

Bottom-Line Improvements

Understanding the Impact of Promotions & Price

Situation

Client was a division of a \$300MM global alcohol & beverage company. Fiercely competitive, multi-brand/multi-SKU meant that effective Revenue Management was required.

- price, product and brand combinations
- Took into consideration impact of seasonality, consumer preferences, shelf location etc. and could isolate these factors if needed
- Model re-created actual incidence rates with 94% accuracy

Our client faced 3 major challenges

1. No way to accurately evaluate the impact of pricing & promotion decisions
2. Difficulty pinpointing what was driving sales
3. Manufacturer was overloaded with data

Approach

Pricing Solutions built a comprehensive and tailored Pricing and Promotional Planning Tool (P3T)

Promotional Tool Features

- Leveraged existing POS data & could be continually updated
- Forecasted Volume & Margin for various

Results



Enabled client to positively change share trajectory, stabilize sales & margin and significantly grow incremental revenue and profit annually



Identified over \$3 million in profit opportunities at one major retailer



\$ PRICE		VOLUME (HL)		\$ MARGIN		PROMOTIONS & DISP			
BASE	SIMULATED	BASE	SIMULATED	REGULAR	SIMULATED	TPR	Contest	Lobby	Featur
—	—	5,915.14	1,817.14	8,351.06	6,670.26				
—	—	6,779.35	1,862.65	6,374.35	2,583.46				
		686.40	734.99	114,423	102,355				
16.50	16.50	84.84	40.89	15,888	11,000	OFF	100%	0%	0%
14.00	14.00	51.26	59.64	4,233	6,111	OFF	0%	30%	0%
		844.55	855.20	170,179	109,007				
—	—	—	—	—	—	OFF	0%	0%	0%
23.50	23.50	34.26	61.19	6,959	3,808	OFF	100%	0%	0%