Offer Optimization Brief

Research shows that consumers want to be understood and engaged with relevant and personalized offers. The Loyalty Divide study found that, 50% want personalized offers, **65% said personalized offers are most important in their shopping experience**, **and it compels them to buy**. Retailers are on the path to upgrade their approach according to the RIS News / Gartner 2018 Retail Technology Report. It states that **personalized marketing capabilities and pricing optimization** are the top technology focus areas for retailers this year.

MAXIMIZE BUSINESS RESULTS WITH OFFER OPTIMIZATION

Engaging omnichannel customers with personalized offers, while increasing profits requires modern applications in planning and retail science. Oracle Retail provides a common connection and single view of the enterprise, enabling retailers to innovate with speed and scale. With Oracle Retail Offer Optimization Cloud Service, retailers can win over customers with promotions, targeted offers and markdowns, while maximizing results.

OPTIMIZING THE ITEM LIFECYCLE

Offer Optimization Cloud Service is the only solution in the marketplace that provides lifecycle promotion, markdown and targeted offer recommendations, in conjunction with planned business initiatives, such as time-bound marketing campaigns. This empowers retailers to drive better profit margins, inventory sell through and meet forecast expectations with the power of exception-based retailing and advanced machine learning models.

Oracle Retail's launch of Offer Optimization Cloud Service reflects the evolution of price optimization capabilities into a lifecycle optimization solution that recommends promotions, targeted offers and markdowns.

It Enables Retailers To:

- Automatically evaluate the trade-off between temporary promotions and permanent markdowns.

- Ensure consistency from markdown budgets and promotional campaigns to projected receipts and forecasted returns.

- Simplify decision-making through high-automation, exception-driven processes.

- Maximize accuracy and scale using artificial intelligence, machine learning and decision sciences.

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OFFER OPTIMIZATION USE CASE EXAMPLE

Retailer Goal: Maximize profit over the product lifecycle of women's t-shirt with promotions, targeted offers and markdowns

Baseline Conditions: Initial Price $24.99, with a 10% off brand-wide spring sale in week 2

Offer Optimization Complete Lifecycle Recommendations:
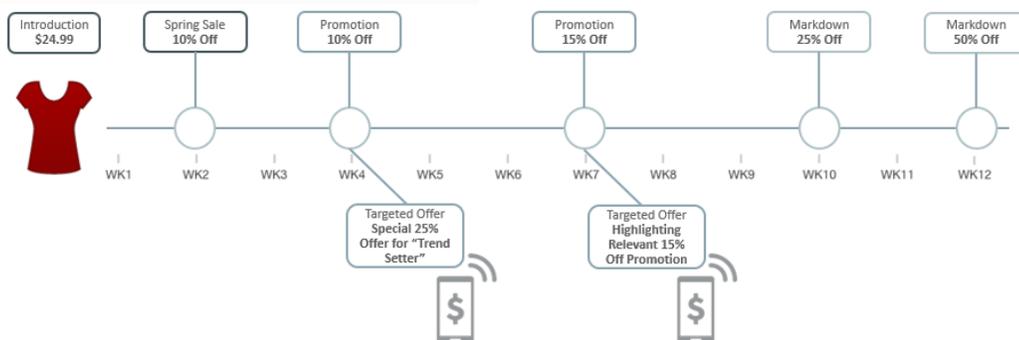
This example shows that targeted offers that reflect both the deal type (e.g. 25% and BOGO) and channel (e.g. text message and email) are recommended throughout the lifecycle (e.g. weeks 4 and 7) with the objective of driving customer redemption.

Offer optimization intelligently recommends the best channel per segment based on historically effective redemptions and continues to learn and adjust recommendations based on embedded machine learning. Of the hundreds of promotions that a retailer may be running, only a handful are relevant to each customer.

The solution easily identifies the best ones to offer and the appropriate promotional delivery method. In both targeted offers displayed above, the optimization solution is recommending that these customers be engaged through mobile text messaging. The text message channel is chosen because past redemption information from each customer shows it's most effective.

Overall, the solution provides contextual insight on the estimated impact of promotions, offers and markdowns, which includes the impacts to sales, margin and inventory. It forecasts what will happen if you take the system recommendations versus doing nothing. This helps retailers deliver the most relevant and effective offers, which is critical to 65% of today's consumers.

POWER OF A SINGLE VIEW

Delivering an effective pricing strategy that engages the customer in an omnichannel environment requires a **single view of customer, inventory, order, demand and pricing / promotions**. When optimized results are presented appropriately across the enterprise - directly as a promotion or indirectly as a forecast - retailers can maximize the value of a unified pricing, promotion and markdown optimization strategy.

Relevant Offers

58%

Of retailers believe their offers are mostly relevant

VERSUS

32%

Of consumers that believe retail offers are actually relevant

The Loyalty Divide Research - based on primary research across 13,000 consumers and 500 retailers

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