

Market Research

# From Fragmented to Unified: Why retailers need to integrate their pricing & promotions capabilities.

IN PARTNERSHIP WITH





# Why did we do this research?

RELEX and Incisiv partnered on this research study to understand the current state of pricing and promotions in retail in the U.S. and EMEA. This survey focused on understanding the importance, maturity, challenges, technology debt, and impact of these two critical capabilities.

179



108 US executives



71 EMEA executives

Retail executives were surveyed across the following retail formats:  
**Grocery, Specialty, Convenience and General Merchandise.**

## Departments

8% C-Suite

32% Merchandising

20% Technology

15% Digital / Omnichannel

14% Marketing

## Titles

8% C-Suite

36% VP

47% Director

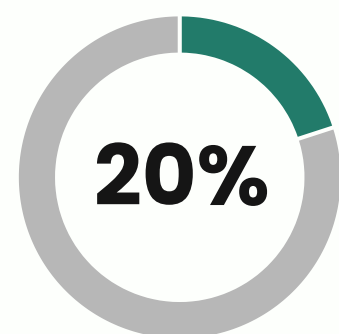
9% Manager





# Pricing and promotions operations must manage growing throughput more efficiently

**Shoppers want more value**  
increasing focus on pricing & promos

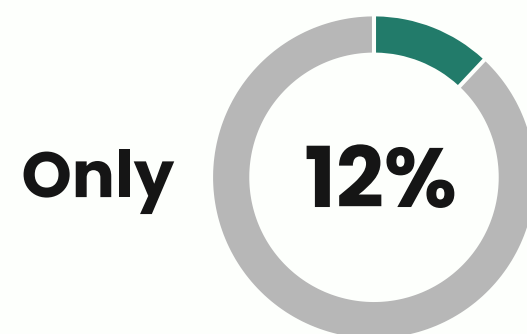


of retail sales were driven by promotions in 2023.

Shoppers today are more value-conscious than ever, driving retailers to sharpen their focus on pricing and promotions.

Retailers expect this 'value reset' to persist and must strategically adjust their pricing and promotional tactics to meet these new expectations and maintain customer loyalty.

**Grocers are limited by tech**  
which impacts their execution ability



of retailers have advanced or dynamic pricing and promotional capabilities.

Pricing and promotions capabilities that sit atop an outdated and aging technology stack are critical.

Some retailers are still using Excel and legacy systems to drive execution, which lack the agility and integration needed to respond to changing market dynamics with speed and precision.

**Poor data & cultural inertia**  
are the biggest impediments to maturity



retailers can confidently measure true incremental sales driven by promotions.

Poor data quality, integration, and cultural resistance are the key barriers to advancing maturity.

The lack of closed-loop measurement further impacts the credibility of the functions. Improving maturity is as much about fixing the operating model as it is about technology.

**Unification and optimization**  
can drive significant benefits

An estimated

**\$450**  
billion

in incremental retail sales is possible if retailers had effective pricing and promotional optimization solutions.

Unifying pricing and promotions supported by automation will enable retailers to create strategies that enhance efficiency and impact.

Optimization solutions play a critical role by leveraging data analytics and AI to fine-tune pricing and promotions, ensuring they are both effective and aligned with market conditions.

# Retail's value reset drives new focus on strategic pricing and promotions


## Shopper Expectations

 **93%**  
say price is an important or extremely important factor in their purchase decision.

 **84%**  
want more value from their grocery spend.

 **66%**  
switched to a private brand and don't plan on moving back to a name brand.

## Retailer Perspective

 **87%**  
said economic conditions impacted promotional strategies in 2023.

 **77%**  
said they had to discount more than planned to preserve volume.

 **72%**  
said their customers have become more price sensitive in the last 12 months.

Both consumers and retailers are preparing for a potentially prolonged period of economic uncertainty.

Consumers are increasingly focused on finding greater value for their spend, prioritizing price (what they pay) as a critical factor in their purchasing choices. Many consumers moved away from established name brands as inflation rose, and few are inclined to revert to higher-priced options.

Retailers, in turn, are feeling the effects of this heightened price sensitivity and are adapting their promotional strategies to maintain customer loyalty and sales volumes. They have also been compelled to offer more aggressive discounts and re-evaluate how they position their products to align with the consumer's demand for better value.

The importance of effective pricing and promotions cannot be overstated. For retailers, striking the right balance between maintaining profitability and offering compelling value will be key to retaining customers and driving sales. Strategic pricing, paired with well-targeted promotions, can help differentiate brands in a crowded market, attract price-sensitive shoppers, and build loyalty.



# Promotions drove \$1 trillion in sales in 2023. Retailers expect this promotional environment to continue through year end

## 2023 Promotional Impact

**20.6%** 

of U.S. sales driven by promotions

**19.4%**   

of EMEA sales driven by promotions

## 2024 Promotions Outlook

● US ● EMEA



With economic uncertainty, rising inflation, and shifts in shopper behavior, promotions became an essential tool for retailers to attract and retain shoppers in 2023.

Promotions played a pivotal role by offering immediate savings and perceived value. They provided retailers the flexibility to respond quickly to changing market conditions, such as fluctuating demand or increased competition, without needing permanent price reductions.

The reliance on promotions will remain strong through the end of the year, reflecting a continued emphasis on providing value amid ongoing economic challenges. Many retailers anticipate maintaining or increasing their promotional efforts, recognizing that promotions are not merely a reactionary measure but a core aspect of their growth strategy.

As the industry undergoes a value reset, promotions will remain critical in capturing consumer attention, driving sales, and ensuring competitiveness in a crowded market.





# Retailers rely on promotions to drive sales, but low maturity leads to margin erosion



## Promotional Maturity

**Ad-Hoc:**  
Promotions are inconsistent, reactive, and largely based on intuition

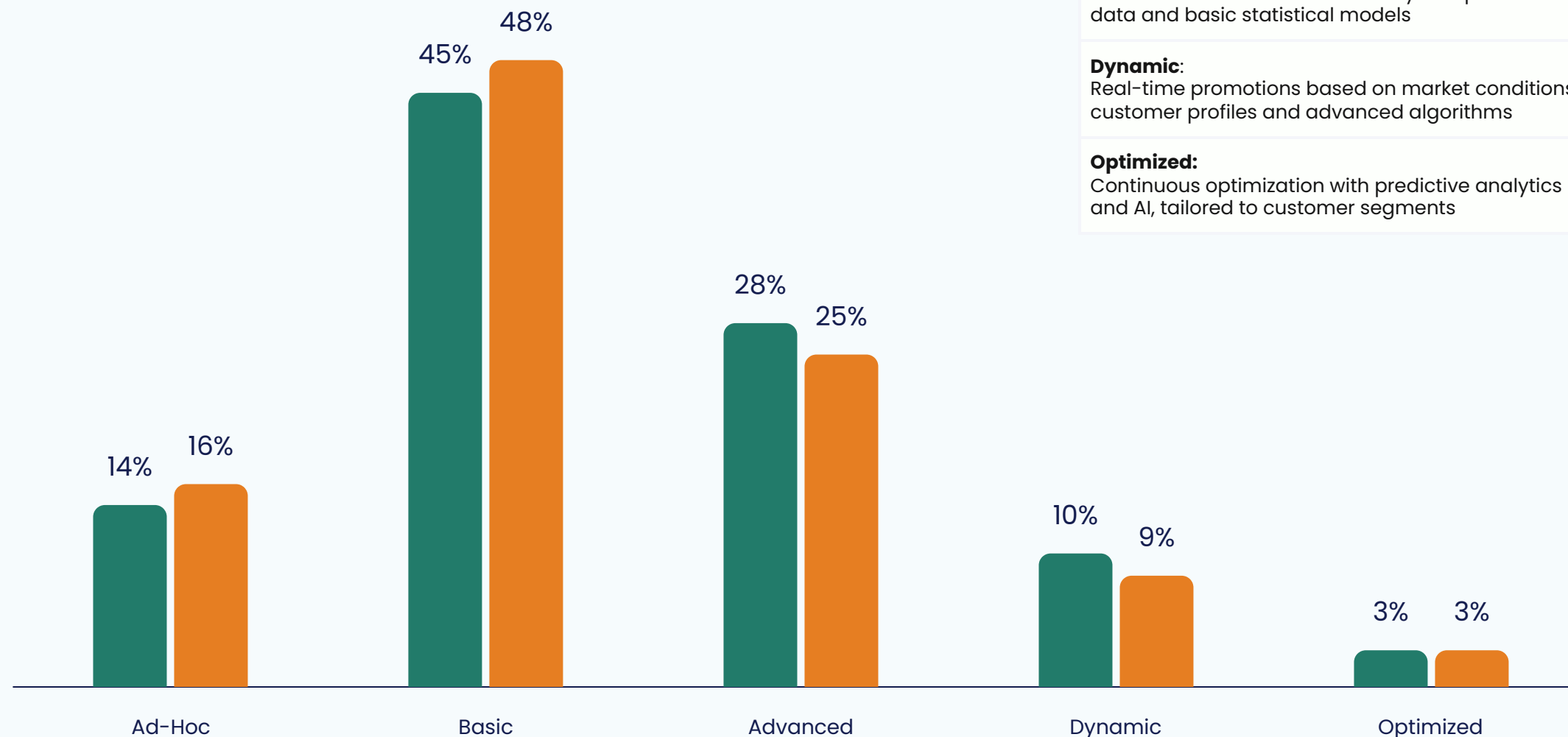
**Basic:**  
Standardized promotion processes using simple rules and historical data

**Advanced:**  
Promotions decisions informed by comprehensive data and basic statistical models

**Dynamic:**  
Real-time promotions based on market conditions, customer profiles and advanced algorithms

**Optimized:**  
Continuous optimization with predictive analytics and AI, tailored to customer segments

● US ● EMEA



The lack of promotional maturity leads to an erosion of margin as retailers offer deeper discounts and more frequent promotions to drive top-line growth.

Most retailers rely on basic, outdated methods rather than advanced analytical capabilities. Retailers continue to use simple, rule-based approaches and historical data to guide their promotions, lacking the more dynamic and optimized strategies that leverage real-time data, advanced algorithms, and predictive analytics.

The reliance on less sophisticated methods means that many retailers are giving up more margin than necessary. The situation is the same in the U.S. and EMEA, with most operating at the lower stages of maturity. Only a small percentage have progressed to more advanced, data-driven approaches.

Retailers must accelerate their transition to advanced strategies to protect margins and drive sustainable growth by not following a race-to-the-bottom strategy.

# Adopting advanced analytics is critical to improving pricing maturity

## Pricing Maturity

● US ● EMEA

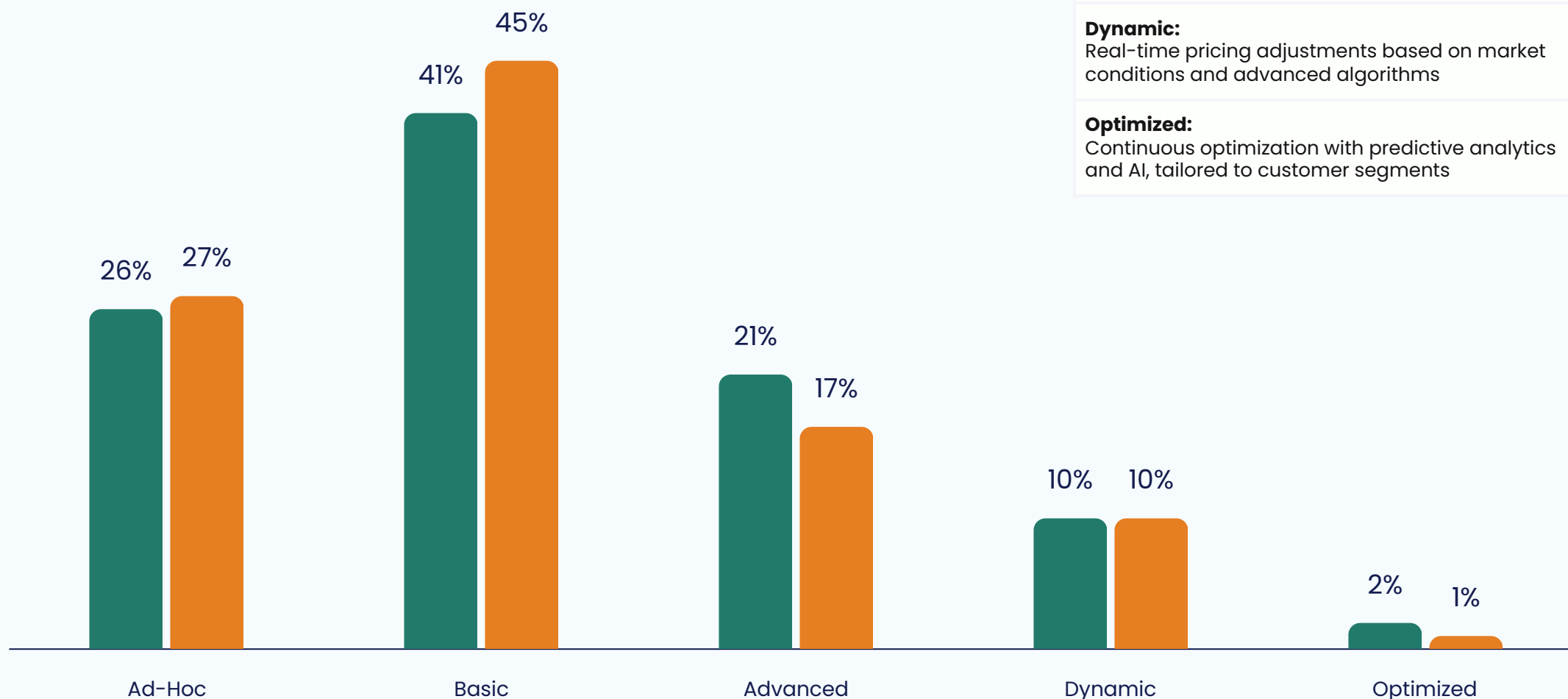
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Pricing remains more entrenched in legacy methods than promotions, making retailers reactive rather than proactive.

While pricing is easier to manage due to fewer variables and a smaller decision-making team, retailers are reluctant to experiment because pricing decisions carry high risk, with immediate impacts on margins and brand perception.

Retailers using outdated pricing methods face lost market share, margin erosion, and difficulties anticipating demand and optimizing inventory.

The low pricing maturity in the U.S. and EMEA reflects a broader trend of slow adoption of more sophisticated tools and techniques. While there are some differences in the maturity levels, the U.S. is slightly ahead in utilizing data-driven approaches.

Retailers must move beyond basic pricing approaches and invest in dynamic, optimized strategies that leverage real-time data, advanced algorithms, and AI/ML.





# Retailers need a closed-loop system to build trust in promotional performance data



## Estimated Promotional Impact

● US ● EMEA



Overall, the absence of reliable post-promotion analysis and scenario testing creates a cycle of uncertainty and inefficiency, where the true effectiveness of promotions remains unclear.

The lack of a closed-loop system to evaluate promotions prevents retailers from accurately measuring their success and making data-driven decisions for future campaigns. Without a structured feedback loop, it becomes challenging to identify which promotions deliver genuine incremental sales versus those that simply discount items customers would have purchased anyway.

Compounding this problem is a lack of trust in the promotional performance data presented to leadership. This distrust suggests that existing metrics and analytics may not be rigorous or transparent enough to build confidence. As a result, decisions are often based on intuition or past practices rather than solid evidence.

To improve, retailers need to invest in better analytics tools and establish a closed-loop system that allows for continuous measurement, learning, and adjustment.



# Both promotions and pricing capabilities sit on an outdated technology stack

## Average Age of Core Platforms

**7.8 years**

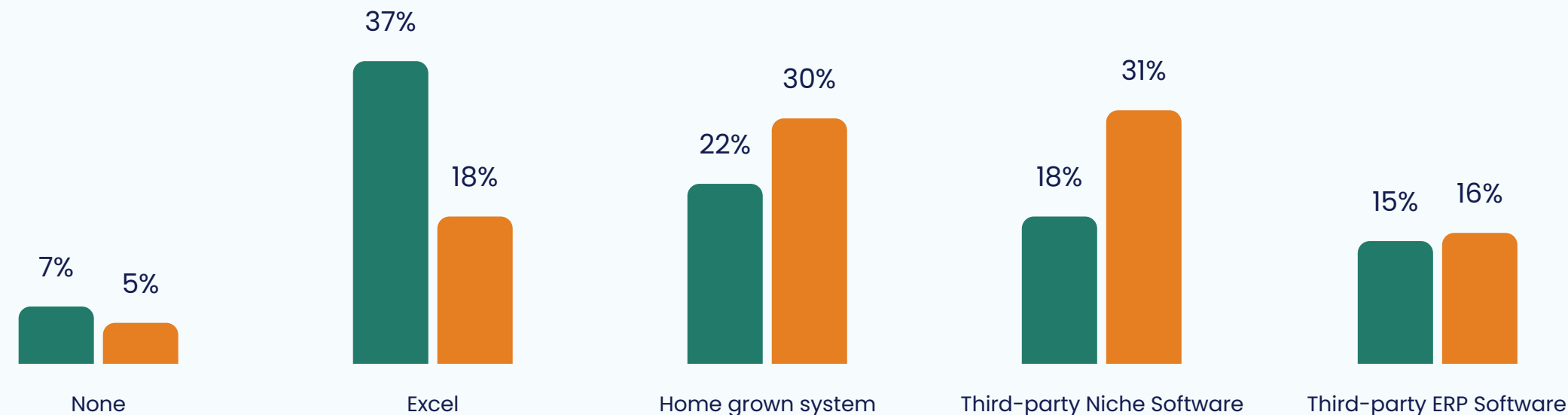
Core Promotions Platform

**6.6 years**

Core Pricing Platform

## Core Technology Supporting Promotions and Pricing (Global)

● Promotions ● Pricing



Many retailers use outdated, nearly decade-old technology stacks to manage pricing and promotions.

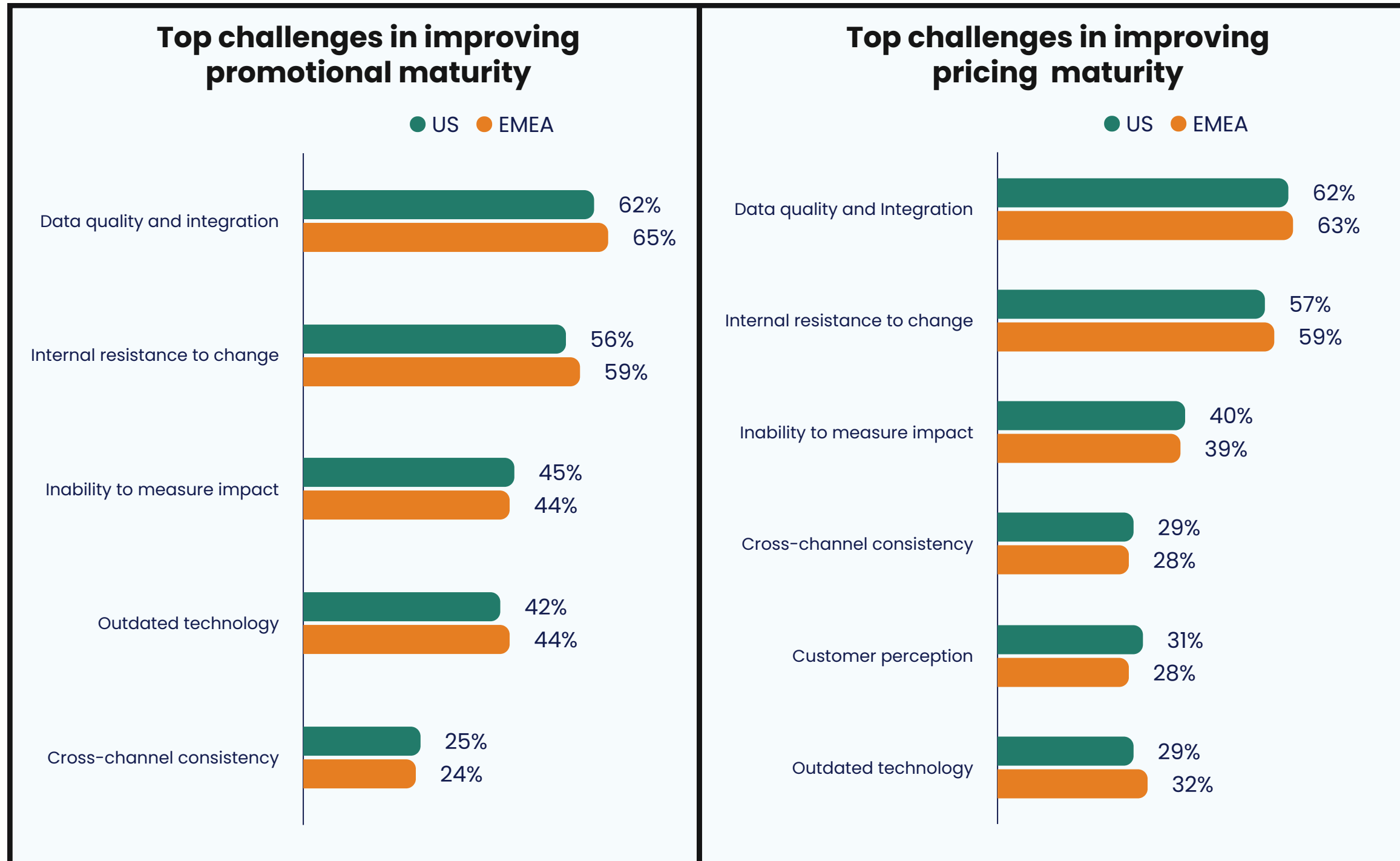
These legacy systems struggle with modern retail complexities, such as handling big data and connecting with external APIs, limiting the adoption of advanced technologies like AI and machine learning. Additionally, older systems are less secure, more prone to failures, and costly to maintain.

The higher use of specialized software in pricing reflects a focus on operational integration and controls rather than analytics sophistication.

Even though promotions are more complex to manage and execute, Excel remains the most widely used tool. Its popularity is due to its familiarity, flexibility, and low cost, which allow for quick adjustments and simple planning.

However, this reliance is risky; it often leads to errors and lacks advanced analytics capabilities.

# Maturity improvements blocked by data challenges and cultural inertia



Data quality and integration issues are the #1 challenge facing retailers in improving their promotional maturity.

Many retailers struggle to access and unify the vast amounts of data needed to make informed promotional decisions. Fragmented data from multiple sources, including online and offline sales, shopper behavior, and market trends, creates silos that limit promotional effectiveness. Without accurate, integrated data, it becomes nearly impossible to optimize promotions or adjust strategies in real-time.

Another major barrier is resistance to change due to a legacy culture. Overcoming this inertia requires strong leadership and a willingness to invest in training and change management to foster a culture that embraces innovation.

Additionally, accurately measuring the impact of promotions is a significant challenge. This inability to measure outcomes leads to a reliance on intuition and past practices and leads to leadership doubting the data.

Note: Executives selected the Top 3 challenges they faced in in improving their pricing and promotional maturity.



# Retailers are bullish on automation to streamline pricing and increase agility

## Processes that can be completely or mostly automated in the next 24 months



Retailers are bullish on automation and see automation as a way to streamline operations and to drive competitive advantage by enabling more agile and data-driven pricing.

Key tasks such as communicating price changes, deploying pricing across channels, and maintaining consistency across all sales touchpoints are seen as prime candidates for automation.

Retailers also anticipate that automation will be crucial in more complex areas, such as monitoring pricing performance, collecting and analyzing data, and ensuring optimal price points.

However, even more strategic tasks — like shopper segmentation, modeling pricing, and setting pricing goals — are also being considered for automation. This suggests a growing belief that technologies, such as AI/ML, can handle intricate decision-making processes that have traditionally required human judgment.



# Moving to an effective technology stack can drive \$450 billion in incremental sales

## Promotional Impact

4.1%



estimated incremental sales if the retailer had an effective promotional optimization solution.

## Pricing Impact

4.9%



estimated incremental sales if the retailer had an effective price optimization solution.



An effective technology stack that integrates pricing and promotional optimization can significantly boost retail sales by making these processes more strategic and efficient.

Optimization tools leverage advanced analytics, AI and ML to refine pricing and promotions in real-time, ensuring that retailers can react swiftly to market changes, competitor actions, and shifting consumer preferences.

This precision minimizes guesswork and allows retailers to set the right price or offer the right promotion at the right time, enhancing profitability while maintaining customer satisfaction.

When pricing and promotional strategies are optimized in unison, retailers benefit from a cohesive approach that maximizes the effectiveness of both. Siloed management of these areas can lead to conflicting strategies, such as discounts that erode margins or pricing that undermines promotional efforts.



# A unified approach is essential to keep pace with omnichannel shopper expectations

## **Build** an integrated strategy

When pricing and promotions are managed separately, they often operate in silos with conflicting goals.

For example, a promotion may offer deep discounts that clash with pricing strategies to maintain margins, leading to inconsistent messaging, customer confusion, and, ultimately, revenue loss.

With a unified strategy, retailers can better synchronize their pricing and promotional tactics, such as offering dynamic pricing that aligns with current promotions, maximizing the impact of both.

## **Break** data and org. silos

Retailers suffer from siloed data and disjointed management of pricing and promotions, which prevents them from effectively capitalizing on their pricing and promotional efforts.

To resolve this, they must break down data silos so they have more accurate and real-time data. Improved data availability and seamless integration are the foundation for dynamic pricing and promotions.

Organizational silos and legacy processes are also holding back progress. They must overcome cultural inertia by adopting a 'one-team' model and fostering a culture of innovation and experimentation.

## **Upgrade** toolset and automation

Retailers rely on outdated technology systems, often nearly a decade old, which are ill-equipped to handle the complexities of modern retail.

The technology stack for modern retail requires scalability, flexibility, and agility. The ability to ingest vast amounts of data, integrate with external APIs, and adopt advanced technologies like AI/ML are essential for the future.

Furthermore, automation helps drive greater agility. By reducing reliance on manual processes, automation equips retailers to respond quickly and efficiently to changes in the market and consumer behavior.

## **Increase** measurement rigor

Few retailers measure their promotional performance regularly, leading to missed improvement opportunities. Additionally, senior leaders often don't trust the data provided due to concerns about accuracy and reliability.

Establishing a closed-loop measurement system for continuous learning and adjustment is crucial for retailers because it enables trust in the metrics and helps retailers refine pricing and promotional strategies based on actual performance data.

Establishing regular and formal measurements allows for greater transparency, timely adjustments, and more efficient allocation of budgets.



## Executive Perspective



**Jeff Bulger**

Strategic Principal  
RELEX

Nothing is more obvious in the modern retail ecosystem than this simple statement: consumers are more aware and motivated by prices than ever before.

Both regular and promotional prices are one of the quickest levers retailers can use to influence consumer demand patterns but are also one of the most underdeveloped areas in terms of systems and tools. Promotions account for upwards of 20% of total revenue, but as the data shows, fewer than 25% of retailers have an effective measurement tool in place. Even more notable, 12% are still relying on nothing more advanced than a spreadsheet to plan future activity. This combination of factors is why one in three promotions fail to benefit the business – yet they continue to be repeated year after year.

Poor pricing strategies hurt more than bottom lines. With shoppers being less loyal than ever before, 93% cited price as a critical factor in their purchasing decisions. While the demand for better prices and more value is nothing new, managing this across tens of thousands of products – while accounting for cost changes, vendor contributions, and protecting razor-thin margins – is a growing challenge.

Modern, sophisticated pricing and promotion tools are no longer optional. However, the right tools must be easy to use, automated where possible, capable of handling huge data sets, incorporate more forecasting variables than ever before, and be open, transparent, and analytics driven.

It is time to remove the barriers – whether rooted in tradition or data silos – that separate pricing and promotional activity from each other but also the broader retailer data sets like replenishment, space, and assortment optimization.





## ABOUT INCISIV

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Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks, and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

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## ABOUT RELEX

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RELEX Solutions provides a unified supply chain and retail planning platform that aligns and optimizes demand, merchandising, supply chain, operations, and production planning across the end-to-end value chain. We help retailers and consumer goods companies like ADUSA, AutoZone, Coles, Dollar Tree and Family Dollar, M&S Food, PetSmart, and The Home Depot drive profitable growth across all sales and distribution channels, leading to higher product availability, increased sales, and improved sustainability..

Learn more at: [relexsolutions.com/customers/](https://relexsolutions.com/customers/).