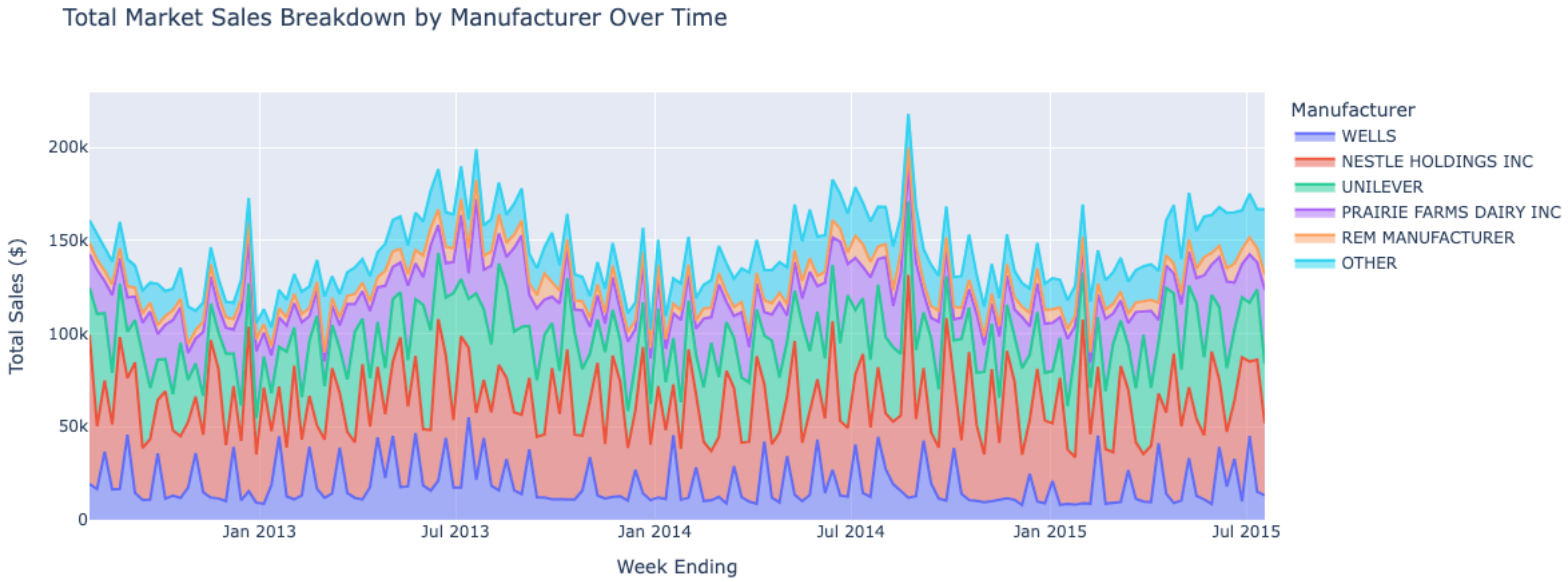
Revenue Management

Case Interview

Chuan Yin, March 2025

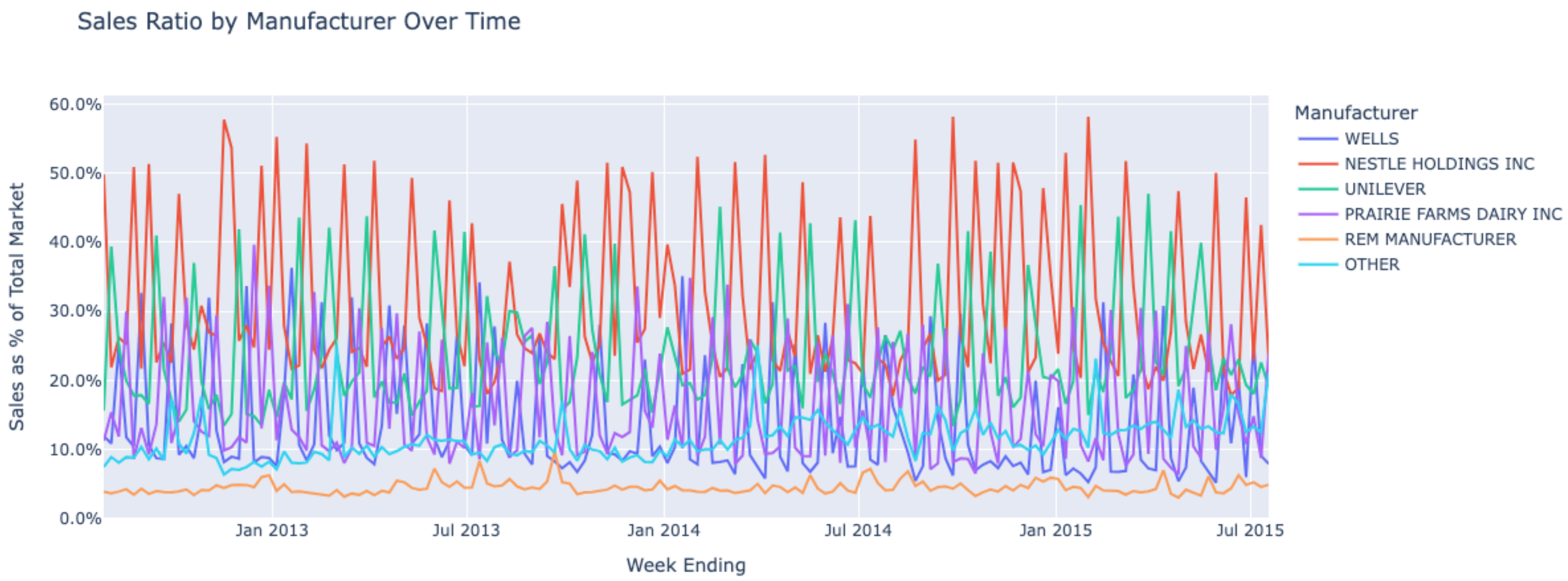
Q1. Customer Overview & Market Situation

- Wells' total revenue show **seasonality** but remain a smaller share of the overall market.



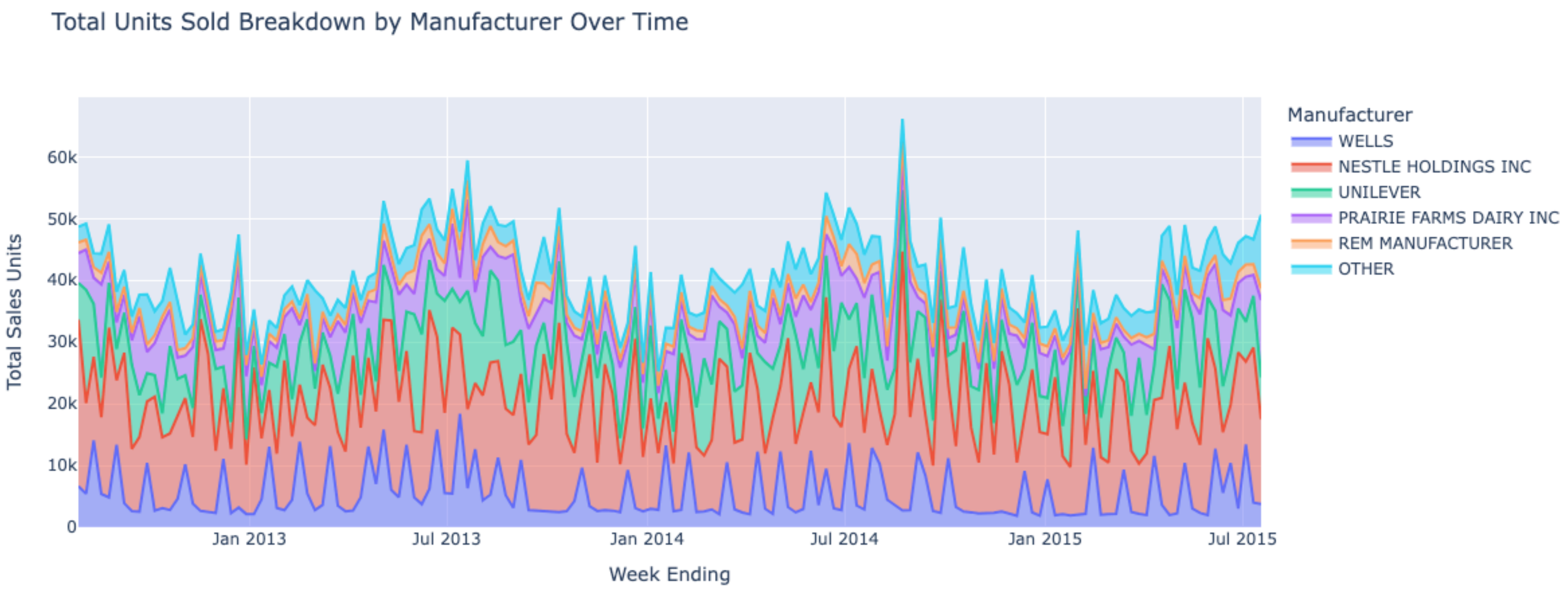
Q1. Customer Overview & Market Situation

- Wells' **market share** fluctuates between ~10–35%, with peak share during promo seasons.



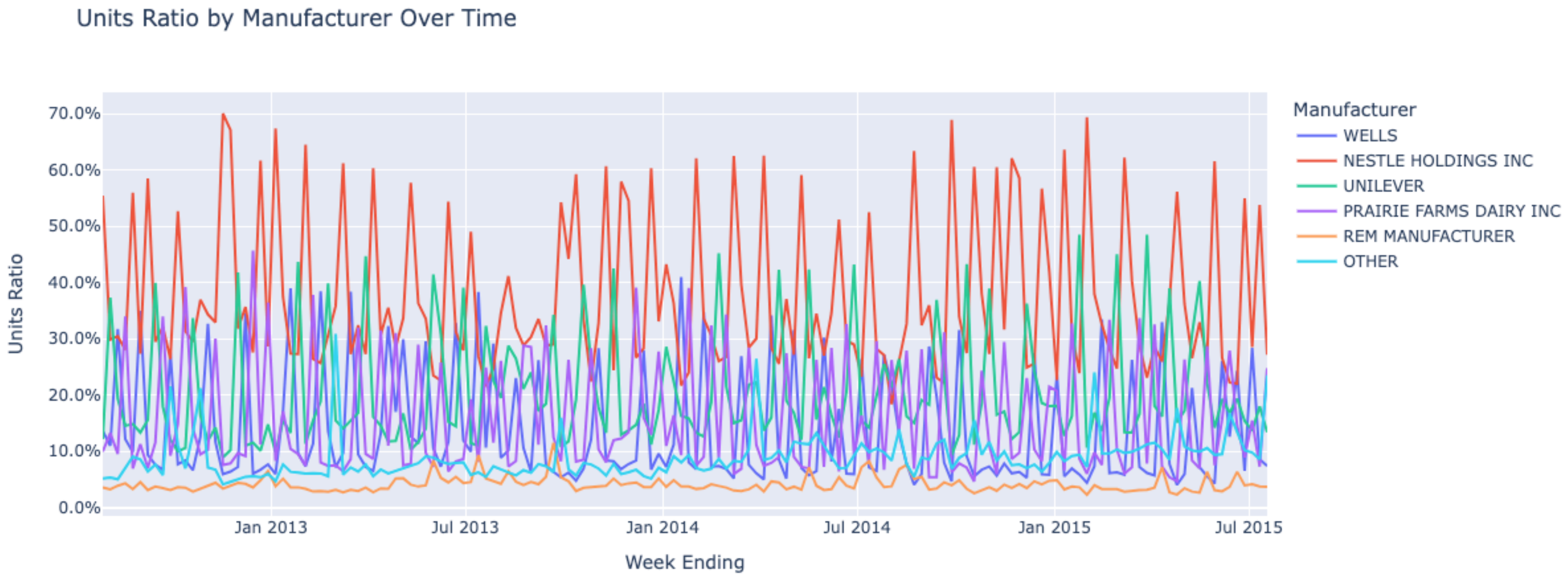
Q1. Customer Overview & Market Situation

- Sales units show similar seasonal spikes across all players; Wells' volume lags behind Nestlé.



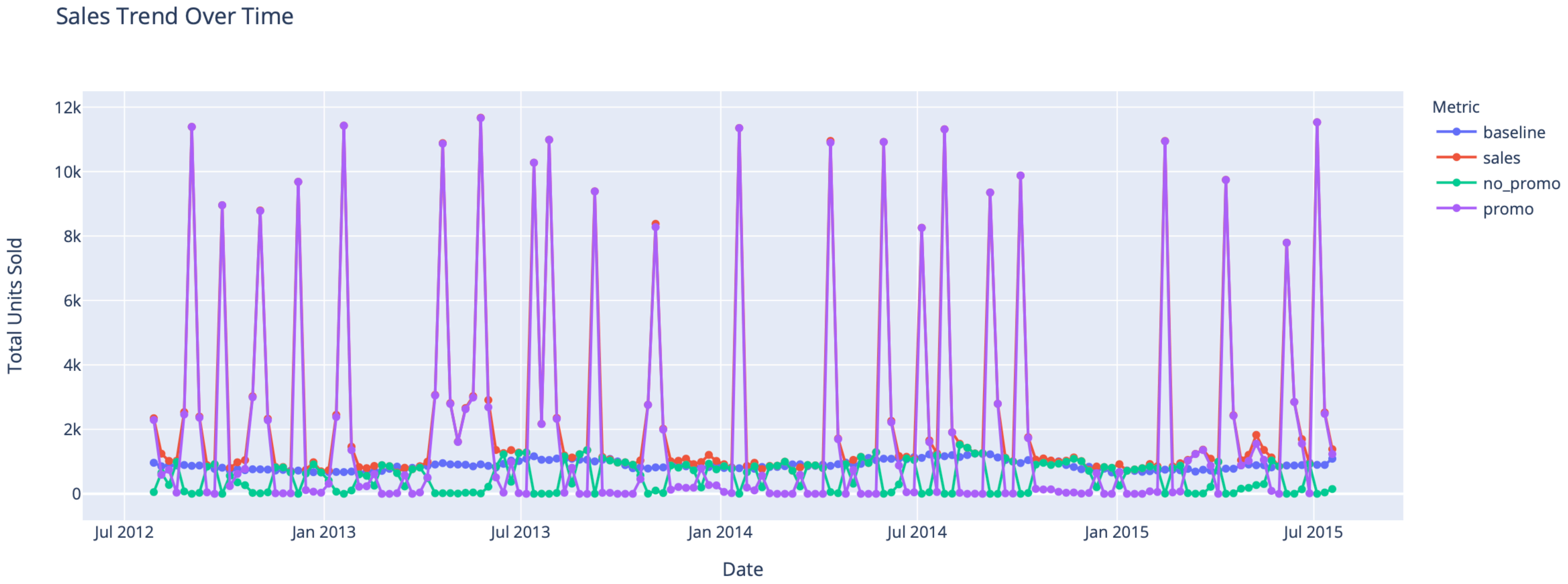
Q1. Customer Overview & Market Situation

- Nestlé dominates unit share across most weeks; Wells maintains a lower but consistent presence.



Q1. Customer Overview & Market Situation

- **Promotions** account for the majority of Wells' sales—baseline and no-promo sales are minimal.

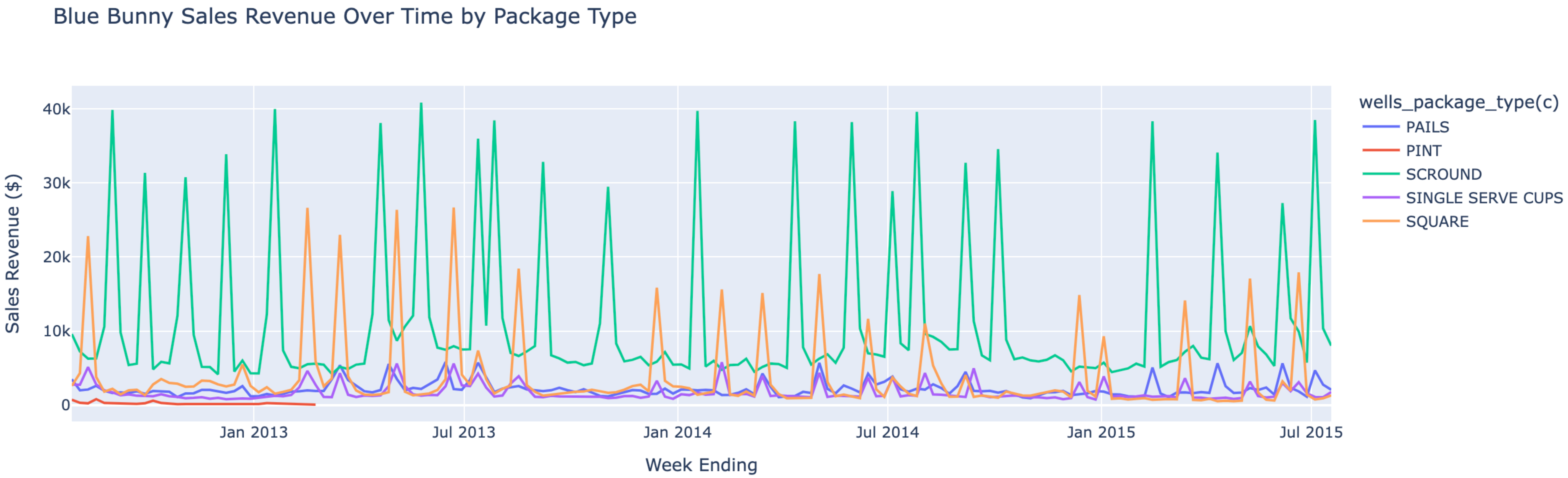


Q1. Customer Overview & Market Situation

- Wells' promotional and baseline sales follow a strong seasonal pattern.

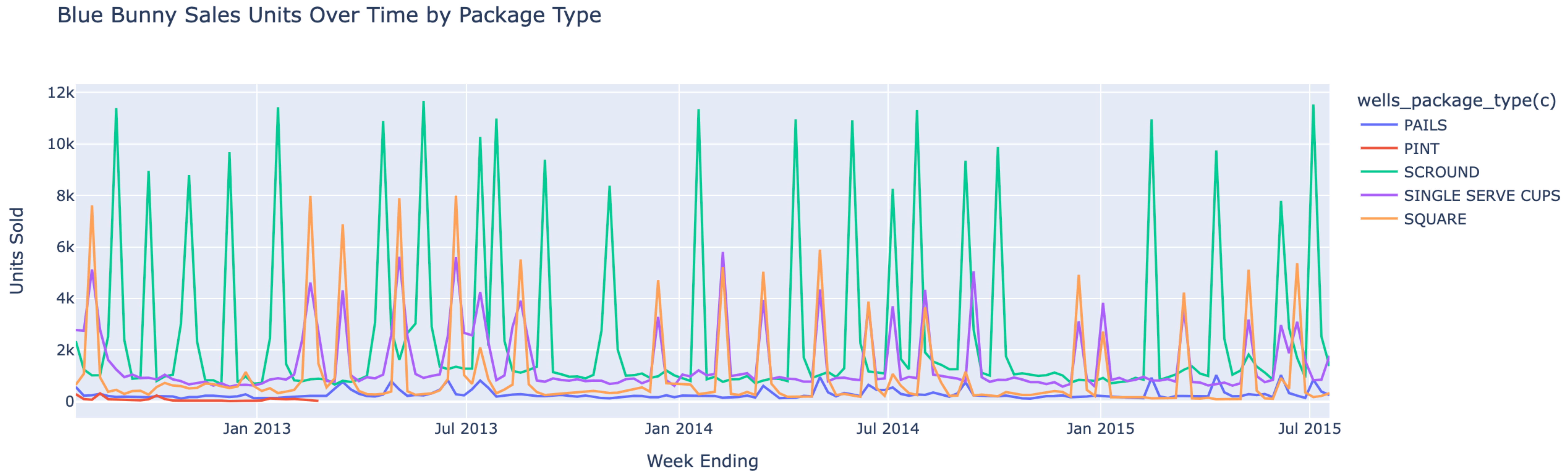
Q2. Promotional Strategy & Adjustments

- SCROUND promotions drive sharp revenue spikes; PINT was phased out early.



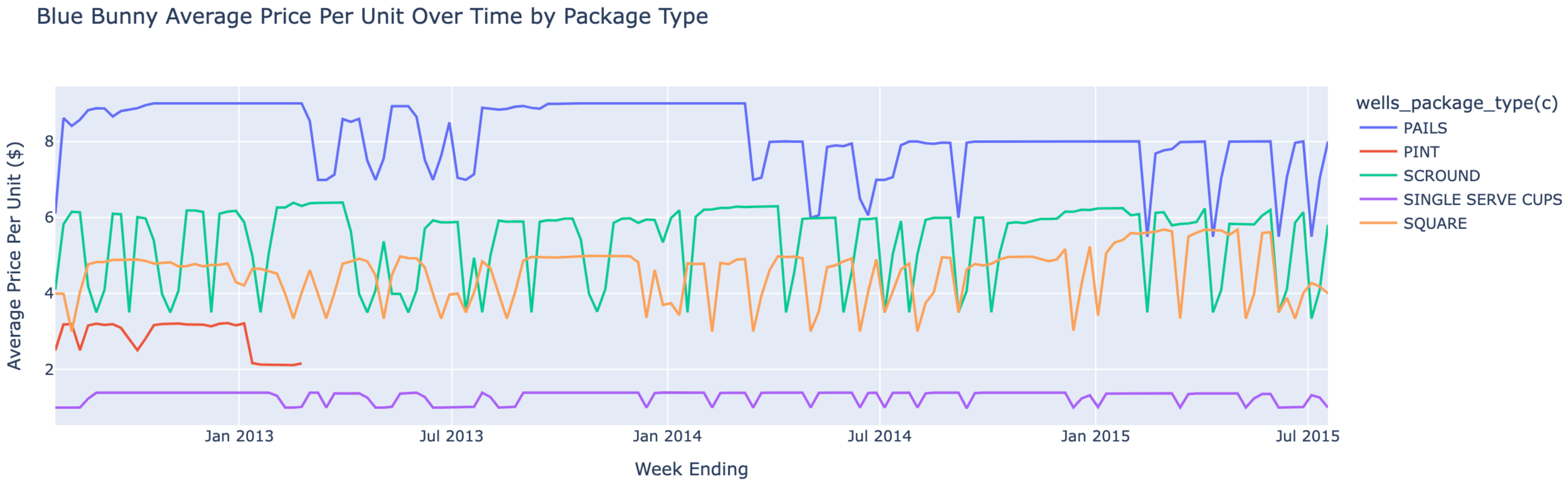
Q2. Promotional Strategy & Adjustments

- SCROUND promotions drive the highest volume, while SINGLE SERVE and SQUARE tend to promote concurrently but on a different cycle.



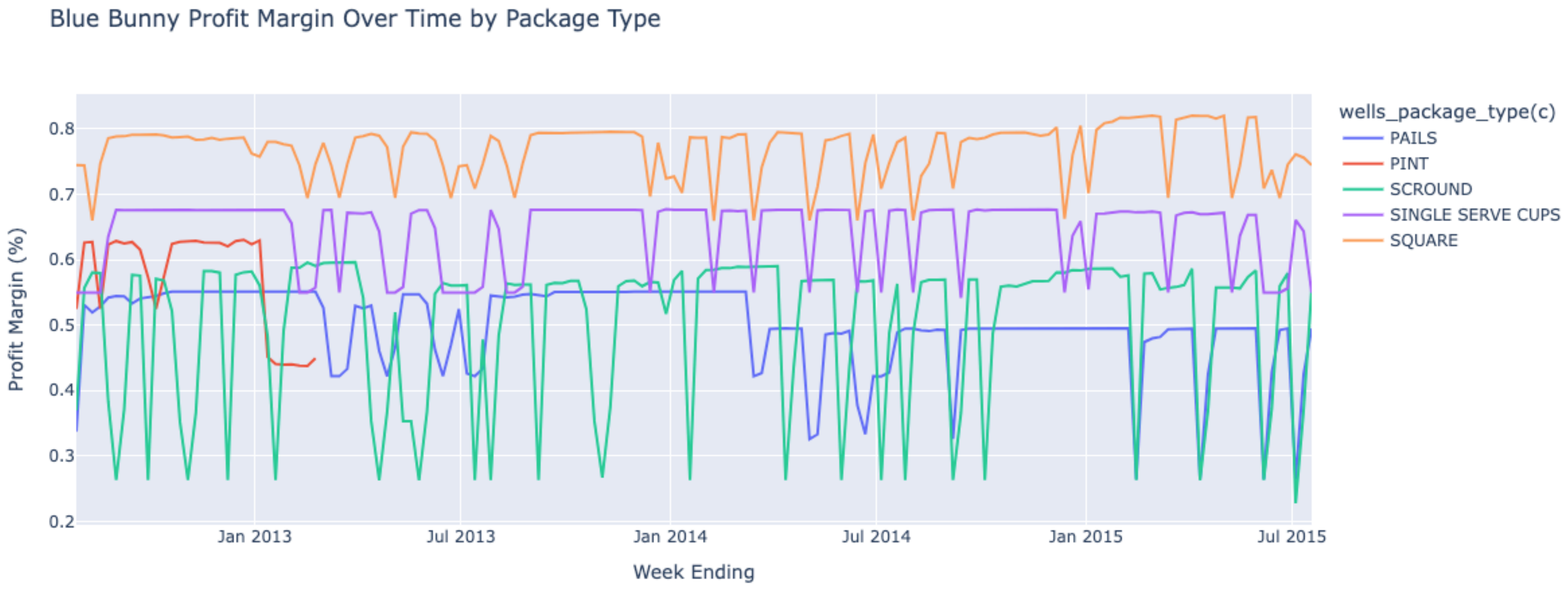
Q2. Promotional Strategy & Adjustments

- Price fluctuations suggest frequent promotions, especially for SCROUND and SQUARE.



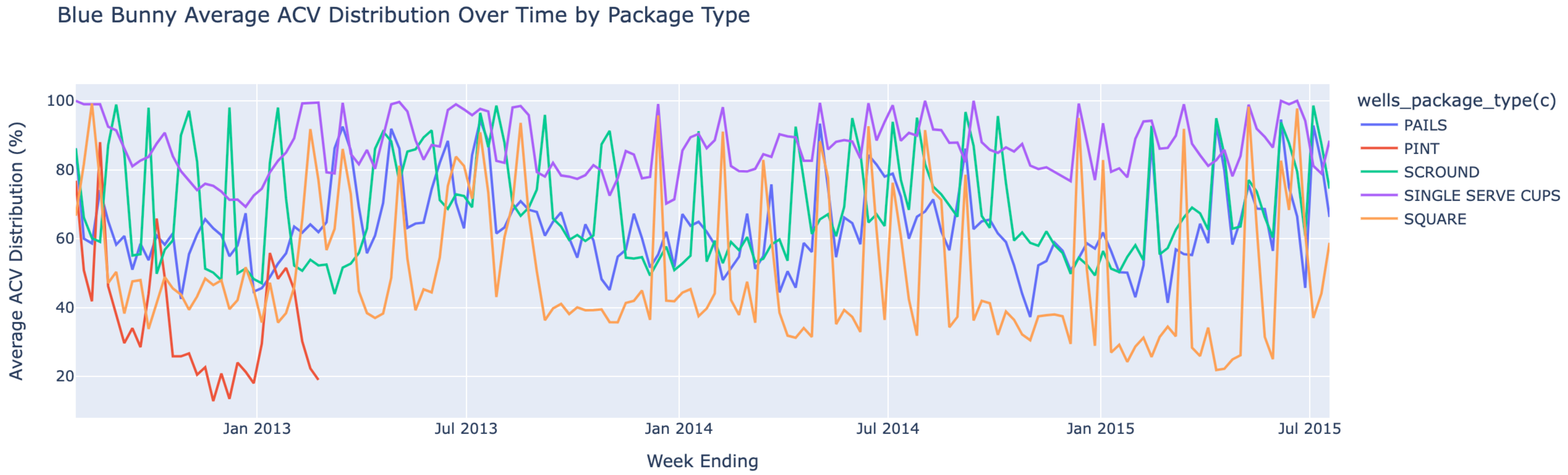
Q2. Promotional Strategy & Adjustments

- SQUARE and SINGLE SERVE have consistently high profit margins, even with price movement.



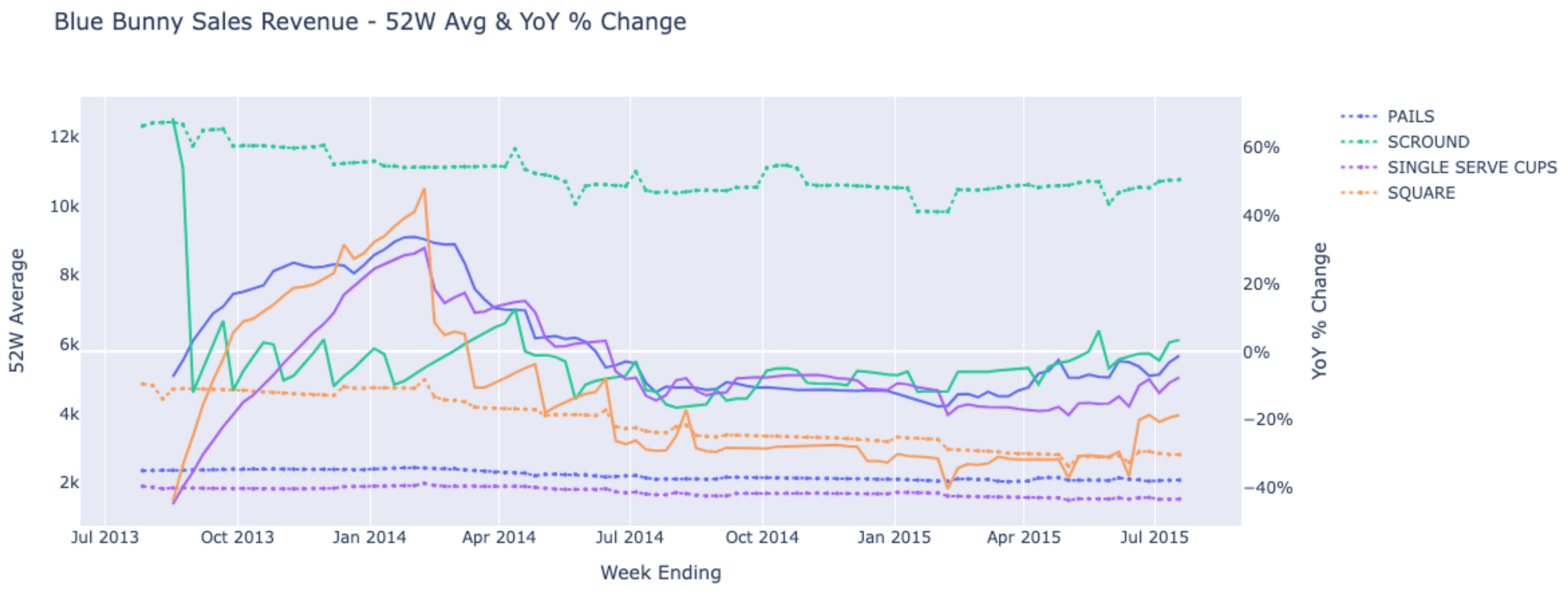
Q2. Promotional Strategy & Adjustments

- SINGLE SERVE maintains strong and stable distribution; SCROUND sees wider swings in ACV over time.



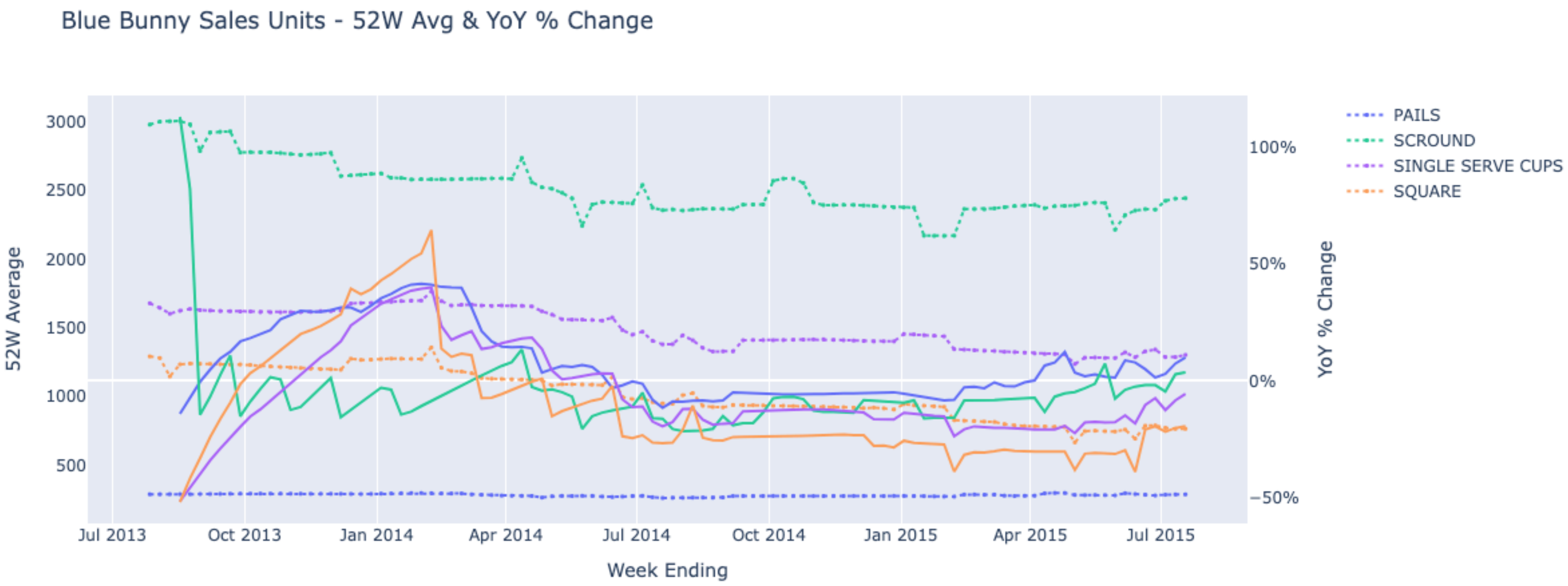
Q2. Promotional Strategy & Adjustments

- Revenue is declining YoY across most package types, despite ongoing promo activity.



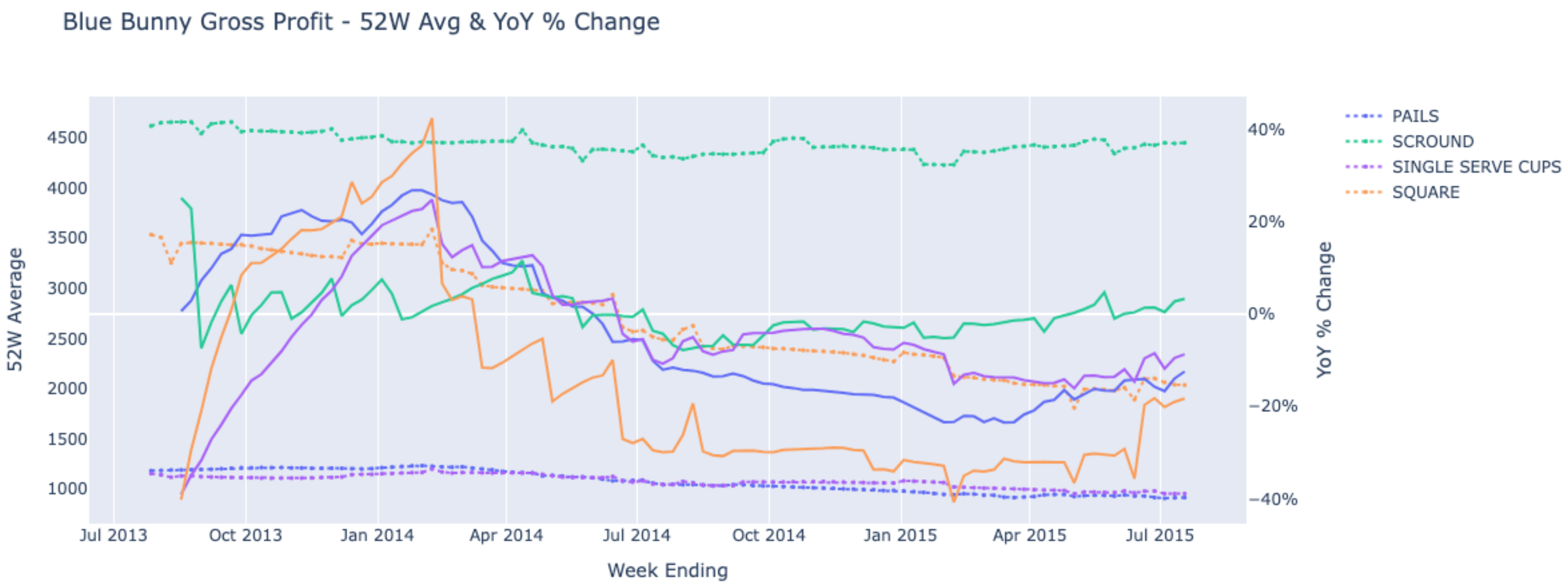
Q2. Promotional Strategy & Adjustments

- Unit sales are flat or declining, suggesting promo fatigue and weak pull-through.



Q2. Promotional Strategy & Adjustments

- Gross profit remains steady for SCROUND but drops sharply for SQUARE and SINGLE SERVE.

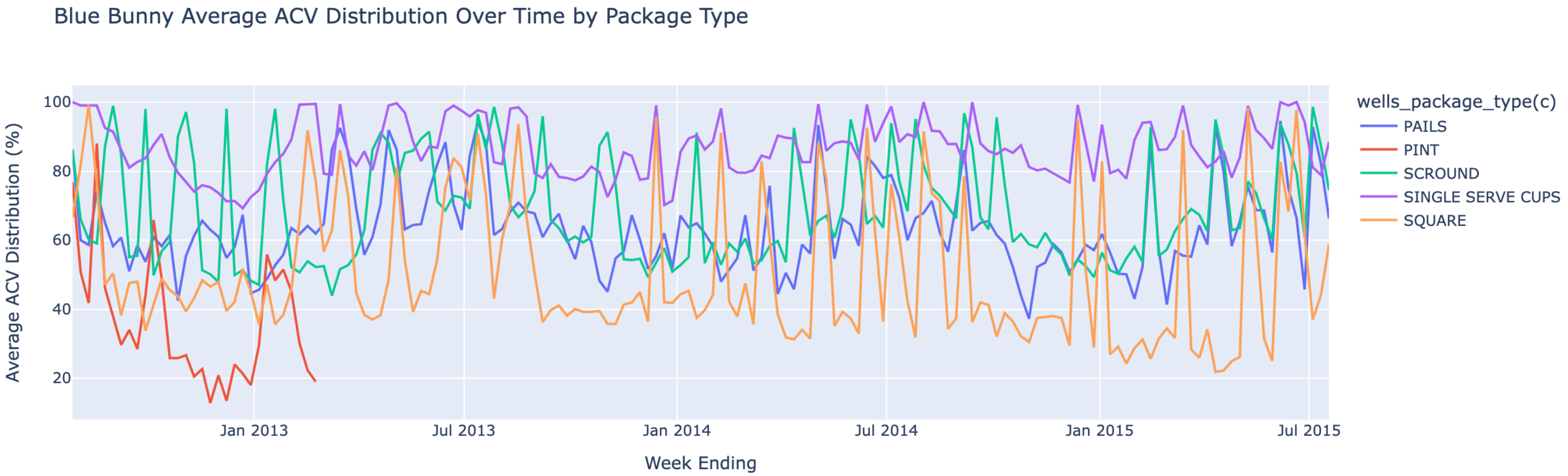


Q2. Promotional Strategy & Adjustments

- **Stagger promotions** to reduce overlap and minimize cannibalization
  - → Avoid simultaneous promos on SCROUND, SINGLE SERVE, and SQUARE
- **Dial back frequency** for SCROUND promos
  - → Focus on strategic timing to maintain volume without eroding margin
- Introduce **bundle deals** to lift weak performers
  - → E.g., Buy SCROUND, get SINGLE SERVE discounted
- Test **promo mechanics** to refine effectiveness
  - → Compare % off vs. BOGO, short-run vs. long-run promos

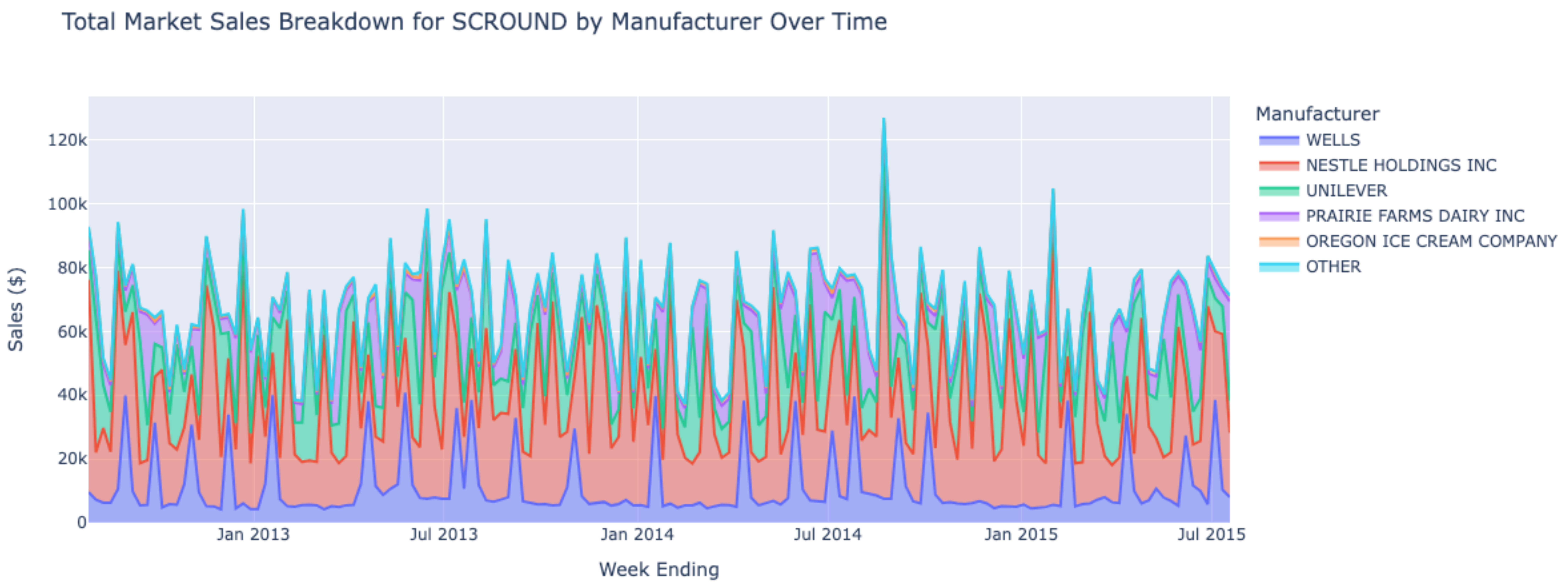
Q3. Sales Volume Optimization

- Focus on SCROUND and SINGLE SERVE to stabilize volume.
  - SCROUND has the largest and most consistent sales. SINGLE SERVE has growth potential with stable margins and high availability (ACV).
  - Bundling strategies can support underperforming SKUs while boosting volumes.



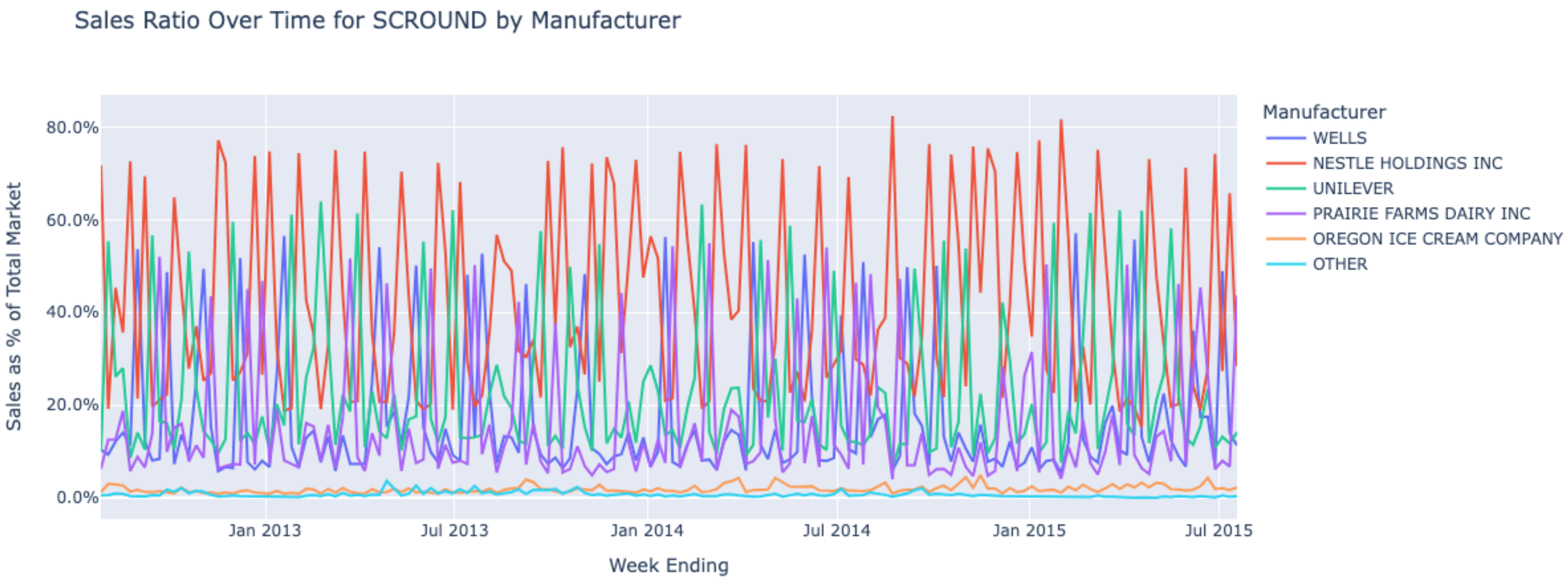
Q4. Package Size Optimization

- SCROUND is a high-volume category with intense competition; Wells plays a steady but secondary role.



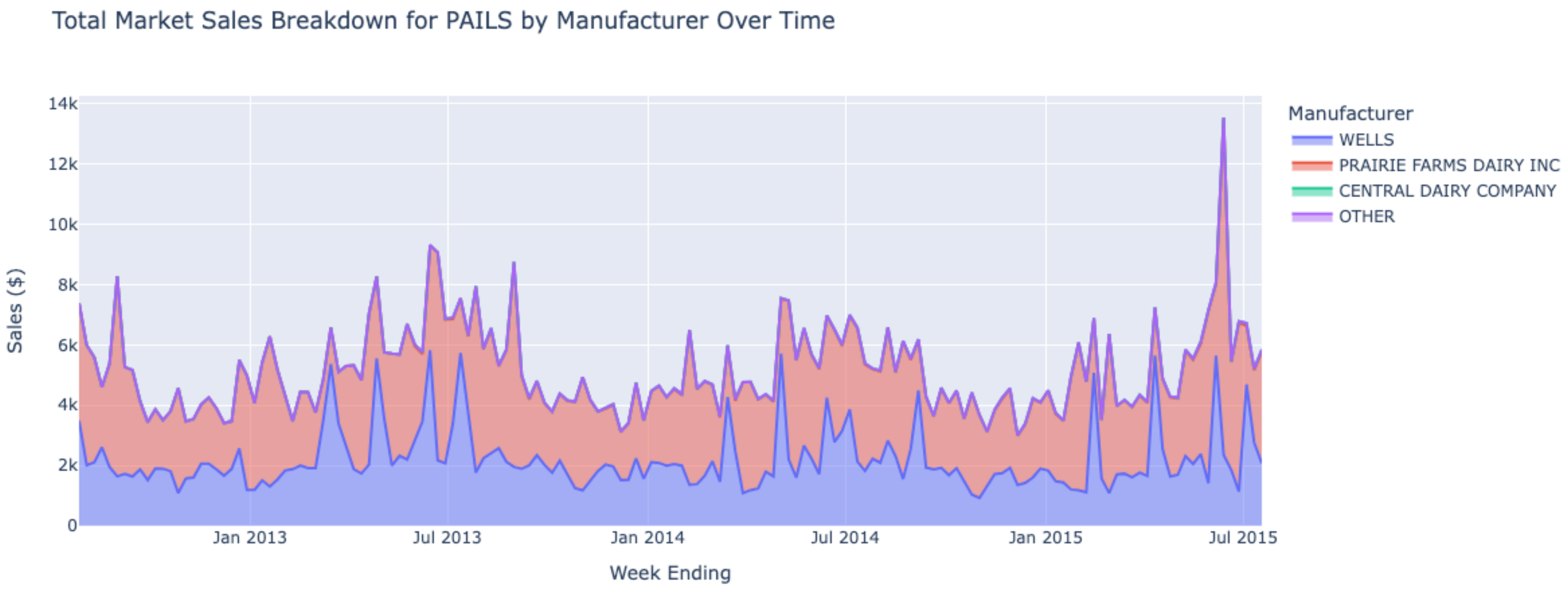
Q4. Package Size Optimization

- Nestlé dominates SCROUND share; Wells' presence is inconsistent and vulnerable to competitor promo cycles.



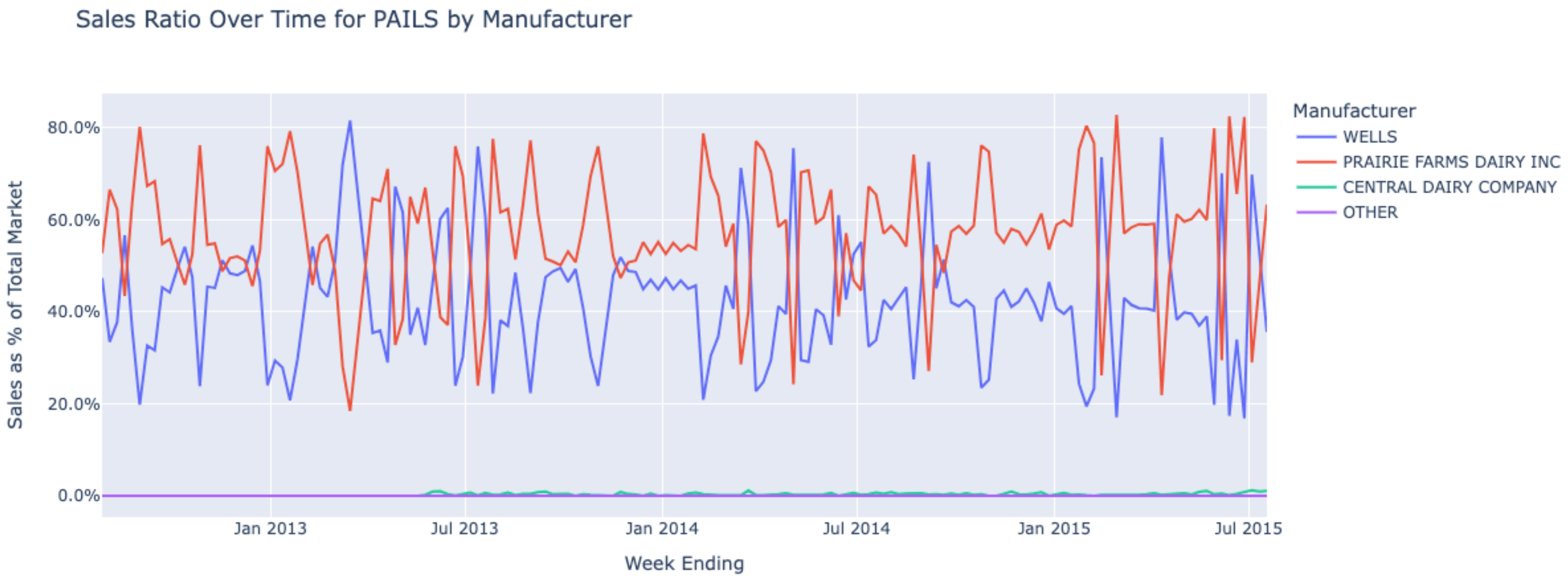
Q4. Package Size Optimization

- PAILS generate low overall volume, with periodic Wells spikes.



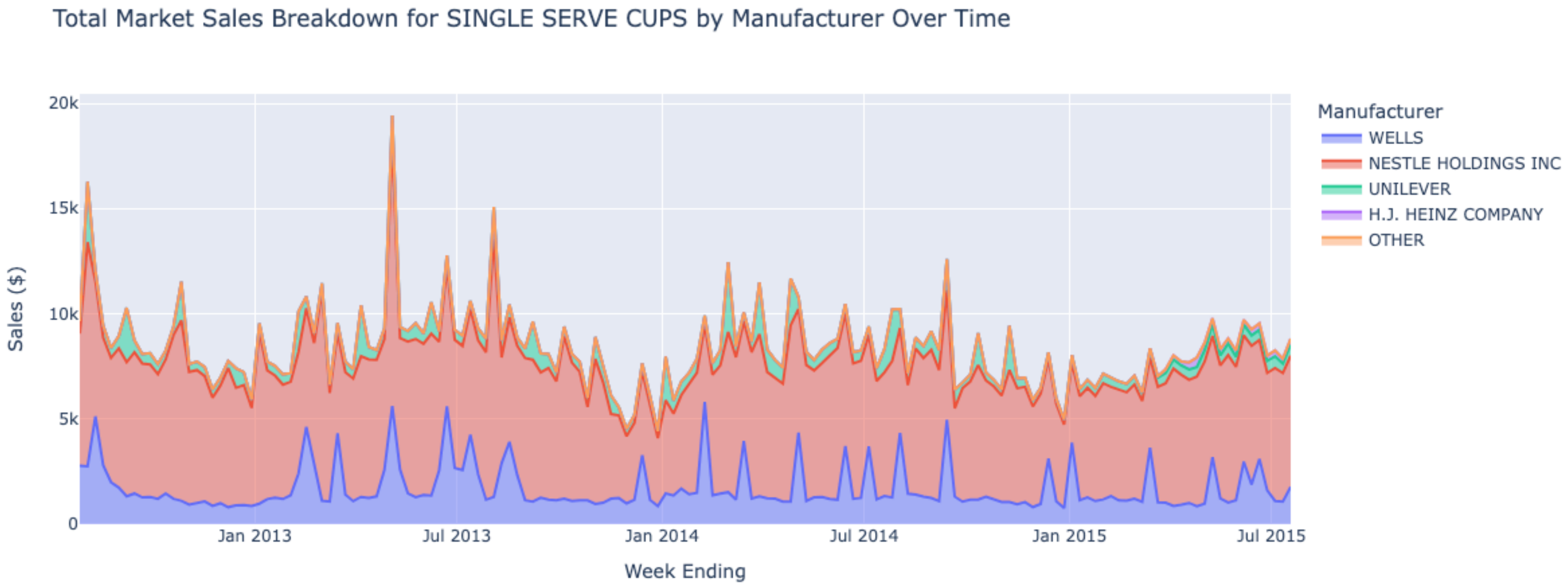
Q4. Package Size Optimization

- Wells and Prairie Farms alternate leadership, highlighting a fragmented market.



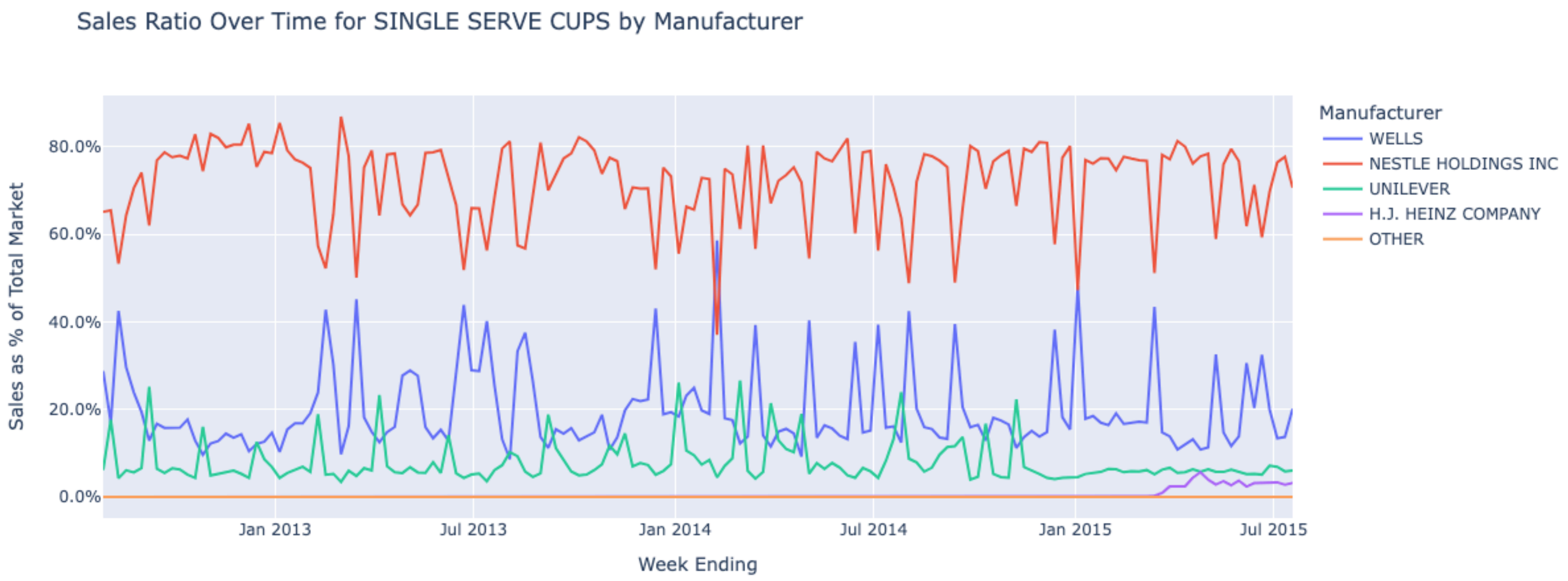
Q4. Package Size Optimization

- Nestlé consistently leads SINGLE SERVE sales, with limited but spiky presence from Wells.



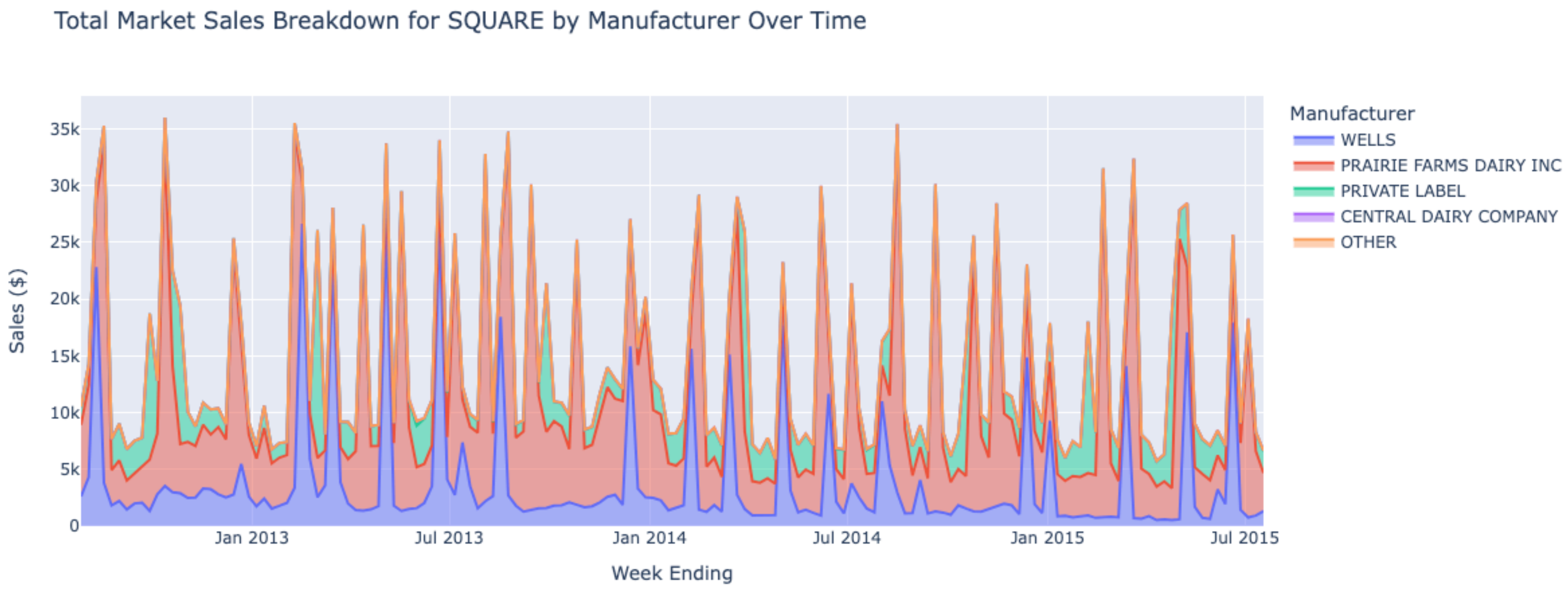
Q4. Package Size Optimization

- Nestlé's dominance remains steady above 70%, suggesting a stronghold Wells must challenge.



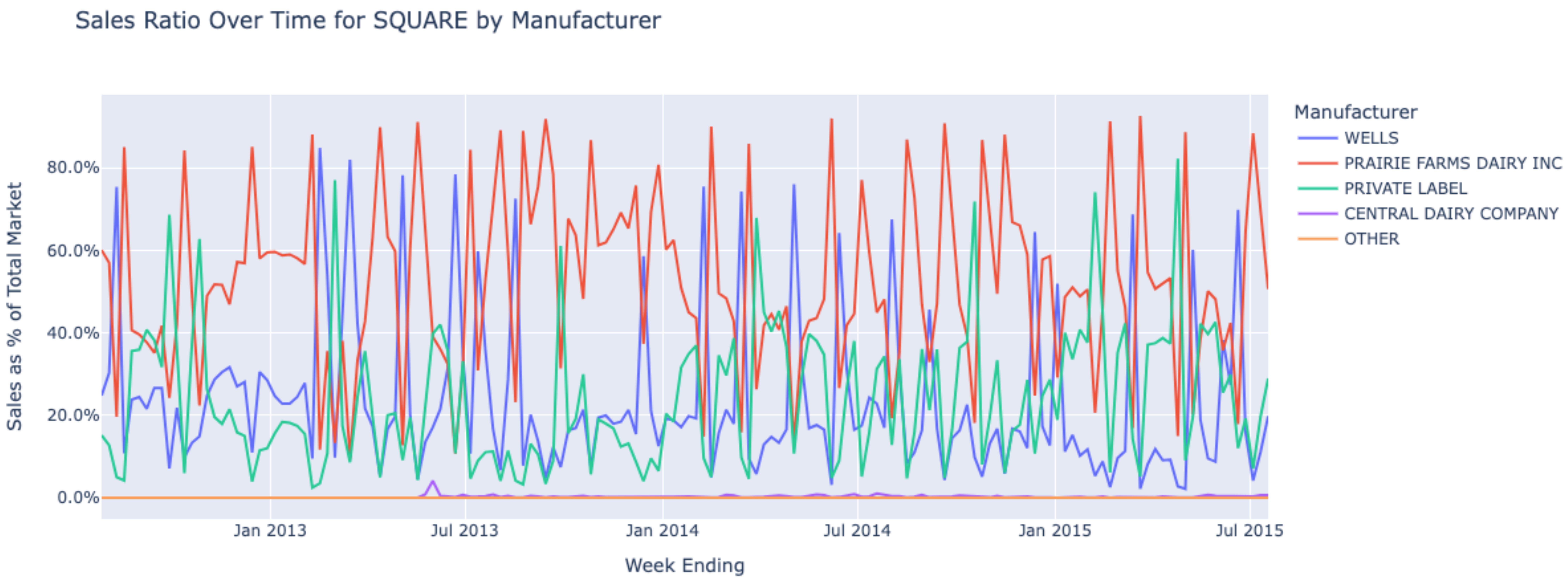
Q4. Package Size Optimization

- SQUARE shows strong seasonality with sharp peaks, but volume is declining over time.



Q4. Package Size Optimization

- Market share is highly volatile, with Prairie Farms, Private Label, and Wells taking turns—no clear leader.



Q5. Price Elasticity Analysis

- Promotions increase volume, but price elasticity varies widely across formats.

Q5. Price Elasticity Analysis

- During promotions, price elasticity from highest to lowest is: SINGLE SERVE, SQUARE, SCROUND, PAILS, and PINT.

Q5. Price Elasticity Analysis

- Without promotions, items follow the same elasticity ranking, but overall sensitivity is lower.

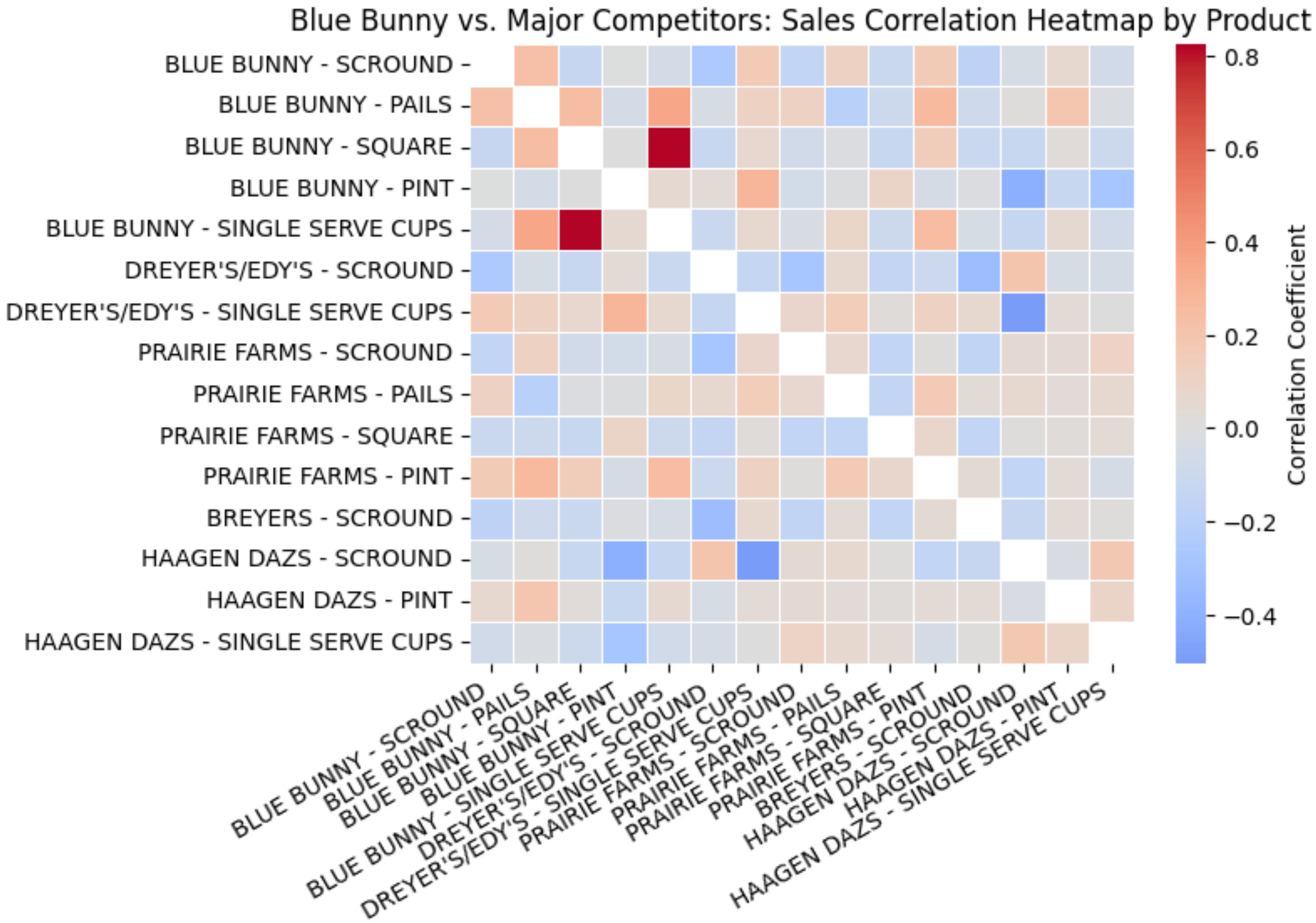
Q6. Blue Bunny Scround Pricing Scenario

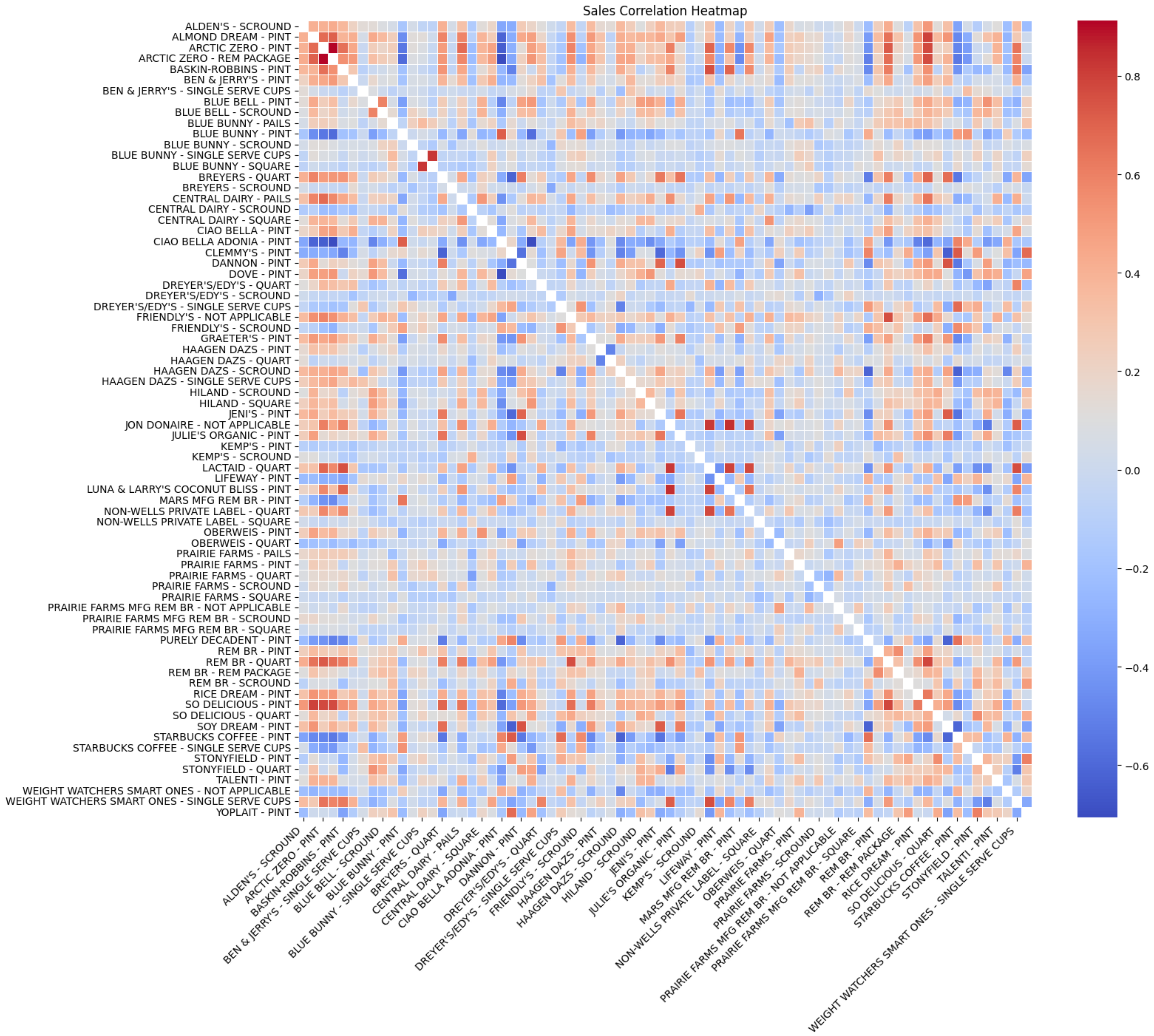
- Do not raise SCROUND price by 10%—it cuts volume in half and margins by 38%.

	Package Type	Slope	Intercept	R-Squared
3	SINGLE SERVE CUPS	-650.01	960.54	0.51
4	SQUARE	-117.92	578.50	0.35
2	SCROUND	-84.24	516.19	0.37
0	PAILS	-28.46	266.90	0.25
1	PINT	16.49	-16.46	0.06

	Price	Units	Revenue	Gross Margin
Old	4.32	72.63	313.98	126.58
New	4.75	36.22	172.23	78.78
Change %	10.00	-50.13	-45.14	-37.76

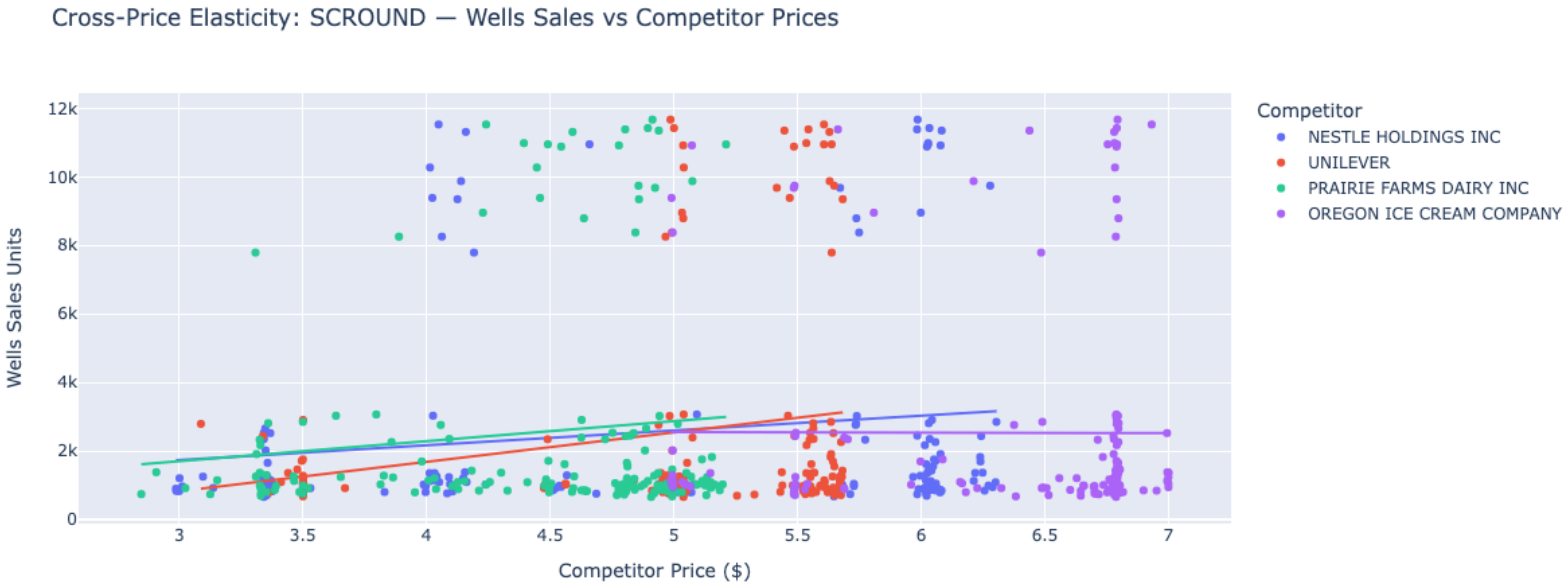
Q7. Interaction with Other Brands




Sales Correlation Heatmap
ALDEN'S - SCROUND
ALMOND DREAM - PINT
ARCTIC ZERO - PINT
ARCTIC ZERO - REM PACKAGE
BASKIN-ROBBINS - PINT
BEN & JERRY'S - PINT
BEN & JERRY'S - SINGLE SERVE CUPS
BLUE BELL - PINT
BLUE BELL - SCROUND
BLUE BUNNY - PAILS
BLUE BUNNY - PINT
BLUE BUNNY - SCROUND
BLUE BUNNY - SINGLE SERVE CUPS
BLUE BUNNY - SQUARE
BREYERS - QUART
BREYERS - SCROUND
CENTRAL DAIRY - PAILS
CENTRAL DAIRY - SCROUND
CENTRAL DAIRY - SQUARE
CIAO BELLA - PINT
CIAO BELLA ADONIA - PINT
CLEMMY'S - PINT
DANNON - PINT
DOVE - PINT
DREYER'S/EDY'S - QUART
DREYER'S/EDY'S - SCROUND
DREYER'S/EDY'S - SINGLE SERVE CUPS
FRIENDLY'S - NOT APPLICABLE
FRIENDLY'S - SCROUND
GRAETER'S - PINT
HAAGEN DAZS - PINT
HAAGEN DAZS - QUART
HAAGEN DAZS - SCROUND
HAAGEN DAZS - SINGLE SERVE CUPS
HILAND - SCROUND
HILAND - SQUARE
JENI'S - PINT
JON DONAIRE - NOT APPLICABLE
JULIE'S ORGANIC - PINT
KEMP'S - PINT
KEMP'S - SCROUND
LACTAID - QUART
LIFEWAY - PINT
LUNA & LARRY'S COCONUT BLISS - PINT
MARS MFG REM BR - PINT
NON-WELLS PRIVATE LABEL - QUART
NON-WELLS PRIVATE LABEL - SQUARE
OBERWEIS - PINT
OBERWEIS - QUART
PRAIRIE FARMS - PAILS
PRAIRIE FARMS - PINT
PRAIRIE FARMS - QUART
PRAIRIE FARMS - SCROUND
PRAIRIE FARMS - SQUARE
PRAIRIE FARMS MFG REM BR - NOT APPLICABLE
PRAIRIE FARMS MFG REM BR - SCROUND
PRAIRIE FARMS MFG REM BR - SQUARE
PURELY DECADENT - PINT
REM BR - PINT
REM BR - QUART
REM BR - REM PACKAGE
REM BR - SCROUND
RICE DREAM - PINT
SO DELICIOUS - PINT
SO DELICIOUS - QUART
SOY DREAM - PINT
STARBUCKS COFFEE - PINT
STARBUCKS COFFEE - SINGLE SERVE CUPS
STONYFIELD - PINT
STONYFIELD - QUART
TALENTI - PINT
WEIGHT WATCHERS SMART ONES - NOT APPLICABLE
WEIGHT WATCHERS SMART ONES - SINGLE SERVE CUPS
YOPLAIT - PINT
ALDEN'S - SCROUND
ARCTIC ZERO - PINT
BASKIN-ROBBINS - PINT
BEN & JERRY'S - SINGLE SERVE CUPS
BLUE BELL - SCROUND
BLUE BUNNY - PINT
BLUE BUNNY - SINGLE SERVE CUPS
BREYERS - QUART
CENTRAL DAIRY - PAILS
CENTRAL DAIRY - SQUARE
CIAO BELLA ADONIA - PINT
DANNON - PINT
DREYER'S/EDY'S - QUART
DREYER'S/EDY'S - SINGLE SERVE CUPS
FRIENDLY'S - SCROUND
HAAGEN DAZS - PINT
HAAGEN DAZS - SCROUND
HILAND - SCROUND
JENI'S - PINT
JULIE'S ORGANIC - PINT
KEMP'S - SCROUND
LIFEWAY - PINT
MARS MFG REM BR - PINT
NON-WELLS PRIVATE LABEL - SQUARE
OBERWEIS - QUART
PRAIRIE FARMS - PINT
PRAIRIE FARMS - SCROUND
PRAIRIE FARMS MFG REM BR - NOT APPLICABLE
PRAIRIE FARMS MFG REM BR - SQUARE
REM BR - PINT
REM BR - REM PACKAGE
RICE DREAM - PINT
SO DELICIOUS - QUART
STARBUCKS COFFEE - PINT
STONYFIELD - PINT
TALENTI - PINT
WEIGHT WATCHERS SMART ONES - SINGLE SERVE CUPS
0.8
0.6
0.4
0.2
0.0
−0.2
−0.4
−0.6

Q7. Interaction with Other Brands

- Wells gains reasonably in SCROUND sales when major competitors raise prices, showing significant substitution.
  - → Aggressively price or promote SCROUND when major brands raise prices.

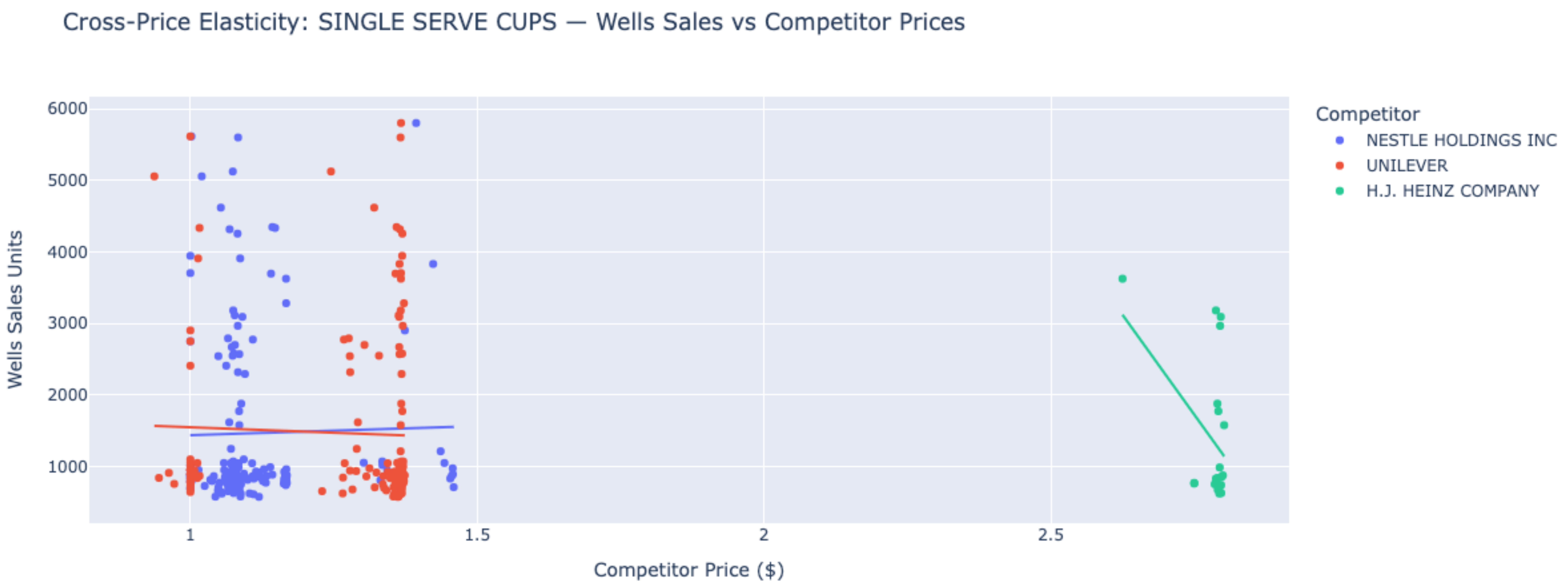


Q7. Interaction with Other Brands

- Wells PAILS sales show minimal sensitivity to competitor pricing.
  - → Deprioritize price wars in PAILS, as elasticity is low.

Q7. Interaction with Other Brands

- Wells SINGLE SERVE are insulated from competitor price changes, pointing to strong brand or format loyalty.
  - → Deprioritize price wars in SINGLE SERVE, and protect margins.



Q7. Interaction with Other Brands

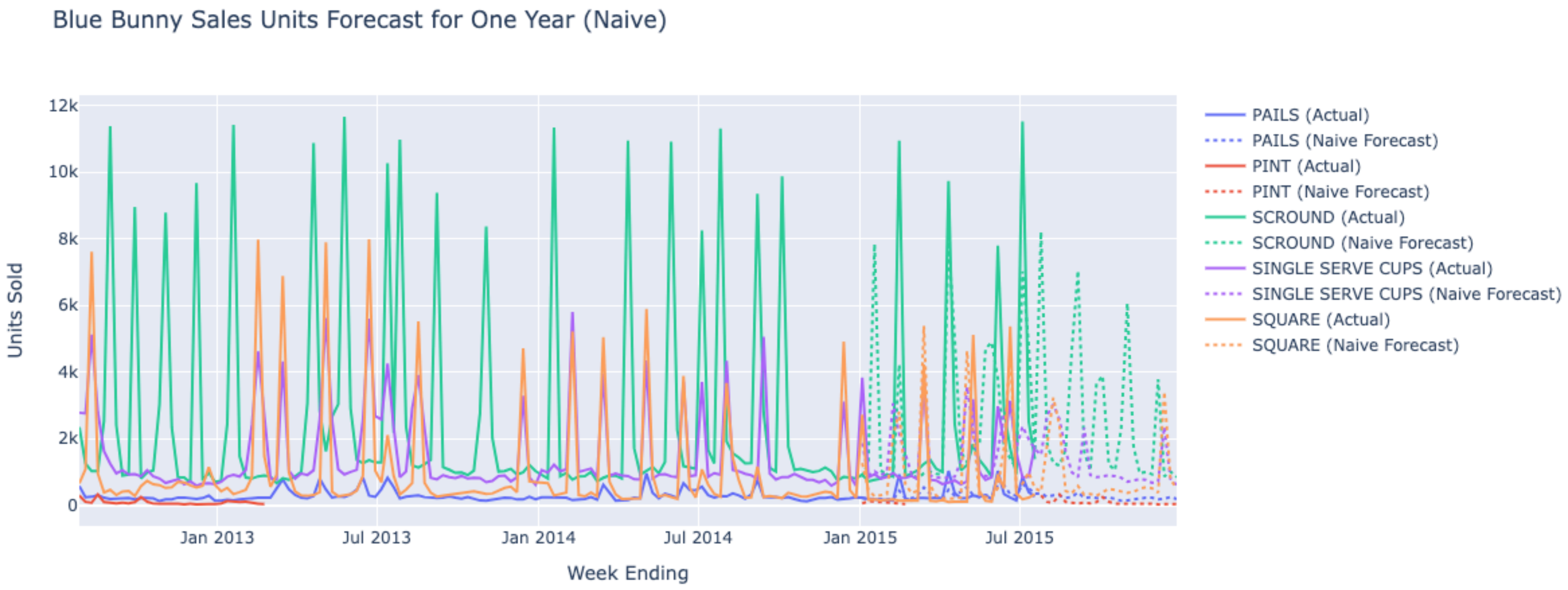
- Wells gains smaller and modestly in SQUARE sales when major competitors raise prices, showing the presence of substitution.
  - → Tactically price or promote SQUARE when major brands raise prices.

Q8. Competitive Benchmarking

- SCROUND: against Nestlé
- PAILS: against Prairie Farms
- SINGLE SERVE: against Nestlé
- SQUARE: against Prairie Farms or Private Label

Q9. Sales Forecasting

	wells_package_type(c)	MAE	MAPE
0	PAILS	134.80	0.41
1	SCROUND	1434.29	0.86
2	SINGLE SERVE CUPS	601.69	0.57
3	SQUARE	750.18	3.74
4	Overall	730.24	1.40



Q9. Sales Forecasting

	wells_package_type(c)	MAE	MAPE
0	PAILS	206.80	0.63
1	SCROUND	1667.41	1.12
2	SINGLE SERVE CUPS	940.42	0.76
3	SQUARE	1088.61	4.32
4	Overall	975.81	1.71