

# PRICE 2 - ITEM DISCOUNTS

## See Also

- ✓ DecEzy help files
- ✓ WP - Price 1 Item Pricing
- ✓ 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).*

## 1. Discounting Options

Once the price has been set, a number of discounts may be applied to reduce the final sale price, these are listed below.

### Discounts

- Job Discounts
  - a. Price Discount
  - b. Margin Discount
- Line Discount
- Brand Discount
- Customer Discount
- Customer Level Discount
- Customer Item Discount
- Item Discount

## 2. Discounts Overview

Discounts are an important part of the pricing features in DecEzy. The various discounting options can be used in conjunction with the pricing methods (discussed in another whitepaper) to ensure you sell at appropriate prices.

When printing the landscape invoices (not compact invoices) on jobs for which discounts have been applied, the discount may be listed as a discount or used to reduce the unit price in the invoice, this option is not available in the job reports where the discounts are used in lowering the unit prices.

Both price breaks and total item costs mark-ups pricing methods incorporate a form of discount as the price is reduced as the quantity is increased, therefore, when large numbers of one item are involved, it may not be appropriate to apply another discounting method to a price generated by one of these two methods.

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When a discount is applied to an item, vendor or customer card after some lines have been entered into the job, the line discounts are updated only when there is a need to re-calculate item prices (e.g. if the quantity, size or colour is changed).

### **Things to Note:**

*Job Items Discounts and Line Discounts operate all the time. For all other discounts to work, the check box "Main Menu>Company Setup>Jobs>Auto Calc. Price Discounts" must be set to true. When this is checked and the brand item code, size or colour is changed in a line, the line discount value is first deleted and the new appropriate value obtained and added.*

*Where multiple discounts may apply (e.g. customer has a discount as does the brand), the largest discount will be used which produces the lowest price to the customer.*

Job discounts are not allowed to exceed 100% as unit prices would become negative and could not be exported to QuickBooks; further information on discounts is available in "About Item Discounts" in the help files.

It is always advisable to check the effects of discounts on item margins after they are applied, to ensure you are not selling an item at a loss. To assist with this, the margin per unit in the job window turns red when it becomes negative and the warning tab is activated to highlight a line has a negative margin.

### **2.1.1 Job Discount**

Job discounts allow the prices of many items to be reduced at once and are therefore a useful method of discounting jobs involving many different items, they become more powerful when combined with job target margins, see also Price 4 Job Target Margin and Price 5 Job Discounts.

Two job discount methods are available, a price discount method and a margin discount method. The difference is that the discounts are calculated as a percentage of the item price for price discounts (normal discount method) whereas they are calculated as a percentage the item margin for margin discounts (method developed in-house).

The difference is shown in the formulae below

Sale price	=	cost price * (1 + mu)	(1)
sale price with price discount	=	cost price * (1 + mu) * (1-d)	(2)
sale price with margin discount	=	cost price * (1 + (1-d) * mu)	(3)

Where mu = mark-up as a fraction  
d = discount as a fraction

equation (1) above is the basic sale price formulae where equation (2) incorporates the normal price discount and equation (3) the margin discount. *Note: the margin discount method is only available for job discounts.*

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### 2.1.1.a Job Price Discount

When a discount is entered in the "Item Price Discount" field of the "Financial Summary" of a job window, that discount is applied to all items in the job; the unit price value is not changed but is "greyed out" to indicate it is no longer a valid price.

Use this discounting method with caution, the use of one discount to adjust all prices in a job can lead to unintended results; it may result in the total job margin being appropriate but one or more items selling for less than cost price. When this happens in DecEzy the margin value goes red and details are posted in the warning tab of the job.

### 2.1.1.b Job Margin Discount

Job Margin Discounts can be used to achieve a number of things in DecEzy:

- You can set up a "Default Job Margin Discount" on the customer card, to ensure certain customers receive a better price consistently.
- They can be used on a job by job basis to ensure you achieve a target margin level (dependant on the size of the job)

When a discount is entered in the "Item Margin Discount" field of the "Financial Summary" tab of a job window, that discount is applied to all items that are priced with a method not checked in Main Menu>Company setup>Jobs-Adv page. When the Item Margin Discount value is changed, the unit price values are reduced according to the discount entered (Please note that this differs from normal discounts, which do not change the unit price).

The Item Margin Discount has the following advantages over the Item Price Discount;

- It operates on the margin only so cannot sell at a lower price than the cost price as long as it is less than 100% (database will not allow discounts > 100%).
- When applied to more than one item to produce the same total job margin, the item with the higher mark-up is reduced by a larger % than items with smaller mark-ups.

The margin discount normally varies from 0% (no price reduction) to 100% (selling price is cost price), it may be set automatically or manually on the job card. Two options are provided for automatic operation, namely:-

- a customer may have a margin discount associated with them so it is used for all their jobs, using this method the same price is charged for the same item on different jobs unless the cost has changed.
- it may be calculated on a job by job basis to obtain the target job margin.

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### **2.1.2 Line Discount**

The line price discount is applied to a job item line and is shown in the "Line Discount" field. It applies only to the line on which the discount is entered; any discount entered does not change the value of the unit price but the unit price becomes grey and the margin is reduced. This is to show both the original sale price and the discount, the unit price in any report generated will show the discounted price.

The line discount may be set manually or is automatically populated by some of the other discount methods.

### **2.1.3 Brand Discount**

Set in the brand list, the discount applies to all items of the brand and appears in the job card in the line discount field.

### **2.1.4 Customer Discount**

From the customer card, the discount % may have an entry which will apply a discount to all items purchased by the customer, the line discount field is automatically set at the customer discount when an item is added to the job.

### **2.1.5 Customer Level Discount**

Customer levels are generic discounts that may be associated with a customer, when set they automatically populate the line discount field.

### **2.1.6 Customer Item Discount**

From the customer card, it is possible to set unit prices for different quantities for any item in the database. From the customer card select "Customer>Item Prices", the Window which is then displayed allows the data to be entered. The appropriate discount populates the line discount field.

### **2.1.7 Item Discount**

To apply an item discount, enter a figure into the "Sales Discount %" field of an item card, this will populate the line discount field as appropriate.