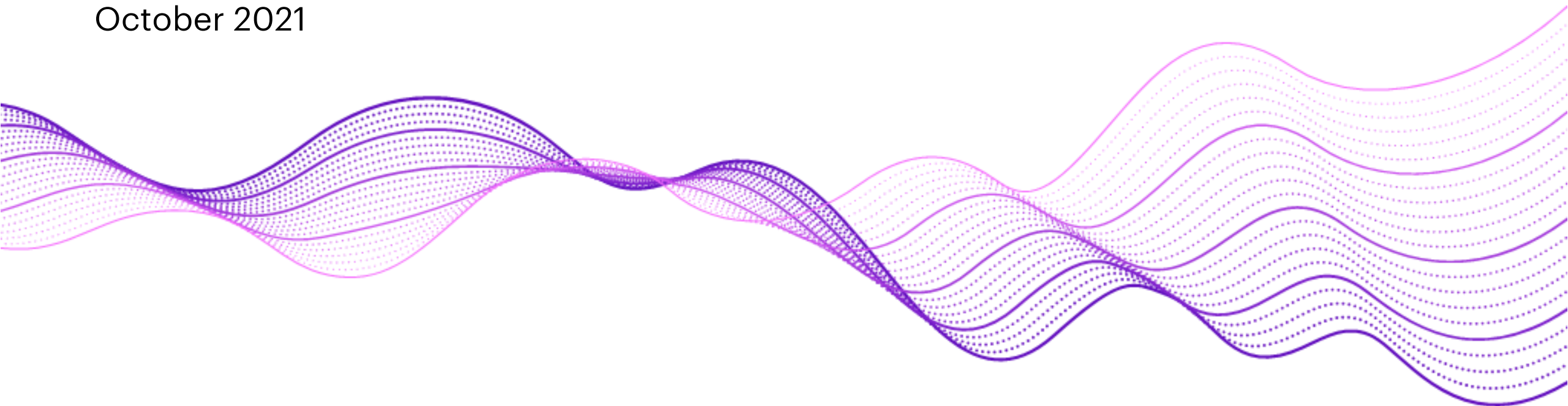


# Clearance Pricing Toolkit

Application Synopsis & User Guide

October 2021



# Overview

**Clearance Pricing Toolkit** is a one-stop solution to all the clearance pricing requirements.

Key business stakeholders like category managers, pricing analysts can visualize, plan and implement the clearance programs seamlessly through a single interface.

Depending upon the data availability and business constraints like funding, pricing rules, allowable markdown discounts etc. the end user can simulate various scenarios and finalize the go-to market strategy.

# Application Landing Page

The **Landing page** of the app provides detailed process steps for navigating through the app

**Clearance Pricing Toolkit**

About

Algorithm Selection

Select Algorithm ⊗ Heuristics Based Algorithm × ▼

Data Upload

Sales Data

Inventory Data

MD Details Input

Program Name ⊗ Markdown Test 1

MD Duration(Weeks) ⊗ 12

Eval. Period(Weeks) ⊗ 4

Lower Bound ⊗ 0

Upper Bound ⊗ 0.8

Minimum Delta ⊗ 0.1

R1 Upper Bound ⊗ 0.4

MD Start Date ⊗ 01/01/2021

Calculate MD Recommendation

**Clearance Pricing Toolkit – Process Steps**

1

Algorithm Selection

Select Algorithm ⊗ Heuristics Based Algorithm × ▼

2

Data Upload

Sales Data

Inventory Data

4

MD Details Input

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5

Calculate MD Recommendation

Results

Data Overview

SKU Deep Dive

SKU Summary

SKU-Store Recommendations

Executive Summary

Real Time Tracking

Number Of SKUs

5

Number Of Stores

79

Inv. on Hand Units

795

Sales Units (Total)

155.99 K

Gross Margin

43.8%

Top 5 SKUs by Sales

SKU	Max. Weekly Sales Units	Avg. weekly Sales units
104879	96	3.9
103159	35	5.5
101800	34	3.4
100258	30	4.6
101466675	26	2.8

Top 5 Stores by Sales

Store ID	Total \$ Sales	Number of SKUs Sold
1007	\$23,963	5
1009	\$20,660	5
2812	\$20,237	5
1212	\$19,928	5
2811	\$19,504	5

Weeks of Supply by SKU

Weeks of Supply

SKU	Weeks of Supply
104879	0.1
101800	0.1
103159	0.1
101466675	0.4
100258	0.6

Step 1 : Select Algorithm – if sales history is available for more than 52 weeks, select “Elasticity based algorithm”, else select “Heuristic Based Algorithm”

Step 2 : Upload sales and inventory data in required format

Step 3 : Analyze the sales and inventory data using “Data Overview” and “SKU Deep Dive” tabs

Step 4 : Select the parameters for clearance program

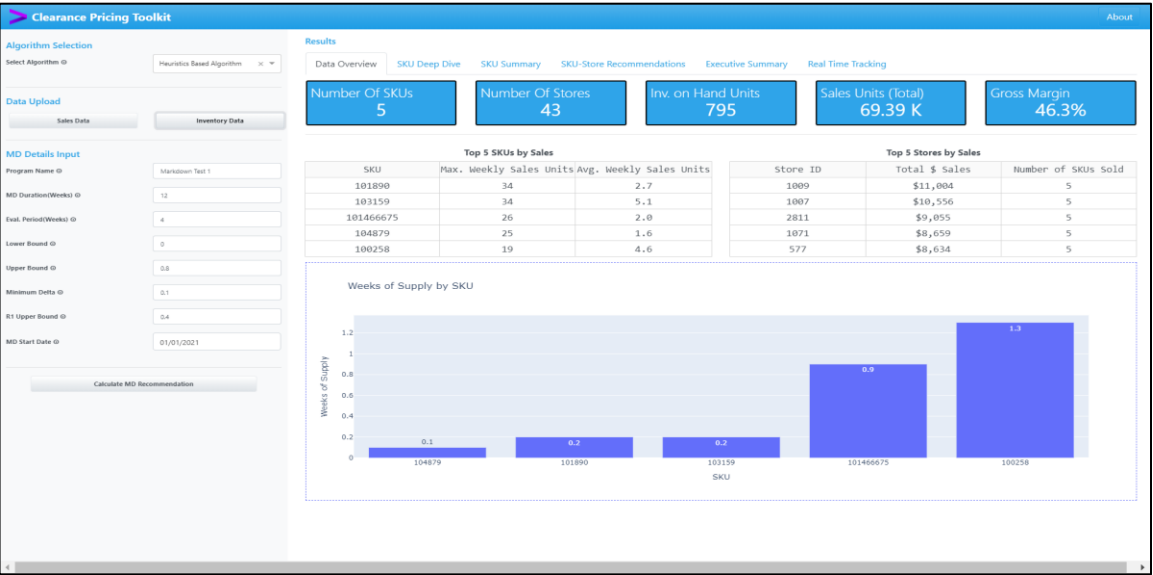
Step 5 : Click “Calculate MD Recommendations” button to generate the markdowns

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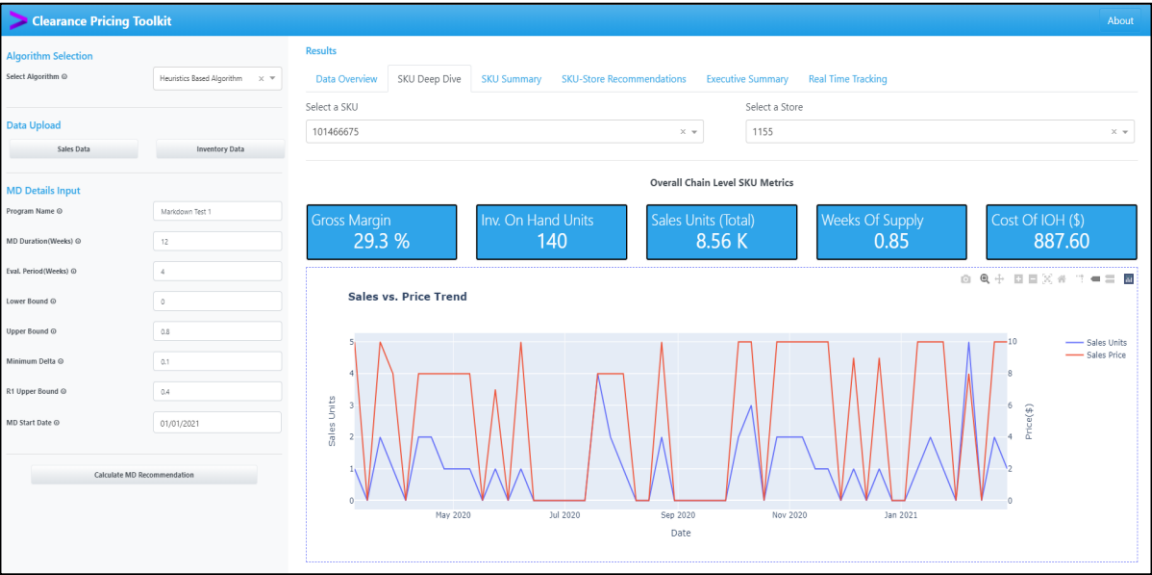
3

# Data Overview and SKU Deep Dive

**Data Overview** tab enables the end user to analyze and validate the data at chain level. The data from this tab provides visual insights to plan the clearance programs



**SKU Deep Dive** tab provides the functionality to go to the most granular level i.e. SKU-Store level to understand key aspects like seasonality and trends in the sales.



# SKU Summary & SKU Store Recommendations

**SKU Summary tab** provides a summary of available inventory, markdowns, expected sales at SKU level

SKU	MD Round Number	Average MD%	Beginning Inventory on Hand	Est. Sales Units	Ending Inventory on Hand
100258	1	0.0%	511	450	61
100258	2	0.0%	61	60	2
100258	3	0.0%	2	2	0
101890	1	0.0%	45	38	7
101890	2	0.0%	7	7	0
101890	3	0.0%	0	0	0
103159	1	0.0%	88	82	6
103159	2	0.0%	6	6	0
103159	3	0.0%	0	0	0
104879	1	40.0%	11	0	11
104879	2	60.0%	11	0	11
104879	3	80.0%	11	0	10
101466675	1	0.0%	140	92	48
101466675	2	0.0%	48	48	0
101466675	3	0.0%	0	0	0

**SKU Store Recommendations tab** enables the end user to check key metrics like inventory, actual markdown percentages and expected sales at SKU Store level

SKU	Store Number	Inventory	Discount % - Round1	Discount % - Round2	Discount % - Round3
100258	1009	20	0.0%	0.0%	0.0%
101466675	1009	10	0.0%	0.0%	0.0%
101890	1009	16	0.0%	0.0%	0.0%
100258	1012	14	0.0%	0.0%	0.0%
101466675	1012	10	0.0%	0.0%	0.0%
103159	1012	3	0.0%	0.0%	0.0%
100258	1017	18	0.0%	0.0%	0.0%
103159	1017	2	0.0%	0.0%	0.0%
100258	1018	16	0.0%	0.0%	0.0%
103159	1018	2	0.0%	0.0%	0.0%
100258	1024	15	0.0%	0.0%	0.0%
100258	1030	17	0.0%	0.0%	0.0%
100258	1033	14	0.0%	0.0%	0.0%
103159	1033	1	0.0%	0.0%	0.0%
100258	1043	16	0.0%	0.0%	0.0%
103159	1043	23	0.0%	0.0%	0.0%
100258	1058	16	0.0%	0.0%	0.0%
100258	1071	18	0.0%	0.0%	0.0%
101466675	1071	12	0.0%	0.0%	0.0%
100258	1077	15	0.0%	0.0%	0.0%
101466675	1077	6	0.0%	0.0%	0.0%



# Executive Summary and Real Time Tracking

**Clearance Pricing Toolkit** About

Algorithm Selection  
Select Algorithm: Heuristics Based Algorithm

Data Upload  
Sales Data | Inventory Data

MD Details Input  
Program Name: Markdown Test 1  
MD Duration(Weeks): 12  
Eval. Period(Weeks): 4  
Lower Bound: 0  
Upper Bound: 0.8  
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B1 Upper Bound: 0.4  
MD Start Date: 01/01/2021  
Calculate MD Recommendation

Results  
Data Overview | SKU Deep Dive | SKU Summary | SKU-Store Recommendations | **Executive Summary** | Real Time Tracking

**Markdown Test 1**

- Based on the selected parameters.
- The program will be of 12 weeks, starting from 2021-01-01 to 2021-03-26
- Current inventory on hand is 795 units & the cost of inventory is \$2198.0
- Expected sell-through for the program is 98.7%

Export Details

**Executive tab** provides a reports strategic information like the cost of inventory currently being carried, expected sales by implementing the program and program duration.

This tab along with SKU summary provide high level summary and helps decide if the program should be executed or not.

**Real time tracking** provides the capability to track the program and even course correct - accelerate or decelerate the markdowns based on actual sales during the program

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Calculate MD Recommendation

Results  
Data Overview | SKU Deep Dive | SKU Summary | SKU-Store Recommendations | **Executive Summary** | **Real Time Tracking**

Upload Report | Upload Actual Sales | Export Updated Markdowns

SKU	MD Round Number	Average MD%	Beginning Inventory on Hand	Est. Sales Units	Ending Inventory on Hand
100258	1	0.0%	511	431	80
100258	2	0.9%	80	72	8
100258	3	0.9%	8	8	0
101890	1	0.0%	45	32	13
101890	2	3.5%	13	13	0
101890	3	3.5%	0	0	0
103159	1	0.0%	88	70	18
103159	2	0.0%	18	18	0
103159	3	0.0%	0	0	0
104879	1	40.0%	11	11	0
104879	2	40.0%	0	0	0
104879	3	40.0%	0	0	0
101466675	1	0.0%	140	132	8
101466675	2	0.0%	8	8	0
101466675	3	0.0%	0	0	0





# Process Steps

# Process Steps to Generate Markdowns

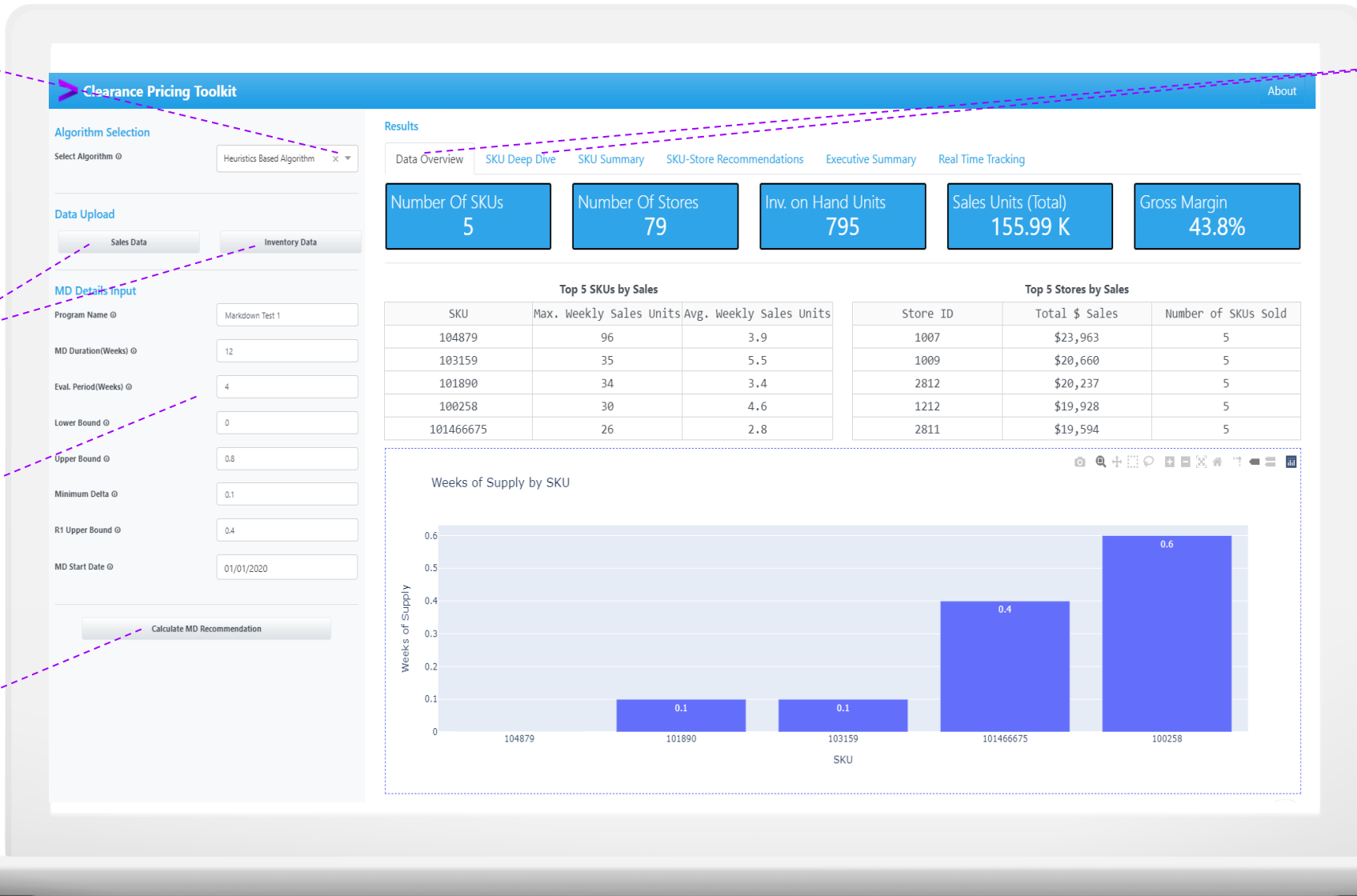
1. Select Algorithm - if sales history is available for more than 52 weeks, select "Elasticity based algorithm", else select "Heuristic Based Algorithm"

2. Upload sales and inventory data in required format

4. Select the parameters for clearance program

5. Click "Calculate MD Recommendations" button to generate the markdowns

3. Analyze the sales and inventory data using "Data Overview" and "SKU Deep Dive" tabs







# Sample Data

# Sales History

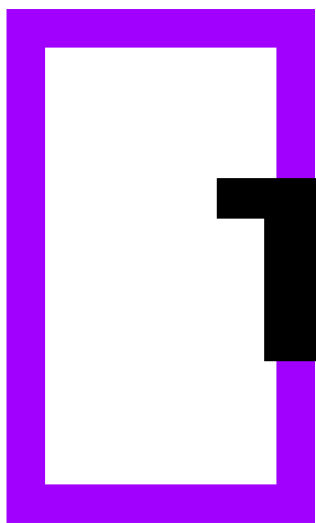
*Historical sales data for at least 52 weeks is required at SKU-store level. Trend and seasonality are identified using the sales data to understand the sales behavior and predict the program response*

SKU Identifier	Store Identifier	Weekly Date	Sales Revenue	Store Grouping	Units Sold
sku	store	date	sales	banner	salesqty
101466675	1155	5/24/2020	6.99	9	1
103159	1040	2/28/2021	21.96	9	4
100258	1066	10/4/2020	23.94	9	6
101890	1194	3/22/2020	89.95	9	5

# Inventory Snapshot

*Current inventory is required at SKU Store level to enable the algorithm foresee the target sales required*

SKU Identifier	Store Identifier	Current Inventory on Hand	SKU Price at Store	SKU Cost at Store	Days On Hand
sku	store	inventory	price	cost	DOH
100258	1009	20	3.98	1.05	11
101466675	1009	10	8.98	6.34	62
101890	1009	16	14.98	10.23	14
103159	1009	0	4.98	3.14	0



**THANK YOU**