

# PRICE IMPACT ANALYSIS FOR BEAUTY PRODUCTS MANUFACTURER AND RETAILER

## ABOUT THE CLIENT

Client is a **manufacturer & retailer** of **beauty and personal care products** having **~450 touchpoints** across major **global markets** such as **North America, Europe and APAC**

### SITUATION



- Client lacked visibility on the **impact** of **price increments** on **units & revenue** and found an opportunity in building a **dynamic pricing architecture model** for **strategizing** future **price revisions** by **product categories** and **regions**
- Partnered with the client to **analyze** the **retail sales** before & after the **historical price change points** and provided **visibility** into the **business impact** of **price revisions**. Also, developed a **dynamic Pricing Strategy Model** enabling client's teams to **simulate** and **evaluate** the **impact** of **future price change scenarios**

### VALUE ADDITION



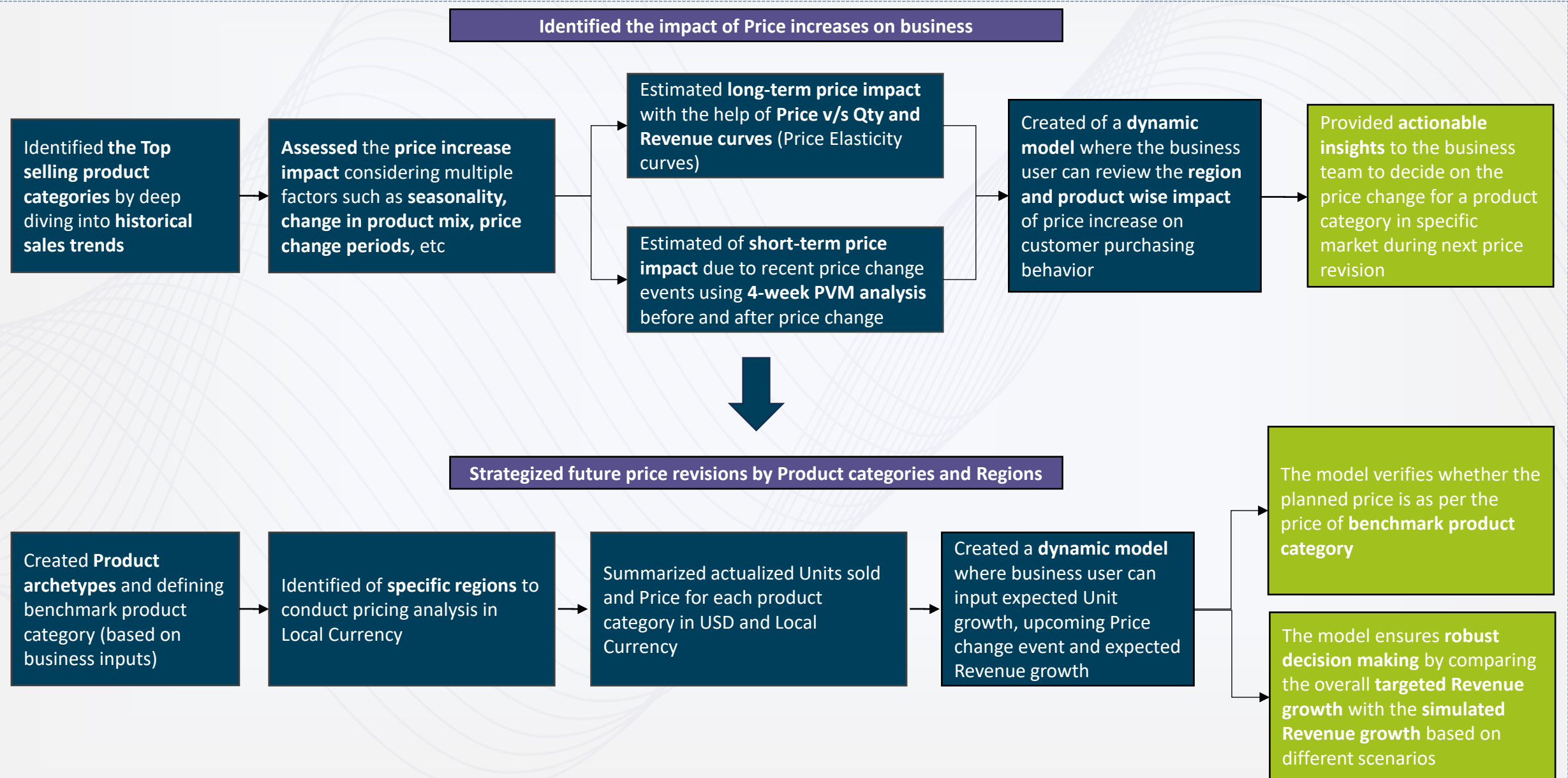
- Assessed** the impact of the historic price changes on the **top-products** providing strategic value to optimize pricing strategies
- Analyzed** historical **Price-Volume trend, PVM (Price Volume Mix) impact, Price Elasticity** and **Seasonality** of top-product categories across different markets and developed **front end visualizations** for **comprehensive visibility** to the users
- 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



- 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 client's **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**

# APPROACH & METHODOLOGY FOR IDENTIFYING THE BUSINESS IMPACT OF PRICE REVISIONS



# BUSINESS IMPACT OF HISTORICAL PRICE REVISIONS

Single Selection

Region

Region 1

Region 2

Region 3

Size

Size 1

Size 2

Size 3

Size 4

Multi Selection

Sub Region

Sub Region 1

Sub Region 2

Sub Region 3

Sub Region 4

Sub Region 5

Sub Region 6

Channel

Channel 1

Channel 2

Product Line

PL 1

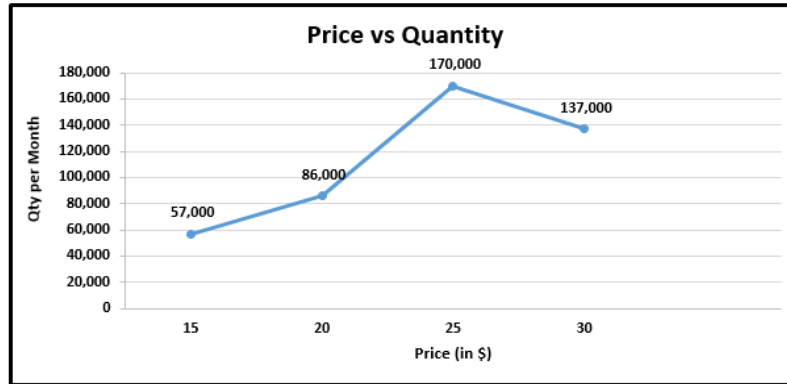
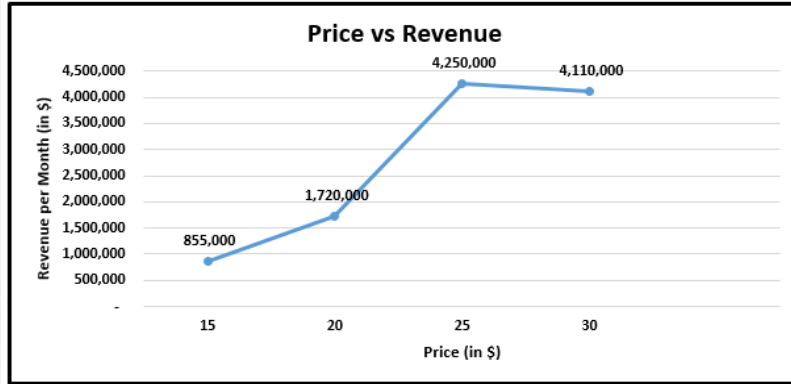
PL 2

PL 3

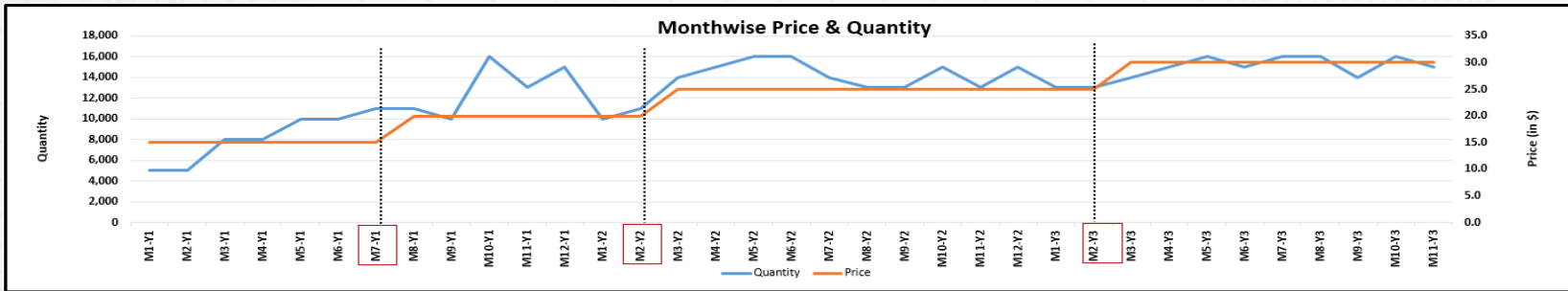
PL 4

PL 5

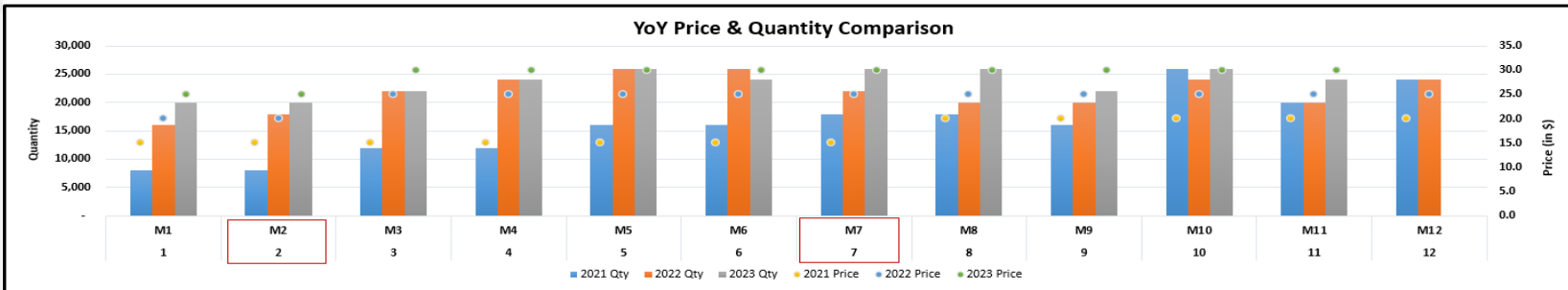
**Functionality** for users to view insights by different selection criteria such as regions, channels and product lines



**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 FUTURE PRICE CHANGES THROUGH PRICING STRATEGY MODEL

ILLUSTRATIVE

				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