

# Oracle® Retail Regular Price Optimization

Release Notes

Release 13.3.1

June 2012

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Oracle Retail Regular Price Optimization (RPO) assists retail price managers in pricing hard-line and grocery items. It is suited for long lifecycle items with infrequent price changes. It recommends permanent prices based on initial estimates of an item's total sales volume over a planning period and on price-related sales of items and related items.

RPO includes grouping in its pricing analysis because it considers cross-item elasticities; that is, RPO considers how price changes for one item may affect the sales volume of other items. Users can input objective functions and pricing constraints that define the optimization problem. Once these inputs are defined, the pricing optimizer recommends prices. Multiple scenarios can be created and evaluated side by side, and what-if analysis can be performed within the context of a pricing scenario. After analyzing the what-if results and recommended prices, the user can make a final decision to submit the recommended prices for the given set of merchandise items and locations.

RPO integrates with an application called Oracle Retail Analytic Parameter Calculator for Regular Price Optimization (APC-RPO). APC-RPO calculates self and cross-item elasticities, which RPO uses to make price recommendations. APC-RPO is a separate application with its own installer, but it is available as an additional component in the RPO installation media pack.

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**Note:** Because RPO uses the Oracle Retail Predictive Application Server (RPAS) platform, Oracle Retail recommends that you review the *Oracle Retail Predictive Application Server Release Notes* for fixed and known issues that may affect RPO.

In addition, RPAS 13.3 and later releases have significant technical enhancements related to hierarchy management (such as integer indexing) that have an effect on the configuration and maintenance of RPO. You must upgrade to key RPAS versions and complete the upgrade process as described in the chapter, "Patch Installation", in the *Oracle Retail Predictive Application Server Installation Guide* before upgrading to a 13.3.1 RPO domain.

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## Upgrade Note

While not directly related to RPO, the 13.3 Release of Oracle Retail Predictive Application Server (RPAS) has undergone a major change to simplify hierarchy administration. Full details of these changes are outlined in the 13.3 *Oracle Retail Predictive Application Server Release Notes*. Due to these changes, configuration updates have been made to RPO, and you will need to perform additional steps

to upgrade your RPO domain, such as setting dimension sizes. The upgrade to RPAS 13.3 or later for this application includes a conversion process in addition to the normal upgrade process. Details are provided in the chapter, "Patch Installation" in the *Oracle Retail Predictive Application Server Installation Guide*.

## Hardware and Software Requirements

See the *Oracle Retail Regular Price Optimization Installation Guide* for information about the following:

- Hardware and software requirements
- Oracle Retail application software compatibility information

## Functional Enhancements

RPO 13.3.1 includes the following functional enhancements.

### Display Competition Price

When reviewing the detailed metrics after the optimization run, clients have found it useful if the competitor prices are also available for review in the same worksheet.

As part of this release, the competitor information is included in the Detailed Metrics worksheet inside the Price Analysis workbook.

### Diagnostics for Scenario Objectives

Prior to version 13.3.1, the user was able to specify the optimization goal and minimum values for certain objectives at the scenario level. However, the goal and the objectives are soft constraints, and it was very difficult to verify if the values were respected or not.

This release includes a new worksheet where the user can review the recommended and expected values, as well as a message saying if a objective was relaxed or not.

For example, one scenario objective can be to maintain 90% of revenue. After the optimization run, the user can go and verify the expected revenue - which is 90%, and the recommended value. If the recommended value turns out to be less than 90%, a message displays that the constraint was relaxed.

### Multiple goals and Objectives per Scenario

Starting with this release, RPO has the ability to override optimization goals and objectives for certain item groups. For example, the scenario goal can be volume, but a certain group of items can have the goal overridden to be margin. The same holds for the objectives. The scenario objective could be to maintain 90% of revenue, while the group objective could be to maintain 80% of volume.

This option is available when RPO runs using the Full Optimization option.

## Diagnostics for Item Group Objectives

After the optimization is run, the user has the ability to review the desired and recommended item group objectives. If the objective for a certain metric is not met, a message is displayed.

This option is available when RPO runs using the Full Optimization option.

## Elasticity Escalation for New Items

Prior to this release, RPO handled new items by assigning them a Like Item and copying the necessary parameters for an optimization run, for example, elasticities, demand, and so on. The capability is improved in this release, by automatically generating the elasticity for the new item based on escalation lookup at higher levels. For a new item, RPO may escalate to the subclass level and use the elasticity from that level. This way, the elasticity is not a copy of a single item's value, but rather has information incorporated from every item in the subclass. The functionality can be overridden, by specifying that the elasticity should be copied from the like item. Demand and cost must still be copied from the like item, since a subclass demand or cost does not make sense.

## Integration Enhancement

RPO 13.3.1 includes the following integration enhancement.

### Export Measures to RPO

RPO was enhanced to import the following measures from APC-RPO using ODI technology:

- Maximum Price Increase Percentage Change
- Maximum Price Decrease Percentage Change
- Self Elasticity Standard Error
- Self Elasticity T-Statistics

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**Note:** Prior to this release, these measures were exported through integration scripts only.

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## Noteworthy Defect Fixes

The following noteworthy defect fixes and enhancements are included in RPO 13.3.1.

Fixed Issue/Defect	Defect Number
RPO was missing translation files. This issue has been corrected.	12737302
In the Price Analysis workbook, committing the recommended prices does not work. This issue has been corrected.	13458983

Fixed Issue/Defect	Defect Number
While generating the price ladder, RPO may miss generating a price point due to precision. This issue has been corrected.	13605254
Constraints set up at the item group level are not respected during optimization. This issue has been corrected.	13903099
RPO does not honor the competition constraints if they are set by item group. This issue has been corrected.	13935374

## Related Documentation

For more information, see the following documents in the Oracle Retail Regular Price Optimization 13.3.1 documentation set:

- *Oracle Retail Regular Price Optimization Implementation Guide*
- *Oracle Retail Regular Price Optimization Installation Guide*
- *Oracle Retail Regular Price Optimization Online Help for the RPAS Fusion Client*
- *Oracle Retail Regular Price Optimization User Guide for the RPAS Classic Client*
- *Oracle Retail Regular Price Optimization User Guide for the RPAS Fusion Client*

For more information about the Analytic Parameter Calculator for Regular Price Optimization (APC-RPO) application, see the Oracle Retail Analytic Parameter Calculator for Regular Price Optimization documentation set.

For more information about the RPAS Fusion Client, see the Oracle Retail Predictive Application Server documentation set.

For more information about RPAS and the ODI enabled integration, see the following documentation sets:

- Oracle Retail Enabled ODI Integration documentation
- Oracle Data Integrator documentation
- Oracle Retail Predictive Application Server documentation

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Oracle® Retail Regular Price Optimization Release Notes, Release 13.3.1

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