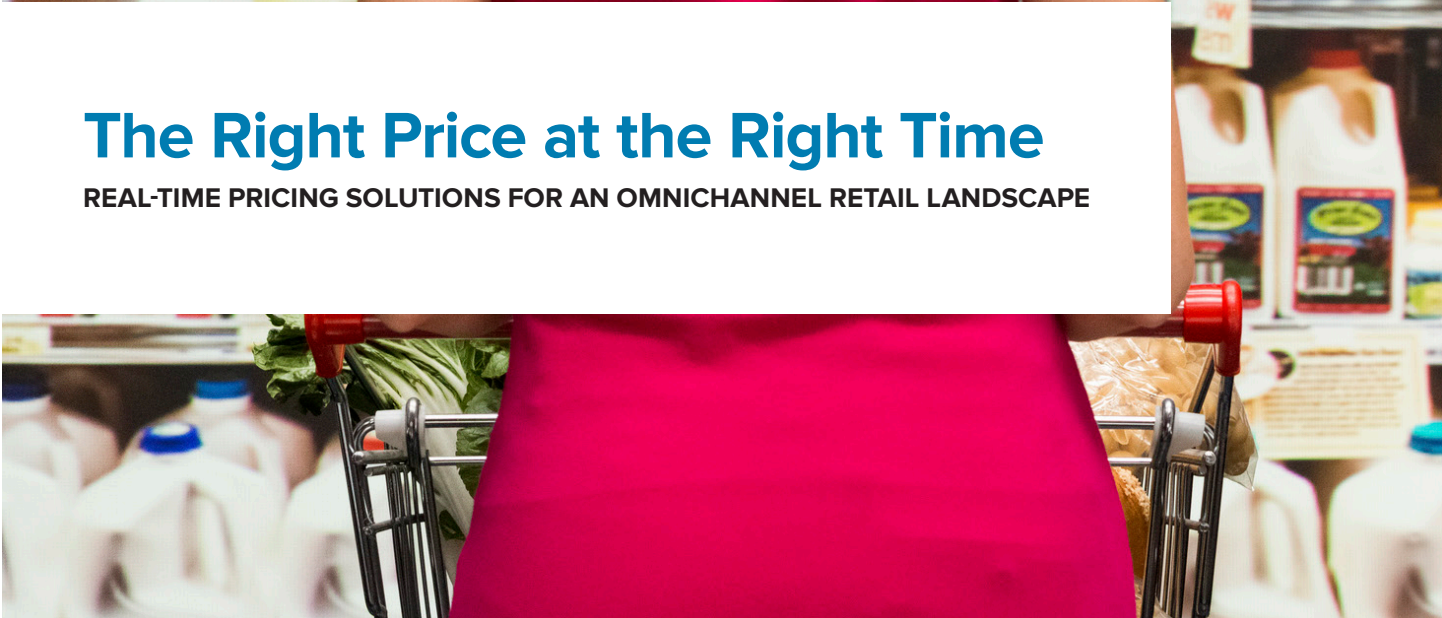ZEBRA

The Right Price at the Right Time

REAL-TIME PRICING SOLUTIONS FOR AN OMNICHANNEL RETAIL LANDSCAPE

Rapid-fire product price changes across the retail sector are challenging brick-and-mortar stores.

2.5 MILLION
PRICE CHANGES/DAY

E-commerce sites change their prices an estimated 2.5 million times daily

Big box retailers make approximately 50,000 price changes per month

50,000
PRICE CHANGES/MONTH

Source: 360pi

The explosion of online shopping opened the spigot to a constant stream of price changes flooding the retail market. And the ever-burgeoning growth of the $373 billion e-commerce industry has heightened pricing competition sector wide, stretching from department stores and specialty merchants to supermarkets and discount retailers. The upshot is that in today's omnichannel shopping environment, retailers can make up to 50,000 price changes per week.

It's a sign of the times. The Internet has set the stage for unprecedented price transparency, making it easier than ever for shoppers to hunt down the best deals and discover exorbitant prices masquerading as bargains for every conceivable product or service in a matter of minutes — even seconds.

But while shoppers are benefiting from never-before-seen choice and value, many brick-and-mortar retailers are burdened by 20th Century pricing systems in a 21st Century digital retail landscape.

Unlike online merchants armed with sophisticated price-optimization technology, many brick-and-mortar retailers are weighed down by labor intensive, manual systems that are ill equipped to handle the surge in price changes and fail to deliver the right price at the right time to consumers. For retailers, the result is a compromised customer experience that eats into sales and profit margins, and risks abdicating market share to competitors armed with state-of-the-art pricing systems.

Meeting New Challenges

E-commerce ushered in the era of price optimization, the art and science of delivering the right price at the right time to shoppers. Using complex algorithms, online retailers can make infinite pricing decisions in real time. They can rapidly reset prices based on market conditions, be it to capitalize on hot-selling items or react to the competition, for example.

These shifts have raised the stakes for brick-and-mortar retailers. In a dynamic pricing environment that calls for the rapid processing of mounting price changes, stores are slowed down by legacy systems designed for the pre-ecommerce era.

To stay ahead of the game, retailers have placed a high priority on finding ways to keep up with competitors' pricing and ensuring that stores change prices accurately and at precisely the right time. They also have to adapt their business models to forecast the impact of pricing decisions.

The call to action underscores the top pricing challenges facing retailers today: The increased price sensitivity of consumers, the heightened pricing aggressiveness of competitors and a retail market indelibly altered by price transparency.

More than ever, the price has got to be right. Consumers cite pricing as the most important characteristic of their favorite retailer, according to the recent PwC Total Retail Survey. And 60% of respondents highlighted compelling prices as driving favorable views of retailers.

Consumers cite compelling price as the most important characteristic of their favorite retailer.

Source: PwC Total Retail Survey

TOP THREE PRICING CHALLENGES FACING RETAILERS TODAY
1 Consumers' increased price sensitivity
2 Intensified pricing aggressiveness among competitors
3 A shopping environment upended by price transparency

Source: RSR Research

TOP THREE WAYS PRICING STRATEGIES CAN ENHANCE BUSINESS
1 Improving margins
2 Creating more profitable promotions
3 Establishing a more price-competitive image

Current State of Price Management Execution

A step-by-step look at price management systems used by brick-and-mortar retail chains reveals a cumbersome, inefficient process.

A retailer's corporate office or third party analytics provider sets a pricing strategy. When a point-of-sale price is updated, headquarters or the analytics provider sends pricing labels via email or snail mail to stores. In the store, workers manually hunt down the products in need of price changes, and then proceed to update item labels.

The manual nature of this process limits the number of price changes that can be made at the store level. This is due in large measure to the time it takes to receive price changes from corporate, as well the time expended by workers combing the shopping aisles to change prices. Complicating matters, the influx of price changes is difficult for workers to track and prioritize.
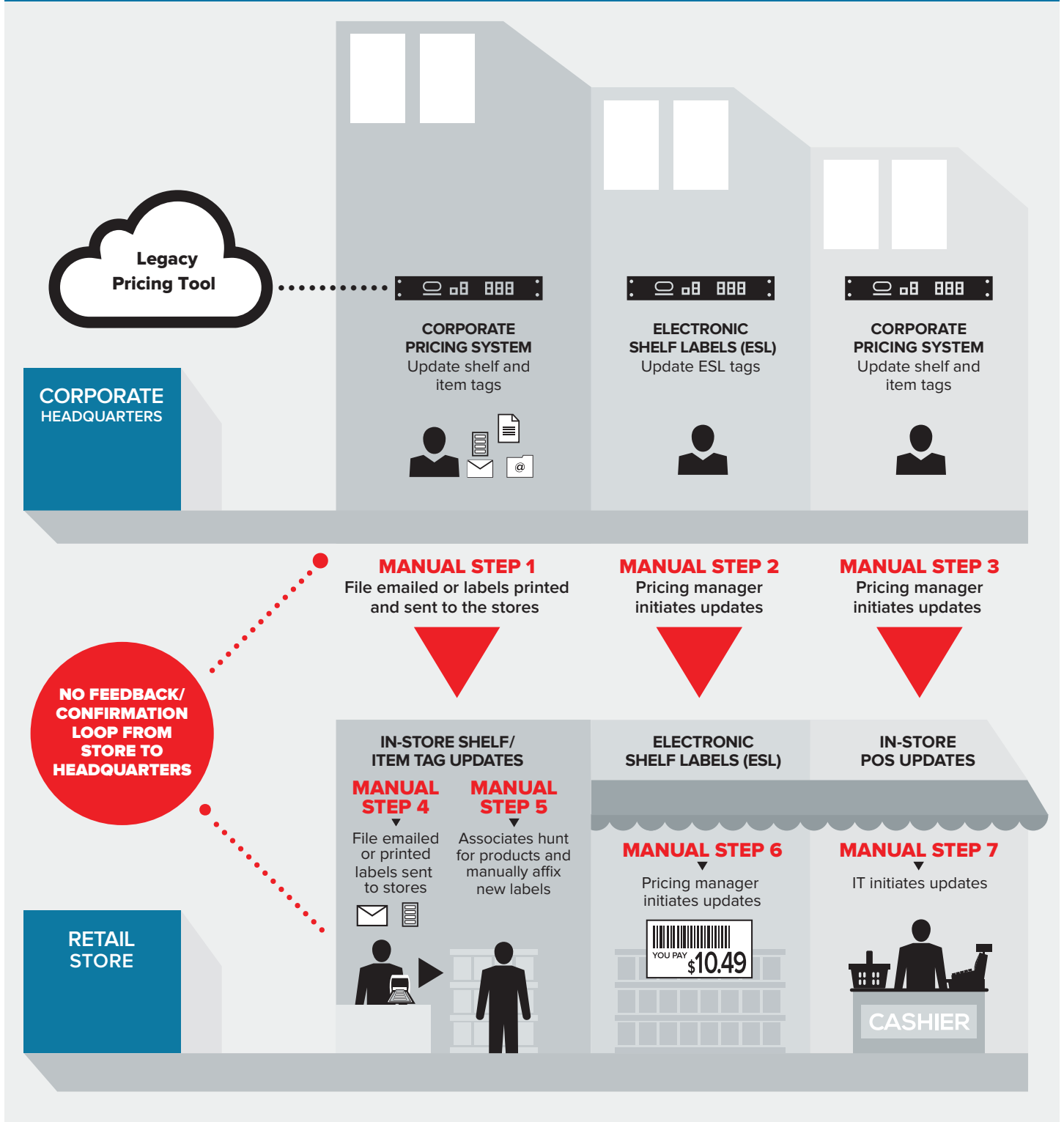
The system can also result in discrepancies between the price shoppers see on store shelves and the price they're charged at the register. Lack of real-time synchronization in the price-execution process results in pricing inconsistencies— a customer service no-no. In fact, in some states, regions and countries a price mismatch between an item's marked price and the point-of-sale price can result in fines and other steep penalties because of pricing regulations.

To make matters worse, the corporate office has no real-time visibility into *when or if* prices are updated in store. Retailers can't assess, measure or analyze the effectiveness — or lack thereof — of those changes.

This perfect storm of factors dramatically limits the number of price changes retailers can make amid high labor costs. The result: profit-margin gains are left on the table.

BEFORE: Manual Price Management
Many manual steps. Separate systems. No overall status visibility.

Legacy Pricing Tool

CORPORATE HEADQUARTERS

CORPORATE PRICING SYSTEM
Update shelf and item tags

ELECTRONIC SHELF LABELS (ESL)
Update ESL tags

CORPORATE PRICING SYSTEM
Update shelf and item tags

MANUAL STEP 1
File emailed or labels printed and sent to the stores

MANUAL STEP 2
Pricing manager initiates updates

MANUAL STEP 3
Pricing manager initiates updates

NO FEEDBACK/ CONFIRMATION LOOP FROM STORE TO HEADQUARTERS

IN-STORE SHELF/ ITEM TAG UPDATES

ELECTRONIC SHELF LABELS (ESL)

IN-STORE POS UPDATES

MANUAL STEP 4
File emailed or printed labels sent to stores

MANUAL STEP 5
Associates hunt for products and manually affix new labels

MANUAL STEP 6
Pricing manager initiates updates

YOU PAY $10.49

MANUAL STEP 7
IT initiates updates

CASHIER

RETAIL STORE

Addressing Pain Points:
A Real-Time, Streamlined Pricing Solution

To keep pace, retailers are turning to Zebra's Price Management Execution (PME) platform to bring a new level of speed, scale and immediacy to the pricing of brick-and-mortar merchandise.

The only single-source suite of hardware, software and services on the market, Zebra's PME platform seamlessly handles the uptick of price changes in real time. The PME platform brings instant visibility of price changes from the store floor to the corporate office to inform smart pricing decisions, while boosting worker productivity along the way.

PME KEY FEATURES AND BENEFITS

KEY FEATURES CHECKLIST

- ✔ Price Analytics Integration
- ✔ Android Mobile Computing
- ✔ Mobile Printing
- ✔ Android Mobile Price Change Application
- ✔ ERP Integration Capability
- ✔ ESL Integration Support
- ✔ POS Integration

REAL-TIME EXECUTION: Enables retailers to make immediate, continuous and seamless pricing updates to unlock untapped revenue.

MOBILITY: Empowers in-store staff to make price changes more quickly and on-the-go, freeing up time to interact with shoppers.

ONE-SOURCE SOLUTION: Ensures seamless integration between price analytics, distribution, execution and reporting.

VISIBILITY: Delivers real-time reporting on when price changes are made, offering retailers greater insight into pricing hits and misses to inform smarter long-term pricing decisions.

FLEXIBLE INTEGRATION: The retailer has the ability to dictate how products should be categorized within the platform, which grants stores the freedom to customize according to their strategic pricing needs.

PME SOLUTION SET COMPONENTS

With Zebra's single-source price management platform, brick-and-mortar retailers can implement price changes in real time, bringing a newfound speed, flexibility, productivity and visibility to in-store pricing. The solution consists of software, hardware and services.

MOBILE COMPUTERS
TC70, TC75, TC55, MC40, MC3100, MC3200, TC8000

MOBILE PRINTERS & SUPPLIES
QLn 220, 320

ZEBRA OneCare
Operational Pilot, Learning, Deployment, Support

SOFTWARE
Retail Integration Server, PME Mobile Client, Analytics Software (corporate or third-party)

How PME Works

Zebra's Price Management Execution (PME) platform transforms a manual, labor-intensive process into an automated, streamlined system built for speed and scale.

After the retail corporate office or third party analytics provider sets the pricing strategy, pricing changes are sent electronically to Zebra's Retail Integration Platform's server software. The Zebra PME software, which resides on the server, updates prices immediately and seamlessly, offering real-time visibility into every single item at the store level.

In-store line workers, via the Zebra PME mobile application running on a Zebra mobile computer with a Zebra mobile printer, access up-to-the-minute pricing updates and are able to see price changes that should be made, and in what priority.
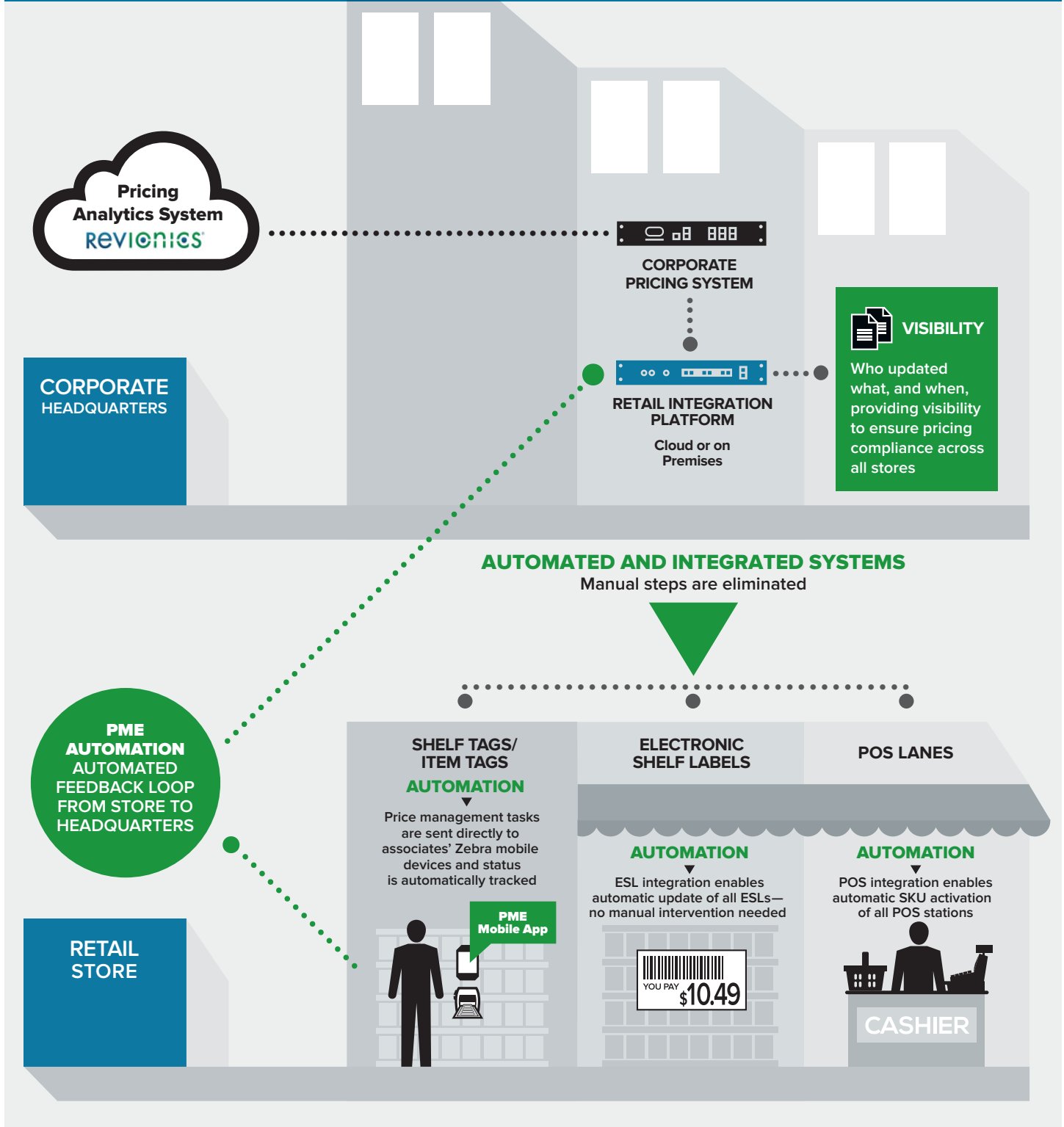
In addition to empowering in-store line workers with real-time pricing updates, Zebra's PME platform will drive retailers' electronic shelf label (ESL) strategy. Whether for digital signage, high-velocity price-change departments, Zebra's PME platform will ensure the price changes are executed for ESL, as scheduled, as well as empowering mobile in-store line workers for traditional tag changes.

Finally, the PME software distributes a continuous, real-time feedback loop of pricing intelligence to each system component — from the retailer's corporate office, for critical operational visibility to store price changes, to the in-store point-of-sale. This ensures each price-change on the store floor is updated at the point-of-sale to the analytics engine. Predictive performance is improved by providing visibility of the price change for comparison to the forecast.

AFTER: Automated Price Management with Zebra's PME
One system simplicity. Eliminates manual processes. Provides visionary visibility.

Pricing Analytics System
REVIONICS

CORPORATE PRICING SYSTEM

VISIBILITY
Who updated what, and when, providing visibility to ensure pricing compliance across all stores

CORPORATE HEADQUARTERS

RETAIL INTEGRATION PLATFORM
Cloud or on Premises

AUTOMATED AND INTEGRATED SYSTEMS
Manual steps are eliminated

PME AUTOMATION AUTOMATED FEEDBACK LOOP FROM STORE TO HEADQUARTERS

SHELF TAGS/ ITEM TAGS
AUTOMATION
Price management tasks are sent directly to associates' Zebra mobile devices and status is automatically tracked

PME Mobile App

ELECTRONIC SHELF LABELS
AUTOMATION
ESL integration enables automatic update of all ESLs—no manual intervention needed

YOU PAY $10.49

POS LANES
AUTOMATION
POS integration enables automatic SKU activation of all POS stations

CASHIER

RETAIL STORE

Speed, Scale and Automation

This real-time visibility empowers retailers to execute the right price at the right time. The automated process also alleviates the major pain points of retailers' legacy systems.

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The system allows for immediate and continuous pricing updates. Stores receive instant, seamless pricing updates from the corporate office/analytics provider.

Workers are liberated to change prices on the spot, on the go, in real time via Zebra's mobile computers and mobile printers equipped with the PME price change application.

Price changes can be prioritized by importance, which choreographs staff's workflow to store-level price optimization needs. For example, price changes that must be made immediately are highlighted on the mobile client in red according to department, be it women's tops or toothpaste. Less price sensitive price changes are highlighted in yellow.

What's more, the system grants the retailer's corporate office/analytics provider visibility into the precise date and time of in-store price changes. This real-time data provides the merchant with actionable business intelligence to answer questions like: "How many items were sold at a given price? What were the profit margins?" — critical insights to inform pricing strategies and drive sales.

Zebra's single-source solution enables exponentially more price changes in real time due to maximized worker productivity.

Transforming the Retail Landscape

In today's shopping environment, e-commerce is capturing an ever-burgeoning share of both consumers' dollars and retail sales. E-commerce will account for $384.79 billion, or 8%, of total retail sales in the U.S. this year, a jump of 13% over 2015, according to eMarketer. Savvy merchants understand that mastering dynamic pricing in their brick-and-mortar stores is critical to staying competitive in an omnichannel world.

To find out how Zebra's Price Management Execution system can benefit your retail business, visit online.zebra.com/contact-enu

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