

KEY ITEM INSIGHT TO DRIVE MERCHANDISING EXCELLENCE

ALIGN KEY ITEMS TO SHOPPER VALUES
TO MAXIMIZE PROFIT

The key item insight service from SAP examines shopper demand to scientifically identify and rank the products that can help you best meet your merchandising and financial objectives. By aligning these key value items to the needs of your shoppers, you can improve margins, revenue, and price image.

Most retailers have a list of top items they think are most influential to shopper buying behavior. With money spent tracking and promoting these items, there's a direct financial benefit to getting this list right. The key item insight service from the SAP® Services organization can help lower this investment while extending your financial opportunities. The core component of this service leverages your point-of-sale data. By applying demand modeling technology to this data, SAP identifies which items best influence shopper behavior and ranks them according to their potential to positively impact margins, revenue, and price image.

Make Informed Decisions to Drive Results

By analyzing and modeling your point-of-sale data to project the trade-offs between price and unit movement, SAP retail experts identify your key items and rank those that are best suited to drive revenue, increase profit, and influence price perception. Gaining this precise, scientifically based insight takes the guesswork out of competing in the dynamic retail market.

Satisfy Shoppers and Increase Loyalty

Today's value-conscious shoppers challenge you to offer the optimal price and product mix or risk losing them. The key item insight service helps you better understand the elasticity of your products. With this insight, you can selectively lower prices without sacrificing margins and discretely raise prices without compromising image. By aligning your pricing and promotional planning with your shoppers' buying behavior, you can satisfy shoppers and increase their loyalty.

Generate More Revenue for Promotional Spend

Investing in promotions or adjusting prices for the wrong key value items is an expensive proposition. Not only are you spending money ineffectively, you are losing potential revenue and shopper loyalty. The key item insight service helps maximize the benefit of promotional investments by identifying the best items for price cuts. By understanding which items can help you meet your merchandising and financial objectives, you can generate more revenue for your promotional spend.

By aligning key value items to shopper buying behavior, you can improve margins, revenue, and price image.

Optimize Your Merchandising Strategies

When your merchandising decisions are informed by proven, quantified analysis, you gain the necessary insight into your point-of-sale data to attract and retain shoppers and accomplish the following results:

- Give shoppers lower prices on the items they value without sacrificing margins
- Selectively increase margins without compromising image
- Reduce time and money spent researching competitors' prices
- Earn more revenue for your planned promotional spend
- Focus your efforts on the items best suited to meet your strategic objectives



Summary

The key item insight service from SAP bridges the gap between the products that your shoppers value and how you price and promote those products. It examines shopper buying behavior and provides product rankings that align with your merchandising strategies to improve margins, revenue, and price image.

Challenges

- Identify which items shoppers value the most
- Balance price perception with performance objectives
- Retain shoppers and margins when competing with discount retailers
- Determine the best competitive shopping spend

Supported Business Processes

- Key value item definition – Identify which products will maximize the value of your merchandising strategy
- Key value item ranking – Drive revenue, increase profit, and influence price perception by leveraging key value item lists that project the trade-offs between price and sales
- Shopper analysis – Understand your unique shopper buying behavior and price sensitivities down to the store and SKU level and combine this historical data with current trends and forecasts
- Strategic planning – Combine demand insight with merchandising expertise to improve margins, revenue, and price image

Business Benefits

- **Optimize your merchandising strategy** with demand-driven insight
- **Improve profits** by selectively increasing margins
- **Satisfy shoppers and increase loyalty** by lowering prices on the items they value
- **Reduce the time and cost** of performing competitive price shopping
- **Increase revenue** for your planned promotional spend

For More Information

Call your SAP representative or visit us online at www.sap.com/retailinnovations.

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