

## RETAIL PRICE INSTRUMENTS

### Introduction

What are Price Instruments? They are the mechanisms by which a Retailer may apply all the Price Rules required for their Business. The purpose of this Document is to reveal these mechanisms as they are offered in INFOLAB Retail.

### What's Available

With INFOLAB Retail, we endeavor to provide all the Pricing Instruments you need. Any or all, or any combination of the listed methods may be used for your Retail Setup.

- Contract Pricing
- Volume Discount
- Standing Offers: Price
- Standing Offers: Discount %
- Standing Offers: Take n get 1 Free
- Arbitrary Discount
- Club Pricing
- Standard Pricing
- Multi Rate Book Multi Currency Pricing
- Loyalty Rewards
- Custom Formulae

Before we consider the detail and explanations about the listed Price Instruments, some visuals will facilitate a conceptual overview that will make an understanding easier. Below is a snapshot of a Retail Catalog Item Definition Screen, followed by blown-up portions of the same Screen, for better clarity.

In the Master Definition of a Retail Catalog Item, we note Section 4, which deals with Pricing and Discount. Below is a clearer view of that area of the Screen.

**4 PRICING and DISCOUNT**

Prev Price	
Current Price	7,600.00
Price Policy	def no markup
Club Discount	club Club Discount
Volume Discount	def Default
Standing Offer	Take 2
Loyalty %	
Comm %	
Custom Formula	

	Ratebook	Currency	Price
1	Book # 2	EUR	800.00
2	Book # 2	IDR	10,108,000.00
3	Book # 2	SGD	1,900.00
4	Book # 2	USD	1,266.67
5	Book # 2	MYR	4,550.90
6	Book # 2	PHP	65,664.00
7	Book # 2	CAD	1,600.00

PREVIOUS PRICE is simply a display field that indicates the most recent price before the CURRENT PRICE was updated. CURRENT PRICE may be updated in a number of ways: -

- a) By Direct Capture
- b) By Imported Price List
- c) By Programmatic (Customized) Updates

PRICE POLICY is a parameter discerned from the Price Policies Register, that define how the Price is managed. Examples are: -

- a) Fixed (Will only change when updated Manually or by using a provided Option for Price Updates)
- b) Synchronized with Inventory Price (e.g. Average Cost, Last Invoice Price, etc.) plus Defined Markup %, and updated ONLY when an Update Run is performed.
- c) Same as (b), except that the Price is updated dynamically each time the Item is sold, i.e. as soon as the Item Code is entered on a Retail Screen, the system performs a Price Sync action with Inventory, where the latest Average Cost, Landed Cost, etc. may have changed in the meantime. (This is a very real-time Price Management Instrument).

Loyalty % is applied when you use a Customer Points Rewards program, in which case you simply specify a % of the Traded Price Volume to translate into Loyalty Points (this may be different from some Items to others). For example, a 1%

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Loyalty on an Item that is sold for \$100.00 translates to 1 Loyalty Point being added to the Customer’s Loyalty Record. Loyalty points do NOT affect pricing. The Loyalty program may be applied in any number of ways, e.g. periodic Discount Vouchers, etc.

Commission % relates to Sales Commission points, if you wish to use it, and it is calculated in similar fashion to Loyalty points, albeit a different % may be specified.

CLUB DISCOUNT and VOLUME DISCOUNT work off the same Discount Register, which looks like this –

	Qty >=	Discount %
1	10.00	5.50
2	20.00	10.00

Precision: 2

Exit Save

In this example, the Item attracts 5.5% Discount when 10 or more of the Item is sold on the same Invoice, and 10% Discount when the Quantity is >= 20.

For Club Discount, one may simply specify a Quantity of '1' and the Discount to Apply.

A range of Discount Objects may be defined, and any such Object may be attached to multiple Catalog Items.

Standing Offers are applied from the Standing Offers Register.

A Standing Offer is always valid between a Date From and a Date To, and indicates 1 of 3 options: -

- 1) A specific Price,
- 2) a specific Discount %, or
- 3) a Take N offer, e.g. Take 3 get 1, or similar.

A Standing Offer, once defined, can be applied with ease to a range of Items (by Group or other), or to a specific Item only. It is not essential to remove a Standing Offer from it’s association with a range of Catalog Items once the Offer expires, since the expiry Date of the Offer will inhibit it from being further applied.

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**STANDING OFFER :- RETAIL**

Name of Offer  
Take 2

Date From 25/11/2003  
Date To 10/01/2004

Choose 1 Offer :-

OR  
Price

OR  
% Discount

OR  
Take 2 then get 1 free ...

Remove Offer Functions

View Catalog Links  
Remove Catalog Link(s)  
Apply Catalog Links  
None of These

Notes

Exit Save

Custom Formula Pricing caters for any complex pricing situation that cannot be accommodated by the methods already described, and are specified on the Formula Register.

**Retail Price Formulas [1] ()**

Formula Key 01

Name Group Discount 5%

Subroutine Name retail.formula.sample

Exit Save

Formula Pricing is usually applied only when a Deal can be associated with an AR / Debtor Account where a Formula Indicator has been specified. Here is an example –

Over and above standard pricing mechanisms applied, a certain Retailer provides specific discounts ranging between 5% and 10%, depending on the Catalog Item, to a select range of Customers. For these Customers, an Indicator for Retail Price Formulae is indicated on the Customer Account Master. Now, whenever a Catalog Item is sold to such a Customer, then if the Catalog Item indicates a Price Formula, then the system calls the Program associated with the Formula indicated to derive the price for this Item, for this Customer. In this example, the program then calculates a discount of either 5% or 10%, depending on the indicator carried on the Catalog Item, or depending on the indicator carried on the AR Account Master.

The above is only an example, and more complex logic can also be applied.

Rate Books introduce yet another layer of Multi Currency options, allowing set prices per Currency per Rate Book. On all the other options already mentioned, the system applies Local Currency Price, and if the Deal is being done in a different Currency, it translates Prices according to the Current Exchange Rate applied for the selected Currency in the INFOLAB Currency Register.

	Ratebook	Currency	Price
1	Book # 2	EUR	800.00
2	Book # 2	IDR	10,108,000.00
3	Book # 2	SGD	1,900.00
4	Book # 2	USD	1,266.67
5	Book # 2	MYR	4,550.90
6	Book # 2	PHP	65,664.00
7	Book # 2	CAD	1,600.00

With Rate Books, the system takes a different perspective. If a Deal (Sale, Order, Quotation) is based upon a specific Rate Book and Currency, the system looks for a Price in the selected Currency in the Selected Rate Book, to use. If not found, the system uses the 1<sup>st</sup> Currency found for this Item for this Rate Book, and uses the INFOLAB Currency Exchange Register rates to translate a Price. If no Price is indicated for this Item for the selected Rate Book at all, then the system reverts to the standard Price for the Item, and translates a Price into the selected Currency from the Exchange Rate Register. Therefore, for any Item, you may list Rate Book Prices for Currencies allowed with Retail (defined in your Control Parameters), but you may list only as required, i.e. when a set Price in a Currency must be forced for such Rate Book. Any mix, any number of Rate Books, any number of Currencies are supported.

Rate Books may be 'forced' on Deals by applying a set Rate Book to a Customer Account. Dependent on User privileges, Rate Books may also be selected from the Retail Screen.

### Another look at Price Instruments ...

And now we may re-visit the Price Instruments listed at the top of this Document, to cover points not yet explained.

- ❑ Contract Pricing  
Contract Pricing is specified by Customer Account, by Item. For Each Item multiple Date Ranges with different Prices may be indicated, and these are usually Contract Prices negotiated based on Volume for the Item that the Customer commits to buy within the Period (and which may take the format of a "call off" Order). For example, a Customer requests a Tender for Item X, of which they wish to buy 25 000 over the period January to June. A (reduced) Contract Price is then offered, and transparently managed by the system.
- ❑ Volume Discount  
Already discussed above.
- ❑ Standing Offers: Price  
Already discussed above.

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- ❑ Standing Offers: Discount %  
Already discussed above.
- ❑ Standing Offers: Take n get 1 Free  
Already discussed above.
- ❑ Arbitrary Discount  
See explanation immediately below this list.
- ❑ Club Pricing  
Already discussed above.
- ❑ Standard Pricing  
Already discussed above.
- ❑ Multi Rate Book Multi Currency Pricing  
Already discussed above.
- ❑ Loyalty Rewards  
Already discussed above.
- ❑ Custom Formulae  
Already discussed above.

**The Price Matrix and Arbitrary Discount.**

Here is a portion of a Retail Screen –

ex Stock	Stock Code	Store	Description	Price	Cust Price	Qty	Serial/Batch	Total	Tax	Incl Value
1	01	01	Laplink Cable	10.00	\$	1.00		9.00	1.26	10.26

When the Operator types 'm' on the 'Cust Price' Field, the system enters the Price Matrix

### RETAIL PRICE MATRIX

Club Discount		
Volume	% Discount	
1	1.00	20.00

  

Nex	Pre	Add	Ins	Ed	Del	Volume Discount
Volume	% Discount					
1	10.00	5.50				
2	20.00	10.00				

  

Contract Price	<input type="text"/>	Choose
Volume Discount Price	7,600.00	Choose
Take x Offer	2 + 1	Choose
Price on Standing Offer	<input type="text"/>	Choose
Discount (Standing Offer)	<input type="text"/>	Choose
Arbitrary Price	<input type="text"/>	Choose
Standard Price	7,600.00	Choose
Club Price	<input type="text"/>	Choose
Formula Price	7,220.00	Choose

  

Currency	Local		
Selected Price	Formula Price		
Item	00100001 Desktop PC: Basic		
Store	*		
Line Qty	1.00	Total Qty	1.00

Authorized

Note that the system is aware of Line Quantity as well as Total Quantity for this Item on the Invoice. If there are 20 lines for the same Item, each with a Quantity of 1, and Volume Discount starts at 20, the system senses the Discount the moment the 20<sup>th</sup> line actuates, and changes the price on all 20 lines ... (This makes it easy for Operators to simply SCAN IN the Item Numbers with a Barcode Scanner, without paying attention to the Quantity Field.)

The Price Matrix indicates available Prices for this Item for this Customer on the current Deal. In the current example, the best price is a Formula Price. Any available price may be selected by clicking the CHOOSE button next to it, i.e. only if the Price Type is available on this Item.

ARBITRARY PRICE can be selected to apply a Mark Down Price or Discount %, as long as it is within the User Privilege limits. If not, the Arbitrary Price may be authorized by another User with superior privileges. (Hint: The system can record all instances of Arbitrary Price events on an Exception Report for scrutiny.)

Note: The normal processing of a Retail Deal (Quote, Sale, Order) is geared for fast processing, and does not automatically take the User into the Retail Price Matrix. Instead, the system selects the correct Price automatically. However, if the Operator specifically wishes to see the Retail Price Matrix for an Item, or to choose a different price, then the 'Cust Price' field is edited, and by typing 'm' the Retail Matrix for the Item is entered.

### **How the Price for an Item is calculated ...**

For each Item, the system follows the following sequence –

- If the Deal is connected to a Rate Book, the system goes for Rate Book Price Logic, ignoring all other Prices
- If not Rate Book, the system checks whether a Formula Price is available
- If not Formula Price, the system checks for a Contract Price
- If no Contract Price for this Customer, the system checks for Standing Offers
- If no Standing Offers, the system checks for Club Discount (Club Discount may be dependent on whether the Customer Club Subscription is still valid)
- If no Club Discount, the system checks for Volume Discount
- If no Volume Discount, the system reverts to the Standard Price
- Arbitrary Price is never automatic, and can only be induced from the Price Matrix

Foreign Currency Pricing is calculated from a Rate Book, if Rate Book is indicated. If not, the Price is determined from the listed sequence, and then, if necessary, translated to the Deal Currency from the INFOLAB Exchange Rate Register. The Exchange Rate Register provides for a preferential Retail Exchange Rate (with a better margin) to be specified over and above the normal Exchange Rate, for each Currency. For Retail, if a Retail Rate is present, it is always used, even for Rate Book translations.

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