

#project-case-study

# Pricing Analytics

Use Big Data, to make better Pricing Decisions



# Confronting Challenges

A Client team, for one of its firms, was looking for RGM opportunities and generating integrated Price-Volume-Profit models, based on data integration and advanced analytics. Therefore, the client wanted:



To clearly understand both the internal and external factors affecting profitability at a granular level.



To implement Price follower, making reactive changes based on fluctuations in commodity prices, competitors' price shifts



To perform holistic strategic pricing methodology



To revamp the existing Occasion Brand Price per Channel of each SKU across channels and to minimize pricing gaps while ensuring profitability

## The Methodical Approach

Decision Point's data scientist discussed the objectives to develop a robust approach and then laid out an approach in the below steps:



**Attribute Preference & Purchase Structure:** Enables to understand the product attribute hierarchy in which consumers can make purchases and make trade-offs within the offered product choices. purchases and make trade-offs within the offered product choices.



**Price Elasticity:** Enables to predict the impact of price change on SKU



**Cross Elasticity:** It shows the relative change in demand for one SKU as the price of the other rises or falls.



**Impact Assessment:** Finally, multiple scenarios were built and compared to analyze the impact of different pricing configurations to arrive at the most optimal scenario.



# Analytics Methodology



Perform Segmentation using clustering techniques such as Decision Tree for purchase structure



Multivariate modeling: To forecast the outcomes



Usage of multiple variables to forecast price elasticity basis historical data



Advance Modeling techniques like BLP to calculate cross Elasticity

## Impact

The Central Asian Team implemented the Pricing Analytics delivered by Decision Point, and was able to:



Revenue growth of 3.5M USD, after implementing the suggested interventions of Price increase for a few SKU's, Multipack strategies, 3 FC strategies etc.

# About Us



Decision Point delivers the future of data science. With more than a decade of experience and a truly global reach into data analytics and big data solutions, we are a team of data scientists, business consultants and tech savvy engineers who are passionate about extracting every ounce of value from data.

We are driven by our relentless urge to dig deeper in extracting actionable insights from data. We own our client's success by consistently creating value in their analytics journey. We've built a firm equipped to solve business problems using cutting edge A.I technologies.

We care for our clients' business as our own and help them make significant and lasting improvements to their performance by institutionalizing analytics in their decision-making process. We cross boundaries and churn the sum-total of siloed information assets to uncover breakthrough insights which our clients act on. We have served over 50+ clients, across North & South America, Europe, Africa, and Asia in the CPG, Retail, Electronics, and Healthcare sector.

