



Price change impact analysis & Pricing architecture model

Beauty products manufacturer and retailer

1. Analyzed the Sales trends before & after the historical price change points for different product groups
2. Developed a dynamic Pricing Strategy Model to project the revenues and variance w.r.t. fiscal year targets by testing scenarios of price increase and units' growth

Beauty products manufacturer and retailer needs Price change impact analysis & Pricing architecture model

Picture this...

You're looking to analyze the retail sales before & after the historical price change points and provided visibility into the business impact of price revisions to the leadership team also developed a dynamic Pricing Strategy Model enabling teams to simulate and evaluate the impact of future price change scenarios. Currently, lacking visibility into the impact of price increments on Units & Revenue leveraging which a dynamic Pricing Architecture model could be built for strategizing future price revisions by product categories and regions.

You turn to Accordion.

We partner with your team to analyze the sales trends before & after the historical price change points for different product groups. Developing a dynamic Pricing Strategy Model to project the revenues and variance w.r.t. fiscal year targets by testing scenarios of price increase and units' growth, including:

- 1) Assessing the impact of the historic price changes on the top-products providing strategic value to optimize pricing strategies
- 2) Analyzing historical Price-Volume trend, PVM (Price Volume Mix) impact, Price Elasticity and Seasonality of top-product categories across different markets and developed front end visualizations for comprehensive visibility to the users
- 3) Developing an excel based dynamic Pricing Model to project the revenue and variance w.r.t. fiscal year targets by testing scenarios based on user inputs of estimated increase in Prices and YoY growth in Units by product categories and regions

Your value is enhanced.

- You have identified opportunities for ~\$525k increase in shipping charges revenue by providing visibility into the historical shipping charges by region, order value, order month
- Business teams initiated follow-up internal discussions for delivery price revision/optimization leveraging this analysis
- Offered insights into the business implications of past price adjustments across regions, channels, and product categories, empowering stakeholders to make informed decisions for future price revisions on key products
- Facilitated the corporate and regional teams to assess potential revenue impacts through the simulation of various scenarios involving price increases and unit growth, ensuring the effectiveness and resilience of future price revisions in meeting revenue targets

KEY RESULT

- ~\$525k increase in shipping charges revenue

VALUE LEVERS PULLED

- Price - volume trend analysis
- Seasonality analysis
- Price - volume - mix analysis
- Pricing strategy model

Shipping charge analysis of online orders at a global beauty products company

Situation

- Client lacked visibility on the impact of price increments on Units & Revenue leveraging which a dynamic Pricing Architecture model could be built for strategizing future price revisions by product categories and regions
- Analyzed the Retail Sales before & after the historical price change points and provided visibility into the business impact of price revisions to the leadership team
- Also developed a dynamic Pricing Strategy Model enabling Client's teams to simulate and evaluate the impact of future price change scenarios

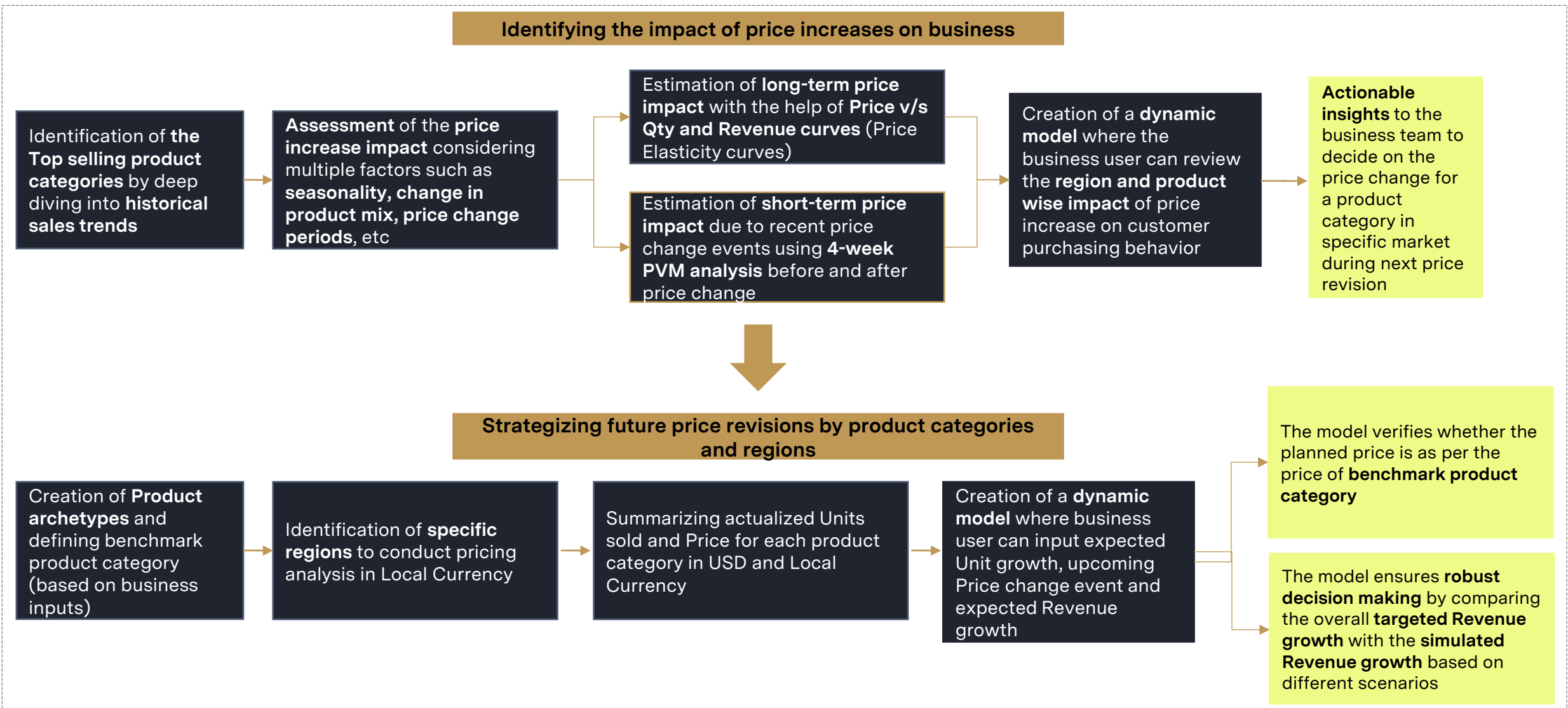
Accordion Value Add

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- Developed an excel based dynamic Pricing Model to project the revenue and variance w.r.t. fiscal year targets by testing scenarios based on user inputs of estimated increase in Prices and YoY growth in Units by product categories and regions

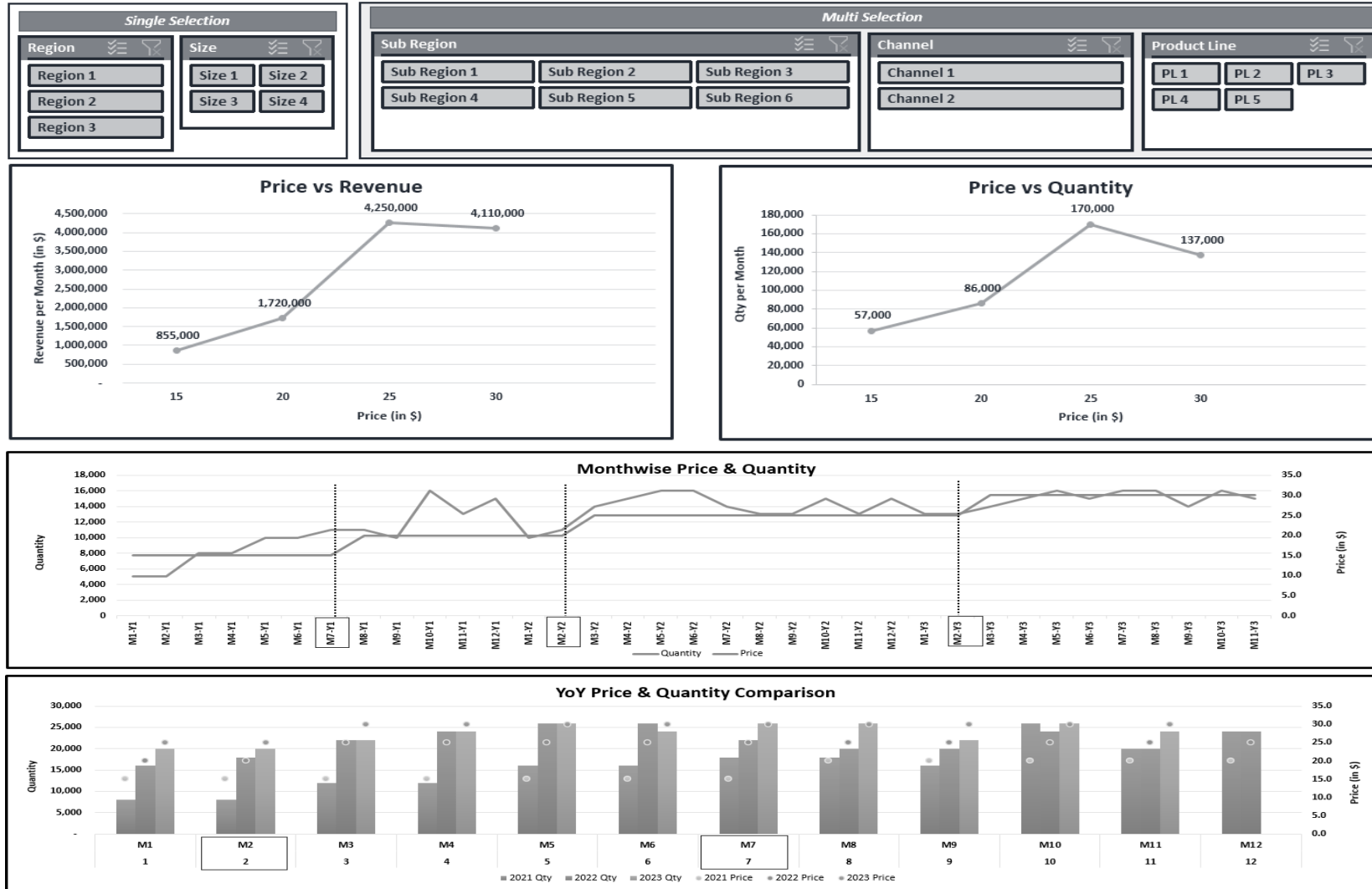
Impact

- Identified opportunities for ~\$525k increase in shipping charges revenue by providing visibility into the historical shipping charges by region, order value, order month
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Approach & methodology



Understanding the business impact of historical price revisions



Functionality for users to view insights by different selection criteria such as regions, channels and product lines

Price elasticity analysis by product category

Historical Price vs Quantity trends to visualize impact of price changes on units sold

YoY Price vs Quantity snapshot to understand the general purchase behaviour w.r.t. different prices by specific months

Estimated impact of price revision through pricing strategy model

				Market 1													
				Time Period 1 (Actualized)			Time Period 2 (Estimated)										
Category	Reference Benchmark	Min Range	Max Range	#Units Sale	Unit Price	Sales (\$)	Units YoY Growth % Input	#Units Sale	Revised Unit Price	Price Check against Benchmark	Is Price within specified range?	% Increase in Price	Sales (\$)	Price Impact	Vol. Impact	Mix Impact	Overall Impact
Grand Total				1,043,000	\$263	\$274,494,000	20%	1,251,600					\$380,796,000	\$42,836,000	\$54,898,800	\$8,567,200	\$106,302,000
Category 1	BM1	120%	140%	9,000	\$271	\$2,439,000	20%	10,800	\$320	130.0%	OK	7%	\$3,456,000	\$441,000	\$487,800	\$88,200	\$1,017,000
Category 2	BM2	-110%	-100%	9,000	\$432	\$3,888,000	20%	10,800	\$510	-105.0%	OK	7%	\$5,508,000	\$702,000	\$777,600	\$140,400	\$1,620,000
Category 3	BM3	-50%	-40%	18,000	\$16	\$288,000	20%	21,600	\$20	-45.0%	OK	11%	\$432,000	\$72,000	\$57,600	\$14,400	\$144,000
Category 4	BM4	340%	380%	9,000	\$331	\$2,979,000	20%	10,800	\$400	360.0%	OK	10%	\$4,320,000	\$621,000	\$595,800	\$124,200	\$1,341,000
Category 5	BM5	-60%	-60%	10,000	\$145	\$1,450,000	20%	12,000	\$170	-60.0%	OK	6%	\$2,040,000	\$250,000	\$290,000	\$50,000	\$590,000
Category 6	BM6	-30%	-30%	6,000	\$46	\$276,000	20%	7,200	\$50	-30.0%	OK	-2%	\$360,000	\$24,000	\$55,200	\$4,800	\$84,000
Category 7	BM7	-30%	-30%	5,000	\$109	\$545,000	20%	6,000	\$130	-30.0%	OK	8%	\$780,000	\$105,000	\$109,000	\$21,000	\$235,000
Category 8	BM8	-30%	-30%	3,000	\$472	\$1,416,000	20%	3,600	\$540	-30.0%	OK	4%	\$1,944,000	\$204,000	\$283,200	\$40,800	\$528,000
Category 9	BM9	-70%	-60%	2,000	\$386	\$772,000	20%	2,400	\$450	-65.0%	OK	6%	\$1,080,000	\$128,000	\$154,400	\$25,600	\$308,000
Category 10	BM10	-90%	-80%	10,000	\$488	\$4,880,000	20%	12,000	\$540	-85.0%	OK	1%	\$6,480,000	\$520,000	\$976,000	\$104,000	\$1,600,000
Category 11	BM11	-100%	-90%	2,000	\$142	\$284,000	20%	2,400	\$170	-95.0%	OK	9%	\$408,000	\$56,000	\$56,800	\$11,200	\$124,000
Category 12	BM12	-150%	-150%	10,000	\$43	\$430,000	20%	12,000	\$50	-150.0%	OK	6%	\$600,000	\$70,000	\$86,000	\$14,000	\$170,000
Category 13	BM13	600%	600%	15,000	\$248	\$3,720,000	20%	18,000	\$280	600.0%	DIFF	3%	\$5,040,000	\$480,000	\$744,000	\$96,000	\$1,320,000
Category 14	BM14	200%	250%	12,000	\$134	\$1,608,000	20%	14,400	\$160	2150.0%	DIFF	9%	\$2,304,000	\$312,000	\$321,600	\$62,400	\$696,000
Category 15	BM15	30%	30%	19,000	\$254	\$4,826,000	20%	22,800	\$290	30.0%	DIFF	4%	\$6,612,000	\$684,000	\$965,200	\$136,800	\$1,786,000
Category 16	BM16	10%	10%	7,000	\$354	\$2,478,000	20%	8,400	\$420	10.0%	DIFF	8%	\$3,528,000	\$462,000	\$495,600	\$92,400	\$1,050,000
Category 17	BM17	-90%	-80%	3,000	\$442	\$1,326,000	20%	3,600	\$520	-85.0%	OK	7%	\$1,872,000	\$234,000	\$265,200	\$46,800	\$546,000
Category 18	BM18	-120%	-120%	8,000	\$116	\$928,000	20%	9,600	\$140	-120.0%	OK	9%	\$1,344,000	\$192,000	\$185,600	\$38,400	\$416,000
Category 19	BM19	-110%	-110%	5,000	\$162	\$810,000	20%	6,000	\$190	-110.0%	OK	7%	\$1,140,000	\$140,000	\$162,000	\$28,000	\$330,000
Category 20	BM20	-90%	-90%	16,000	\$347	\$5,552,000	20%	19,200	\$400	-90.0%	OK	5%	\$7,680,000	\$848,000	\$1,110,400	\$169,600	\$2,128,000

Product categories and allowable price variation range against respective benchmarks

Historical period's actualized status

Validation of new Price input against the specified benchmark price

Price – Volume – Mix Impact analysis to simulate various price revision scenarios