DYNAMIC PRICING RULES

By Manshoo Gulati

cult.fit

Objective

- The objective of this document is to outline the dynamic pricing rules based on the insights obtained from EDA, demand forecasting and price elasticity models.

- These rules aim to optimize revenue by adjusting prices according to various factors such as demand, time, class popularity, and location.

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Demand Based Pricing

❖ High Demand - When the demand for a class is higher than the average demand, increase the price by a certain percentage (e.g., 10-20%).

- Implementation – Monitoring real time bookings as well as historical data and using predictive analysis to forecast upcoming demand surges and adjust prices dynamically.

❖ Low Demand - When the demand for a class is lower than the average demand, decrease the price by a certain percentage (e.g., 10-20%).

- Implementation – Identifying trends/periods of low demand using historical data and adjust prices downward to encourage these times.

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Time Based Pricing

❖Peak times - Using historical booking data to identify peak hours and days. Increasing the price (15-20%) during these times.

❖Off peak times - Identifying off-peak hours and applying a lower pricing rate (10-15%) to encourage bookings.

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Class Popularity based pricing

❖ Popular classes - Tracking booking rates, customer reviews, and repeat attendance for each class. Applying a premium price (10-15%) for the most popular classes.

❖ Non popular classes - Slightly decreasing the price for less popular classes for encouraging attendance.

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Location Based Pricing

❖High demand locations – Analyzing booking patterns across different locations and increasing prices (10-15%) in locations with consistently high demand and limited competition.

❖ Low demand locations – Analyzing booking patterns and competition benchmarks and decreasing prices (10-15%) in low demand areas.

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Conclusion

By implementing these dynamic pricing rules, the business can optimize pricing strategies to boost revenue per class and overall income. These rules ensure prices are responsive to market conditions, customer preferences, and competition, enhancing both profitability and customer satisfaction.

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