

Optimizing Pricing and Promotion Updates

What rising inflation means for retail pricing and promotion accuracy





What You'll Find in this Guide

The Importance of Optimizing Pricing and Promotion Updates for Retailers

Retailers are facing a challenging growth environment.

Rising inflation is putting costs up across the business. From the supply chain to employee wages, margins are being squeezed from all angles.

Combined with a shift in consumer expectations and a struggle to attract and retain talent, retailers are coming under pressure to find answers to a myriad of questions.

But with every challenge comes an opportunity.

Unable to sustain inefficient and costly operations in these conditions, retailers are looking for technology to adopt and new ways to work to remain resilient and drive growth.

Through periods of high inflation, the right pricing and promotion strategy will be crucial in keeping customers loyal.

Equally, one of the most time consuming and therefore costly tasks that store associates perform is the updating of pricing and promotions.

Traditionally, a manual update process involves thousands of products and often contains errors. It can absorb large amounts of an associate's time and have big implications for customer loyalty and the bottom line if inaccuracies exist.

In this guide we will look at the importance of optimizing pricing updates.

Discussing the different ways it can be done and [a new innovation](#) that is unlocking a huge amount of value for retailers.

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Pricing Updates Are Increasing in Frequency and Importance

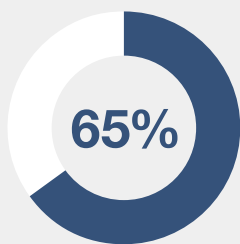
Global inflation rates are expected to [reach around 8% in 2022](#). That's a big increase from an average of 3.8% for the 10 years preceding it.

Retailers are having to put up prices or absorb inflation in their margins. Consumers are searching for greater value.

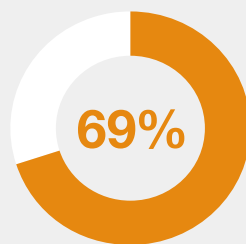
Loyalty becomes stretched when shoppers feel the pinch.

To keep customers coming back, retailers will need to leverage coupons and rewards that help customer dollars go further.

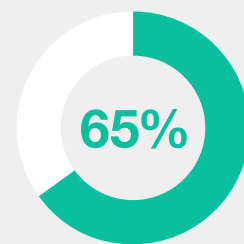
A survey of more than 1,000 consumers shows



Are now **proactively looking for promotions** and discounts when shopping for groceries



Are more likely to **compare prices** at the shelf



Are **reducing their food spending** to lower their cost of living

Source: [Retail insight](#)

These factors mean one thing. Retailers have a lot more pricing and promotion updates to do.

For most, this is a manual and tedious process that store associates carry out. Despite best endeavors, errors creep in. Negatively affecting their job satisfaction.

With inflation showing no sign of abating soon, it's a task that will be performed with greater frequency and by more expensive human resources.

Retailers need to understand how technology can help alleviate the burden and ensure pricing accuracy across their stores.



Executing Pricing and Promotions

Retailers rely heavily on promotions to support revenue. It can typically account for [10 to 45 percent of total revenue](#).

But only when those promotions are executed correctly.

Retailers can suffer failed executions for several reasons:



Non-participant

The price was wrong and some stores didn't participate



Late starter

The price was wrong for the first week of promotions



Incomplete execution

The promotion should cover five products but only 4 are on display



Non-compliant display

The allocated display and point of sale material doesn't arrive or get used for the promotion period



Early finisher

The promotion runs but finishes early due to an error in pricing updates



Slow replenishment

The promotion works well but store staff don't keep up with demand leading to a lack of availability

The impacts of failed promotions can go further than just a reduction in revenue for retailers.



Eroding Customer Loyalty



Frustrated by not being able to redeem the promotion they were after, only [18% of customers](#) would accept an overcharge and shop again at the same store with confidence.

Finally, in certain regions, regulators are clamping down on incorrect pricing. Heavy fines have already been handed out to retailers that have violated pricing integrity.

5-10%

The result of failed executions can be painful for retailers. On average, half of retailers lose 5-10% in sales due to poor execution.

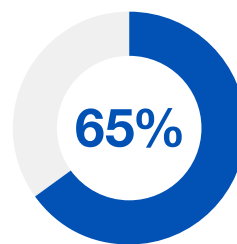
Source: [Coresight](#)



Methods of Updating Prices and Promotions

Pricing agility is rated as one of the most important factors impacting customer loyalty and trust.

So what are the options available to retailers when it comes to updating prices and promotions? Let's look at the pros and cons of some solutions.





65% of retailers feel unable to implement all the price changes and promotions they want.

[Planet Retail](#)

Manual Updates by Store Associate

Scanning barcodes one by one and comparing to catalog price.



 Pros	 Cons
No change is required to processes or infrastructure	Time consuming task carried out by store associates meaning they spend less time helping customers
Minimal staff training	Error prone
Zero investment	Requires expensive dedicated scanners





Electronic Shelf Labels


Digital price tags using electronic paper or liquid crystal displays linked to a central server.

 Pros	 Cons
No change is required to processes or infrastructure	High investment affecting ROI
Updates are centralized and automated	Fragile – can be damaged and broken easily. Eg; by shopping carts
A broad range of sizes can be used to support promotions	Maintenance and battery replacements are impacted by supply chain shortages



Smart Data Capture Technology

On smart devices – scanning shelves with smart devices and accessing real-time pricing data.

 Pros	 Cons
Leverages cost-effective and user friendly devices	Requires smart devices roll-out
Error proof compared to manual updates	Requires new workflow training
Large time saving for store associates	Best suited for frequent promotional checks



Smart data capture scans the barcode and the text on the label and matches against real-time data from back-end systems.

On Floor Scrubbers

(Autonomous data capture) – *Floor scrubbers* fitted with cameras and smart data capture technology scan shelves and capture pricing data at the same time as cleaning the store

✓ Pros	✗ Cons
Uses existing infrastructure when robots are already deployed	Long deployment timescales
Frees employees up to do more value-adding and customer facing tasks	Existing infrastructure such as floor scrubbers are required
Store level SKU reporting to support item localization	Only relevant for stores with a high number of SKUs and well ordered pricing labels



Weighing the Choices

Individual circumstances such as the number of stores a retailer has, the amount of SKUs that require regular updates and the capability of existing infrastructure will impact which method is best suited.

For the majority of retailers, smart data capture is a good fit. The pros far outweigh any cons associated with deployment and taking employees through a new workflow.

Proliferation of smart devices for store operations tasks is already high. And with minimal training required and an intuitive user experience, employees can be performing updates accurately in no time at all.



The Latest In Smart Data Capture Technology: Scandit ShelfView



It's clear that smart data capture is a great choice for managing pricing and promotion updates. Let's explore how it works in a real store environment using smart devices and one of our solutions, ShelfView.

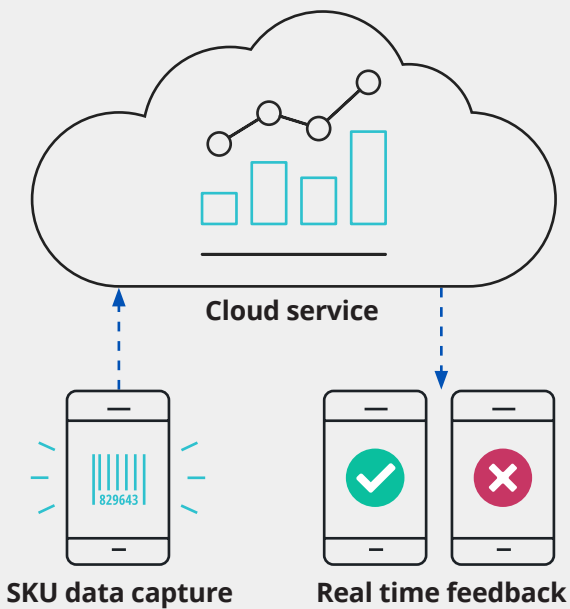
ShelfView is a smart data capture and analytics solution for retail shelf management. It empowers associates to intelligently and efficiently handle store operations.

It leverages smart devices to analyze shelves using optical character recognition (OCR), object recognition, barcode scanning and augmented reality (AR).

It automatically captures data about pricing and promotion information and can give immediate and actionable insights for store associates to manage price labels.



How ShelfView Works

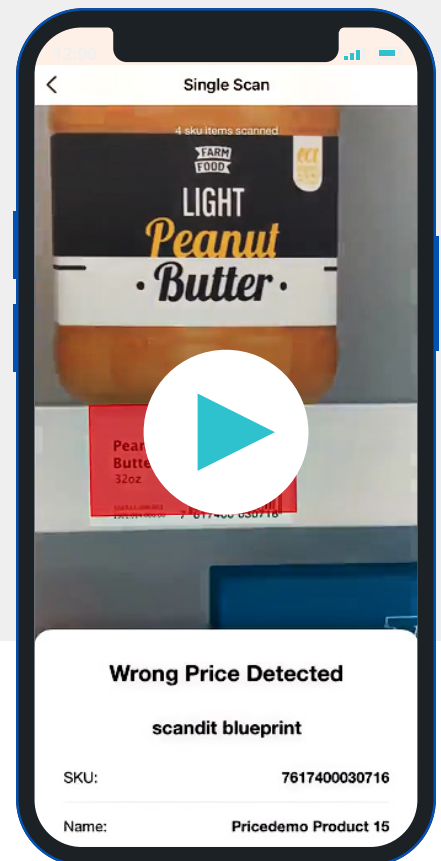


The shelf is scanned using mobile devices. Floor scrubbers can also be used. Individual shelf labels including the barcode and price are captured.

The SKU barcode is decoded to identify the correct product. OCR converts the printed text of the numerical price (e.g. \$9.99) to a machine readable format.

The data points are sent to a cloud service where the correct ERP system prices are stored. Both prices are then compared.

The store associate receives real-time feedback of any inaccuracies with an AR overlay on their device. Intuitive visual colors of green for correct prices and red for those that require attention are displayed.



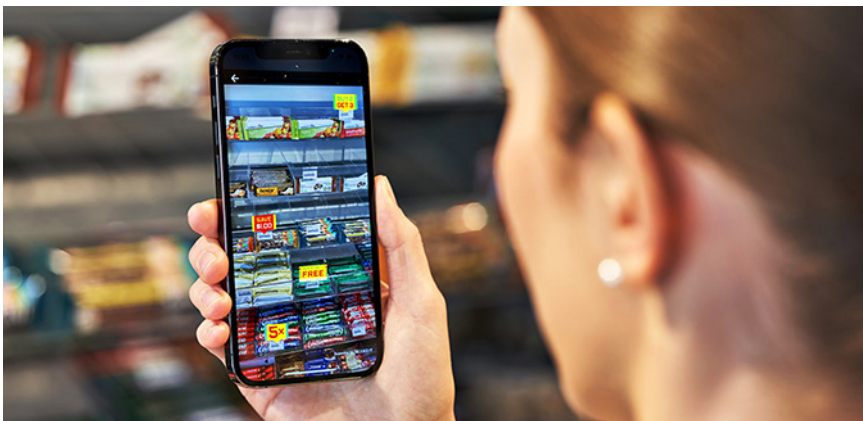
If they have a mobile printer connected they can fix the price there and then. Alternatively, store associates can receive batched data reports of inaccuracies to perform updates at another time.



Unlocking Value for Retailers

We talked earlier about the pain retailers experience when prices and promotions are manually updated and inaccurate. Equally, there are many benefits for optimizing it and getting it right.

Cost Savings



\$650,000
per year in savings.

15

15 full-time employees

Existing customers have seen the time taken to check and update labels go from 4 seconds per SKU down to 1 second when using Scandit Smart Data Capture on smart devices.

Let's take an example retailer which has 300 stores and 10,000 SKUs. Assuming 25% of those are on promotion each week the store associates will spend 2.8 hours per week per store to complete the updates.

With an average hourly wage (inc employer payroll taxes) of \$20, that equates to \$873,600 in labor costs to manually handle pricing updates.

Put another way, that's 15 full-time employees that can be used for other crucial tasks such as serving customers, order fulfillment or replenishing shelves.

Using ShelfView, the time spent comes down to 0.7 hours per week per store. And multiplying by the same factors would result in over \$650,000 per year in savings.

A slight increase in any of the metrics such as store size, number of SKUs or the amount of promotions and the savings can stretch into **millions of dollars per year.**



Revenue Increase



Promotions are one of the most important weapons in a retailer's armory for boosting sales.

One Scandit customer estimated that they lost sales of \$1,000 per month per store due to inaccuracies with manual price and promotion updates.

Citing lower margins from incorrect prices and poor takeup of promotions as the causes.

Getting this correct represents an increase in revenue of almost \$3 million per year when considering total stores in the region.

No new expensive marketing efforts or wholesale changes to your business. Just watch your revenue climb once accurate pricing is implemented.

A **10%** price promotion can grow short-term item sales by 36%

[Formulate](#)

Mitigated Risk



If prices are too low then store revenue suffers. If prices are too high then the retailer runs the risk of receiving regulatory fines. A recent ShelfView pilot detected that **1-2% of all products had the incorrect price**. For larger retailers with, for example, 300 stores or more, **the error rate can be worth tens of millions of dollars in lost sales**.

As for regulatory fines, in certain countries, consumers can report retailers for being charged the wrong price. A crackdown on overcharging is seeing some quite hefty fines dished out to retailers that run into millions of dollars. With inflation rising, consumers may have an even keener eye on the prices they are paying.

Customer Loyalty



A well executed [omnichannel strategy is now expected](#) by customers. Having inconsistencies across online and physical stores is a big turn off.

Overcharges erode trust and affect the confidence of customers to shop again in the same store.

With the cost of living going up, brand loyalty becomes stretched as shoppers search for more ways to make their paychecks go further.

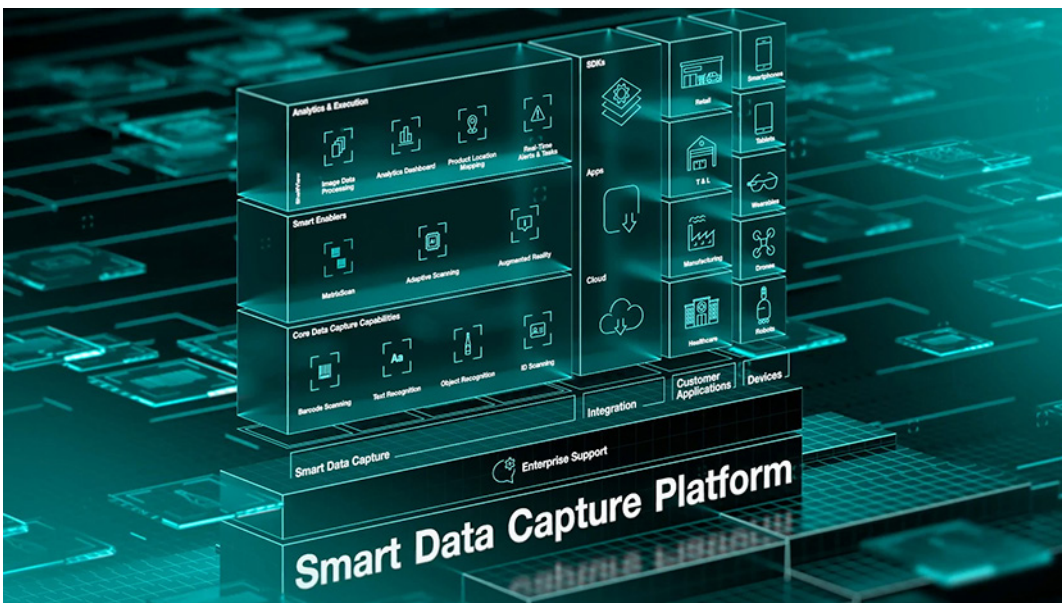
Pricing accuracy is one of the many things retailers can do to lock in loyalty. But help is required.

53% of retail leaders said shelf management technology is critical for omnichannel success.

[Scandit Future of Store Operations Report](#)



Bringing Scandit Smart Data Capture to Your Business



Investing in new technologies and implementing new workflows will always bring challenges for retailers.

Scandit makes the move to using smart data capture technology to optimize price and promotion updates as easy and risk free as possible.

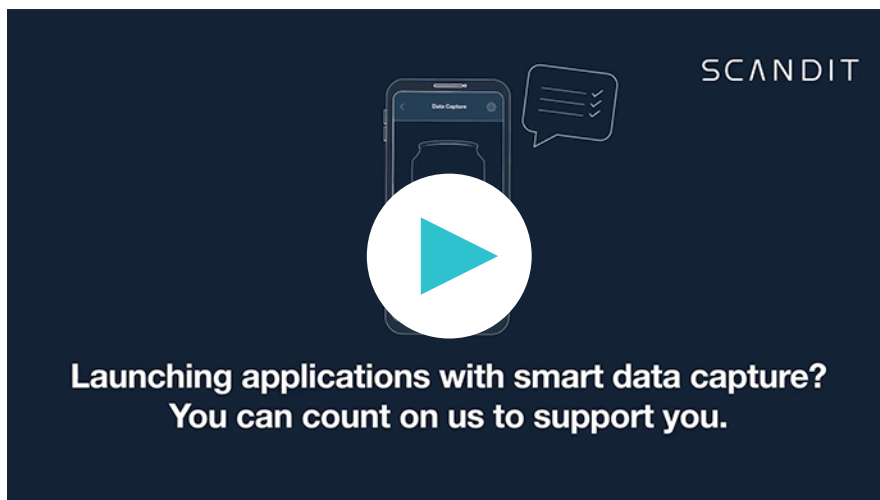
Many large retailers have already made the shift to using smart devices for store operations tasks. Their scanning speed, scalability and ease-of-use providing large efficiency gains.

ShelfView capability can be added to smart devices by using a software development kit (SDK). A collection of software tools that are packaged up and ready to be integrated in your app and installed on hardware, like smart devices.

Scandit ShelfView SDK brings with it the capability to extract all pricing data from the label.

[Our code samples and documentation](#) offer clear step-by-step instructions of how in-house technical teams can configure the SDK and have the flexibility to implement their own workflows.

Enterprise Support



The support provided was top tier which allowed us to meet project goals ahead of schedule.

**Express Inc. Fashion
Retailer, USA**

In addition to excellent developer documentation, our [Enterprise Support Team](#) will partner with you to ensure enterprise-level success.

From evaluation through to day-to-day operations with trials, solution design, integration and customer success included.



Evaluation Stage

Get an overview of Scandit's capabilities and a hands-on evaluation of the most suitable smart data capture solution and smart device for the job.



Integration and Rollout

We help you integrate smart data capture into your environment, and the best way to implement and configure it for your specific needs.



Day-to-Day Operations

We are there to address any issues that may arise and make sure that you get the most out of your solution.



Summary

The business case for investing in technology to ensure accurate pricing and promotions is clear to see.

Against a backdrop of more frequent updates due to macroeconomic changes and a need to keep customers loyal, pricing and promotion accuracy continues to grow in importance.

The potential of getting it right is huge. Both from a cost saving and revenue growth perspective.

ShelfView turns that potential into real results. Optimizing updates to save time and improve the performance of every store.

**Interested in the savings you can make with ShelfView?
Speak to one of our team and run the numbers with us.**

START NOW

Scandit Smart Data Capture on smart devices provides actionable insights and automates end-to-end processes by capturing data from barcodes, text, IDs and objects.

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