60% of discounted items;**
- Vendors call the shots in terms of promos;
- Competitor-based pricing only;
- Over 100 price zones with different price elasticity.

Solution

Regular demand-driven recommendations for price and promo decisions

The market test featured two groups

The two groups have similar seasonality, as well as profit and revenue patterns. What is more, these groups are unlikely to be in the same basket (therefore changes in the test category could not have a significant impact on the control category, and vice versa).



Test group

Toothpaste

Managers used demand-based price and promo recommendations for a group of 160 products.



Control group

Toilet paper

Managers used traditional manual pricing methods.

Before launching the project, the retailer provided the necessary data to Competera, which included but was not limited to historical data, competitive data, data regarding business goals and restrictions.

Results: Kosmo hit all the set goals



+8.1%

Revenue



1%

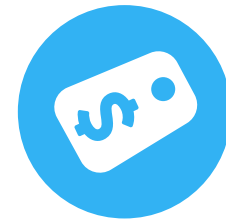
Profit margin saving

Despite significant
promo pressure



+15.9%

Sales items



+9.8%

Gross profit

Front

Kosmo's managed to maximize revenue, gain more flexibility in the creation of pricing and promo strategies, softened the effect of significant promo pressure, and became less dependant on competitors' pricing moves.

Retailers and vendors use promos to stimulate financial performance. However, this leads to cutting prices non-stop. Everything has its limits, though. We are faced with a question of how to satisfy the customer while keeping the prices beneficial for the business. To do so, I believe, we need to shift from price wars to predictive pricing.



Georgy Sheiko

CEO of Kosmo

Challenge:

1

Rule-based competitive pricing exclusively

The company used this pricing approach for some 2,000 KVI products (out of 10,000 items in the portfolio) across over 100 points of sale and different price zones.

2

Bulky and time-consuming pricing

The in-house ERP and Excel-based pricing systems have technical limitations to store and process pricing data.

3

Extremely competitive and fast-paced market with extremely high promo pressure

Pricing managers lacked time to process all the necessary data and consider all the pricing and non-pricing factors to set optimal prices with necessary speed.

Solution:

Some 2-3 thousand of weekly price recommendations based on short-term algorithmic predictions of demand reaction on price changes within the product portfolio.

Competera Pricing Platform helps retailers **to craft optimal offers**

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

CASE STUDY

Intertop

Markdown season: saving
profit margin at Intertop

CASE STUDY

Find Me A Gift

Improving revenue by 9%
with the help of AI

CASE STUDY

Foxtrot

Boosting revenue by 16%
without risking profit margins



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