



## **Teradata Price Optimization Software Proves Sales Lift to Bottega Verde; Price Optimization Increases Catalogue Sales, Margin for Bottega Verde**

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MADRID, Spain--(BUSINESS WIRE)--April 6, 2006--Bottega Verde, Italy's largest natural cosmetics and beauty products company, has realized a 16 percent increase in catalogue orders and a nearly 25 percent increase in total net contribution since it began use of Price Optimization(TM) software from Teradata(R), a division of NCR Corporation (NYSE:NCR). The results are significant for retailers interested in increasing profits without losing customers and for those facing broad market changes that affect pricing. Bottega Verde has more than 250 stores throughout Italy, an established catalogue offering and a growing eBusiness division. Bottega Verde is currently using Price Optimization to adjust product prices and inventory levels in its stores.

### **Prices Dropped, Gross Sales and Margin Rose for Catalogue**

The Teradata Price Optimization software significantly facilitates pricing by analyzing detailed basket level data over a period of time. By combining information from product assortment, promotional and other available data, it provides a statistical basis for pricing decisions and makes it possible to track the influence of pricing on consumer behavior. The application identifies the range for price adjustments for each product based on price elasticity, substitution and cross-selling effects, as well as margin and sales volume factors.

The September 2005 Teradata Price Optimization pilot at Bottega Verde analyzed the impact of pricing on the items offered in the catalogue. In many cases, the optimization software lowered item price, reducing per-unit gross margin. For nearly 10 percent of the products, the software actually raised the product price. As a result, gross sales increased by nearly 15 percent and total gross margin increased by more than 11 percent. The sales comparison was made against catalogue sales where prices were set by product managers.

### **Price Optimization a Critical Advantage in Broad Market Change**

The detailed level of analysis, the extensive price changes that were made and the significant results to the bottom line are particularly important for retailers in highly competitive situations or for those facing vast market changes. In Germany, where the value-added tax (VAT) is expected to increase next year, Teradata Price Optimization software will help companies to realign prices for large parts of their product lines. The raise in German VAT from 16 percent to 19 percent scheduled for the beginning of 2007 is a concern for retailers. "Retailers are experiencing severe competition, and consumer spending in Germany is weak. Consumers are likely to penalize retailers who pass on the tax hike directly," said Mikael Bisgaard-Bohr, director of Retail Center of Expertise for Teradata Europe, Middle East, and Africa.

"To guard against that, retailers are working carefully to adjust prices in ways that maintain their profit margins without negatively affecting the sales volume or creating customer resentment. This is so critical to their success that they are not willing to rely on instinct."

### **The next challenge: Optimize Store Prices and Inventory**

The catalogue is just the first sales channel to realize price optimization at Bottega Verde. "Price Optimization in Bottega Verde is strictly linked to another important project assigned to Teradata: inventory management, as well as pricing of all the offers made within a selling period, both in shops and through our mail-order channel," said Bottega Verde CEO Paolo Lavino. "It will be critical that the business information is correct and coherent across the BV Shops, mail order, Internet and telemarketing channels, and for all business users from product managers to the management goods office."

The inventory management project will also propose appropriate stock levels to product managers for the selling period, the channel, and across other variables such as geographical area, shop location and size. When this project is completed, the results can be used to further improve results from Teradata Price Optimization.

"Automating the process of setting prices and inventory levels will have positive repercussions on work quality and quantity because we will realize significant time savings. The estimate is we will save a minimum of 30 days of work per month. Those valuable resources will be freed up to be involved in other important tasks," Lavino said.

"Retailers always want to obtain additional profit, but market forces always make it difficult. Teradata Price Optimization provides the winning edge, giving smart retailers the detailed information they need to gain competitive advantage, based on their specific operations, customer base, product lines and locations," Bisgaard-Bohr said.

### **About Bottega Verde**

Bottega Verde ([www.bottegaverde.com](http://www.bottegaverde.com)) is a renowned Italian provider of cosmetics, beauty products and accessories. The company has dedicated itself to products that are entirely natural and differentiates itself through providing exceptional quality and service to its customers. With more than 250 stores throughout Italy, an established catalogue offering and a growing eBusiness division, Bottega Verde is a distinguished leader in its space.

### **About Teradata Division**

Teradata ([www.teradata.com](http://www.teradata.com)), a division of NCR Corporation (NYSE:NCR), is the global technology leader in enterprise data warehousing, analytic applications and data warehousing services. Organizations around the world rely on the power of Teradata's award-winning solutions to get a single,

integrated view of their business to enhance decision-making, customer relationships and profitability.

#### About NCR Corporation

NCR Corporation (NYSE:NCR) is a leading global technology company helping businesses build stronger relationships with their customers. NCR's Teradata(R) data warehouses, ATMs, retail systems, self-service solutions and IT services provide Relationship Technology(TM) that maximizes the value of customer interactions and helps organizations create a stronger competitive position. Based in Dayton, Ohio, NCR ([www.ncr.com](http://www.ncr.com)) employs approximately 28,200 people worldwide.

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