PRICE 1 - ITEM PRICING

See Also
- ✓ DecEzy help files
-
- ✓ WP - Price 2 Item Discounts
- ✓ WP - Price 3 Price Management Tables
- ✓ WP - Price 4 Job Target Margin
- ✓ WP - Price 5 Job Discounts
- ✓ WP - Price 6 Pricing Setup Steps
- ✓ WP - Price 7 Setup Examples

Notes:

1. *In DecEzy documentation, cost refers to the amount paid for purchases and price refers to the amount sold to customers.*
2. *DecEzy records the item costs/prices separately to the decoration costs/prices. Options are provided to combine prices in some reports (including invoices).*
3. *White papers Price 1 to 7 provide an overview of the pricing features in DecEzy and should be read before setting up a new database.*

1. Pricing Features

The sale price for each item is obtained by first obtaining a unit price and then applying any applicable discount. Some methods for obtaining the unit price are dependent on the quantity while others are not.

The unit price for each item in a job may come from a number of methods:
- Entered manually in the job window
- Automatically calculated from the item's wholesale cost
- Automatically populated from pre-setup prices

The database features that can affect item unit prices are listed below.

Cost Discounts
- Vendor Discounts

Primary Pricing Methods
- Price Breaks
- Mark-up Pricing
  - option to use Total Item Cost Mark-up

Secondary Pricing Methods
- Customer Price Breaks

Price Overrides
- Item Price Override
- Item Mark-up Override

Lowest Unit Price
- Use lowest price unless an override method applies.

2. Overview of Pricing Features

A brief description of the pricing features is provided below, more comprehensive information is provided in the DecEzy help files plus the articles at the header of this document.

Prices can be either dynamic or static, dynamic prices are those which are calculated as required from the item cost and applicable rules, static prices are stored in the database and retrieved when required.

2.1 Vendor Discounts

Adjustments to the published costs have an effect on all prices calculated from them. Published costs may be modified during the price calculation by applying a discount from a vendor. The vendor discount is entered in the vendor card.

The check box in the company setup Jobs>Calculate Unit Cost Discount needs to be checked (set to true) if the savings are to be passed onto the customers; when checked the reduced cost is shown in the job form, otherwise, the published costs are shown.

2.2 Primary Pricing Methods
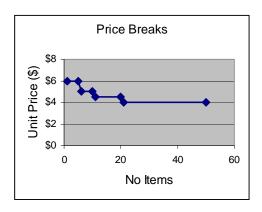
The three primary pricing methods in the database are:
- Price Breaks
- Mark-ups not using Total Item Costs
- Mark-ups using Total Item Costs

The preferred method can be set universally as the default pricing method in the company setup>jobs window or set on an item by item basis in the "Price Calc. Method" field in the item management window.

2.2.1 Price Breaks

Price breaks are a static pricing method. The price decreases step wise as the quantity increases, the price is constant for a range of quantities and decreases as key quantities values are reached as shown in the table and graph below.

Qty Range	Unit Price
1 to 5	$6.00
6 to 10	$5.00
11 to 20	$4.50
21 to 50	$4.00

PRICE 1 - ITEM PRICING

A copy of data from the "Price Breaks" tab of the Item Management window is shown below. Note that the lowest quantity is used to set the price for quantities less than the second lowest quantity, this provides a way of selecting the price to use for the smallest quantity range. The price for a quantity range is set by the price of the smallest quantity e.g. price for range 5 to 9 is set by the price for 5 units.

Quantity	Unit Price	Quantity Range
2	$5.63	Less than 5
5	$3.82	5 to 9
10	$3.36	10 to 19
20	$3.21	20 to 34
35	$3.12	35 to 49
50	$3.05	50 to 99
100	$2.92	100 to 199
200	$2.78	200 to 499
500	$2.51	500 to 999
1000	$2.37	1000 or greater

Price breaks may be manually entered into the "Price Breaks" tab of the "item management Window" for each item or calculated by the database in which case the quantities are based on the quantities in Inventory> Price management>Default Item Price breaks table and the prices obtained from the total Item Cost Mark-up table (Inventory> Price Management>Item Mark-up-Margin Management) for the key quantities. After calculations, the price breaks are shown in the "price breaks" tab of the item management window.

Note:
The calculation of price breaks must be initiated by the user from the items management window; this should be done every time there is a change to an item cost; if all items have their price break prices calculated at once it will take some time to perform all calculations (may take 15 mins or longer depending on number of price breaks, number of items and computer speed).

2.2.2 Mark-up Pricing
This method is dynamic, once the item cost is entered a mark up is used to calculate the sale price, there are two ways of setting mark-ups;
- Item Type Mark-ups – set by item type.
- Unit Cost Mark-ups - The Unit Cost Mark-up table (Inventory> Price Management>Item Mark-up-Margin Management) sets the mark-ups for different unit costs. It is possible to enter multiple unit cost mark-up tables, each linked to a specific item price group. This allows a different mark-ups for different types of items, the default table is used for an item unless

another in nominated in the Price Group field in the Item Management Window.

A typical relationship between unit cost and mark-up is shown in the graph below (interpolation used between points).

Wholesale price $

✓ Any product with a wholesale price less than the minimum in the table is set at the value for the lowest wholesale price.

✓ Products with a wholesale price higher than the highest price in the table use the mark-up value for the highest price.

✓ Products with a wholesale price between the lowest and highest prices in the table have the mark up calculated by a linear interpolation of the points either side of the cost price.

The calculated mark-up % and calculated unit price (excl tax) for a single unit is displayed on the item management window. A price or mark-up override can be applied to each item. If either type of override is applied, this unit price will be used for all jobs by default, regardless of whether it provides the cheapest price or not.

The retail price based on this mark-up is calculated with the following formulae: -

Retail Price = (1+tax) * (1+mark-up) * wsale

Where the mark up and tax are fractions (not %) and the wholesale cost excludes any tax.

Note: The mark up amount is the value retained from the sale of an item, it is called the margin in DecEzy documentation.

Total Items Cost Mark-ups
When mark-up pricing is selected, an option is to use Total Items Cost Mark-ups, this automatically reduces the unit price as the number of items purchased increases.

PRICE 1 - ITEM PRICING

This method is dynamic and uses the values in the Total Item Cost Mark-up table (Inventory> Price management>Item Mark-up-Margin Management) to calculate the unit price from the total cost of an item in the job. The quantity used is all items with the same brand & brand item code in a job even if they are in different lines due to being a different size and/or colour.

Price breaks are similar to Mark-ups using Total Item Cost Mark-ups, with the latter the price decreases with each increase in quantity of 1.

2.3   Secondary Pricing Methods
There is one secondary pricing method.

2.3.1 Customer Price Breaks
Price breaks can be setup on a customer by customer basis. This will usually be used if specific prices have been negotiated with a customer, and you need to set up these prices so they only effect that one customer. To do this, the price breaks are entered manually by selecting *Customer>Item Price* on the customer card. Note that if a lower price is available from another pricing method (factoring in any applicable discounts), the lower price will be used. When calculating the price from customer price breaks, the total number of items in the job are used of the same brand and brand item code.

2.4   Price Override Methods
The override pricing methods differ from the other methods in that if set up, they will always be used, regardless of if they provide the cheapest unit price or not. The override pricing methods include:
- Item Price Override
- Item Mark-up Override

Although the unit price is fixed when either of these two methods are active, the final customer sale price can be reduced by applying a discount as all discounting methods are still available.

2.4.1 Item Price Override
If an item price override is assigned to an item in the item management window, this price will always be used when selling this item, even if other pricing methods provide a cheaper unit price.

2.4.2 Item Mark-up Override
The item mark-up override is carried out in the item management window, this mark-up will always be used when selling this item, even if other pricing methods provide a cheaper unit price.

2.5   Lowest Unit Price
DecEzy almost always checks for the lowest unit price when adding a price to an item line. The exception to this is when an override is used (either price or mark-

up), in which case the override will be used regardless of the price it provides. The options checked for the different primary pricing methods are listed below:

Primary Price Method	Possible Pricing Methods
Price Breaks	Price Breaks
	Customer Price Breaks
	Item Unit Price Override
	Item Unit Price Mark-up Override
Mark-ups not using Total Item Cost	Unit Price Mark-up
	Customer Price Breaks
	Item Unit Price Override
	Item Unit Price Mark-up Override
Mark-ups using Total Item Cost	Total Item Cost Mark-up
	Unit Price Mark-up
	Customer Price Breaks
	Item Unit Price Override
	Item Unit Price Mark-up Override

.
Notes:
1. The pricing method used for each item in the job items window is added to the item line, it is always possible to check the method used to obtain the unit price.
2. Both of the override price methods apply a fixed cost for all quantities.
3. It is possible to disable total item cost mark-ups even if mark-ups are not the default primary pricing method.