

BuildMax Rentals

IB9E00 Pricing Analytics
Group 15

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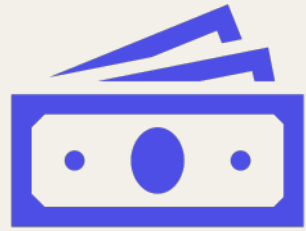
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Section 1

RM suitability for BuildMax

What is Revenue Management?



Revenue Management (RM)

Pricing strategy that **maximises** revenue by **optimising** inventory allocation based on demand and pricing flexibility



Objective

Implement RM to **increase revenue & utilisation** for BuildMax Rentals

RM Suitability for BuildMax



Why RM is Effective for BuildMax

- Fixed Capacity - Limited Equipment Supply
- Variable Demand - High Demand Variability
- Perishable Inventory - Cost of idle inventory
- Segmented Pricing - Different Customer Segments
- Low Variable Cost - Low rental cost



Expected Benefits

- Smarter fleet allocation
- Improved pricing strategy
- Higher overall revenue and profitability

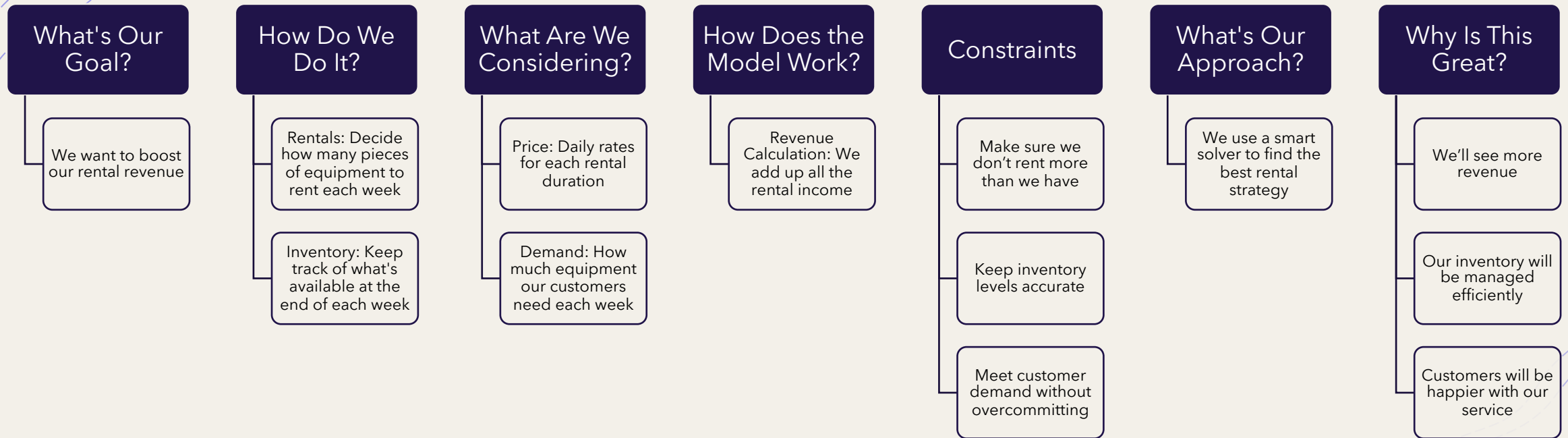


Section 2

Optimisation strategies and results

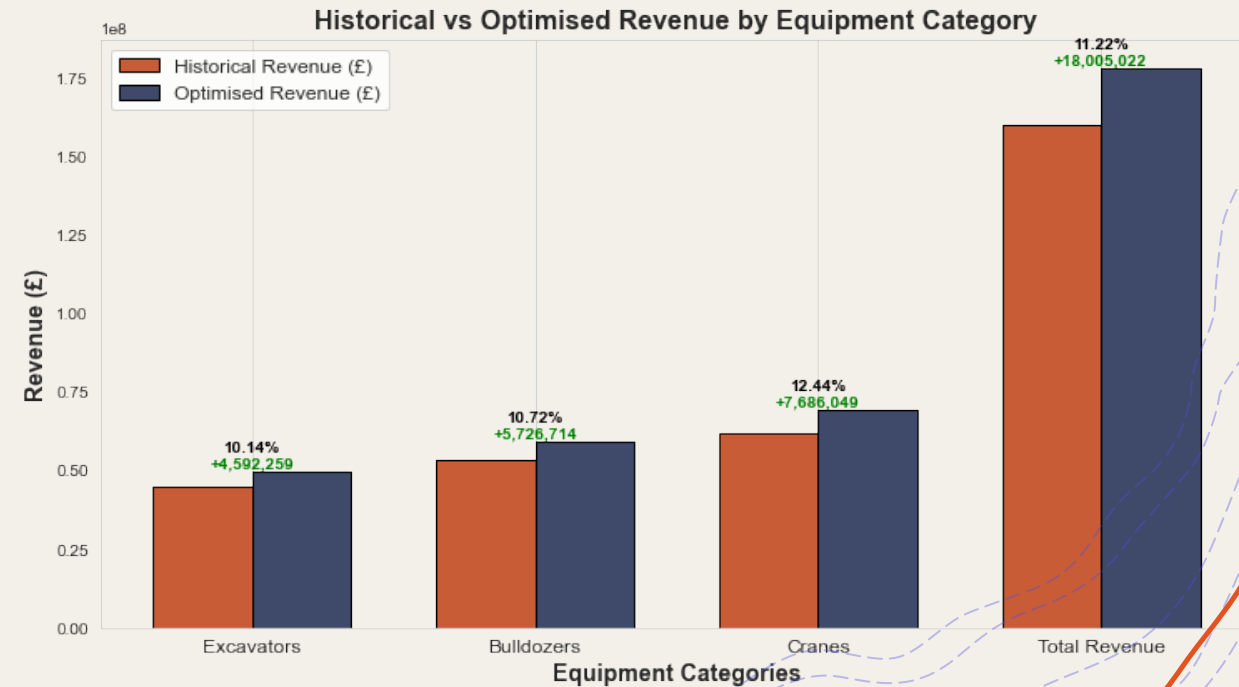


Optimising Equipment Rentals



Optimisation Strategies and Advantages

- Optimising pricing and fleet allocation
- Maintain an optimal inventory balance by ensuring that equipment not currently in the fleet is rented out, preventing any idle inventory
- Priority scheduling for high-value rentals
- Achieve a revenue increase of **11.22%**
- Enhance utilisation of high-demand equipment
- Improve ROI from 264.1% to 304.9%





Section 3

Limitations and Implementation

Future Challenges



Integration

Complexity in implementing a uniform system across all branches



Customer Behaviour

Behaviour might not always remain stable and predictable over time. Thereby, affecting demand



Contract Strategy

Long-term clients might demand fixed pricing, reducing flexibility



Maintenance Approach

RM requires fast turnaround times to **minimise** downtime while **maximising** rentals



Fleet Rebalancing

One-way rentals can lead to fleet imbalances and increased costs



Dynamic Pricing

Price sensitivity may drive some clients to competitors

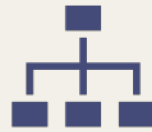
Implementation



Demand Forecasting & Dynamic Pricing

Machine learning to predict demand fluctuations

Adjust pricing based on real-time availability



Centralized Inventory Management

Track equipment locations & redistribute fleet efficiently

Reduce one-way rental inefficiencies



Flexible Booking System

Online and branch-based dynamic pricing updates

Incentives for early reservations to balance demand

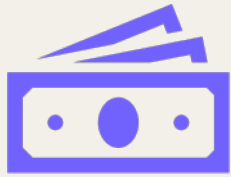


Segmented Pricing Strategy

Long-term clients (mining/oil): Discounted rates

Short-term construction: Premium pricing for urgent needs

Key Takeaways and Next Steps



Key Takeaways

Revenue Management can be effective for BuildMax with the right adjustments

11.22% revenue increase

ROI improved by 15.45% without requiring additional capital investment



Next Steps

Conduct a pilot implementation
Invest in **Revenue Management** technology
Maintenance Schedule Integration
Expand **Revenue Management** model
Incorporating feedback from stakeholders



Bottom Line

Enables dynamic pricing
Enhances fleet utilization
Support sustainable growth

Questions & Answers

