

Assessing the impact of pricing with a KPI tool that monitors business performance

As a business it's often important to ask an obvious/simple question: have our price changes really been a success?

We had initially worked with this award-winning visitor attraction to conduct a pricing research project that reviewed their current admission prices, before recommending strategic increases where we felt their historically developed prices we not set to optimise volume, revenue and profit.

Upon implementing these recommendations, we wanted our client to be able to monitor the success of future price changes so that they could critically evaluate strategic pricing moves and continually optimize prices.

The Challenge

Whilst this client had monthly volume and revenue targets that were monitored carefully, they did not have the analytical capability, nor the capacity within the team, to set up the more advance business intelligence analysis that was needed to monitor the impact of very targeted pricing improvements.

Building a Solution That Fits

Pricing Solutions worked with three years of visitor data containing multiple complexities: from differing ticket types such adult, family and senior, to special events at which prices were different. There had also been a couple of ad hoc price increases over that time.

We then took all of this transactional data and developed a tool that forecast day-by-day volume and revenue based on historic trends, factoring in the month, day or week, special events and holidays, and even accounting for weather.

The tool monitored average price, proportions of customers taking up certain offers, conversion ratios on up sell options, the realisation of the theoretical list price vs. the actual revenue in the bank, all on a day by day basis.

The tool was graphical and designed so that the united-trainer user was able to view and interrogate the data in a number of ways. The tool was initially developed in excel for the small financial team, making it very affordable for a medium size tourist attraction business.

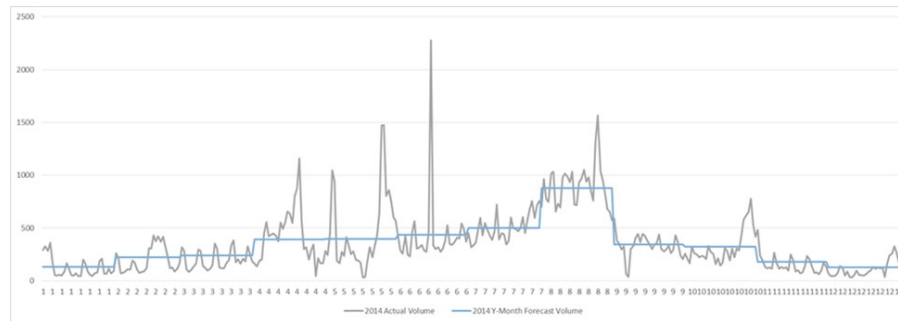
From a purely business intelligence perspective this for the first time gave the client a quantified view of which days had been good and bad when ranked against a fair benchmark. It also took away many of the excuses that were constantly circulated in management meetings.

In terms of pricing, the tool was able to give a fair forecast of what would have happened to revenue without the pricing changes we had helped introduce, giving the client an indication as to the effects of pricing changes.

HOSPITALITY & TOURISM

“ It should take no longer than 3 months to realize whether a pricing tactic is working or not ”





Above: The volume forecast tool used to determine optimal prices & monitor KPI's

The Result

Having a more advanced analytical capability gave the client the opportunity to fully evaluate their strategic commercial moves, optimising them over time.

It should take no longer than three months to realise whether a pricing tactic is working or not, thus you can quickly look to readdress the issue or more likely – based on our history of successful projects – increase your commitment to the strategy.

Pricing is a very measurable area of consulting in terms of it's bottom line impact, and hence we are able to say that our research and pricing strategy projects deliver a return on investment of 10:1.

What's the Pricing Solutions Difference?

We are not only experts in pricing but we also have the necessary experience to provide tools and resources that are tailored to your business needs. The Pricing Solutions team created a forecasting tool that integrated metrics that were unique to the client.

Furthermore they built the tool in such a way that it integrated into the software and systems the client already had in house, making the solution cohesive but also ready to use.

Providing clients with solutions that deliver measurable return is part of the mission of Pricing Solutions. To learn more about our full range of pricing offerings please visit our website.

Our Firm

Our mission is to dramatically improve clients' profitability and market share through improved pricing. Pricing Solutions' four core services include Pricing Strategy & Management, Pricing Research & Analytics, Pricing Training and Pricing Tools & Systems. Known for our World Class Pricing™ methodology, we have grown to become one of the world's leading pricing consultancies with offices in North America, Europe, Asia Pacific and Latin America. Our global team of researchers, consultants and partners are recognized thought-leaders.

We deliver customized cross-functional solutions, helping our clients achieve a typical payback of 10:1 on their investment.

Global Headquarters

106 Front St. East, Suite 300
Toronto, ON Canada M5A 1E1
Tel: 1.416.943.0505
Fax: 1.416.943.0507

United Kingdom Office

25 Watling Street
EC4M 9BR London, UK
Tel: +44.207.323.5059