MARKDOWN OPTIMIZATION

Why Retailers Need It & How It Works

WHAT IS IT?

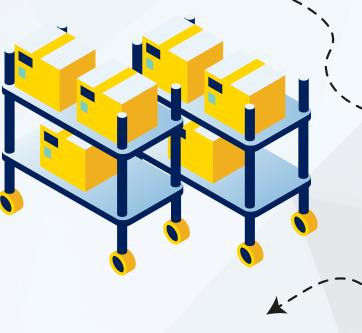
Markdown Optimization is the strategic process of determining the most effective and profitable way to adjust the prices of products as they move through their lifecycle. The goal of markdown optimization is to maximize sales and minimize the impact of markdowns on profits while minimizing losses, especially for products that are nearing the end of their shelf life or season.



WHY DO RETAILERS **NEED IT?**

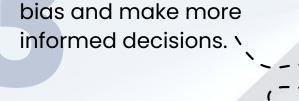
Markdowns can be a major source of lost profits if not managed properly. Here are the reasons why retailers need markdown optimization:





Optimizing markdowns

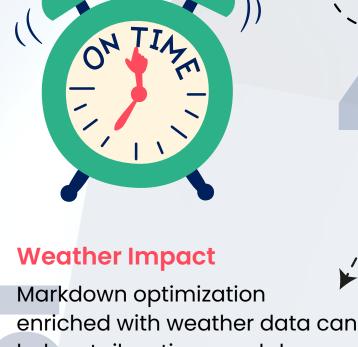
clears out excess inventory and reduces carrying costs, improving overall inventory management.



Data-driven Decisions

insights to reduce human

Retailers need data-driven

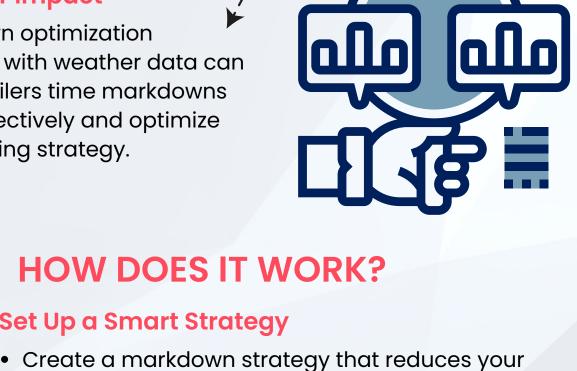


identifying the right point

Timing

in the product's lifecycle to apply markdowns without eroding profits.

Timing is critical for



help retailers time markdowns more effectively and optimize

their pricing strategy. **HOW DOES IT WORK?** Set Up a Smart Strategy



excess inventory to generate the highest revenue. Maximize overall profits by optimizing the pricing

Avoid unnecessary early and deep markdowns for products/locations that will sell out.

strategy of each item over its lifetime.

- Set different optimal prices based on local price elasticity for each store cluster, region, or country.
- Use Markdown-specific Forecasting Leverage Al-driven demand forecasts with self-
- demand sensing. • Enhance option-level markdown predictions for full inventory visibility. Forecast using product attributes and own- and

Optimize forecasts using sentiment-based

learning markdown algorithms.

cross-price elasticity.



- Simulate & Compare Real-time What-If Scenarios
- Swiftly test different rules and objectives, see endof-season projections.
- Evaluate multiple markdown scenarios through simulations. Optimize markdown decisions with "what if"



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analysis for better strategies.