

GK AIR DYNAMIC PRICING AT POPKEN FASHION GROUP

# Best prices for strong market positioning

# Quick Facts

Quickfacts

## About Popken Fashion Group

---

Popken Fashion Group is an international, family-run fashion company with over 2,300 employees.

---

The fashion retailer has 23 online shops for different countries and more than 250 stores.

---

Focus range: Plus-size fashion. The company owns the Ulla Popken, GINA LAURA, Studio Untold, and JP1880 brands.

---

## Challenge

---

Automated calculation of the best possible price for each product several times a week for different customer channels.

---

Agile pricing solution that takes into account constantly changing market conditions, such as demand or purchase price.

---

Rapid implementation of the pricing solution in the existing architecture and implementation of various pricing strategies.

---

## Solution

---

Fast go-live of GK AIR Dynamic Pricing within 14 weeks.

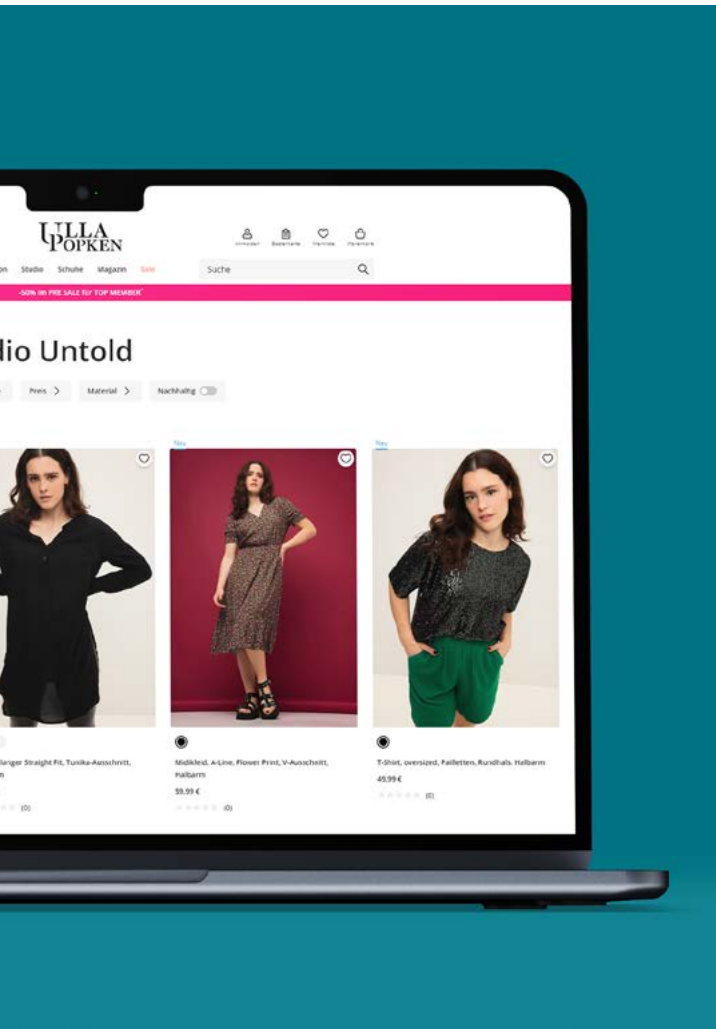
---

Optimal price calculation and consideration of the different strategic approaches for different product ranges: Turnover, sales, profit, and markdown.

---

Increase in gross profit and margin with a constant and, in some cases, increasing frequency of customers and purchases.

---



*“We were completely won over by the results of GK AIR Dynamic Pricing, so we decided to use the AI solution in the long term. By quickly adjusting prices, we can compensate for fluctuations in demand or rising commodity prices. At the same time, we are able to increase gross profit and margin through intelligent pricing.”*

Oliver Schepers,  
General Manager at Popken Fashion Group

# Overview

## Adaptive pricing for the volatile fashion industry

Popken Fashion Group is an international fashion company that specializes in plus-size fashion. The collections of the fashion brands Ulla Popken, GINA LAURA, Studio Untold, and JP1880 are synonymous with style, optimal fit, a reliable intuition for trends, top quality, and an attractive price-performance ratio. As a family-run and organically grown company, the fashion retailer inspires customers in over 30 countries and worldwide with 23 online shops.

Price management plays an important role in market positioning and competitive edge. Popken Fashion's category management was faced with the challenge of determining the best possible price for each individual product, including the product variants (color and size) within the sales cycle and for different customer channels. Particularly as a result of the coronavirus and Ukraine crises, the fashion trade

has been affected by constantly changing market conditions, for example frequently changing purchase prices and highly volatile demand.

In order to optimize pricing, keep the manual effort low and be well positioned for future market changes, the company has implemented the AI solution GK AIR Dynamic Pricing.

## Rapid realization and automated implementation of pricing strategies

The short realization period of 14 weeks enabled the fashion retailer to deploy automated pricing quickly to respond optimally to the volatile market environment. In a two-month test phase, the company tested the performance of the AI solution in various A/B tests in Ulla Popken's online shop.

GK AIR Dynamic Pricing implements a price calculation several times a week, which is based on the previously defined pricing strategies for various product ranges. For Popken Fashion, the focus is on price optimization according to turnover, sales, earnings, and markdowns..

# Solution

Solution

## Margin and revenue optimization through regular pricing

In order to meet the goal of revenue and margin optimization, the algorithms of GK AIR Dynamic Pricing include numerous influencing factors in their calculation, in real time. It was important for the fashion retailer not only to implement competition-driven pricing, but also to take into account factors influencing price, such as fluctuations in demand or increases in the price of raw materials, and to compensate for these by means of adaptive pricing.

In the high phase of the product life cycle, the AI solution determines prices particularly on the basis of current demand in order to sell products at full price where possible.

## Fewer write offs and better inventory management through markdown pricing

Especially with fast-moving ranges such as in the fashion trade, the timely sale of products is of great advantage in order to remain as marketable and competitive as possible. If the items are at the end of the product life cycle, the focus is on selling them by a specific target date. The algorithms of GK AIR Dynamic Pricing take into account the current stock and the target sell-off date for each product and vary the product price according to demand. In this way, zero stock is reached on the target date and, at the same time, the sell-off is gently controlled with regard to the margin. Markdown pricing is an excellent tool for Popken Fashion to better manage stock levels.

In addition, GK AIR Dynamic Pricing enables dedicated pricing for various customer channels, so that in future the fashion retailer can

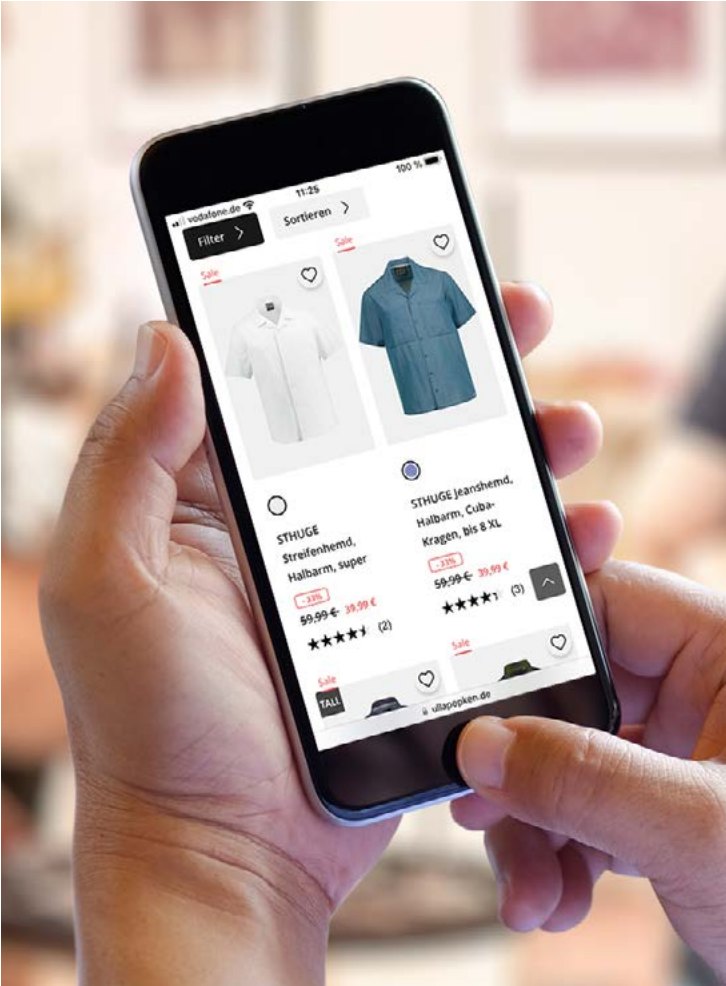
implement intelligent pricing not only for the online shops, but also for the sales channels of branch stores and the marketplace.

## Simple operation and increase in success metrics

Thanks to the intuitive user interface of GK AIR Dynamic Pricing, the Popken Fashion team was able to use GK AIR Dynamic Pricing successfully within a very short amount of time and with little training.

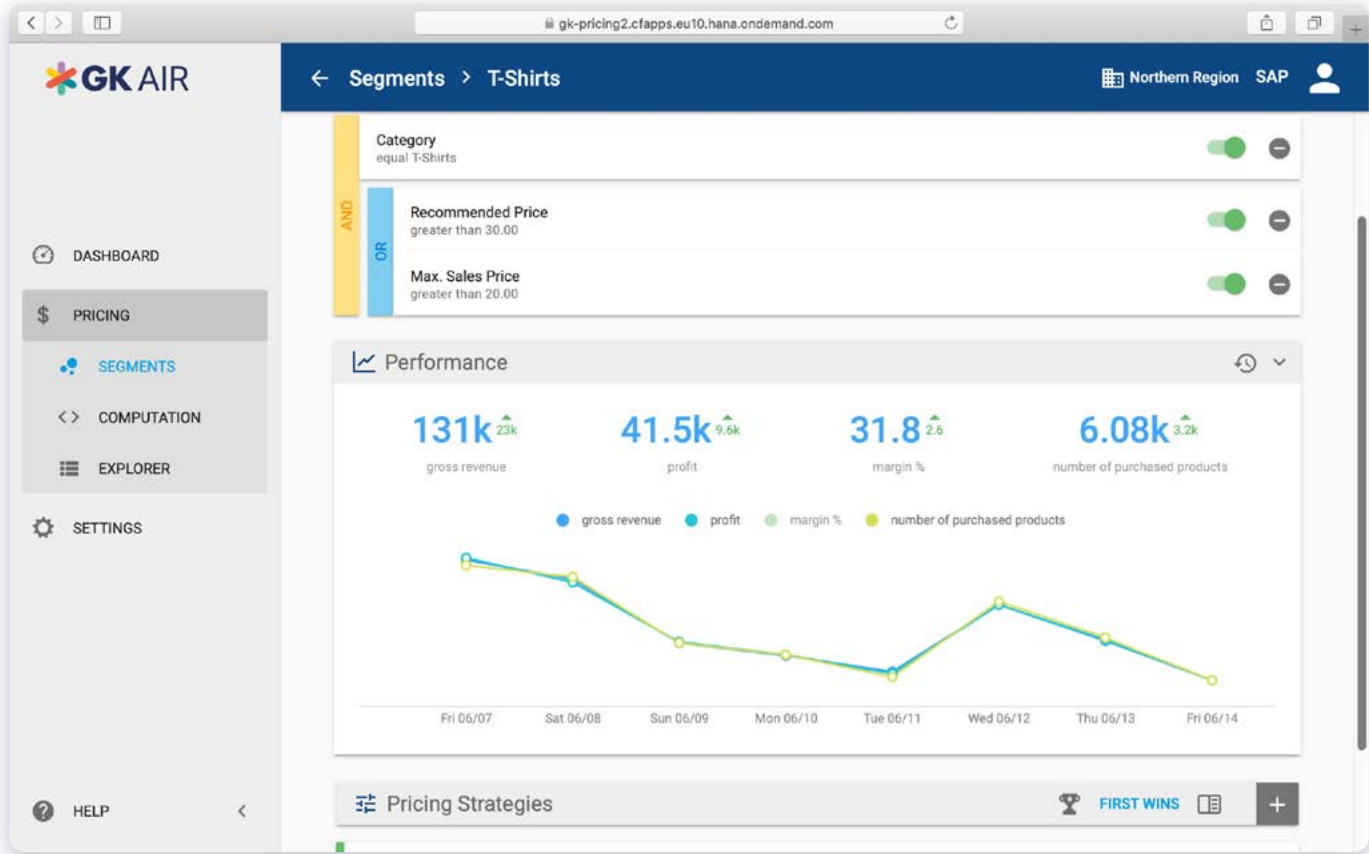
Automating the pricing process also significantly reduced the workload for employees. Category management now invests its time much more effectively by strategically controlling the pricing processes and thus achieving its own target KPIs in a predictable manner.

GK AIR Dynamic Pricing also performed convincingly in the context of the A/B tests carried out. Thus, the test group priced by the AI solution achieved a higher margin and a higher net revenue than the comparison group. The AI solution also provides comprehensible and transparent pricing for Popken Fashion Group's customers, so the company is able to increase customer loyalty as well as repurchase and conversion rates in the long term.



**About GK AIR Dynamic Pricing**

GK AIR Dynamic Pricing automatically adjusts prices to all relevant context conditions, reduces markdowns, prevents out-of-stock situations, and minimizes the category management workload. Smart algorithms optimize product range prices in real time, taking into account the complex interactions between pricing drivers (e.g., demand, competition, price sensitivity, weather). The AI solution enables strategic pricing for all items according to the company's targets – and thus immediately increases turnover, profit, and frequency. More information is available online at: <https://www.gk-software.com/us/solutions/air/dynamic-pricing>



GK Software SE

Waldstraße 7

08261 Schöneck

Germany

P +49 37464 84 - 0

F +49 37464 84 - 15

[info@gk-software.com](mailto:info@gk-software.com)

[www.gk-software.com](http://www.gk-software.com)



© 2023 GK Software SE or a GK Software affiliate company. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of GK Software SE. The information contained herein may be changed without prior notice.

Some software products marketed by GK Software SE and its distributors contain proprietary software components of other software vendors. National product specifications may vary.

These materials are provided by GK Software SE and its affiliated companies (“GK Software Group”) for informational purposes only, without representation or warranty of any kind, and GK Software Group shall not be liable for errors or omissions with respect to the materials. The only warranties for GK Software Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

GK Software and other GK Software products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of GK Software SE in Germany and other countries.