



# A case study in building a winning Pricing Analytics framework for Alcoholic Beverage Giant

Data-driven solution for Sales Forecast, Revenue Management, and Behavioural Analytics



## Client Overview

The client, a global leader in spirits and wines, is headquartered in France. With a presence in over 160 geographical locations worldwide and 240 premium brands available, it boasts a global footprint and a storied history of producing premium alcoholic beverages. Renowned for quality, innovation, and sustainability contributing to industry growth and success.

## Problem Statement

The client was grappling with a critical challenge in its revenue management, as the absence of a robust pricing strategies impedes the company's ability to make informed decisions, risking revenue and hindering its competitiveness in the dynamic market.

## Key Challenges



**Incomplete market understanding hinders strategic pricing decisions**



**Facing Revenue loss and market share erosion due to pricing inefficiencies**



**Profitability impacted by lack of data-driven decision-making**



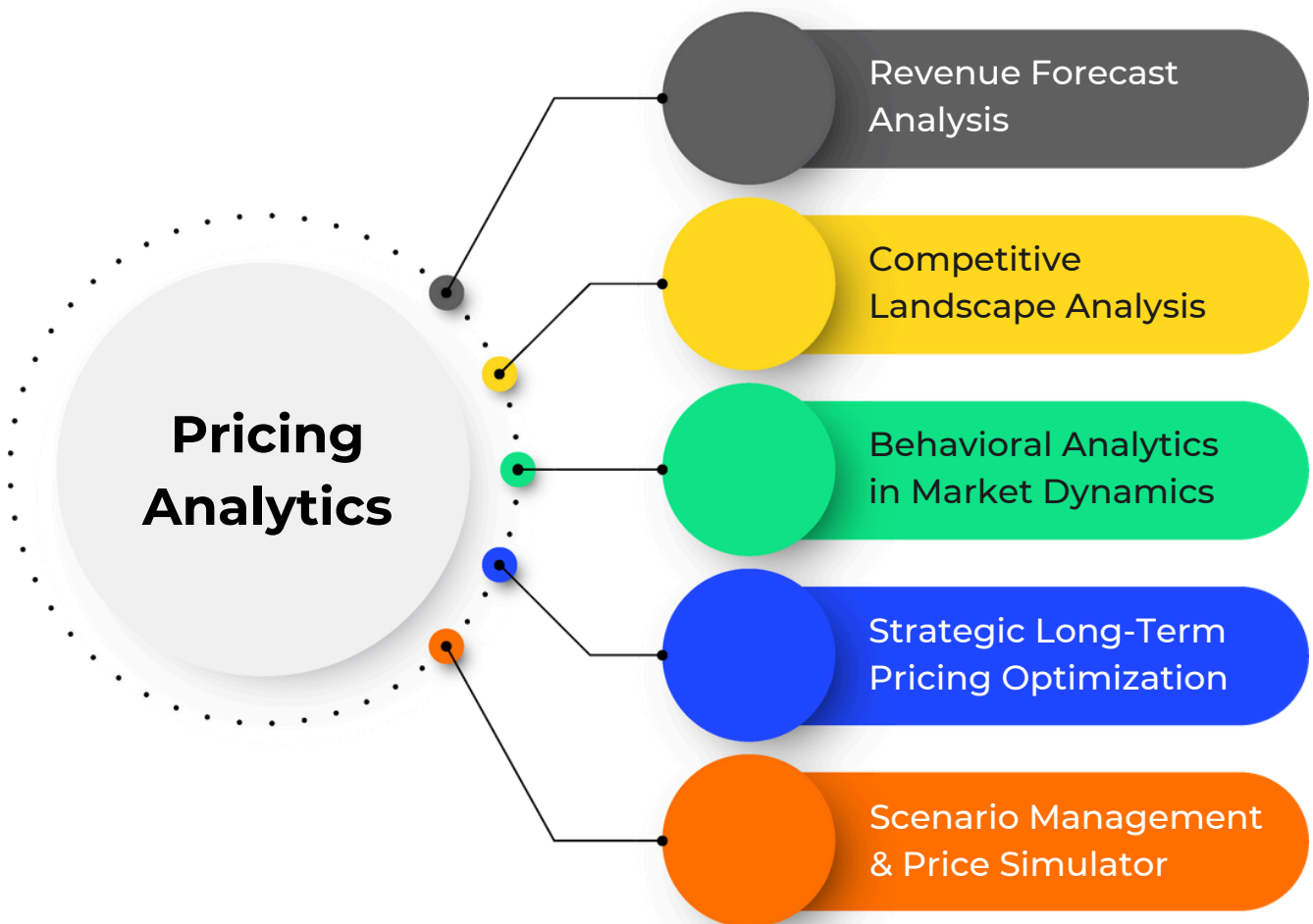
**Competitive vulnerability without a robust pricing analytics framework**

# Solution: A Robust Pricing Analytics Framework

## Technology Stack

**Python Notebooks, Microsoft Azure, Power BI, SQL**

After conducting a thorough evaluation, we gained insights into their data and identified specific challenges that underscored the absence of a well-defined pricing structure. This allowed us to develop a strong pricing analytics framework, encompassing five key areas for pricing strategies.



## The solution comprised of five key areas:



### Revenue Forecast Analysis

Price elasticity analysis involved simulating various scenarios to predict consumer responses to price changes.

**Scenario:** Customer increased the price of a specific brand by 10%

**Outcome:** This price increase resulted in a 5% decrease in sales volume for that brand



### Competitive Landscape Analysis

Pricing decisions impacted market share relative to competitors in two scenarios: 1) Own brand's market share impact if competitors don't increase prices. 2) Own brand's market share impact if competitors also raise prices to maintain the price gap.

**Scenario:** If competitors respond to the price increase by raising their prices as well

**Outcome:** With competitors raising prices too, our customer's market share remained stable by maintaining the price gap.



### Behavioral Analytics in Market Dynamics

Consumers frequently switch brands or segments due to price changes, such as opting for a different brand within the same category in response to a price increase.

**Scenario:** 10% price increase in own Brand

**Outcome:** 3% increase in sales for Brand B in the same segment, according to our customer's data.



### Strategic Long-Term Pricing Optimization

Considering short-term and long-term impacts is crucial. Despite a short-term market share dip, a sustained competitive pricing strategy yielded long-term gain

**Scenario:** 10% price increase in own Brand

**Outcome:** Despite a 2% short-term dip, our competitive pricing led to a substantial 5% long-term growth, per customer data.



### Scenario Management & Price Simulator

Optimized profitability by analysing various pricing scenarios, like considering a 5% increase instead of 10% to balance revenue & volume

**Scenario:** 5% price increase in price

**Outcome:** May result in a 3% volume decrease but a 5% revenue increase, leading to actual market share growth over time, as per customer data.

## Business Impact

Upto 10%

Improved accuracy in Demand Forecasting

~2-3%

contributed growth to actual revenue

4-5%

increase in market share in that segment

Upto 65%

increased efficiency due to automation

## Client Feedback



We value the pricing analytics solution provided by Polestar Solutions. It has helped us optimize strategies, contributing to improved revenue and market share growth. The practical insights provided have been instrumental in our decision-making process.

**Strategic Business Head**

**Want to know more about Pricing Analytics?**

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