



## Markdown Strategy

*Improving margin by establishing better markdown management through rule-based framework, training, and reporting.*

### The Client

A \$15B+ specialty retailer of hardlines and softlines with multiple channels, store formats and brands.

### The Challenge

The retailer was transforming its \$500 million softlines business. A large component of the expected business benefit would come from shifting clearance margin to regular/promo and increasing the clearance margin rate through better markdown management. Challenges in the current markdown process included:

- No seasonality visibility
- Limited markdown rules in place
- Markdowns taken at national level
- No integration to merchandising or marketing calendars
- No visibility or control at item level after first markdown
- No “what if” capability

### The Parker Avery Solution

The Parker Avery Group helped the client address the challenges identified in the current state by recommending six initiatives:

1. Establish a markdown rules framework by product type
2. Add markdown rules to the assortment planning process
3. Improve reporting to provide visibility to markdown performance
4. Implement rule-based, localized markdown capabilities
5. Establish a markdown training program for merchants and planners
6. Implement markdown optimization



### The Result

As a result of the project, the client expects to achieve the following benefits:

- +3% shift from clearance to regular/promo margin
- +1.3% clearance selling margin rate
- Maximized sales
- Improved sell-thru