Pricing analytics and modeling
Global multi-channel media marketing brand

- Partnered with the client to analyze the historical pricing and profitability to size the pricing opportunity by introducing differentiated pricing within the current offerings

- Designed a new rate card based on the quality of leads and created a framework for lead quality-based differentiated pricing to increase the revenue

- Analyzed the historical discounting and designed the discount strategy to get better ROI

Global multi-channel media marketing brand needs pricing analytics and modeling

Picture this…

You're looking to analyze the historical pricing and profitability to size the pricing opportunity by introducing differentiated pricing within the current offerings. Designed a new rate card based on the quality of leads and created a framework for lead quality-based differentiated pricing to increase the revenue. Additionally, analyzed the historical discounting and designed the discount strategy to get better ROI. Currently, you did not have a standardized rate card based on the lead quality resulting in ad-hoc pricing. There was an opportunity to implement a differentiated pricing structure, based on various lead attributes, to standardize pricing and identify pricing opportunities.

You turn to Accordion.

We partner with your team to analyze the historical pricing and profitability to size the pricing opportunity by introducing differentiated pricing within the current offerings. Designing a new rate card based on the quality of leads and creating a framework for lead quality-based differentiated pricing to increase the revenue. Analyzing the historical discounting and designing the discount strategy to get better ROI, including:

1) Classifying quality of leads generated into High, Medium and Low by identifying the impact of key attributes such as Job role, Number of exclusionary questions etc., on quality of leads.
2) Estimating the size of pricing opportunity for each segment by analyzing the historical pricing and profitability across lead quality, region and product type
3) Introducing differentiated pricing within current offerings by designing a new rate card for existing and new customers which can customized based on Revenue targets. Operationalizing the pricing opportunity and created a framework to understand and identify the right pricing strategy based on targets
4) Formulating discount strategy at an account level by analyzing historical discounting and identifying opportunities for providing discounts to key accounts which will in turn build a strong relationship with them

Your value is enhanced.

• You have identified baseline revenue opportunities of ~6% for existing customers and ~19% for new customers and provided flexibility in the model to choose the pricing strategy based on target revenue impact

• You have also enabled sales team to drive data-driven pricing decisions with the help of a standardized rate card which can be customized based on targets and anticipate the revenue impact of these changes

KEY RESULT

• Identified baseline revenue opportunities of ~6% for existing customers and ~19% for new

VALUE LEVERS PULLED

• Pricing analysis
• Lead segmentation
• Standardized rate card
• Discount rates analysis

Pricing analytics for a global multi-channel media marketing brand

Situation

- Client did not have a standardized rate card based on the lead quality resulting in ad-hoc pricing. There was an opportunity to implement a differentiated pricing structure, based on various lead attributes, to standardize pricing and identify pricing opportunities.

- Partnered with the client to analyze the historical pricing and profitability to size the pricing opportunity by introducing differentiated pricing within the current offerings. Designed a new rate card based on the quality of leads and created a framework for lead quality-based differentiated pricing to increase the revenue. Additionally, analyzed the historical discounting and designed the discount strategy to get better ROI.
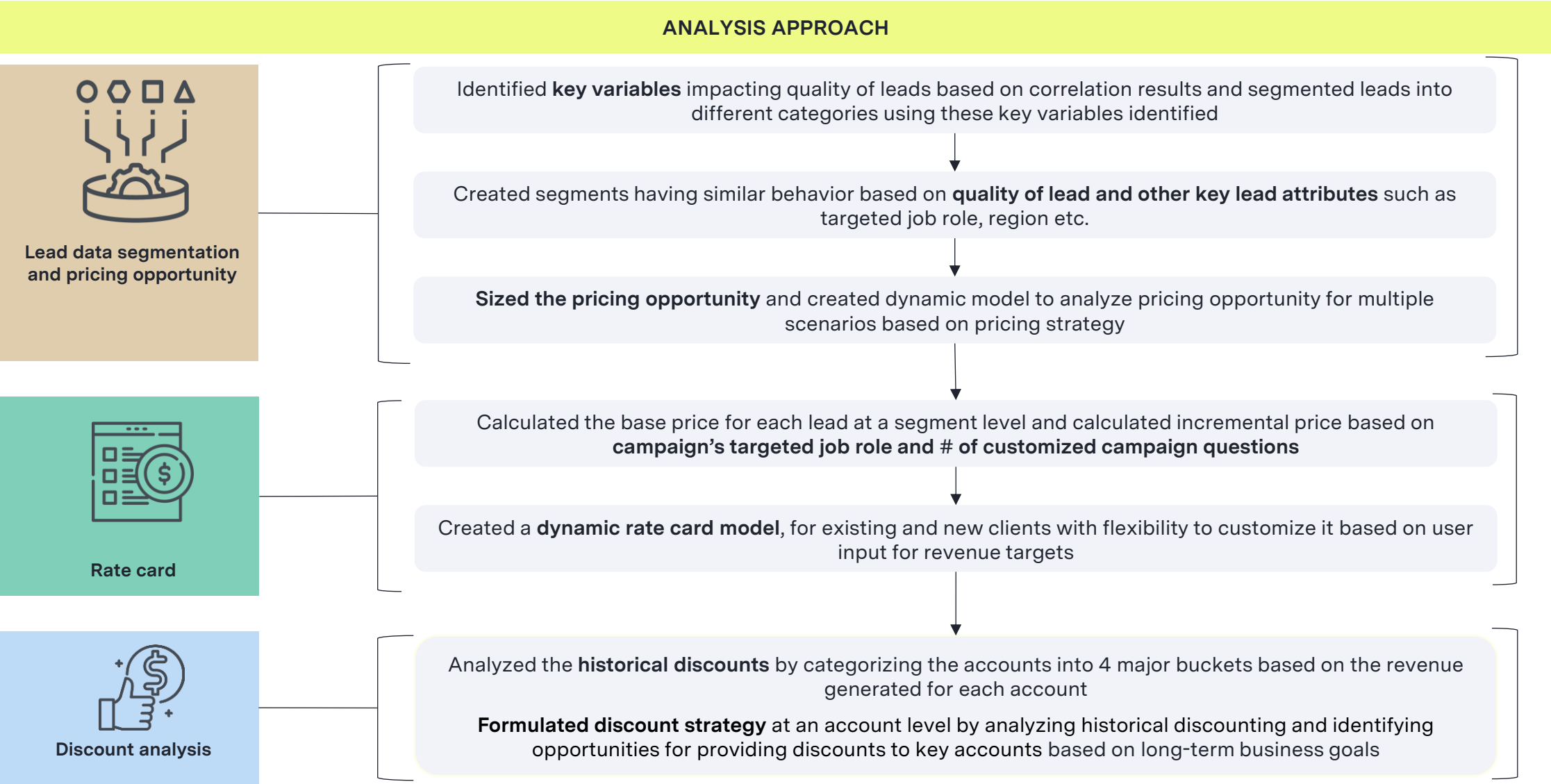
Accordion Value Add

- Classified quality of leads generated into High, Medium and Low by identifying the impact of key attributes such as Job role, Number of exclusionary questions etc., on quality of leads.

- Estimated the size of pricing opportunity for each segment by analyzing the historical pricing and profitability across lead quality, region and product type

- Introduced differentiated pricing within current offerings by designing a new rate card for existing and new clients which can customized based on Revenue targets. Operationalized the pricing opportunity and created a framework to understand and identify the right pricing strategy based on targets

- Formulated discount strategy at an account level by analyzing historical discounting and identifying opportunities for providing discounts to key accounts which will in turn build a strong relationship with them

Impact
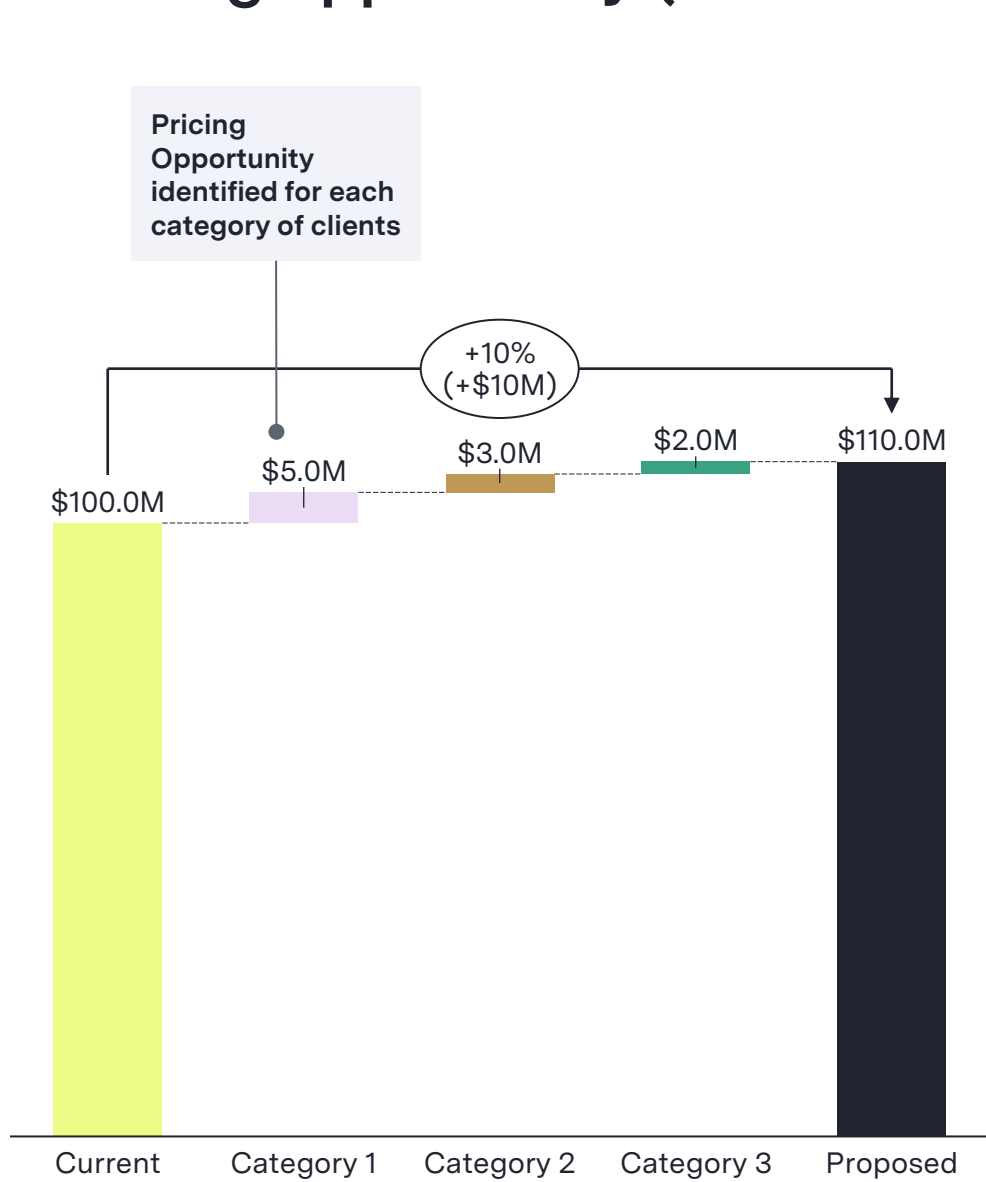
- Identified baseline revenue opportunities of ~6% for existing clients and ~19% for new clients and provided flexibility in the model to choose the pricing strategy based on target revenue impact

- Enabled sales team to drive data-driven pricing decisions with the help of a standardized rate card which can be customized based on targets and anticipate the revenue impact of these changes

Methodology/ Approach

ANALYSIS APPROACH

Lead data segmentation and pricing opportunity

Identified **key variables** impacting quality of leads based on correlation results and segmented leads into different categories using these key variables identified

Created segments having similar behavior based on **quality of lead and other key lead attributes** such as targeted job role, region etc.

Sized the pricing opportunity and created dynamic model to analyze pricing opportunity for multiple scenarios based on pricing strategy

Rate card

Calculated the base price for each lead at a segment level and calculated incremental price based on **campaign's targeted job role and # of customized campaign questions**

Created a **dynamic rate card model**, for existing and new clients with flexibility to customize it based on user input for revenue targets

Discount analysis

Analyzed the **historical discounts** by categorizing the accounts into 4 major buckets based on the revenue generated for each account

Formulated discount strategy at an account level by analyzing historical discounting and identifying opportunities for providing discounts to key accounts based on long-term business goals

Pricing opportunity (baseline and incremental)

Pricing Opportunity identified for each category of clients

$100.0M — Current

$5.0M — Category 1

+10% (+$10M)

$3.0M — Category 2

$2.0M — Category 3

$110.0M — Proposed

Baseline Pricing Opportunity by moving Price below 25th %ile to 25th %ile Price point

Current Revenue (Overall): $100 M	Proposed Price (25th %ile Price)	Proposed Price (50th %ile Price)	Proposed Price (75th %ile Price)
Min Price to 25th %ile	$10 M (Baseline)	$15 M	$25 M
25th to 50th %ile	NA	$2 M	$5 M
50th to 75th %ile	NA	NA	$1 M
75th %ile to Max Price	NA	NA	NA
Overall Impact	$10 M	$17 M	$31 M

Total Pricing Opportunity by moving current Price bucket

Pricing opportunity

Select Methodology	
Current Price Range	**Proposed Price per Lead ($)**
Bottom 25%ile	Move to 25%ile
25%ile-50%ile	NA
50%ile-75%ile	NA

User can input increment in proposed price for each price bucket to view respective pricing opportunity based on Pricing strategy

Segments created based on Region, Product type and Lead quality

Pricing opportunity for each segment by adjusting price in different price buckets as per the pricing strategy

Attributes			Current Metrics						Proposed Metrics				
Region	Product Type	Lead Type	# Campaign (Annual)	# Leads (Annual)	% Share of Leads	Annual Revenue ($)	% Share of Annual Revenue ($)	Annual Margin ($)	Annual Proposed Revenue ($)	Annual Impact Revenue ($)	% Change in Revenue	Annual Proposed Margin ($)	Annual Impact Margin ($)	% Change in Margin
Region 1	Product 1	Premium Quality	100	5,221	7%	$0.7 M	10%	$0.5 M	$0.8 M	$0.12 M	17%	$0.7 M	$0.12 M	22%
Region 1	Product 2	High Quality	200	8,003	11%	$0.6 M	9%	$0.5 M	$0.7 M	$0.06 M	10%	$0.5 M	$0.06 M	13%
Region 1	Product 1	Medium Quality	110	2,098	3%	$0.6 M	8%	$0.4 M	$0.6 M	$0.05 M	9%	$0.5 M	$0.05 M	12%
Region 1	Product 2	Premium Quality	300	15,247	21%	$0.3 M	5%	$0.2 M	$0.3 M	$0.02 M	7%	$0.3 M	$0.02 M	9%
Region 2	Product 1	High Quality	200	5,906	8%	$1.3 M	19%	$1.0 M	$1.5 M	$0.16 M	12%	$1.2 M	$0.16 M	16%
Region 2	Product 2	Medium Quality	100	10,399	14%	$1.2 M	18%	$1.0 M	$1.5 M	$0.25 M	20%	$1.2 M	$0.25 M	26%
Region 2	Product 1	Low Quality	200	9,703	13%	$1.7 M	26%	$1.3 M	$2.0 M	$0.26 M	15%	$1.6 M	$0.26 M	20%
Region 3	Product 2	Medium Quality	150	13,436	18%	$0.2 M	3%	$0.1 M	$0.2 M	$0.02 M	10%	$0.2 M	$0.02 M	13%
Region 3	Product 2	Low Quality	130	3,951	5%	$0.1 M	1%	$0.1 M	$0.1 M	$0.00 M	1%	$0.1 M	$0.00 M	2%

Dynamic rate card at segment level based on target revenue impact

Legend	User Input

Input target % Increase in overall Revenue below	
Target % Revenue Impact	6%

Refresh All

>>Click this button to Refresh Tool

>> Pop-up window will show up after completion

Recommended differential base price for each segment with incremental price for job role and questions based on input target revenue impact ($)

Proposed Rate Card based on % Increase in Revenue Input

Segment		Base Price	Incremental Price per Lead ($) based on target Job Role			Incremental Price per Lead ($) for Custom Exclusionary Question	
Region	Product Type	Base Price per Lead ($)	Role 1	Role 2	Role 3	X Question	Y Questions
Region 1	Product 1	$10	$1	$2	$2	$1	$2
Region 1	Product 2	$12	$1	$2	$2	$1	$2
Region 2	Product 1	$20	$2	$3	$4	$2	$4
Region 2	Product 2	$22	$2	$3	$4	$2	$4
Region 3	Product 1	$30	$3	$5	$6	$3	$6
Region 3	Product 2	$35	$4	$5	$7	$4	$7
Region 4	Product 1	$15	$2	$2	$3	$2	$3
Region 4	Product 2	$18	$2	$3	$4	$2	$4