

REVIONICS[®]
an aptos company

Pricing the Unpriceable | Fresh Items

Pricing Fresh Items without the Friction



Some of the most price perception-driving items in your store are found in the fresh category. Unfortunately, the room for error is slim. As fresh is often filled with low-margin and loss-leading items, even a small mistake can lead to big losses.

And yet, fresh products are some of the most difficult to optimize pricing. The fresh category presents more variability and less certainty than other, more stable categories. This leads to fluctuating costs, harder forecasting, and significantly more manual work.

However, thanks to advancements in AI and data science, even the most challenging fresh items are now easier to price. New techniques and technical achievements overcome common obstacles like data scarcity and variability, helping retailers become more empowered than ever to make confident, strategic pricing decisions.

Here are four ways the latest science can help retailers solve the most pressing fresh pricing challenges.





1 Volatility leaves retailers vulnerable

The fresh category is inherently more volatile than other categories in the store. Expiration dates, merchandising decisions and perceived levels of freshness all impact consumer demand. Not to mention, extreme weather conditions can significantly affect supply.

Meanwhile, retailers must also keep pace with competitors' frequent price changes. Especially for those key value items (KVIs) your customers care about most, of which many are fresh products.

This puts retailers in a tough position:

Optimizing prices in a rapidly fluctuating market without eroding price perception or margin.

1 Adapt faster to demand change with dynamic pricing

Dynamic pricing enables retailers to move faster and keep up with these volatile conditions.

With the ability to process data faster at scale, retailers can adapt quickly to competitive price changes. Plus, training demand models weekly on new transaction, cost and market data ensures price recommendations and forecasts account for the latest trends, consumer demand changes, and competitive pricing shifts.





2 Seasonal products are rife with uncertainty

Seasonality also has a heavy impact on the fresh category, from availability to costs and more.

Seasonal products often have big peaks coupled with periods of sporadic or no sales data, making it significantly harder to accurately price items with confidence. Intuition, rules-based pricing moves, or optimization that's not built to handle these ebbs and flows all run the risk of being out of step with current demand.

Unfortunately, this commonly necessitates more frequent, manual pricing management.

2 Solve for seasonality with science

With over two decades of learning, Revionics AI is the most experienced retail AI on the market. It's highly effective at recognizing seasonal patterns and differentiating unusual events, like COVID, to adapt price recommendations accordingly.

And by leveraging robust predictive analytics, retailers can turn seasonality from a challenge into an opportunity. Scenario planning enables retailers to test different pricing strategies to maximize results on seasonal products and align seasonal sales with long term category goals.





3 More vendors mean more variables

Availability varies for fresh products. To keep in-demand items in stock, retailers often must source the same product from different vendors. In some instances, the same product may even be packaged in different sizes or formats.

This creates significant cost and pricing variability, which can also affect price perception. On top of that, the sheer variability and complexity lends itself to more manual pricing decisions all the way down to the item level.

3 Remove the complexity of multiple vendor pricing

Science-led multiple vendor pricing makes it easy for retailers to set different prices for the same item in different stores. Even if the vendors have different costs or volumes.

This puts more control back in the retailer's hands. Retailers can view costs and prices at the vendor level, allowing them to either optimize prices based on vendors or maintain a consistent price across stores and channels. Doing so also enables a substantial amount of the pricing workload to be automated.



4 Complicated hierarchies create confusion

Fresh products lend themselves to complicated hierarchies.

Take kiwis and dragon fruits. While both fall under the category of tropical fruits, they are vastly different items with different pricing demands. Much of the data for one fruit is irrelevant for the other.

Complex relationships like these make it harder to make accurate forecasts. Especially in instances of new products, where there's a scarce amount of relevant data from like items to make confident predictions.



4 Find clarity with smarter AI

The new Revionics AI uses innovative modeling techniques that better fill the data gaps that exist under complex hierarchies by automatically identifying demand groups within that hierarchy based on consumer inputs.

These methods also allow for better understanding of the relationships between different levels of data, like products and product categories. This results in more accurate modeling, optimization and forecasting for new and unique products.



Facilitate fresh product pricing with Revionics

Fresh products present a unique set of pricing and promotional challenges. Traditional approaches put the pressure on pricers to keep pace with constantly changing and challenging circumstances, often resulting in a heavy manual load. And, until now, most price optimization solutions have struggled to fully account for the idiosyncrasies of fresh.

But many of today's leading grocers have already overcome these "unpriceable" challenges across the fresh category with the latest data science enhancements and AI methods.

Download *Pricing the Unpriceable | The new science of retail* to learn how the new Revionics AI helps retailers price fresh products with greater accuracy despite volatility, seasonality and data scarcity.

Download the guide

See More Unpriceables

About Revionics

Revionics guides retailers on the lifecycle pricing journey with leading AI solutions for pricing, promotions, and markdowns. Backed by 20 years of experience gained from working with top retailers across a variety of industries and markets, we serve as trusted partners alongside our customers, equipping them with the clarity and confidence to make optimal pricing decisions for powerful results.

Learn more at revionics.com

REVIONICS[®]
an aptos company