

Introducing Margin Master

Margin Master was developed by US based software company RetailerSoft. The proprietors have a special interest in hardware, having created the product to use in their own independent hardware stores seven years ago. They still own three hardware stores.

Margin Master is a computer program designed to help retailers achieve incremental gains to their bottom line by enabling them to quickly analyse their current retail prices. Data can be changed to provide unlimited 'what-if?' scenarios that then show the impact a proposed price change has to their bottom line – both on an annual and a month-by-month basis.

Using the Pricing Strategy Manager, the program has the ability to help users develop, maintain and implement any number of pricing rules. These can be applied at any level including, store, department, class, fine line class, and more. Together, these business rules form a store's pricing strategy where individual rules can be arranged, made active or inactive, modified, or deleted. As the pricing strategy takes shape, users can instantly apply it to their current pricing strategy ensuring all rules are being followed and identifying any skus not in agreement with the pricing strategy. This effectively allows users to accurately manage their pricing in just a few minutes.

Let's face it, we are all in business to make a dollar and we fight an endless battle to make more profit. The concept of margin management is certainly not new. What is new

is the Margin Master program can harness the power of your personal computer and show you how to put some serious dollars to the bottom line.

The challenge of margin management is to understand the relationship between your current price, and what the consumer will pay. It is no longer acceptable to price your merchandise at a single price level.

How does it work?

Margin Master works by processing large amounts of information to generate some basic numbers obtained from your point of sale system. It quickly helps you identify items on which you may be missing a margin opportunity. After identifying obvious pricing opportunities, perhaps you are interested in a different rounding scheme. "What would the impact be if I rounded all my items to 99 instead of 95?" Margin Master makes it very easy to know the answer to this and other questions such as: "What if I raise my overall pricing for items from a particular vendor, by 5%?" or "What items do I have that are 'A' items, priced below \$3.00? And what would happen if I raised the price of those items 10%?"

The program works with any point of sale system that can export data and is suitable for the beginner and the technologically advanced. Substantial on line support and training is provided with each purchase.

Margin Master was designed to change the way pricing is approached. It eliminates the 1-3 hours per week normally spent maintaining pricing – and achieves better results in minutes per month.

The Resurg Group has a long and proud association with the Australian hardware industry and is bringing Margin Master to Australia. For more information, contact 1300 132 138 or www.resurg.com.au

CASE STUDY – MIKE COATES

Store: Coates Mitre 10

City: Lithgow NSW, population 19,756

Coates Mitre 10 Home and Trade is an independent hardware store based in the NSW town of Lithgow. The company is owned and operated by Mike and Lisa Coates with Mike being the fifth generation to be involved in the business since it was founded in 1906.

Mike installed Margin Master five months ago after having heard of massive profit improvements to hardware stores in the US while visiting with a Resurg Group study tour late in 2008.

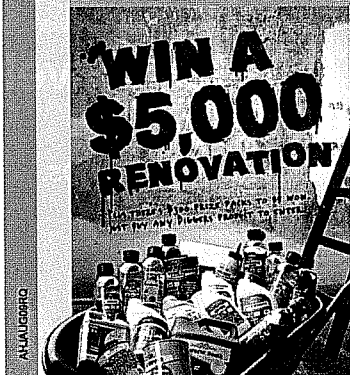
Mike's store then became the Resurg pilot installation for Margin Master. Using his extensive experience in the hardware industry, Mike divided his product range by the price sensitivity categories of blind, non-comparable, competitive and sensitive. The initial price strategies Mike implemented using sophisticated rounding schemes were by department and, as he became more familiar with Margin Master, these were further enhanced down to fine line class. The resulting 8000 price changes were rolled out over an eight week period.

In the first full month since making the price changes, Mike's business enjoyed a five point margin gain compared to the same month last year. This improvement has been mirrored each month since. Mike attributes his consistent improvement in gross profit to his implementation of Margin Master.



Mike Coates

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