

Largest e-Commerce player in Asia – We developed and piloted a dynamic pricing engine and a promotion optimization process to help the client maximize its product margins

Client context

- Largest e-Commerce player in Asia with ~115 billion of annual sales and is growing at ~60% annually
- Recognized the need for dynamic pricing due to the transparency nature of e-commerce where both competitors and customers react timelessly to online prices
- Recognize the need for promotion management and optimization as a way to maximize margin and prevent revenue leakage

Approach

- Developed an econometric model to estimate both price and promotion elasticity for a given product
- Designed a dynamic pricing engine based on price elasticity, competitors' pricing and internal economics
- Designed a promotion optimization and management mechanism
- Conducted a pilot on the laptop product category containing over 2,000 SKUs (Still ongoing)

M&S Expertise



Kevin Wei Wang



Kevin Chan



Rob Turtle



Jie Cheng

Impact

- Expect significant impact on financial performance for the laptop category
 - Incremental ~350 million CNY in revenue
 - Incremental ~50 million CNY in profit
- Integrated the dynamic pricing and promotion optimization methodology into their management system and process
- On-going
 - Replicating the methodology to the FMCG (Fast moving consumer goods) category
 - Enhancing client's analytical ability through transferring the econometric model to the R&D team

Client name: X
Team set-up: X
Fees Structure: X

What was unique: X