

Media Alert

AI-powered Price Optimization Could Supercharge the UK Retail Market

Retailers must adapt a much more agile approach to their pricing strategy in order to overcome the profit slumps many have seen this year

Blue Yonder, 22 May 2018 - According to the [latest figures](#) from credit card company Visa, the bad weather that the UK suffered throughout April has contributed to the fastest decline in retail spending since the 2009 recession. Sales in April dropped by 5.4 per cent compared to April last year, a negative set of results that follow poor performance in March, which saw 2.9 per cent decline. Even the burgeoning online retail sector suffered, with spending down by 0.1 per cent.

Uwe Weiss, CEO of [Blue Yonder](#), argues that the bleak outlook for the UK retail market highlights the need for retailers to adapt a much more intelligent and data-driven approach to their pricing strategy, and to better understand and predict market conditions. In a fundamentally changing market, Uwe suggests that retailers cannot carry on doing things the way they always have, and those that adopt a more agile, responsive and digitally-focused approach will gain a competitive edge and be in a much stronger position to survive the increasingly challenging UK retail market.

“Retailers today operate in an extremely fierce market place, shaped by the unpredictability of consumer behavior, changing demands, pressure from online competitors and economic factors like Brexit. At the core however, a dramatic softening in consumer demand has taken a heavy toll on retail sales, as consumers have less money in their pockets. Consumers are not only being driven online where they can choose the right products at often cheaper prices, but they are also reducing discretionary spending. Evidently, this presents a significant challenge for traditional brick and mortar retailers.

“Retailers have long recognized the need to innovate in order to address these changes in the market, but they do not always have the structure and processes in place to find, assess and adopt the best solution. Artificial Intelligence (AI) is in the vanguard of innovation, but a lack of understanding of how it can be used best is holding most retailers back. Retailers today have access to vast reams of data, including past sales patterns, customer footfall and external information such as the weather and public holidays. When this data is combined with advanced AI technology, not only are retailers able to better understand and predict consumer demand, but it can also help them to understand and adapt to market conditions in order to make better financial decisions.”

Price optimization solutions powered by AI can accurately predict customer demand and automate pricing decisions for a retailer, across every product category and every store, learning the relationship between price changes and demand while incorporating a retailer's business strategy. It can automatically set the optimal prices to deliver the best bottom line, while rapidly sensing vital demand signals from changing market conditions and data such as sales, promotions, weather and events.

Uwe concluded: "Price optimization solutions can make sure that retailers are selling their products at the right price, in line with market conditions, to ensure maximum sales, margins and profitability. Retailers who implement intelligent, AI-driven technology can eliminate the burden of manual intervention in processes like pricing and replenishment, enabling them to save money, create leaner operations and devote more resources to improving the customer experience. This in turn can help retailers to provide the very best customer experience and grow consumer brand loyalty. Innovative technology, such as AI, will play a crucial role in the survival of high street retailers and, when used accurately, could give retailers a competitive edge, insulating them against the UK's economic downturn and retaining their customer base."

About Blue Yonder

Blue Yonder enables retailers to take a transformative approach to their core processes, automating complex decisions that deliver higher profits and customer value using artificial intelligence (AI).

With AI embedded into their supply chain and merchandising processes, retailers can respond quicker to changing market conditions and customer dynamics, boosting revenues and increasing margins.

Developed by one of the largest teams of PhD-level data scientists in retail, our solution delivers 600 million decisions daily to international grocery, fashion and general merchandise retailers.

Blue Yonder was founded in 2008 in Karlsruhe, Germany, by former CERN scientist Professor Michael Feindt. The company has been awarded the Experton Big Data Leader Award 2016, the BT Retail Week Technology Award and the IGD Award 2017 for Supply Chain Innovation.

Blue Yonder provides its solutions through Microsoft Azure.

Blue Yonder. Best Decisions, Delivered Daily.

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