

Client Challenge

The client is a \$1B+ multi-channel, multi-banner retailer specializing in plus-size apparel. After working with The Parker Avery Group to define a comprehensive pricing and promotions capabilities roadmap, client leadership asked Parker Avery to perform the detailed design and implement four workstreams:

1. Review and update the promotion frequency strategy to improve the customer experience while minimizing negative impacts on business performance
2. Define, document, and communicate new regular pricing policies and procedures
3. Define, document, and communicate markdown management policies and procedures
4. Perform an elasticity study of regular prices for a group of pilot categories (and eventually an entire brand)

Parker Avery Solution

The Parker Avery Group coordinated and led a series of workshops across the four pricing and promotions workstreams. During the workshops, Parker Avery assessed the promotional strategy and outlined recommendations for improvement to align with customer expectations. The team also collaborated with a cross-functional group of the client's internal experts to develop new strategies, policies, and procedures that adapted leading practices to the company's unique business model. The new processes manage pricing throughout the product lifecycle, inclusive of regular, promotional, and markdown pricing.

The team also sourced transaction-level sales data, which was combined with product cost and market basket information to form the basis for optimized price recommendations. This price optimization approach was incorporated into the future-state pricing design to yield improved financial performance.

RESULTS



FINANCIAL IMPACT
(PILOT)



SALES
INCREASE*



GROSS MARGIN
IMPACT*

** Conservatively expected.*

Parker Avery's recommendations for markdown management and regular pricing approaches were applied to the business during the project. The optimized pricing method was piloted across 11 key items, yielding a financial benefit of \$172K over 11 weeks, representing a 21.3% improvement.

The same method was used to derive prices for an entire brand and is conservatively projected to produce increases of 3.5% in sales and 1.5% in gross margin impacts.