

# Large outdoor apparel player – developed pricing & promo models for their B&M stores; First implementation of data driven decision making system

## Situation

- **Industry leader in outdoor apparel & products** with ~ \$2.5 Billion in sales across multiple brands and region
- **Focus on DTC channel (outlet stores)**, which contributes to ~500M in sales and have the maximum opportunity to optimize pricing
- **Prices are set based on** historical prices, competitor's products, and internal margin targets
- **Recognized the need to align pricing practices with other best in-class retailers** for actively managing pricing and promotion ROI

## What we did

- **Developed econometric models** to understand consumer price elasticity and probable impact of price changes across product portfolio
  - Built models for 41 major categories and ~7k styles
- **Building new pricing tools and working with cross-functional teams** to identify potential high-impact price changes across product lines, using pricing analytics to create financial forecasts of impact
- **Designed & conducted pilots** to test the pricing recommendations

## M&S Expertise



Sheldon  
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## Impact

### Pilot Overview & results

- **Ran a parallel pricing** program in 30 pilot stores and compared to 54 control stores
  - In 9/10 elastic categories, pilot stores generated on average, +21% in revenue dollars than control stores, for a 17% reduction in price
  - In 3/5 inelastic categories, pilot stores generated, on average, +1% in revenue for a 24% increase in price
- **Potential impact of ~20M** by optimizing portfolio pricing using consumer price-elasticity

Key Metrics	Value (\$ MM)
Baselines Sales	\$477
Sales Impact	\$30-60
Baseline GM	\$272
GM Impact	\$10-25