



Luminate Clearance Pricing

Automate Hardlines Clearance Pricing with Intelligence and Precision

Business context

Hardlines retailers are under extreme pressure today. With customer service expectations increasing, and competition steadily growing, hardlines retailers need to drive sales and get products out the door. But they also need to enact strategies that protect their already thin profit margins. Intelligent, precise, automated clearance pricing is a key enabler of this.

As seasonal items remain on the floor at the end of their lifecycle, they take up valuable space that can be devoted to other, faster-moving products. It's imperative to sell end-of-season, lower-demand products, but what price will incentivize shoppers, across regions and individual stores? Hardlines retailers need to get the markdown process right, balancing inventory turns with margin optimization.

Traditional clearance pricing solutions and processes are not only driven by best guesses, but also by manual labor. Employees need to determine clearance pricing strategies, physically enact them on the floor and then re-enact them on a weekly basis if products still aren't selling. With increasing labor costs and an unstable labor market, it's essential that hardlines retailers minimize the resources devoted to markdowns and instead devote their scarce employees to strategic tasks like assortment management.

In today's competitive, fast-paced retail landscape, hardlines retailers need an automated, intelligent clearance pricing solution that minimizes labor requirements, frees up floor space, maximizes revenues per square foot, and squeezes out every bit of margin at end-of-season.

Key features

- **Strategic Optimization:**
Retailers set strategic seasonal goals — balancing competing goals such as profit, revenue and sell-through — and the AI-enabled engine executes against these.
- **Prediction of Price Elasticities:**
Luminate Clearance Pricing leverages advanced ML to analyze the complexities of price tolerance at the local level.
- **Accurate Demand Forecasting:**
Retailers can consider a host of factors that influence demand, including weather, to create extremely accurate clearance pricing strategies from the beginning of the season.
- **Decision Optimization:**
The solution considers real-time inventory levels and corporate guidelines for price consistency as it autonomously changes local pricing.
- **Process Automation:**
By automating the markdown process, hardlines retailers can increase their pricing cadence and free up labor resources.

Luminate Clearance Pricing

Offered by retail leader Blue Yonder, Luminate Clearance Pricing is driven by proprietary, state-of-the-art artificial intelligence (AI) that far exceeds human capabilities for analysis. This powerful solution monitors and ingests large volumes of real-time data on customer demand, shopper behaviors and pricing tolerance — then automatically produces clearance pricing strategies that shape demand, move products and maximize profits.

Because demand varies across channels and stores, Luminate Clearance Pricing conducts granular analysis to determine very specific clearance pricing strategies for the entire retail operation — by product, store and day. Instead of managing markdowns as a weekly process, this solution flexibly and autonomously enacts new pricing as conditions change. Machine-learning (ML) capabilities allow Luminate Clearance Pricing to make continuously smarter, more accurate pricing decisions.

For seasonal products, Luminate Clearance Pricing uses the industry's best demand forecasting engine to look ahead and consider the entire season in advance. Inventory levels, weather patterns and local events are considered alongside shopper behavior. The result? Clearance pricing strategies that balance top-level business and financial objectives with store- and channel-level constraints on a daily basis.

Capability Offerings

Industry-Leading 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.

A Strategic Solution

Luminate Clearance Pricing supports the execution of the high-level business strategy at the most granular level, balancing pricing consistency rules with local conditions. Strategic objectives such as revenue, profit, sell-through, store capacity, labor costs and salvage values are re-evaluated as conditions inevitably change.

Seamless Integration and Deployment

Blue Yonder's proven cloud delivery model spans 15+ years and over 600 customers. A cloud-based deployment leads to fast value realization and increases retailers' ability to adapt quickly to change. Microsoft Azure's robust security measures, combined with the Luminate Platform integration approach, ensure critical data is reliably delivered to every system on-demand.

blueyonder.com

Copyright © 2021, Blue Yonder Group, Inc. All rights reserved. Blue Yonder is a Registered Trademark of Blue Yonder Group, Inc. All other company and product names may be Trademarks, Registered Trademarks or Service Marks of the companies with which they are associated. Blue Yonder reserves the right at any time and without notice to change these materials or any of the functions, features or specifications of any of the software described herein. Blue Yonder shall have no warranty obligation with respect to these materials or the software described herein, except as approved in Blue Yonder's Software License Agreement with an authorized licensee. 07.12.2021

Intuitive User Experience

The Glassbox user interface (UI) in Luminate Clearance Pricing supports meaningful human-machine collaboration. Employees can easily approve workflows and manage exceptions, leading to an easy, intuitive process for balancing competing goals as strategic pricing strategies are executed.

Key benefits

Intelligent: accurate fulfilment forecast based on the key drivers of customer demand. Improve labour planning via objective data measurements derived at the most granular level: hour and fulfilment type.

Agile: respond quickly to small changes in customer behaviour, often oblivious to human planners. Forecast errors reduced by 20-25%.

Automated: deliver high levels of automation by intuitively understanding the fluctuations and changes of a volatile market. Very little operational supervision required. Overtime reduced by over 15%.

Digital transformation is at your fingertips

To learn more, visit blueyonder.com/solutions/pricing



BlueYonder