

## luminate™ Clearance Price

### Maximize Margins and Increase Efficiency by Leveraging the Power of AI

In the competitive consumer electronics, fashion and grocery sectors, bargain-conscious shoppers seek the best possible prices and have many channels to consider. But no matter which channels you sell through, the older statistical models, outdated science-based solutions or “gut feeling” knowledge you found useful in the past won’t ensure your success today.

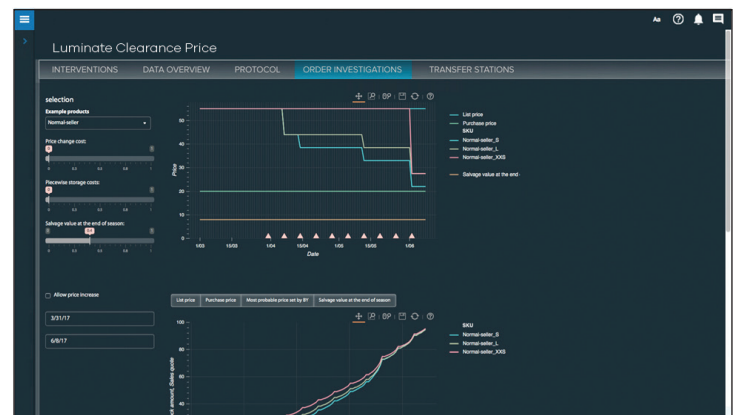
To maximize profits and avoid waste, you need a powerful markdown pricing solution that goes beyond rule-based pricing and delivers data-driven, continuously optimized prices at the finest levels of granularity: store, product, color and size. There are other science-based markdown solutions in the market, but only Luminate Clearance Price uses artificial intelligence (AI) and machine learning from Blue Yonder, outperforming solutions that use non-linear regression.

Luminate Clearance Price – part of the JDA® Luminate™ Retail family – uses Blue Yonder AI to learn the interactions between price and demand changes. Price elasticities differ from product to product, and from store to store; so does the optimal price point. Now, you can automatically set revenue and profit-maximizing prices for different stages in a product’s life cycle. This powerful software as a service (SaaS) solution is built on JDA’s cognitive, real-time, connected platform technology and can be integrated into a variety of ERP and e-commerce solutions using standardized APIs.

Luminate Clearance Price considers the costs and impacts of price changes, with the ability to analyze consumer behaviors alongside product master data and external data feeds, such as weather data. Its

### ◆ Key Benefits:

- Increased revenue and margins
- Stock levels cleared by end of markdown period, leading to lower inventory costs
- Reduction in return rates due to more competitive pricing
- Optimized prices for both normal seasonal sales and product clearance
- Reduces time and cost of price management and repricing



continuous machine-learning capabilities, combined with parameters you provide, let you execute the most valuable price changes for any given day, store and item.

### Markdown Pricing. Illuminated.

On average, a 1 percent change in price leads to a 10 percent change in profitability – and the smaller a company’s margins, the more pronounced the effect. But many companies still lack strategic and sophisticated technology for markdown pricing. The static or rarely-updated models for price elasticity found in competing solutions simply cannot account for short-term market dynamics.

Luminate Clearance Price is designed around the fact that markets and consumer behavior change daily. This solution systematically evaluates all price points for a product and store combination to determine the resulting change in demand. It then calculates the price elasticity of demand for each product based on various price and quantity pairs. Even for slow-selling goods, price elasticity can be determined using cluster and aggregation algorithms. With this information, the in-store price for a product can be optimized according to your desired strategy. After a short learning period, the solution sets optimal prices for products in each location, ensuring that price implementation matches your overall strategy.

### Choose the Ideal Markdown Pricing Strategy

With a data-driven markdown pricing strategy, you not only account for localized changes in demand – you also maximize either the overall revenue or the overall profit margin for a product. Luminate Clearance Price automatically detects the point where the effects of decreasing price offset the impact of growing sales.

As a product reaches the end of the season or its end-of-life, Luminate Clearance Price delivers a real-time pricing strategy that considers available / future inventory, consumer behavior and forecasted demand. Luminate Clearance Price uses this information to set the optimal price for your business objectives. This strategy considers inventory levels at individual stores so that markdowns can be based on performance at each location.

## ◆ Key Capabilities:

- Clears stock at the end of the season or the product’s life cycle with profit-oriented markdown
- Determines price elasticity based on current and historical data
- Considers cost of price changes so that each change yields a net profit increase
- Accounts for competitive prices, substitution and cannibalization effects

### A 360-degree View of the Pricing Ecosystem

Luminate Clearance Price uses your data to account for competitive prices, as well as substitution and cannibalization effects, determining the price point at which shoppers switch to a similar product or to a competitor. This 360-degree view of the market gives you a competitive, profitable markdown pricing strategy that helps avoid the price wars and races to the bottom often caused by other markdown tools – and ensures that you aren’t driving the success of one item at the expense of another.

### The Power of Machine Learning

Luminate Clearance Price’s APIs allow delivery of master data and sales data via a simple and secure combination of XML and HTTPS. Data can be securely delivered from any ERP or POS system, database or technology platform – even homegrown solutions.

The solution is part of the next-generation JDA® Luminate™ family, which extends and enhances JDA’s product portfolio and is built on a cognitive, real-time, connected platform that embraces digital-edge technologies such as SaaS, IoT, AI, advanced analytics and cross-platform integration. Luminate Clearance Price helps achieve your goals by implementing dynamic, market-driven pricing that reflects real customer demand across all channels.

Running JDA Luminate, you can plan to deliver.

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