"What is the right price?" – This is a key question with enormous impact on profitability of retail companies. If the price is too high, you cannot achieve the desired sales volume. If set too low, the lack of product availability will result in missed sales opportunities and an overall decrease in profitability. In this scenario, Blue Yonder offers its customers Price Optimization – as a SaaS solution - to support price adjustments.

The Business Segment
Blue Yonder is the leading provider of cloud-based artificial intelligence solutions for the retail industry. The world’s leading machine learning algorithms are used to deliver decisions that increase sales, reduce write-off rates and increase profits. The company assists in the automation of pricing decisions that are influenced by historical data and other critical factors such as weather, public holidays, or competitor information.

The Challenge
An efficient interplay of algorithmically-demanding disciplines is required to determine dynamic price adjustments. Powerful machine learning models that can take into account extremely diverse influences in a dynamic market environment are required to automatically determine reliable sales forecasts.

In addition, several other requirements must be met. For example, the price trend in a product life cycle is subject to many rules. Local factors such as time period and cost of price changes must be taken into account as well as price developments in the competitive environment. Adjustment of prices in the network allow for consideration of reciprocal dependencies in the overall offer and the proactive implementation of strategic objectives.

The Solution
Blue Yonder Price Optimization automatically sets the optimal price to deliver the best bottom line without compromising the brand’s promise to its consumers.

Our solution delivers optimized prices for every channel and every product according to consumer demand, brand loyalty and competitive advantage. The solution “learns” the relationship between price changes and demand while incorporating a retailer’s business strategy. Blue Yonder’s Price Optimization solution rapidly senses vital demand signals from changing market conditions and data such as sales, promotions, weather and other events. It serves a retailer’s pricing strategy along the product’s life cycle and provides a measurable impact on revenues and return on investment.

The Result
With the use of Gurobi and Price Optimization, Blue Yonder’s customers saw a boost in profitability and an increase of 5% in product sales. The price adjustments now take place in real-time, based on current data, considering company objectives and the cost of changing prices, with minimum effort. In addition, inventories can now be reduced by 20% by means of price reduction optimization.

For more information, visit Gurobi.com or contact us at info@gurobi.com or call +1 713-871-9341.