

 Luminate Commerce

# Luminate Clearance Pricing

Automate Softlines In-Season Pricing  
with Intelligence and Precision

## Business context

Even before the Coronavirus crisis disrupted the world, softlines retailing was challenging. Looking ahead into coming seasons to pick emerging trends and translating these into viable assortment plans always meant taking calculated risks on assortment and inventory. Adding to this challenge was variable customer sentiment and demand patterns. Preferences change within season, weather patterns vary year-to-year and social events drive customers in unexpected directions. Recent history has seen those challenges only increase.

Intelligent pricing has always been about looking ahead, but too often pricing decisions are made at a point in time without considering the remainder of the season. With the uncertainty of seasonal offers, entirely new online shopping patterns, limited space, rapidly changing assortments and shrinking margins, how can softlines retailers competitively prepare for the next disruption?

Excess inventory can occur at any time over an item's lifecycle, whether at the end of a phase or season, through change in fashion trends or through over buying. Softlines retailers must balance inventory, prices and promotions to protect tight margins, and clearance pricing is an important part of this strategy. Leaders in pricing are looking to data driven customer aware technology as a clear differentiator in their markets. Thinking about in-season pricing strategically helps to ensure that smart decisions translate into improved execution in-store throughout the season. 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, and end of life continuity products

## Key features

- **Strategic Optimization:** users set strategic seasonal goals, balancing competing goals such as profit, revenue and sell through, for the machine to execute against
- **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.

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.

Luminate Clearance Price uses state of the art, proprietary AI to calculate store-specific item price elasticities at the product, store, day level, then optimises prices using the industry's best demand forecast to produce pricing decisions that consider the season ahead. Inventory, seasonality, weather and events become intrinsic components of an improved price, where the impacts of every markdown price are considered alongside customer behaviour. The result? Highly automated clearance prices based on the desired business strategy, incorporating guardrails, designed to objectively meet desired outcomes while alerting users to exceptions.

## 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 unique demand forecasting engine, to better predict how customers are likely to respond 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

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

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