

CASE STUDY

Intertop Optimizes Markdowns While Boosting Margins by 2% with AI-Driven Pricing

This case study examines how Intertop, a leading Eastern European retailer, transformed its markdown strategy using Competera's customer-centric, AI-driven platform. Faced with the challenge of liquidating excess seasonal inventory, Intertop implemented an intelligent markdown optimization solution that not only cleared stock effectively but also achieved a 2% profit margin improvement.

Executive Summary

Intertop, a premier retail network managing 114 brick-and-mortar stores and 14 mono- and multi-brand apparel chains across 25 Eastern European cities, needed to replace its traditional "blanket" discount strategy with an intelligent solution that could optimize markdowns across its vast product portfolio. With over 5 million SKUs and 60+ prestigious product brands under management, including Nike, Adidas, and Tommy Hilfiger, the company partnered with Competera to leverage its Contextual AI technology, which seamlessly integrated with Intertop's existing SAP ecosystem. As an SAP solution partner, Competera ensured efficient data exchange while considering 20+ demand drivers to optimize pricing decisions across their entire product portfolio.

* This case study is strictly confidential, so please ask permission from the Competera team to share it.

⊗ Challenges

Before enhancing their pricing capabilities with Competera, Intertop faced three significant challenges in their markdown strategy. While Intertop benefited from SAP's robust infrastructure for data management and business operations, they sought to enhance their pricing capabilities with AI-driven optimization. This would allow them to move beyond traditional pricing approaches and embrace more dynamic, data-driven strategies.



Difficult Inventory Management

- High pressure to clear off shelves quickly
- Need to maintain gross profit and profit margin
- Use of "blanket" discounts that complicated this balance



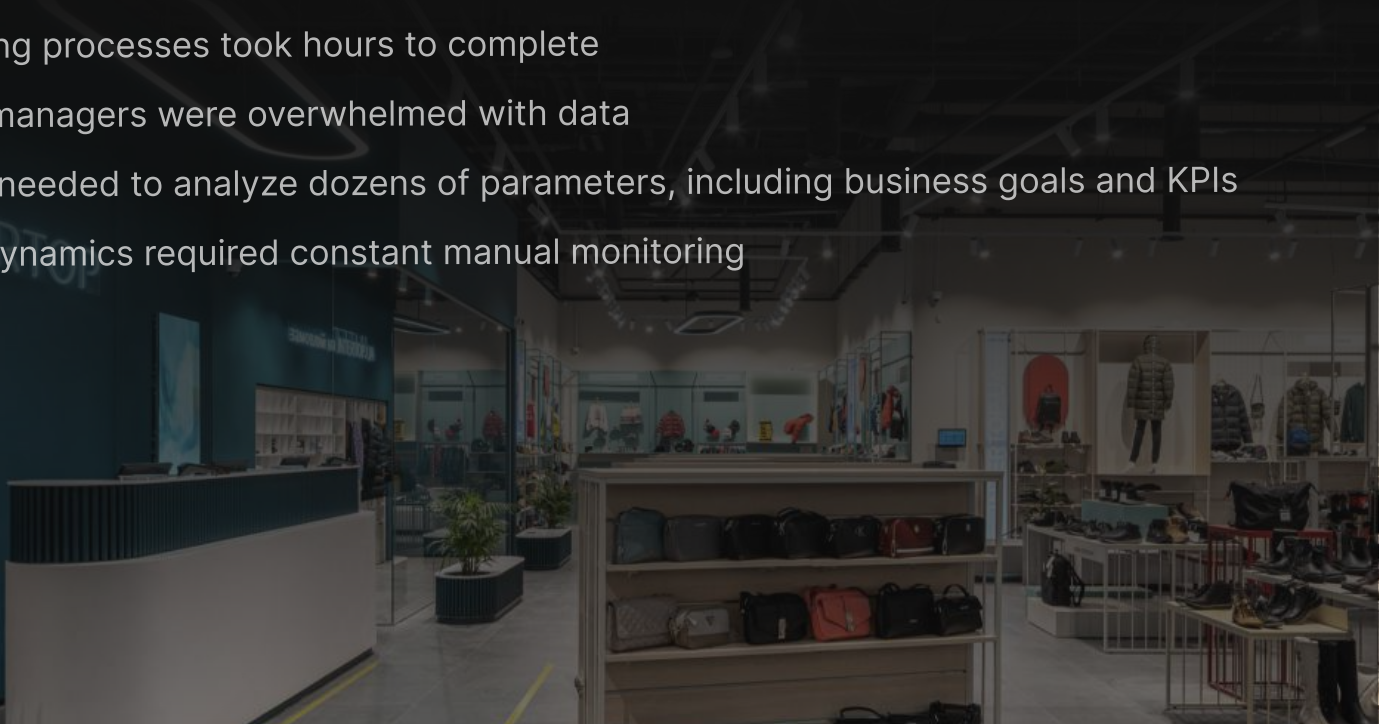
Suboptimal Pricing Decisions

- Managers lacked tools to consider demand elasticity when crafting prices
- Unable to create optimal offers for individual items
- Resulted in profit margin and gross profit losses



Resource-Intensive Manual Processes

- Repricing processes took hours to complete
- Brand managers were overwhelmed with data
- Teams needed to analyze dozens of parameters, including business goals and KPIs
- Sales dynamics required constant manual monitoring



Solution

Using Competera's contextual AI-pricing solution, which seamlessly integrates with SAP's powerful data ecosystem, Intertop transformed its markdown process by replacing "blanket" discounts with intelligent, elasticity-based price recommendations. Its algorithm calculates optimal markdown suggestions based on multiple factors including price elasticity, stock levels, and cross-product relationships, enabling Intertop to clear inventory efficiently while protecting margins. The platform achieves this through several key components:



Intelligent Constraints Management Advanced

The platform balances stock availability and profit targets while protecting brand value through sophisticated constraints management. This ensures coordinated markdown strategy across the product portfolio without risking over-discounting or disrupting full-price sales.



Smart Markdown Logic for Apparel Designed

The solution prevents margin losses from traditional "blanket" discounts by intelligently managing discount depths in relation to inventory levels. The system extends demand forecasting to several weeks, enabling optimal clearance planning while protecting profit margins.



Advanced Cross-Elasticity Management

The platform identifies and leverages relationships between products, optimizing prices to benefit multiple items simultaneously. When adjusting one product's price, the model automatically accounts for impact on related products, driving overall revenue growth through synchronized price optimization.



Elasticity-Based Price Optimization

The platform processes millions of historical data points to deliver elasticity-based markdown suggestions for weekly repricing cycles. The pricing platform integrates business rules, including thresholds, repricing steps, and rounding rules, providing one-click analytics for immediate decision-making.

Key Results

2%

profit margin savings

10.3%

gross profit savings

15 min

Repricing time

Test vs Control Groups

PREMIUM FASHION BRAND

Sales items **+18.2%**

Revenue **+14.4%**

Gross profit **+0.8%**

FOOTWEAR BRAND

Sales items **+3.2%**

Revenue **+7.6%**

Gross profit **+10.3%**



When using machine learning in repricing, we set business goals and constraints and machines do the rest. In other words, we do not do repricing per se, but we set the rules of the game and control the results. As technology takes over routine tasks, pricing managers focus on their analytical skills and business thinking. We see the big picture and make strategic decisions.



Ilona Baskova,
Brand Manager at Intertop



Continued Partnership

Based on the successful markdown optimization results and leveraging the seamless SAP integration, Intertop is scaling Competera's pricing solution to optimize offers across their entire collection and all regions of operation. **Building on this success, the partnership has further expanded to enhance their competitive data management capabilities.**

The company now leverages Competera's advanced solution to monitor **13,000 SKUs across multiple websites**, along with monthly assortment intelligence, streamlining their market analysis processes.

The evolving partnership between Intertop and Competera demonstrates how AI-driven pricing solutions can transform traditional retail operations, enabling data-driven decisions that balance profitability with customer-centric pricing strategies. **This successful collaboration continues to grow as Intertop advances its digital transformation journey.**