

The background of the entire slide is a close-up, high-resolution photograph of dark brown, roasted coffee beans. The beans are scattered across the frame, with some in sharp focus in the foreground and others blurred in the background, creating a sense of depth. The lighting is soft, highlighting the texture and creases of the beans.

# **NORTHWINDS PRICING ANALYTICS**

Strategies  
And Tactics

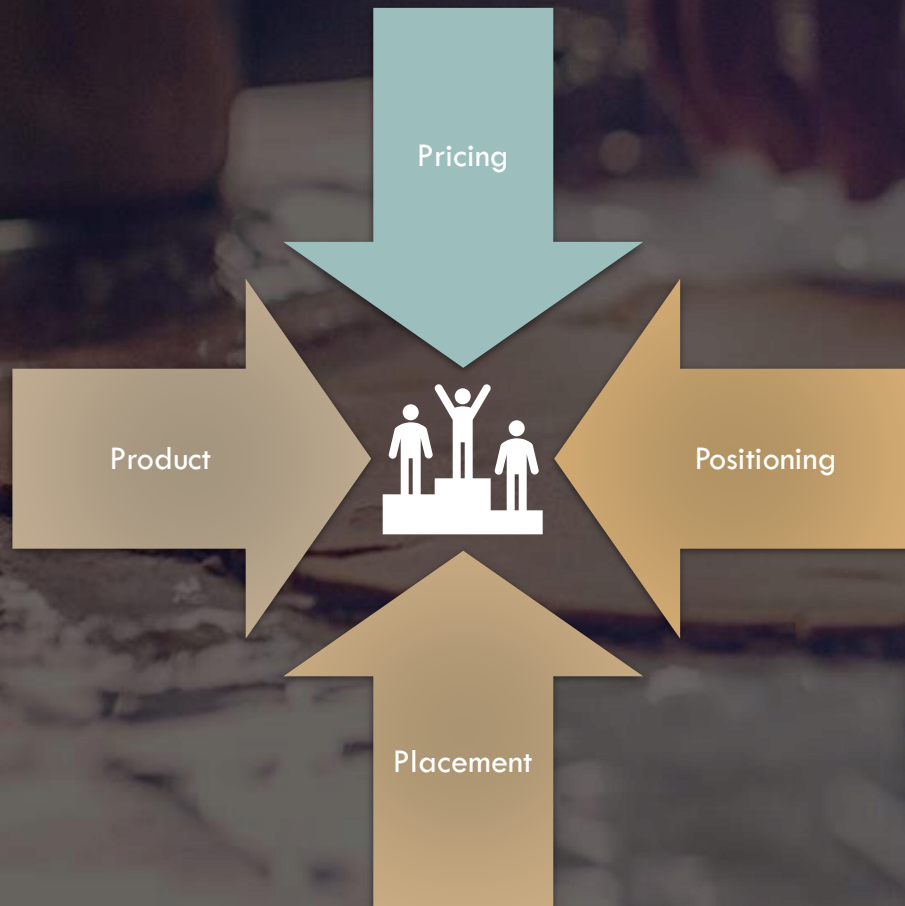
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# 4PS OF MARKETING





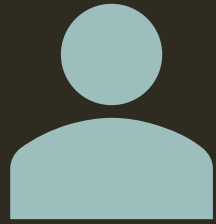
# 4PS OF MARKETING



Price is one of the most straightforward of the Ps. It's an evaluation of the value that the product brings, the current price points within the market, the price of your product (with relevant discounts), and how consumers will view the price.

But here's the problem. Most people put too little thought into optimizing their pricing. They think the whole process is straight forward. They look at competitor A and say something like *"They're charging X so we'll just undercut them by 5%."*

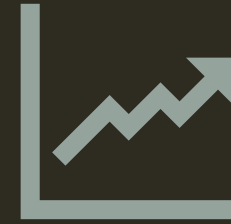
That's a huge missed opportunity. You've got to test your pricing options to ensure that you're making the most you possibly can.



Customer



Competitor

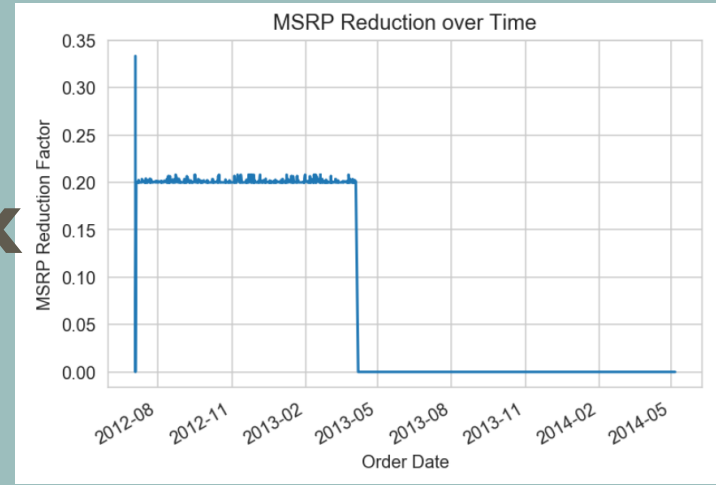


Market

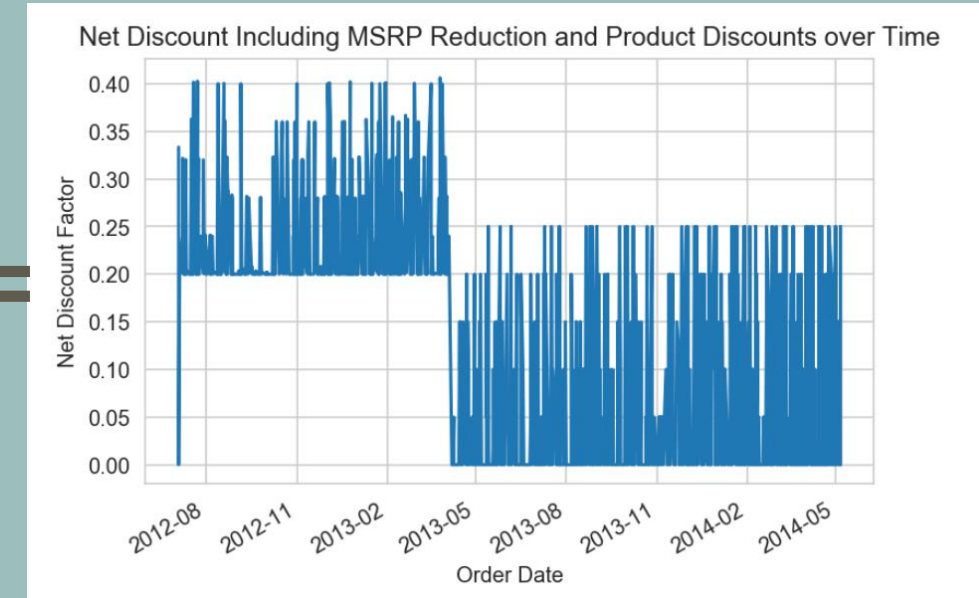
**OBJECTIVE: DETERMINE PRICING STRATEGY  
BASED ON STATISTICAL ANALYSIS**



X



=



MSRP = Manufacturers Suggested Retail Price

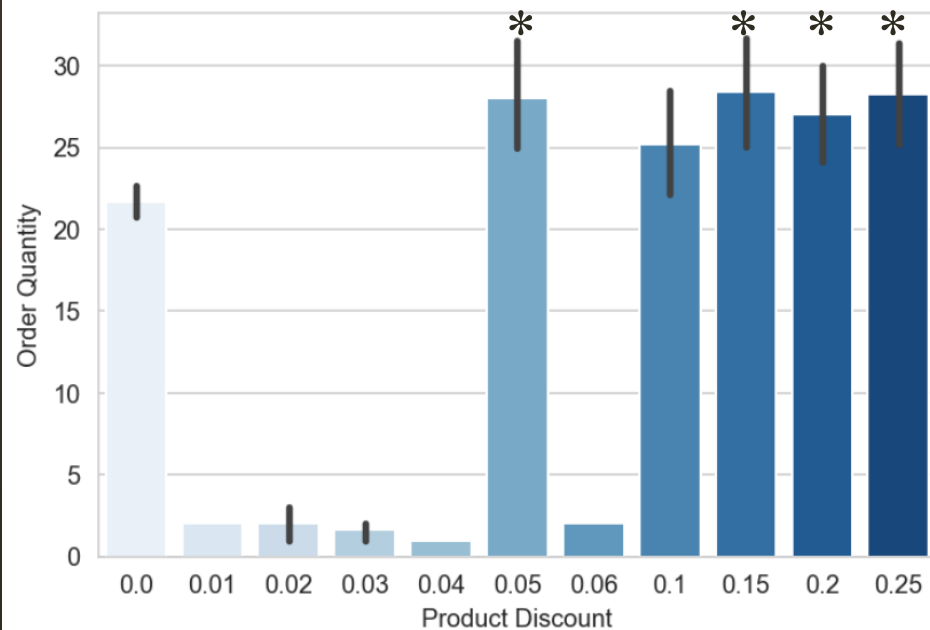
# IN MAY 2013 WE CHANGED THE PRICING STRATEGY

Elimination of MSRP Reduction  
Continuation of Product Discounts

The average Order Quantity sold, without Discounts is 21.7  
The average Order Quantity sold, with Discounts is 27.1



**PRODUCT DISCOUNTS  
INCREASE THE AVERAGE  
QUANTITY SOLD BY ~  
29%**



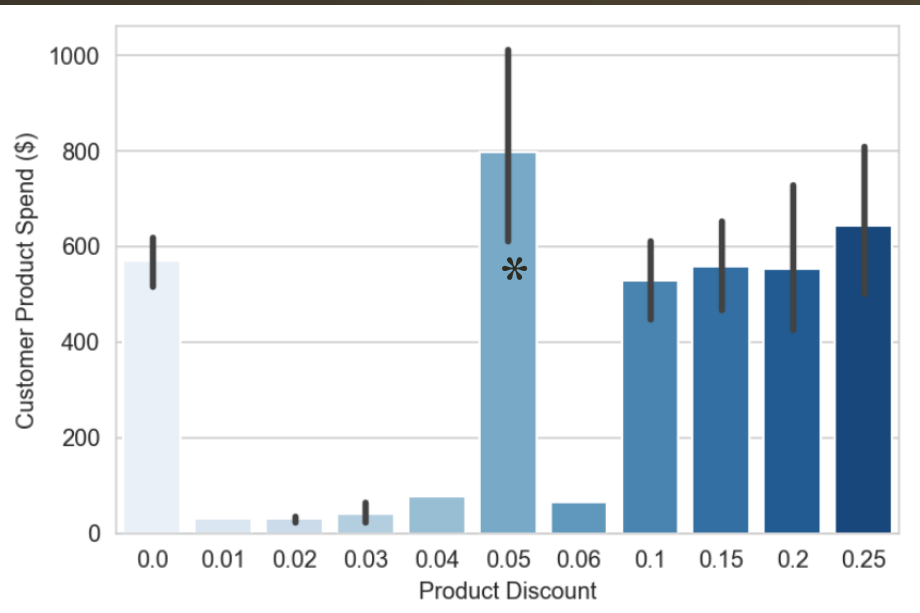
**5% DISCOUNT IS JUST AS  
EFFECTIVE AS 15-25%  
DISCOUNT TO INCREASE  
QUANTITY**

\* Indicates significant impact, p-value < 0.05

The average Total Product Spend (\$) sold, without Discounts is 570.0  
The average Total Product Spend (\$) sold, with Discounts is 614.7



**THE PRODUCT  
DISCOUNT INCREASES  
PRODUCT SPEND ~8%**



**5% DISCOUNT HAS THE  
MOST IMPACT ON  
INCREASING PRODUCT  
SPEND**

\* Indicates significant impact, p-value < 0.05

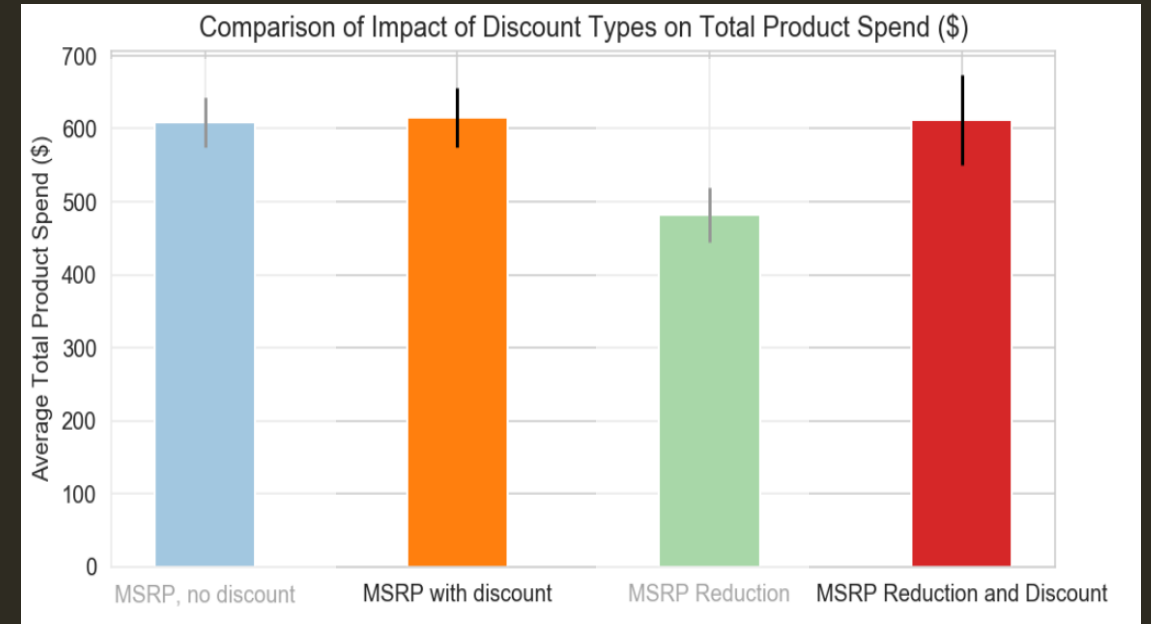
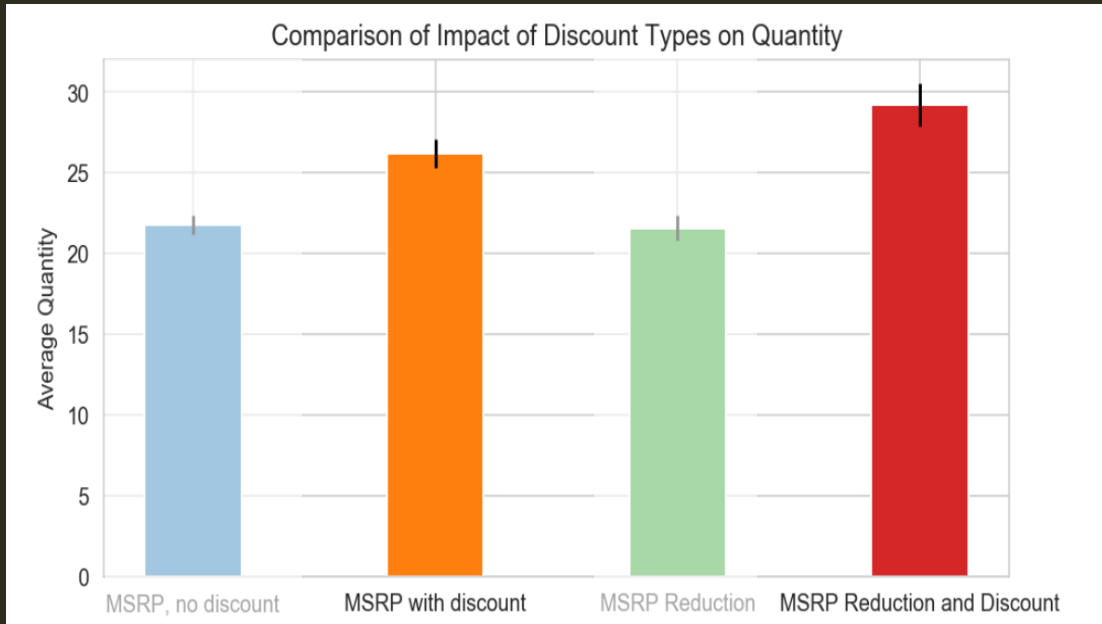


**MSRP REDUCTION HAS NO IMPACT ON  
QUANTITY ORDERED**

Product discounts generally  
have little impact on  
Product spend

\* Indicates significant impact, p-value < 0.05

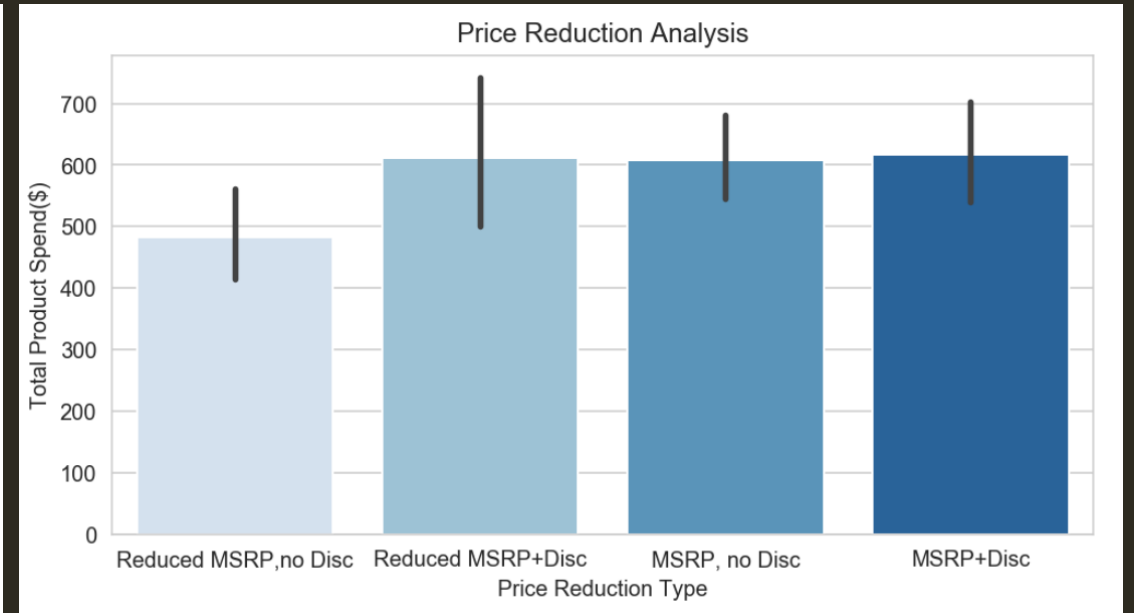




**PRODUCT DISCOUNTS INCREASE QUANTITY ORDERED; USE DISCOUNTS DEFENSIVELY AGAINST COMPETITION**

Product discounts have little effect on product spend

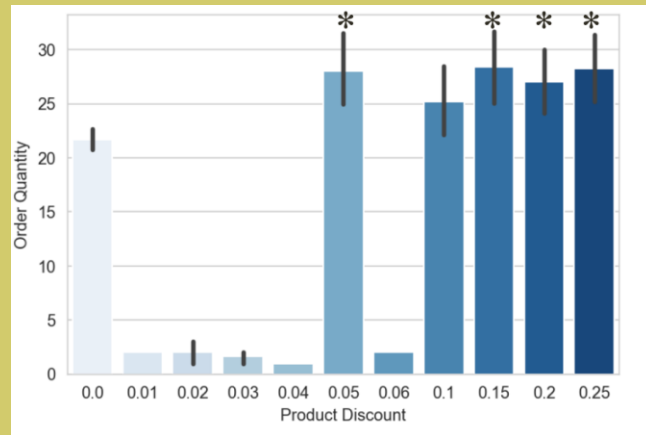
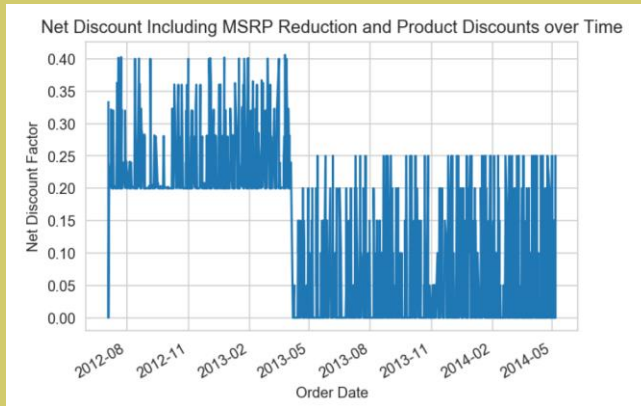
\* Indicates significant impact, p-value < 0.05



**PRODUCT DISCOUNT HAS THE GREATEST  
IMPACT ON ORDER QUANTITY**

Product Discount has  
no impact on  
Product Spend (\$)

\* Indicates significant impact,  $p\text{-value} < 0.05$



- Changing MSRP, particularly raising MSRP can be a delicate task because MSRP is the price anchor point for customers, and can result in adoption loss. However, this analysis shows product discounts alone suffice to improve sales, across the transition.
- One explanation is Northwinds can use discounts to retain customer eyeballs more effectively, compared to a stationary reduced MSRP.
- Discounts of 5% are as effective as 15-25% discounts to increase order quantities and product spend

# CONCLUSION

- Analysis of seasonality for discounts, orders, and product spend
- Impact of discounts on repeat orders (customer retention)
- Impact of discounts on popularity of specific products (most popular, least popular)

## NEXT STEPS

# THANK YOU



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