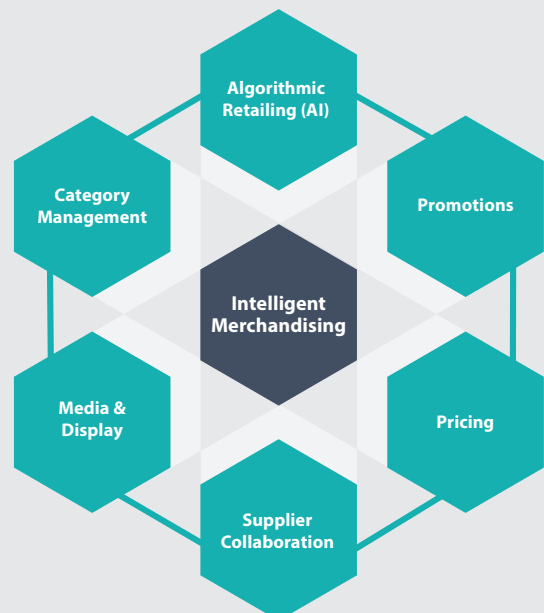




# Pricing

Retail Express pricing module delivers profits today and is fully integrated with our category management, promotion management, supplier collaboration and media module resolving conflicts and constraints within a single strategic solution.

The pricing module enables you to manage everyday pricing from maintaining margin when a cost change occurs to positioning your price below, equal to or above by an amount or percentage of a competitor's price and or maximizing the overall profit, margin or contribution of a portfolio of products. The solution uses an automated pricing rules engine coupled with AI/ML modelling, optimisation and simulation tools, we can optimise regular and promotional prices together whilst still being able to show the individual impacts on demand, taking the effects of each other into account.



Regular Prices can be looked at in many ways typically by Margin or markup on cost, by Supplier RRP, by comparison with one or more competitors, by correlation with similar items within a category or sub-category, by relationship to a Category Target margin or by an average margin, Gross Margin ROI, by brand relationship as in Private versus National Brand, by Size relationship as in same product as for 100gm, 200gm and 500gm such that the price is cheaper the larger the size, by and by ABC Volumetric analysis, looking a Fast to slow-moving products grouping into Price/ Sales Classifications to ensure despite category and other comparisons overall there is some consistency in each slice of sales based on the makeup of the items sales rate.

The solution supports Hi-Low, EDLP, Value or a mix of those strategies through line item, brand, supplier, competitor and category rules and differentials mixed with performance targets. The solution supports the creation of differentials between the retailer's individual product prices and those of its key competitors to ensure effective price positioning in the marketplace and to deliver a clear pricing strategy.

The Automated Pricing Rules Engine allows the User to set pricing rules on margin, and costs across the Category Hierarchy/Store Hierarchy and against the Velocity Index of an Item (ABC Price Sensitivity) against competitors and other products etc. Prices can be set for a single/SKU or Pricing Family, the family can be maintained in Retail Express or passed from Master Data. For each rule the solution can hold a set of thresholds to validate each rule, these provide the check and balance that the rule is only valid for a set range that it was intended after which the rules engine will know to fail any change since it doesn't meet the criteria intended when the rules were set up.

The rules can be set up as a series and the rules engine will work through each based-on priority until it finds the conditions to apply the rules and thresholds and determine a price change or fail etc., The pricing engine is automatically triggered on receipt of Competitor Prices which can be batch or processed immediately; Cost Changes can be processed with Competitor Changes or at different intervals; either way, urgent price changes can be created from competitor price changes through the Automated Rules Engine and sent to store immediately or

following pricing team review; the solution can differentiate price changes between those that need to be reviewed and those that can be automatically sent to POS.

The retailer drives the optimisation of prices by setting goals and objectives in terms of sales, profits and unit volumes with the opportunity to limit those elements with constraints against each of the others, such that if the goal is the increase in profits, a sales and or volume constraint could be put in place to ensure the profit increase was constrained by a minimum level of sales and volume, thus ensuring balance is kept.

Lifecycle Pricing provides entry-level through to the most sophisticated needs using 'elasticity demand models' that encapsulate the interaction and collision of prices along with other merchandising activities. This enables the system to then forecast the likely outcomes of different prices. The solution brings together all the elements of pricing necessary in today's markets to implement and optimize Hi-Low, EDLP or a mix of those strategies through line item, brand, supplier, competitor and category rules and differentials, mixed with performance targets.

