

PRICING RECOMMENDATIONS BY APPLYING ADVANCED ANALYTICS

Improving Sales & Maintaining Guest Traffic With Pricing Analytics



5%

Uncovered 5% in potential sales opportunities through customer segmented pricing recommendations

2%

Price increase recommendations captured additional 2% in sales with no change in traffic



Roadmap provided actionable recommendations which were implemented immediately

Challenge

Client was a National QSR Chain with over 400+ locations. Had been experiencing a decline in guest count and experiencing increased labor costs and food & paper costs. Client needed to implement a price increase to cover increased costs using a more “surgical” approach rather than blanket % increase on all products. Also wanted a roadmap for how to improve pricing structure and process over next 6-18 months.

Approach

During the 3-month engagement Pricing Solutions provided:

1. Customer Segmented Pricing Recommendations

- Using existing customer data identified 5 unique customer segments
- Clusters built by identifying significant purchasing behavior and patterns
- Developed specific strategy to improve pricing for each segment

2. Price Increase Recommendations

- Utilizing 2 years of historic data, a predictive model was developed to optimize price recommendations at the item and regional levels
- Provided expected revenue impact and foot traffic estimates based on statistical modelling of product substitution (both indirect and direct)

3. Promotion Analysis & Competitive Benchmarking

- Evaluated effectiveness of existing promotions based on key internal metrics
- Provided report on state of competitor pricing and promotional strategies

4. Roadmap

- Providing detailed implementation plan for next 6-18 months
- Included plan for improvements to store tiering, loyalty and price optimization