Matrix Style Price Rules Transcript

Matrix style price rules allow you to fine tune customer pricing to maximize profit and margins. In this course, we'll start with an overview of these rules. Then we'll show you how to add them and use price rules on a sales order.

Giving customers the best prices on products they buy most often helps to ensure repeat business. However, it may not be necessary to use this same strategy when they buy other items less frequently. Matrix style price rules allow you to use a combination of Customer characteristics and Products to set prices.

For example, a standard-volume Drywall customer may get your best price on Drywall items but pay regular price on all other products. Before adding price rules, you need to define Price Profiles for your customers. You do this in Customer Properties. In this example, you have two Drywall profiles available that differentiate between sales volume. For more information on Customer Price Profiles refer to the Training on Demand course, Customer Master Tables.

Matrix style price rules are set using the Selling Price Rules option found on the Inventory tab. You can use browser filters to Find existing rules. There are four selling price rules for Drywall High Volume accounts. The first three are for specific drywall groups.

The fourth rule encompasses all other products. Each has a unique method for calculating selling prices. The first two are based on a markup from the standard buying price, the third a discount from the standard selling price, and the fourth uses a Price Band. This strategy gives customers the most competitive pricing on the items they buy most often and a standard smaller discount on all other products.

Matrix style pricing strategies use a combination of selling price rules. In this example, we'll add rules for the Price Profile Commercial Painter. From the Selling Price Rule window, select Add. Begin by setting the Branch for the rule. Then set the Rule type.

There are 20 Rule types available that allow for a variety of pricing strategies. The order that BisTrack lists the rules implies their priority or hierarchy. Select Price Profile and Product Group. Select the Price Profile by typing the partial name. Alternatively click the button to search for it.

Now select the Product Group by entering it in the dialog box or search for it using the Product Group button. The selection makes all items in the Interior Paint group subject to this rule. When you want this rule to override all other matching price rules, regardless of hierarchy, enable the Absolute check box.

Typically, this is left unchecked, and the natural hierarchy of the more specific rule prevails. You can base the Calculation on a price band, various costs, or prices. Here, we selected the Standard Buy Price. When based on the buy or cost price, you'll enter a Markup or Margin increase. Next, enter the value and then indicate if this is a percentage or dollar amount. With the details of the rule set, click the Add button.

Most of the entries from the last rule added are retained for use with the next. Now, we'll set the Product Group to all other products in the Paint group. We disable the Absolute check box to allow for Promotions or Special Pricing to override this rule, when applicable. This time, we'll select the Standard Selling price as the Calculation method.

The values entered will be Discounts instead of Markups or Margins. Up to two levels of Discounts can be entered and these can represent a percentage or dollar amount. Click the Add button to complete the entry and then close the window. The two selling price rules are displayed in the Selling Price Rules window. Customers with this Price Profile receive preferential pricing on Interior Paint products and a 30 percent discount on other items in the Paint group. All other products get priced at either the Branch or Company standard selling price.

With the pricing strategy in place, we will use it on a sales document. A new sales order is started for a customer assigned to the Commercial Painter Price Profile. Three products have been added to the order. To view how the Sell Prices are calculated, select the first line and then click the Edit button.

At the Order Line Properties window, open the Price Calculation tab. This item is from the Interior Paint group. We see that a Price Profile and Product Group rule is being used Based on the Standard Buying Price plus 25 percent. Click the down arrow to see the Price Calculation used for line two. This one is from within the general Paint Product Group. The rule used is Based on Selling Price minus 30 percent. Finally, the third line on the order has an item from a non-Paint group. The price used is the Standard Selling Price as set for either the Branch or Company.

Matrix style selling price rules are an effective way to achieve customer loyalty while maximizing profitability. We reviewed the features of this pricing style, the requirements for their use, and the Selling Price Rule browser window. Then, we showed you how to add rules to create a matrix style pricing strategy, and how to confirm its use on sales documents.

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