Repricing - Introductory Material

There is no one-size-fits-all answer to this question as the best method to reprice products in the e-commerce space will depend on various factors such as the nature of your products, competition, demand, and other market dynamics. Ultimately, the best method for repricing products in the e-commerce space will depend on your specific business needs and goals. It is important to constantly monitor market conditions and adjust your pricing strategy accordingly to stay competitive and profitable.

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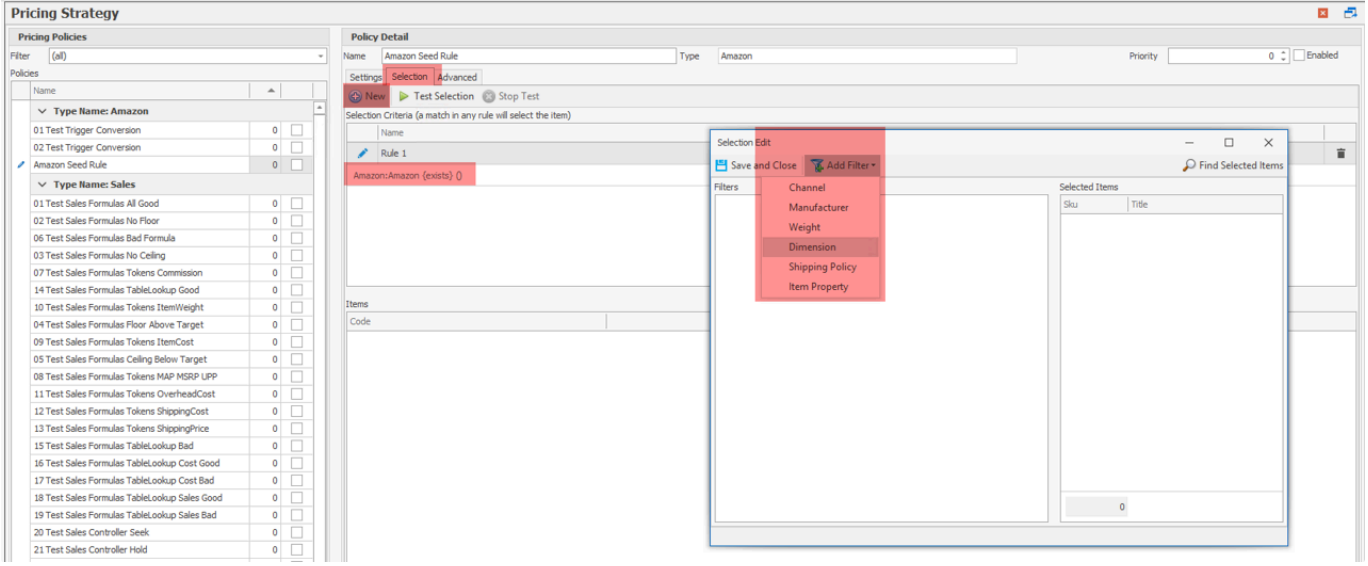
Section 1 – Selection Criteria

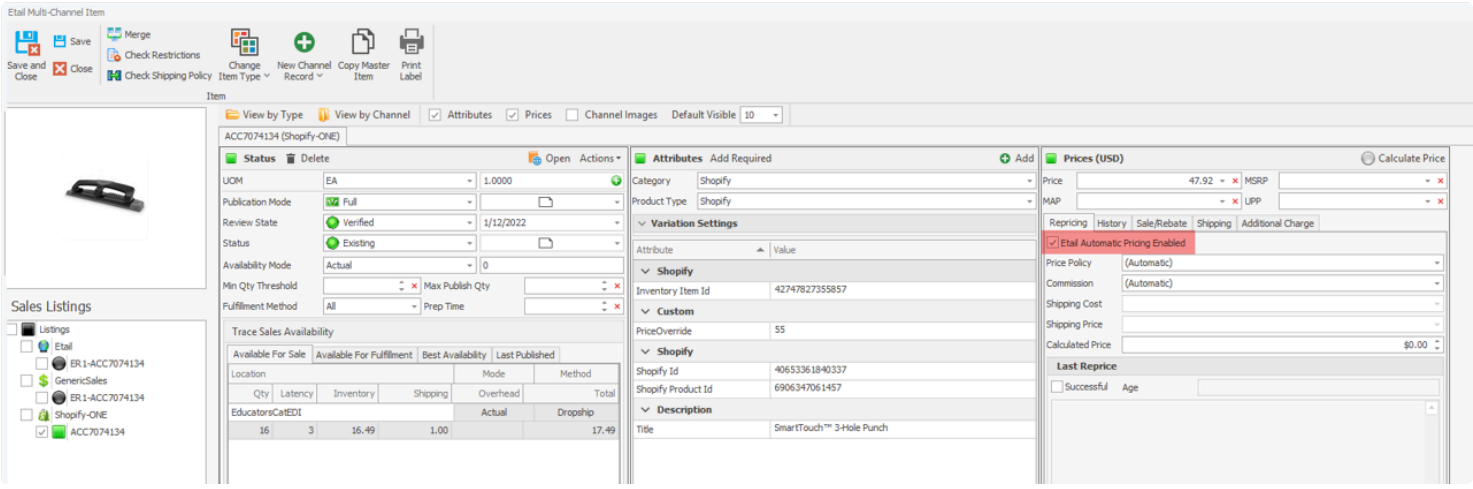
The first feature to understand when approaching repricing with EVP is Selection Criteria. Selection Criteria is a logic statement that identifies a group of SKUs. Selection Criteria are utilized to assign items to a price policy when Automatic Repricing is enabled. Learning what Selection Criteria options are available will allow you to identify listings for Price Policy Assignment.

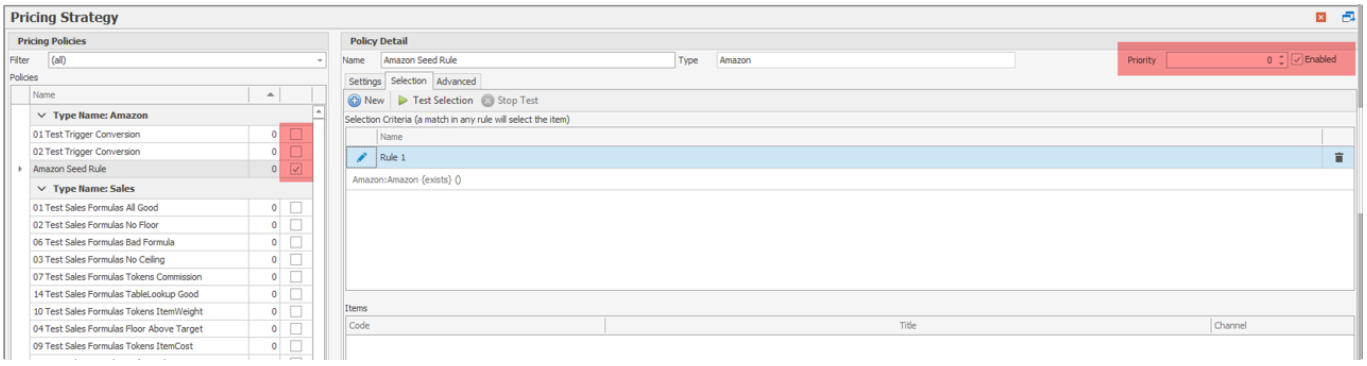


Section 2 – Automatic Repricing Configuration

Before configuring a price policy, it is important to understand the configuration required for a SKU to utilize EVP automatic repricing. As mentioned above, selection criteria are utilized to identify and assign items to a price policy. Selection Criteria will only assign SKUs to policies that are enabled; In addition, the SKU must of the "Etail Automatic Pricing Enabled" checked.

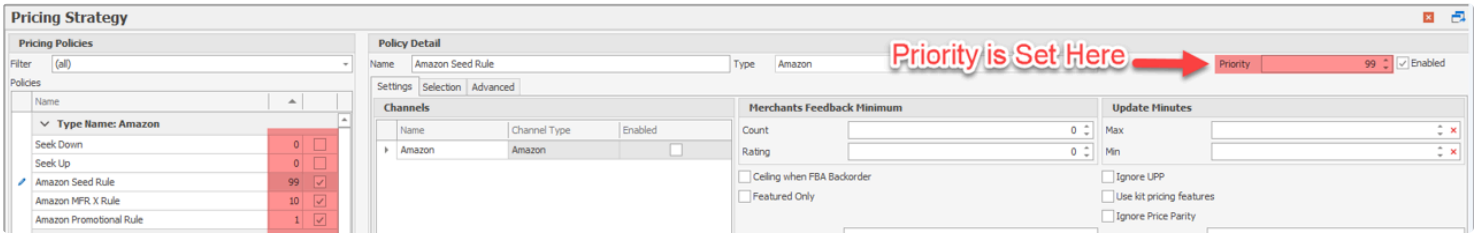
NOTE: Pricing Policies that are not enabled can be utilized but an item is assigned via a trigger; See Section 5; Enabled simply indicates that selection criteria will be utilized to assign SKUs to the policy.





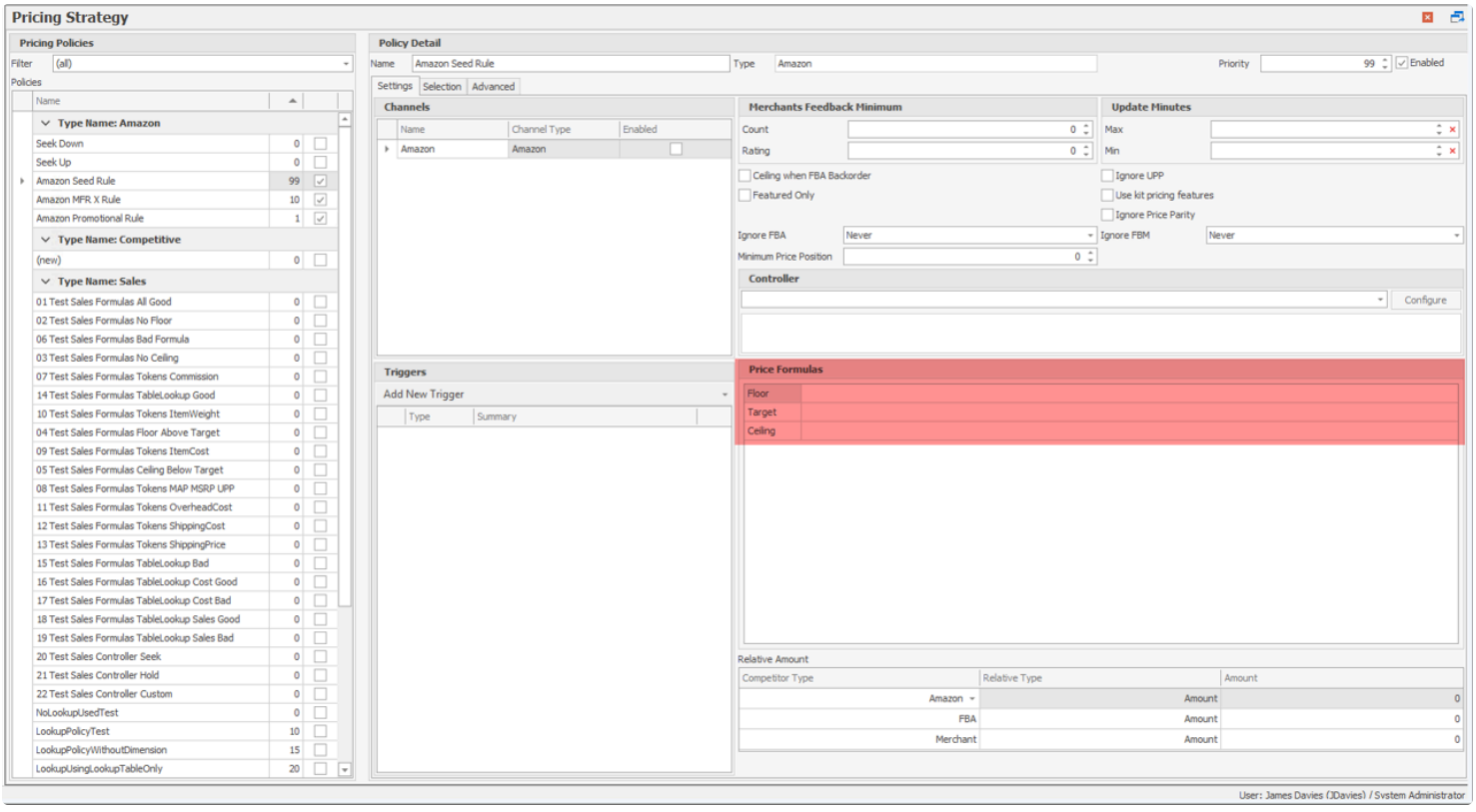
Section 2A – Price Policy Priority

When multiple price policies are enabled and selection criteria are configured, the policies are handled in ascending order. SKUs are assigned to the first price policy where the selection criteria logic is met. This means if a SKU meets the selection criteria parameter of multiple rules the lowest number priority policy is utilized (i.e. Priority 1 is selected before Priority 2,3,4, etc.). Typically, this means that a higher priority rule has more generic selection criteria and lower priority rules have more specific selection criteria.



Section 3 – Pricing Formula

Each Price Policy has three Pricing Formulas. These formulas calculate the floor, ceiling, and target price. The floor is the lowest acceptable price, the ceiling is the highest acceptable price, and the target indicates an ideal/starting price.



NOTE: A SKU can move from one policy to another via a trigger, if the rule the SKU is moved DOES NOT have formulas set, the formula is inherited from the policy it was moved from; See

Section 5 for more details.

Section 3B – Pricing Formula Tokens

Pricing Formula utilizes Tokens to pull SKU-specific price values for this such as cost and shipping cost. This SKU-specific value is then utilized in place of the Token when price calculation occurs.

Token Options Include:

- ItemCost
- ShippingCost
- OverheadCost
- Commission
- AdditionalCharge
- MSRP
- MAP
- UPP

Example Price Formula:

- (ItemCost+ShippingCost+Commission)/.75
- (ItemCost/.945)+(ShippingCost/.95)+(Commission/.9975)
- ((ItemCost+OverheadCost+ShippingCost)/0.91)+Commission+AdditionalCharge
- ((ItemCost+OverheadCost+ShippingCost)/0.7)*1.5
- Math.Truncate((ItemCost*1.47)+(AdditionalCharge)+(ShippingCost))+.88
    - Math.Truncate – rounds the cost to the nearest whole value. Utilized to achieve retail pricing (2.88)

Section 4 – Pricing Policy Basic Configuration Options

Pricing Policy configuration options will vary depending on the sales channel. Pricing Policies are grouped into three categories: Amazon, Competitive (Walmart), and Sales (All Other Marketplaces).

Pricing Policies are enabled on a per-channel basis and needed to be supported by that channel (i.e. Amazon price policy will not work for eBay SKUs). Sales-type pricing policies are typically the only ones used across sales channels.

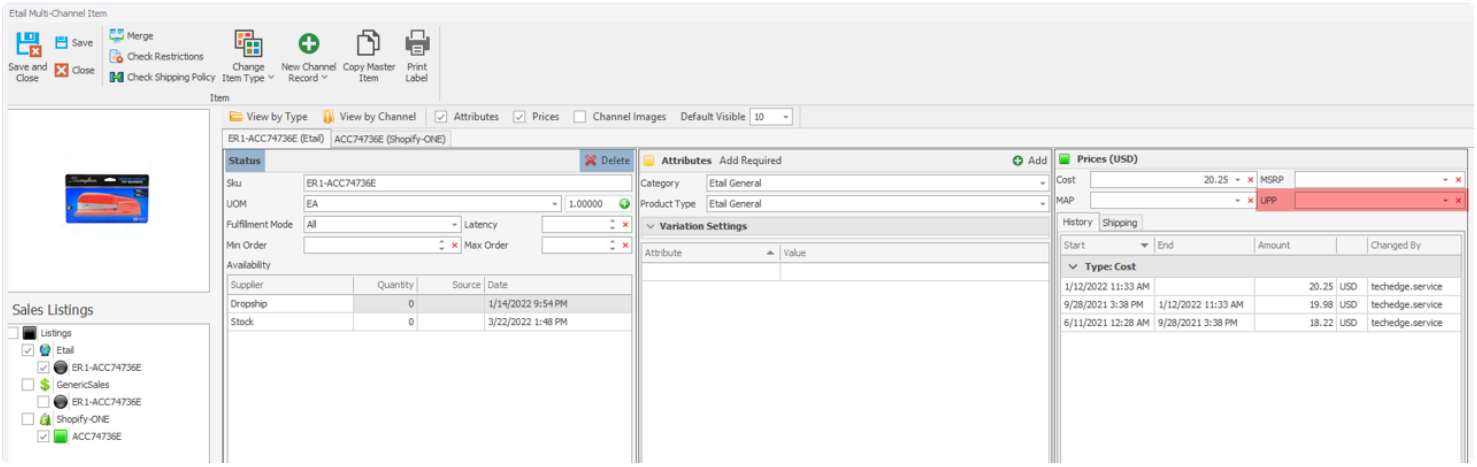
Three configuration options available to all price policy types are: Ignore UPP, Use kit pricing features, and Ignore Price Parity. The next three sections will cover the basic concepts related to

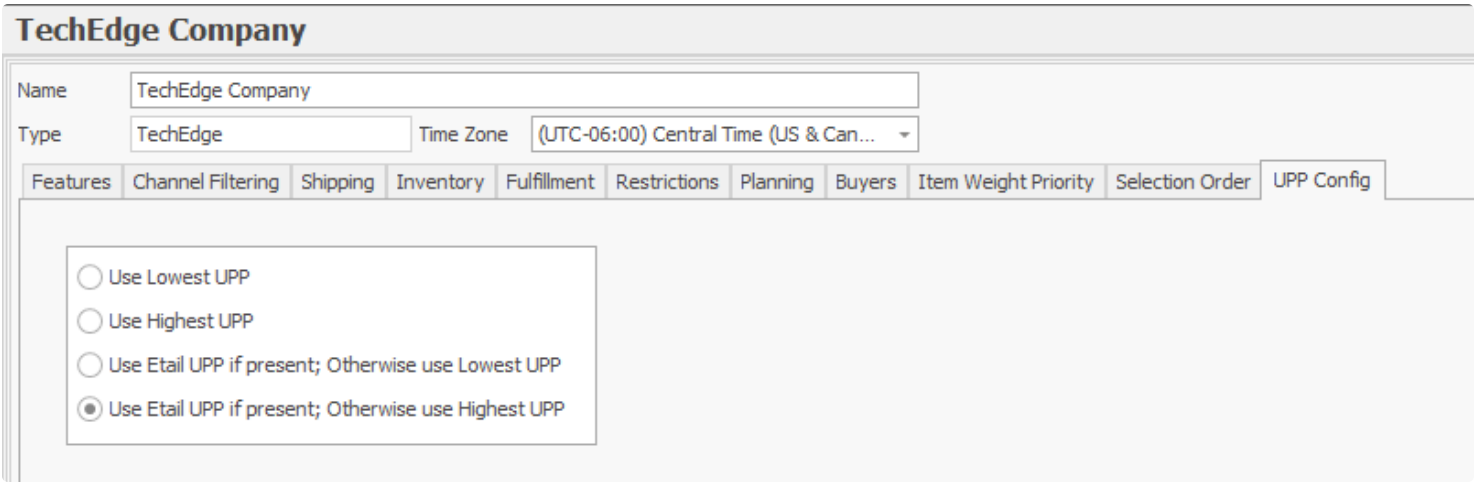
these configuration options.

Section 4A – UPP Handling

UPP stands for a Unilateral Pricing Policy; It is utilized by brands and manufacturers to maintain a minimum retail price for their products. For Each Channel Record, there is an option to store a UPP. EVP will consider stored UPP values when repricing an SKU and ensure a floor price is never calculated below this value. If a UPP value is present on a sales channel record this will override all other UPPs. If multiple UPPs are present on Etail and/or Supplier Records then the system UPP configuration will be utilized to determine which UPP value to utilize.

If a SKU is priced in a policy with the "Ignore UPP" checked then the UPP is ignored and a price below this value can be calculated.





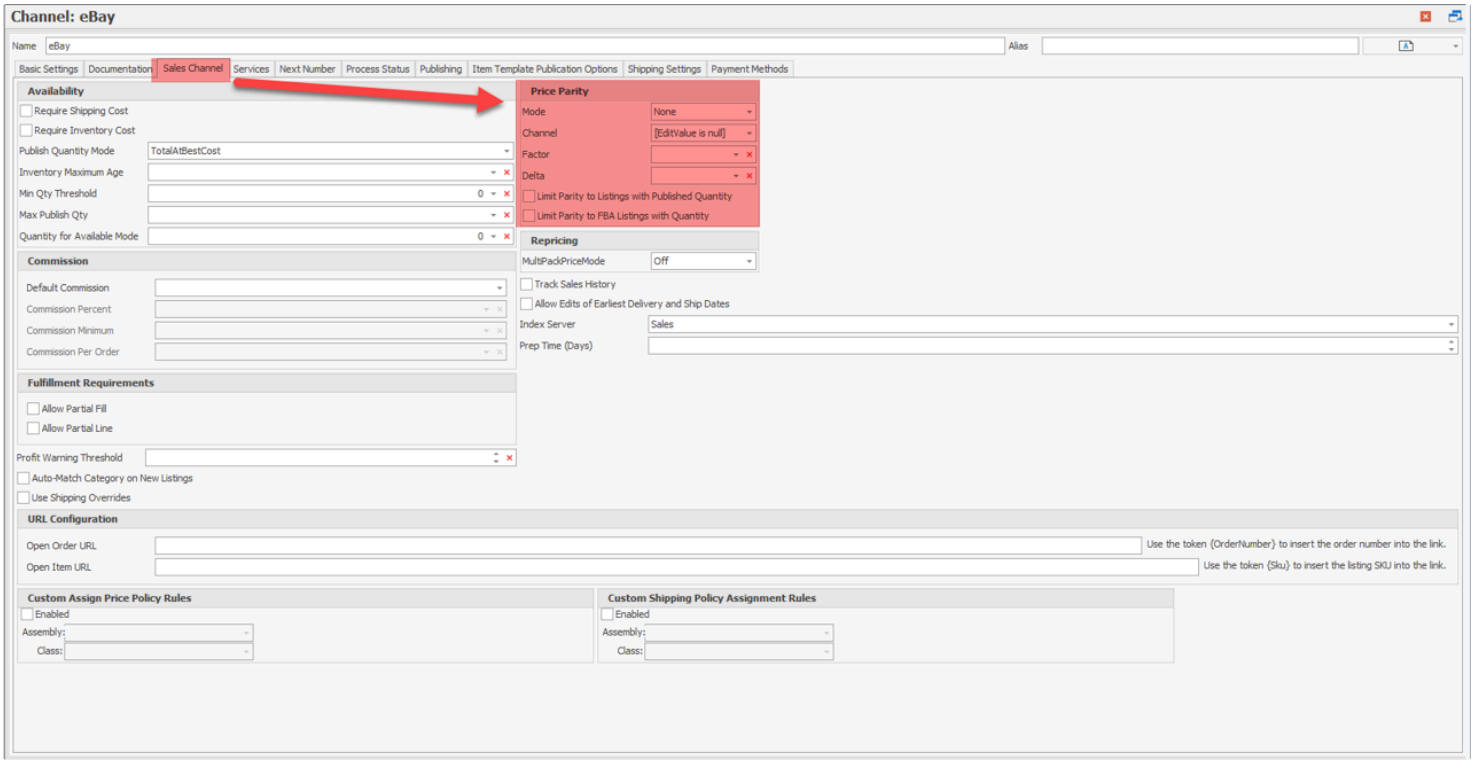
Section 4C – Price Parity

Price Parity is an EVP Sales Channel Setting that allows you to have one Sales Channel copy the price of another (and adjust by a factor/amount if desired). The typical use case is to allow a marketplace channel to drive pricing on a non-marketplace channel. For example, a SKU on Amazon will have multiple price changes daily due to multiple sellers on a single ASIN but the corresponding eBay listing would not update unless there was a cost change. By using price

parity, the eBay SKU can follow price changes occurring on Amazon (which is driven by marketplace competition).

When an SKU is priced within a pricing policy that has the “Ignore Price Parity” checked – then the Sales Channel Price Parity settings will be ignored.

NOTE: A successful reprice event is needed for the price party to apply. Meaning there must be a price policy for the channel even if it is utilizing price parity.



Section 5 – Minimum Required Data for Repricing

The minimum data required to reprice an item is Inventory (i.e., a QTY is loaded to a valid location) and DIM data (i.e. Weight or LxWxH; LxWXH is ideal so DIM weight can be calculated.

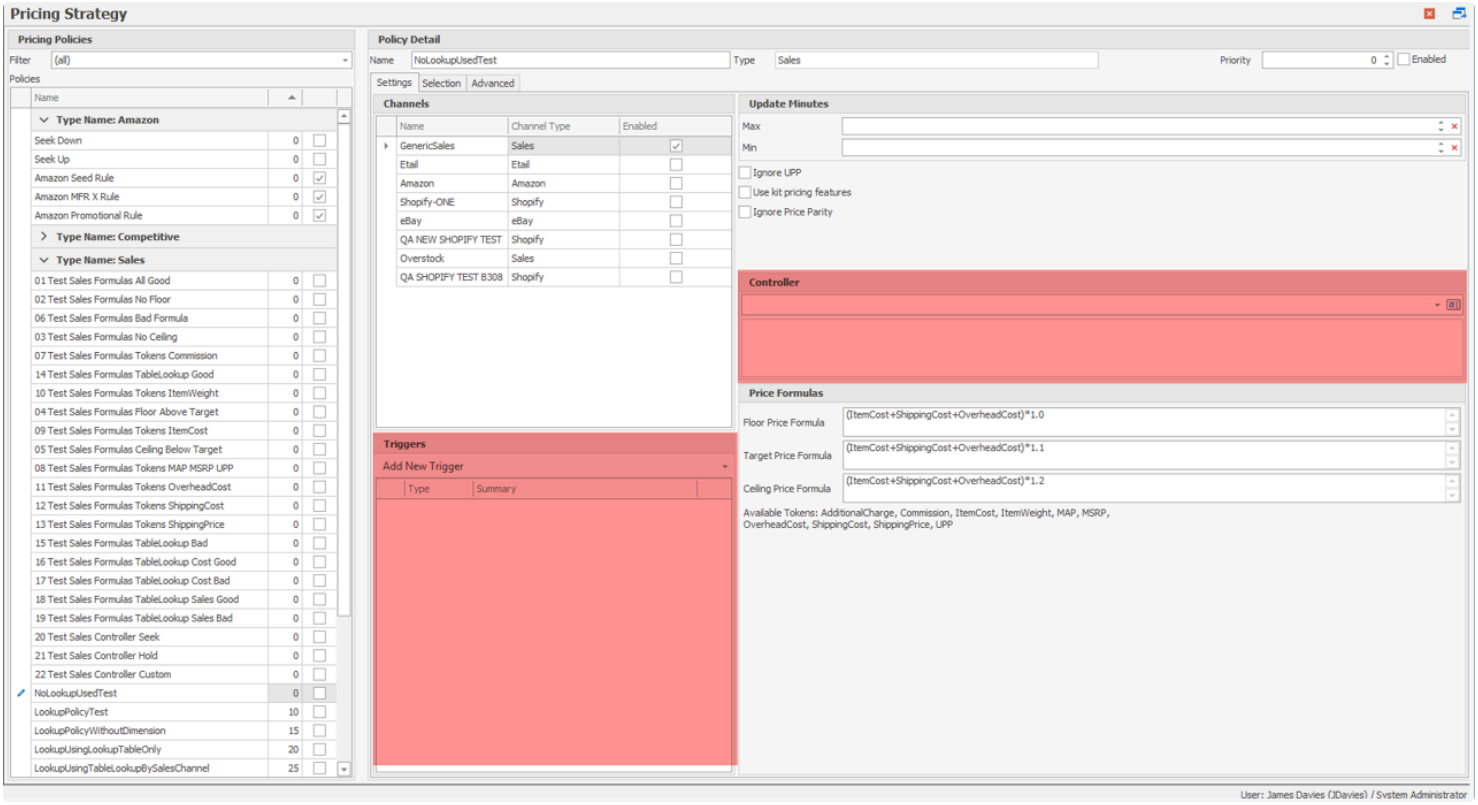
The expectation of this rule is items with UPP. A background job can be put in place to ensure items (without available/inventory) do not have a price below UPP.

Section 6 – Controllers and Triggers

Each Price Policy has the option to utilize Controllers and Triggers. In simple terms, a Controller is a behavior and a Trigger is an event.

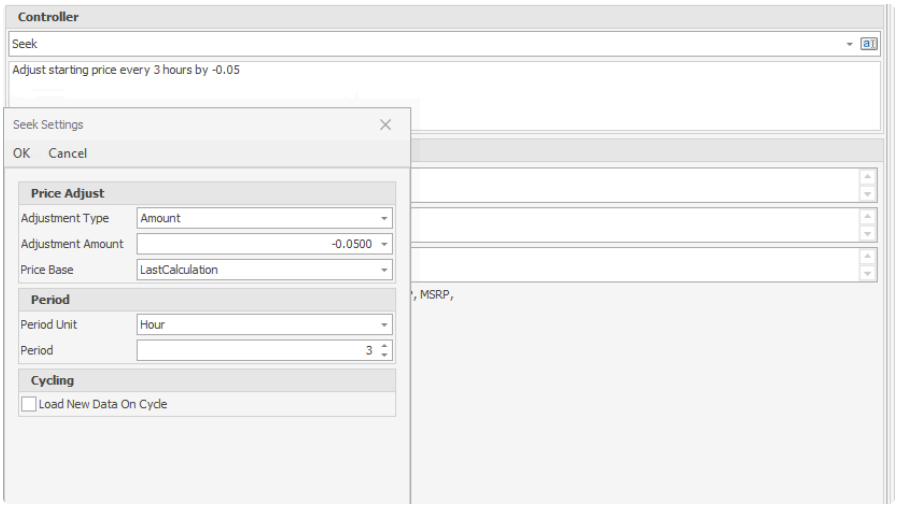
Controllers control the behavior of a SKUs price will in a price policy with a configured controller. The two primary options available are Hold and Seek. Hold is utilized to Hold a SKU at a price while it is within a policy. Seek is utilized to adjust the price up or down by a fixed amount/percent every set interval (Example: Move the Price down by $0.05 every hour).

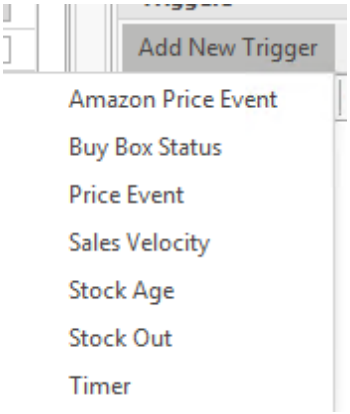
A Trigger is a response to an event. When a specific event occurs, the SKU is triggered to take an action. The action is always to move the SKU to a different price policy.



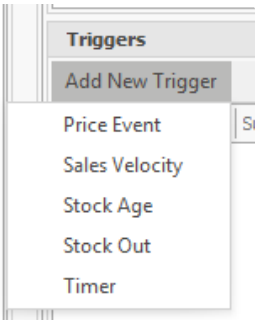
Controller Configuration – Seek

- Adjustment Type – This controls where the Adjustment Amount is treated as a number or a percent.
- Adjustment Amount – This controls the increments the SKU price is adjusted at. (NOTE – Negative Number needed to Seek Down)
- Price Base – XXXX
- Period Unit – This controls the time measurement at which the price is adjusted.
- Period – This controls how frequently the time measurement is applied.





Amazon Trigger Options



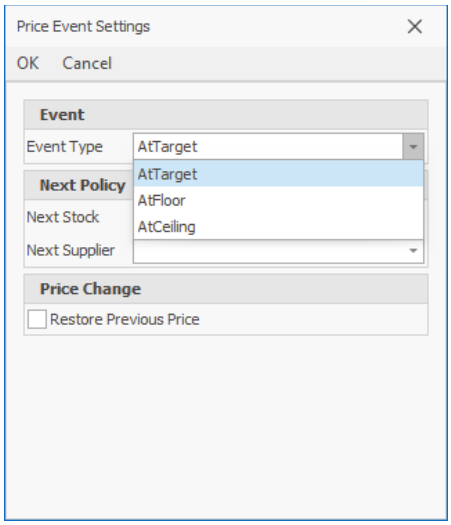
Other Marketplace Trigger Options

Trigger Options

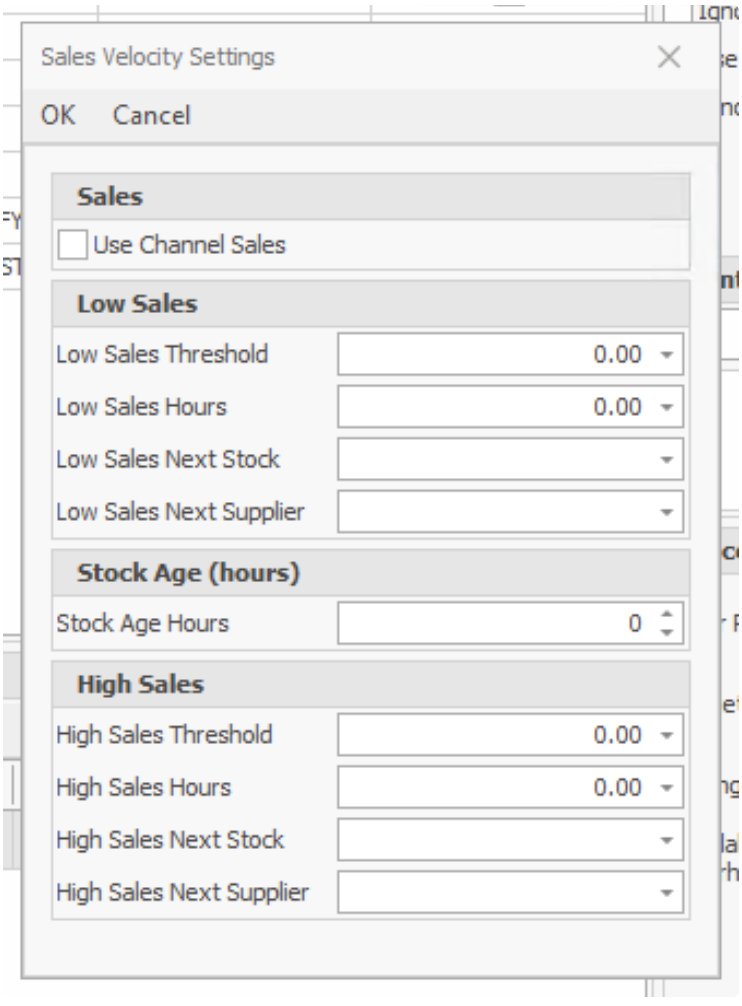
- Price Event
  - When the price event occurs, the SKU will be moved to a new price policy.
    - Restore Previous Price - XXX
- Sales Velocity
  - This trigger assesses the rate of sale of a SKU (Sales Velocity). If the SKU falls below or above threshold ranges, the item is moved to a new rule.
- Stock Age
  - This trigger assesses the stock age of a SKU (FBM = EVP Stock Age; FBA = Amazon Stock Age) and a low sales velocity threshold. If the conditions are met the SKU is moved to a new rule.
- Stock Out
  - This trigger will move a SKU to a new price policy if a Out of Stock event occurs.
- Timer
  - This trigger will move a SKU to a new price policy once the configured time has elapsed.
- Amazon Price Events Settings

- When the Amazon Price Event occurs (WinBuyBox or LoseBuyBox) the item is moved to a new policy.

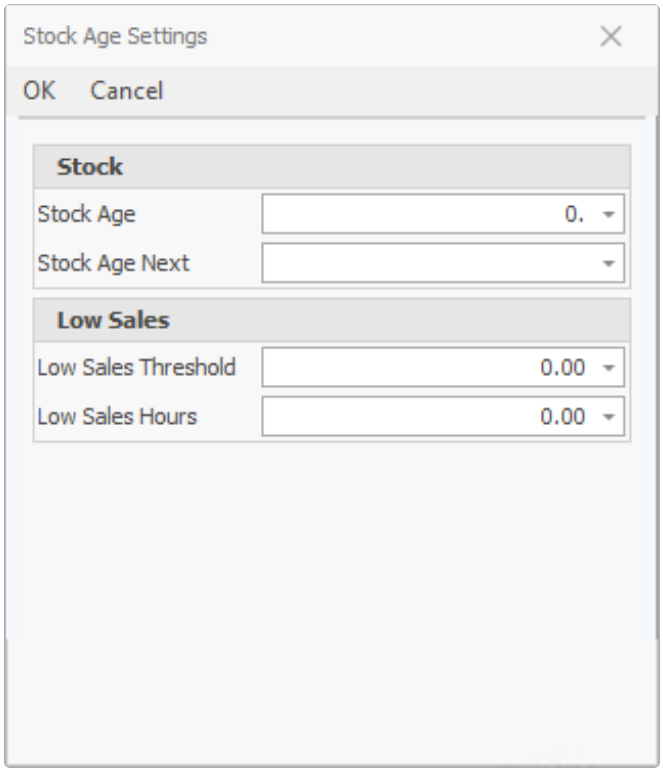
- Buy Box Status Settings
  - This trigger will assess if the SKU is in the Amazon Buy Box or not and then move the SKU to a new rule of the condition is met.
  - Delay – utilize this configuration to delay the check on Buy Box Status till the SKU has been the rule for the allotted period of time.



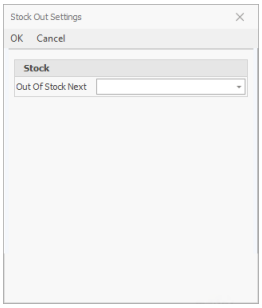
Price Event Trigger



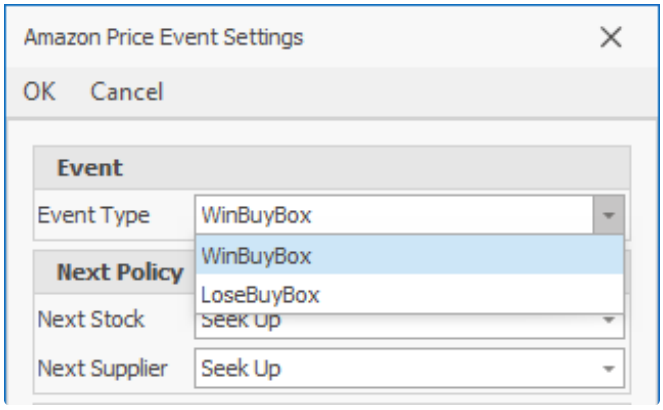
Sales Velocity Trigger



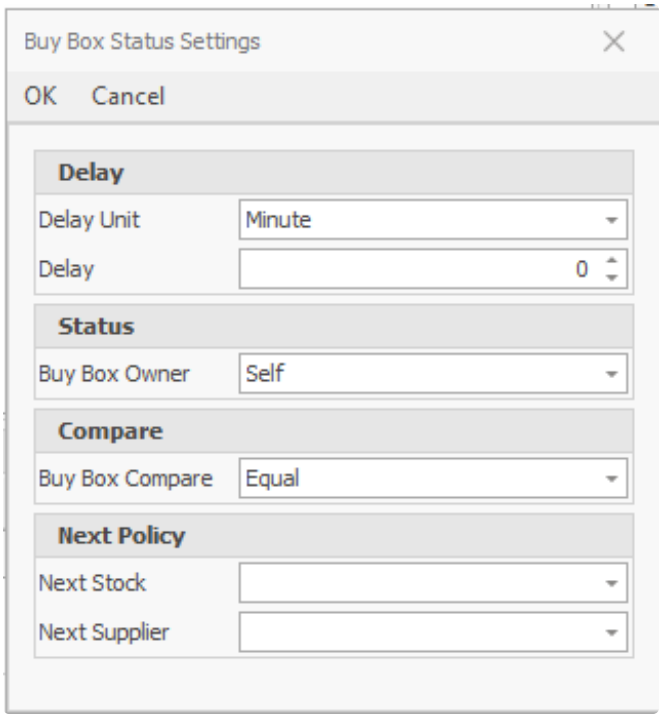
Stock Age Trigger



Out of Stock Trigger



Amazon Price Event Trigger



Buy Box Status Trigger

Timer Trigger

Section 6A – Trigger & Controller Examples

- FBA Stock Age
- Amazon Hold Buy Box Loop
- Standard Seek Loop

Section 7 – Look-Up Tables

The Look-Up Table is a means to determine a factor within cost ranges based on a fulfillment source. In most cases, this factor is used as Margin.

Section7A – The Problem Look-Up Table Solves

A historically used pricing rule would look something like this:

((OverheadCost+ItemCost+ShippingCost)/**0.9**)+Commission

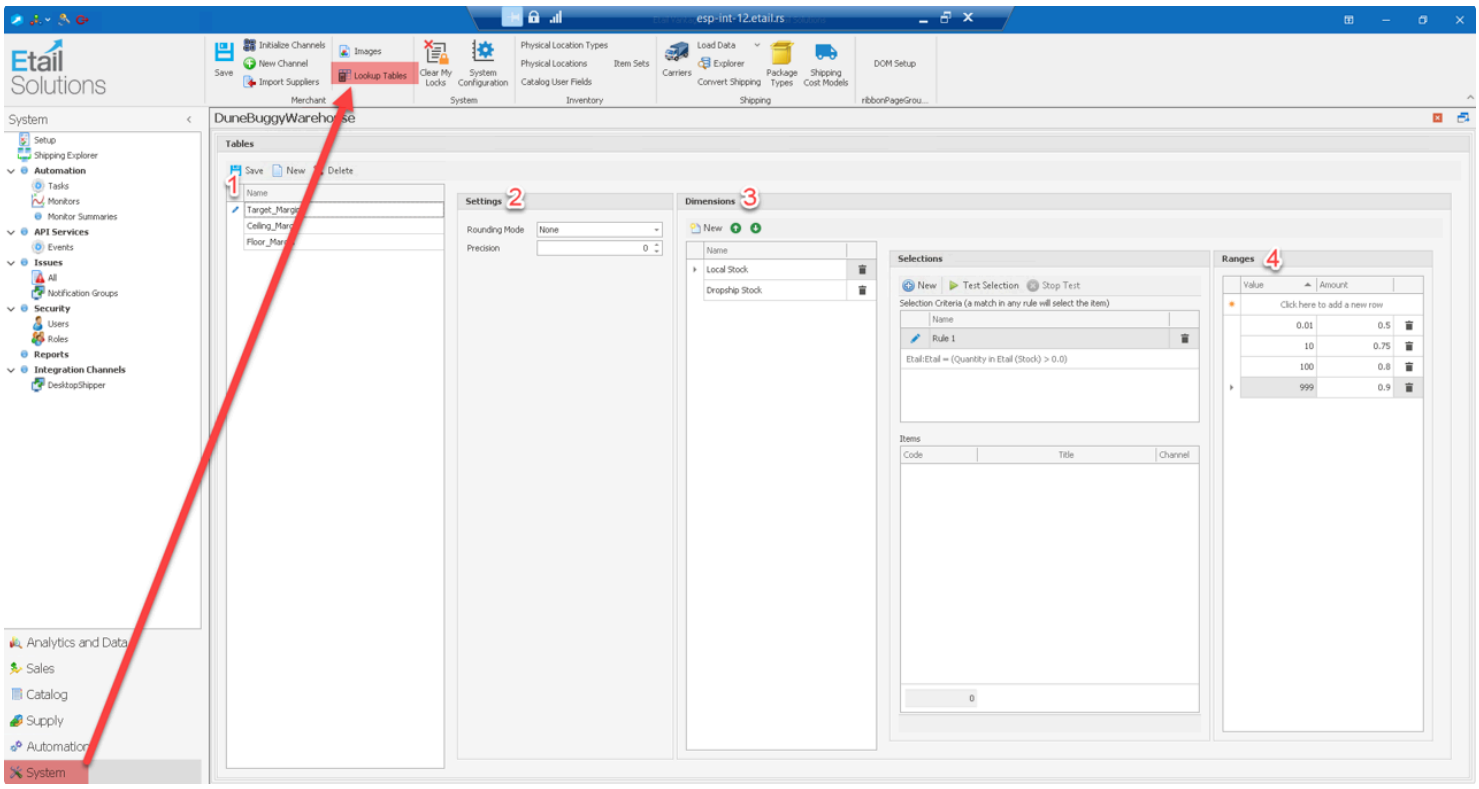
The **Margin-Factor** is 0.9 for this formula. It is a fixed value and cannot be dynamically adjusted. The limitation is then if the Fulfillment source and/or cost impacted the Margin-Factor, then separate rules (and formulas) would need to be created. This led to the following configurations in EVP systems.

zzFBM <1.01 (Amazon)	98	☐
zzFBM 1.01-2 (Amazon)	98	☐
zzFBM 2.01-4 (Amazon)	98	☐
zzFBM 4.01-6 (Amazon)	98	☐
zzFBM 6.01-10 (Amazon)	98	☐
zzFBM 10.01-15 (Amazon)	98	☐
zzFBM 15.01-25 (Amazon)	98	☐
zzFBM 25.01-40 (Amazon)	98	☐
zzFBM 40.01-60 (Amazon)	98	☐

Notice how each cost range required a separate rule and specific suppliers required their own rule as well. The driver for this stratification is that cost and supplier impacted the Margin-Factor.

With the usage of look-up tables, the policies above could be condensed into one Pricing Policy!

Section 7B – Look-Up Table UI



Lookup Table UI

The Look-Up Table feature is located on the top ribbon of the System module.

The order of operation in the Look-Up Table workflow goes as follows:

Table → Dimensions → Ranges → Amount

Meaning the process starts on a specific table (1), the table has dimensions (3), and each dimension then looks at ranges to determine an amount (4).

Each table has its own set of Dimensions. Dimensions utilize selection criteria to identify groups of SKUs. Groups of SKUs identified within a Dimension look at the Value (cost) of the SKU and return an Amount (margin) to the pricing formula.

1. Tables
    a. This area of the screen shows the table set up in the system.
    b. Select the New Button to create a new table.
    c. Keep in mind Table Names are referenced in the pricing formula (explain below).
2. Settings
    a. Rounding Mode – XXX
    b. Precision - XXX
3. Dimensions
    a. Dimensions = Selection Criteria
    b. Dimensions are table specific.
4. Ranges
    a. The Values column is the cost range of an item
    b. The Amount is the Margin-Factor returned to the price formula

Section 7C – Look-Up Table Usage in Repricing Formula

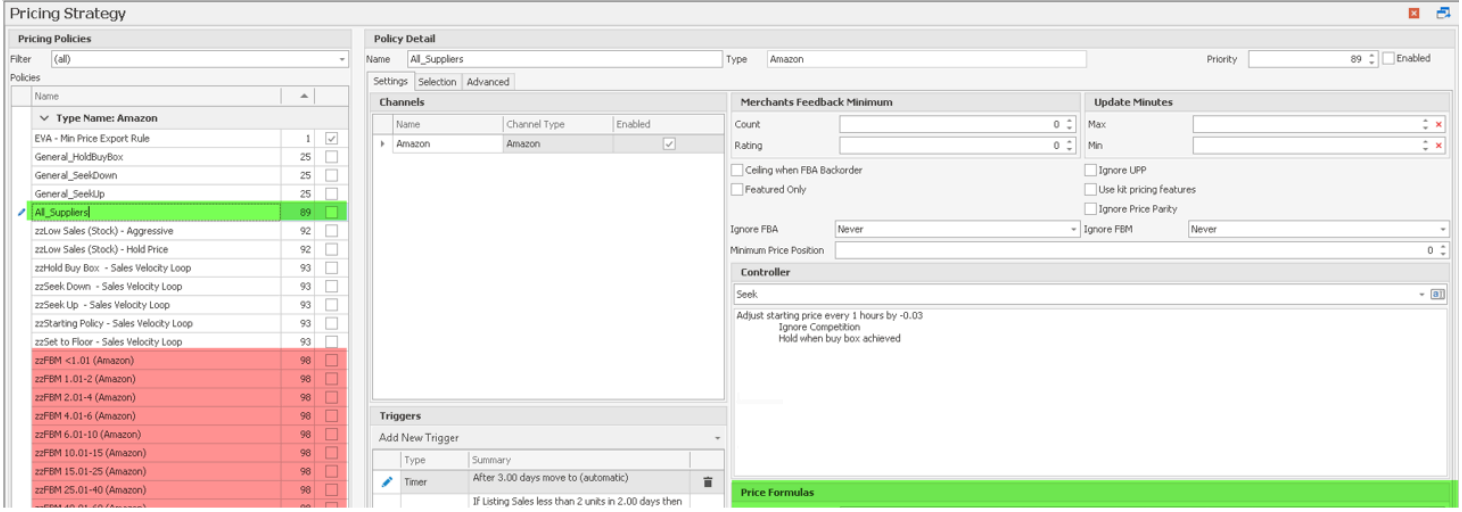
This section will break down a basic use case of the Look-Up Table feature within a Pricing Policy.

The formatting of the Price Formula:

((ItemCost+ShippingCost+OverheadCost)/**TableLookupByCostChannel("Margin_Floor",ItemCost)**)+Commission

The Look-Up Table referenced (“Margin_Floor”) is then utilized to determine the Margin-Factor.

When an item applies this formula to define the floor it will take Total-Costs divided by the Margin-Factor being returned by the look-up table then add commission. The **Margin-Factor** returned will be dynamically adjusted based on the configuration of the Dimensions and Ranges.



Lookup Table Formula Examples

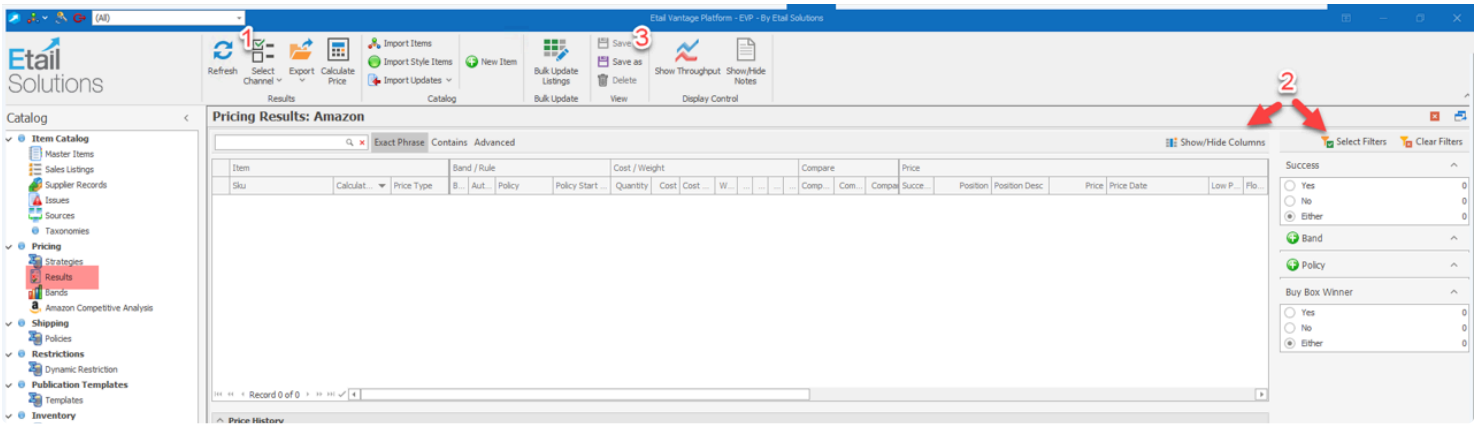
Section 8 – Repricing Results Screen

The Repricing Results Screen is the optimal screen to analyze and act on repricing behavior. Basic results can be seen on individual SKUs.

When utilizing the Repricing Results Screen it is a best practice to create and save customized views for your specific assessment needs. The repricing results screen is channel specific; Meaning only one channel's results are displayed.

The Repricing Results screen will display many key data points including Price Change, Cost Change, UPP, Floor-Ceiling, Comparison Price, Last repricing timestamp, Shipping Price, Price Policy Change, and more.

Large SKU Sets can be assessed in the top grid, selecting a SKU in the top grid will display more detailed information in the grid below.


Etail Vantage Platform - EVP - By Etail Solutions
Etail Solutions
Refresh
Select Channel
Export
Calculate Price
Results
Import Items
Import Style Items
Import Updates
New Item
Catalog
Bulk Update Listings
Bulk Update
Save
Save as
Delete
View
Show Throughput
Show/Hide Notes
Display Control
1
2
3
Catalog
Item Catalog
Master Items
Sales Listings
Supplier Records
Issues
Sources
Taxonomies
Pricing
Strategies
Results
Bands
Amazon Competitive Analysis
Shipping
Policies
Restrictions
Dynamic Restriction
Publication Templates
Templates
Inventory
Pricing Results: Amazon
Exact Phrase
Contains
Advanced
Show/Hide Columns
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Clear Filters
Item
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Cost / Weight
Compare
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Price History
Success
Yes
No
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Band
Policy
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