



# INCREASE PROFITABILITY

Orgill can help you develop the pricing strategy that's right for you.

# Finding the Right Pricing Strategy

**Variable pricing allows you to improve your price image and increase your gross margin dollars.**

As items become less sensitive, your margin opportunities increase.



Pricing can vary across the country, throughout different regions, and even within the same city. The same product might be priced differently in multiple locations within a certain area.

Orgill will help you determine the right prices for the items you sell.

They conduct local research to see how you can price your products in a way that will help you run a better, more profitable business, thanks to an increased transaction size and higher gross margins.

Orgill's retail pricing strategy is customizable to your business and your market.

The three main features of the program are:

- Addresses entire inventory
- Supported with ongoing research
- No ongoing fees

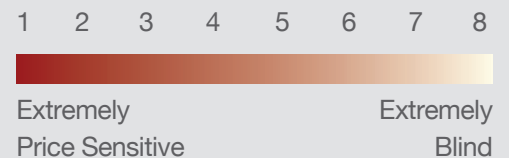
This retail pricing program offers several benefits to you and your business, such as an enhanced price image, an increased transaction size and increased gross margin dollars.

It can help you add to your bottom line, providing a full overview of all categories in your store, and without having to adjust your product selection.

## Orgill's Price Sensitivity Codes

Extensive market research in the home improvement industry has determined 8 levels of price sensitivity. Orgill has coded every item in their inventory with a number 1 through 8.

### Orgill classifies each SKU by one of 8 sensitivity levels:



Approximately 12 percent of SKUs in your inventory are code 1's and 2's. Pay close attention to where your competition is priced on these items as it can make or break your business.

### Percent of Orgill Inventory by Price Sensitivity Code

Sensitivity Code	% of SKUs
1	3%
2	9%
3	15%
4	19%
5	18%
6	18%
7	13%
8	5%

## Market Specific Pricing® (MSP)

Orgill's MSP pricing strategy provides a system that can adjust a retailer's prices to match any competitive situation, and any desired price position, based on the local market conditions.

The chart below demonstrates the effect of the MSP strategy.

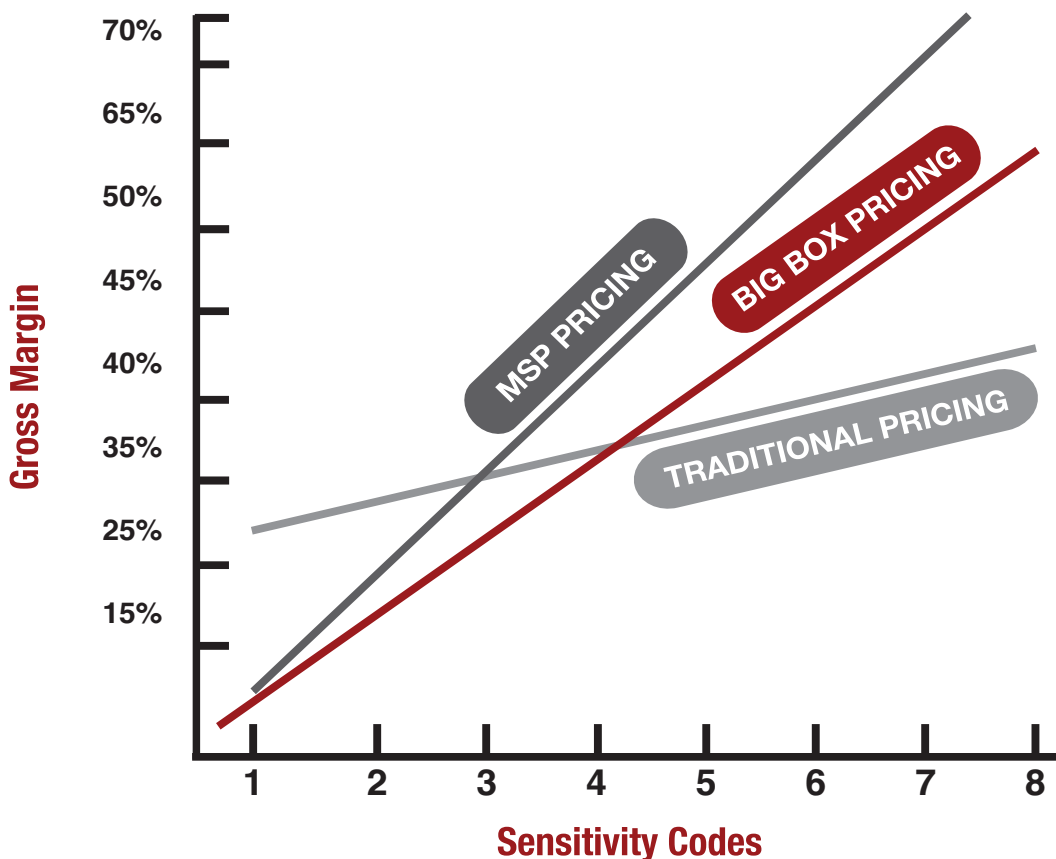
Market Specific Pricing establishes a retail price-positioning plan customized for your store, based on your local market conditions.

MSP utilizes retail sensitivity codes to comprehensively and systematically manage your retail pricing. This methodical approach enhances price image and maximizes gross margin dollars.

## The MSP Process

- To begin the MSP process, a research team will conduct a complete price audit from your retail operation, covering a sampling of products from all core hardware departments over all eight levels of price sensitivity.
- After the research has been gathered, this pricing information is then entered into a pricing template. Through this template, you are able to determine where your store is positioned compared to other similar retailers in your market, and considering all eight sensitivity levels.
- Once the data has been applied, you will be able to create a retail price positioning plan by making a price decision for each sensitivity code.

Orgill's pricing strategy can help enhance your price image as well as increase your transaction sizes and gross margin dollars.





# Become the Best

**Orgill can help you develop a customized strategy to improve your price image and increase profitability.**

“We were working on improving our margins, and we decided Orgill would give us a better opportunity to do that. Orgill’s programs have helped us identify where we needed to cut prices and even where we could raise prices to build sales, and we have still seen margins increase in certain categories.”

## **Roy Mason**

Race Brothers  
Farm & Home Supply  
Springfield, Missouri



## **Electronic Market Specific Pricing**

Retailers who want to keep their retail pricing competitive without investing in an entire plan may choose Orgill’s Electronic MSP option.

Electronic MSP is a price-shopping service enabling you to compare your store retails with those found at Home Depot and Lowe’s.

Using third-party software, Orgill’s electronic MSP price-shopping service quickly and efficiently shops a large market basket of SKUs against market-specific, real-world pricing at the big boxes. MSP is a cost-effective way to help ensure your pricing is in line with your market’s price leaders.

## **Market Responsive Pricing (MRP)**

MRP profiles are provided at no cost to Orgill customers as an alternative to the company’s Market Specific Pricing (MSP) service. The MRP strategy is market-based, but is not market-specific.

There are three profiles, or pricing strategies, based on the price sensitivity perception in your market.

The Leader Pricing Strategy is best used in multiple big-box markets, the Aggressive Pricing Strategy is for one big-box markets and the Passive Pricing Strategy is for indirect big-box competition.

**For more information about developing a pricing strategy that’s right for you, call **Mark Scheer** at **800-347-2860, ext. 5379.****