

bonprix Strategically Steers Pricing During Pandemic

Result

- Successful 2-week implementation
- Greater reactivity to a market in flux
- Fully automated pricing, reducing staff time-spend
- Avoided overstocks while maintaining margins

Improved productivity

Within only two weeks, an entirely new pricing strategy was rolled out in Germany to allow bonprix to steer prices in accordance to their disrupted supply chain and drastically changing consumer behaviors during the COVID-19 upheaval. By leveraging Blue Yonder's lifecycle pricing capabilities, bonprix can quickly and effortlessly react to market and stock shifts while maintaining strategic business goals.

Challenges

- Since 2014, international fashion retailer bonprix has employed Blue Yonder's pricing capabilities as a purely market-driven pricing tool, but the current COVID-19 disturbance has required them to take more factors into account regarding individual stock and demand.
- Because of the sudden and drastic shift in the marketplace, the online German shop with five house brands in 30 countries, was forced to re-evaluate their pricing strategy.
- In the past, this strategy positioned bonprix as a price and quality leader and allowed bonprix to focus on bringing value to consumers while maintaining a well-balanced supply. With COVID-19 effects taking hold, the supply chain has been heavily disrupted, and the supply of goods is no longer guaranteed. As it is unavoidable to have both an over and understocking of products, due to delayed and canceled orders, bonprix sought Blue Yonder's expertise to manage increasing timescales and avoiding immediate sell-off of high demand goods, as well as overstocking low-demand goods.



Clear results

- With COVID-19, the situation changes every few days as new protective measures are taken by governments. These fluctuations have unprecedented effects on customer demand as well as on the supply chain, and the entire fashion retail industry is heavily impacted. But leveraging Blue Yonder's lifecycle pricing capabilities bonprix achieved the flexibility and reactivity retailers need, especially during times of crisis. Able to quickly respond to changes in the market, stock and incoming orders, lifecycle pricing analyzes data to propose the prices that fully matched bonprix's expectations and business objectives.
- After a very successful go-live in Germany, bonprix decided to roll out the lifecycle pricing strategy in the other European markets, including Italy, Austria, France, Netherlands and Switzerland. While bonprix's mid-term goal is to return to pricing that is fully customer-centric, the flexible switch bonprix has experienced between the pricing strategies will remain an important lesson learned and one that can be leveraged in case of similar disruptions.
- What's more, the pricing solutions are fully automated. Error-prone manual interventions would have missed certain factors and considerations and would have required labor intensive reassessments every single day. Blue Yonder's AI/ ML pricing solutions automatically run daily price analysis, freeing the staff to deal with all the other challenges that are arising during these times, such as closely observing the conditions in the procurement markets.

Blue Yonder delivers

Bonprix achieved data-driven pricing decisions based on stock and demand levels after only 2 weeks of implementation. Few of these decisions could have been successfully made with employees, given the time constraints, large data sets and continuously unfolding events.

With flexible price strategy settings and full automation, Blue Yonder will continue to play a very important role in attaining future success.

Expansive capabilities

Rather than engaging in "price wars" and high discount promotions on their whole assortment,

"Blue Yonder's Lifecycle Pricing reacts fast to the highly volatile demand fluctuations of our clients in the current situation." — VP Merchandise Controlling/ Projects & Systems, bonprix