

# Luminate Clearance Pricing

Automate Grocery Clearance Pricing with Intelligence and Precision

## Business context

The Coronavirus crisis drew attention to volatile demand in a way no other crisis has. It helped grocers' stock prices as they outperformed the volatile market. But it also strained supply chains, resulting in picked-over shelves, long lines, agitated staff and reduced hours. But rather than being an aberration, the crisis was an extreme example of the volatility occurring every day, and can be attributed to three major forces: consumers' changing habits and preferences, intensifying competition, and rapidly evolving assortments. With the uncertainty of seasonal offers, variable supply, pressure from convenience and general merchandise retail, limited space, rapidly changing assortments and shrinking margins, how can grocery retailers competitively prepare for the next disruption?

The supply chain and operational disruption caused by excess stock can occur at any time, whether at the end of a promotion, end of a seasonal event or through change in range. Retailers must balance inventory, prices and promotions to maintain profit levels and clearance pricing is an important part of this strategy. Leaders in markdown technology are looking to data driven customer aware pricing as a clear differentiator in their markets. Thinking about markdown strategically before improving pricing instore helps to ensure that smart decisions translate into improved execution in-store. Measuring customer demand and price elasticity in each store weekly or even daily ensures that markdown prices reflect the most likely desired outcomes and turn uncertainty into a strategic asset.

## Luminate Clearance Pricing

Luminate Clearance Pricing is intelligent pricing, improving markdown performance in every way. It delivers more profitable store specific markdown prices for seasonal, end of promotion and de-listed products using cutting edge AI/ML that continually measures demand and price elasticity. Strategies defined prior to clearance are automatically executed and adapt to changing market conditions, increasing profitability.

## Key features

- **Strategic Optimization:** users define the desired strategic output which the machine executes against, encouraging high levels of automation
- **Predict Price Elasticities:** utilize advanced ML techniques to identify changing local price elasticities.
- **Forecast Demand:** use location demand forecast to understand likely customer behaviour at given price points over the life of the clearance
- **Optimize Decisions:** Over the product's clearance period factoring in inventory, alongside the business strategy and rules for price consistency.
- **Automated Pricing:** automated price update process allows for improved pricing cadence and frees up resources to focus on the strategic assortment planning tasks.

Luminate Clearance Price uses state of the art, proprietary AI to calculate store-specific item price elasticities alongside multiple demand influencing factors such as inventory level, seasonality, weather and events. The costs and impacts of every markdown price are considered along with likely consumer behaviors, stock levels, product master data, and external data feeds. Markdown prices are automated based on the desired customer business strategy including pricing rules at the time so that strategic clearance goals for seasonal goods and de-listed ranges are met objectively over a clearance cycle.

## Capability Offerings

### Intelligence

Uses proprietary machine learning to isolate the price-demand relationship from other influencing factors, at the most granular level, alongside Blue Yonder's AI demand forecasting engine to better understand how customers are likely to behave in relation to price changes into the future.

### Strategic Solution

Can apply business strategies according to current needs with flexible objectives (revenue, profit, sell-through, store capacity, labor costs, salvage values). Also allows for execution of high-level strategy on most granular level, keeping prices consistent along business rules.

### Integration and Deployment

Proven cloud delivery that spans 15+ years with over 600 customers. Speed of deployment allows for value realization, which allows you to grow and adapt quickly to change. We leverage robust security measures with Microsoft Azure and our Luminate Platform integration approach ensures reliable data gets to every system whenever it is needed.

### User Experience

- Meaningful human-machine collaboration via Glassbox UI
- Strategic pricing balancing competing goals
- Approval workflows and directed exception management

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### Key benefits

- **Precision:** improve agility with objective data measurements derived at the most granular level.
- **Intelligence:** accurate demand forecast plus continually updated price elasticity measurement ensures objective and smart pricing.
- **Automation:** deliver intelligent, market aware prices in highly competitive markets.

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## Digital transformation is at your fingertips

To learn more, visit

<https://blueyonder.com/solutions/pricing>

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