

Case Study : Dynamic Pricing and Reordering Module

A leading designer lifestyle brand used Increff Dynamic Pricing and Reordering module to **calculate ideal store-level discounts** and **determine reordering of bestsellers** for maximum ROS. Based on the ongoing performance, the tool was able to **suggest an increase or decrease in discount percentages**, for the right set of styles. It was able to **access the correct selling price** of the style, across all points of sales, to achieve higher sales (by increasing discounts), and better margins (by reducing discounts). To reduce sales loss and improve margins, **bestsellers or outperformers were identified** at each point of sale so accurate quantities can be reordered on a timely basis for brands to capitalize on the ongoing trend and upcoming demand.

Challenges



Identify products that deserve a change in selling price & select the right set of products that need to be discounted to deliver a higher rate of sale.



Excessive discounting of products to be avoided to ensure set margins are not severely devalued if further discounting does not bring an increase in sales.



Identify styles that are good designs, or picking up trends, so they can be re-ordered for better sales.



Make discounting and re-ordering a regular efficient activity for each store.

Solutions

Increff Dynamic Pricing and Reordering module **automated data-driven decision-making** by taking granular scientific inputs, at a store-level, to deliver concrete measurable output in the form of **more accurate discount percentages** and **appropriate reorder quantities**.

Dynamic Pricing



Styles that were already at a discount, the module helped **identify if the price point** was right or not.



The module also helped the brand **identify fast movers** that were low on stock, where a cut in discount % would result in higher margins.



The brand had the **flexibility to cap discounting** to prevent further reduction in price if discounting was not impacting sales. This helped them prevent the devaluation of products.

Bestseller Reordering

Monitor the daily performance and stock levels of the style to identify styles that are fast movers and bestsellers.



It suggested designs that should be kept longer & capitalized on the shelf for higher returns.



It helped determine the accurate quantity that needed to be reordered for the desired shelf life- e.g 60 days, 90 days, to improve overall margins.



It also helped identify styles that were picking up and where the brand could increase profits by selling more at different points in sales.



It helped identify a style's true sales potential by correcting for unavailability and liquidation scenarios. It took into account the lead time required to procure a style and factored that when suggesting reordering quantities so orders were placed well in advance & was minimized.

Impact delivered in 14 days of implementation:

71%

ROS improvement with **only 10% discount increment** for low ROS styles at the offline stores. The same set of styles had seen degrowth in other stores.

6%

margin improvement for fast movers at online Point of Sales.
Successfully handled in-season, Event, & Old season liquidation scenarios

2x

increase in the frequency of decision making. They moved from making monthly decisions to making discounting decisions every 14 days.

Important factors

The tool accessed important factors of a style, like ROS, availability, health, stock cover, age, etc. to identify which needed an increase in discounts, at a comparative level & recommended the right discount % that would boost sales and revenue.