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Price Elasticity Analyses

Unravelling Price Elasticity: Insights into Frequently Raised Questions

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If I lower my price, what will be the impact on my sales?

Is there a plateau where a small price change impacts volume severely?

Which brands and products are impacted when I change my prices?

What is the optimal price gap of my product compared to other products?

Should I follow the price change my competitor initiated?

Would a price change cannibalize the sales of my other products?

How do I get retailers on-board with our price changes?

What is the long-term price trend within my category?

Types of Analyses we offer

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FEATURES →	Basic	Advanced
1. Price Elasticity for top 10 brands	Yes	Yes
2. Price Elasticity curve for top 10 SKUs of your brands	Yes	Yes
3. Presentation & discussion with senior consultant on findings	Yes	Yes
4. Details of up to 3 price scenarios involving your brand and competitors	No	Yes
5. Adjacent studies including Price Architecture of category, assortment overview by channel	No	Yes
Online interactive always-on platform	Optional	Optional
Dataset to use in your own data environment (Excel, Tableau, PowerBI etc)	Optional	Optional
Investment per category/country combination (based on existing harmonized dataset)	**€7,500**	**€12,500**

Turnaround time from 2 weeks*

Turnaround time 3-4 weeks*

* Time indication based on availability of harmonized dataset

Please note: price excludes VAT.

Key Deliverables

High Level

1. Price elasticity matrix

Helping you answer questions such as "In which product/market combination do we run risks if we increase prices overall?"

Price increase 5% overall Brand A
Impact on market share

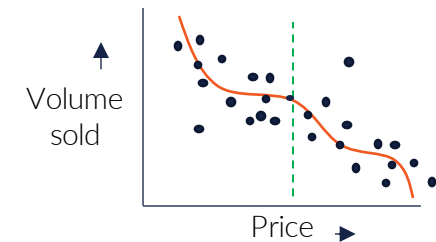|	Hair	Baby	Adult
Oman	+2%	0%	+3%
UAE	+1%	-1%	+5%
Qatar	-2%	-2%	-0,5%

Included in basic study

SKU level

2. Price Elasticity curve on SKU level

Helping you answer questions such as "Could you help us determine which SKUs we should increase in price?"

Volume sold

Price

Included in basic study

Advanced Analyses

3. SKU level: Price plateaus
4. Competition High Level: Assortment price ranges
5. Competition SKU level: Price-Gap

Helping you answer questions such as "Would a price change cannibalize the sales of my other products?"

Brand A

Brand B

Price

Included in Advanced study

Case study with a Global FMCG company

Challenge

Rising commodity prices were impacting the client's goods production and bottom-line. The client wanted to understand if they could pass on these costs to the Retailers.

Understanding how consumers may react to increasing prices was important in convincing the retail partners.

Approach

A syndicated dataset from the client was used in conjunction with weather and COVID related data.
12- and 24-months models were analyzed.

Scenarios from the client were explored using our Forecasting capability to determine the likely impact on Brand and Category performance per retailer

Outcome

ScanmarQED identified areas of improvement for a total potential gain of 9,0% market share

- Client historically took long time to follow price changes while competition already increased prices
- Promotion strategy could be improved
- White spots were identified in the portfolio

Key Takeaways

Theoretical example of a price line which demonstrates price elasticity (which is the slope of the curve)

PERFECTLY INELASTIC

PRICE

UNIT ELASTIC

PERFECTLY ELASTIC

QUANTITY

The Blog Post

[Price Elasticities: how to use them to steer pricing decisions (scanmarqed.com)](https://scanmarqed.com)

1 Price elasticity is not 1 number for a SKU; it is a curve

2 Brands can follow your price movements; don't look at just one product's price elasticity in isolation

3 Price-gaps and assortment ranges are important to combine with price elasticity analyses

4 If possible, split between promo price elasticity and regular (MSRP) price elasticity

5 Be mindful of your selected period; price elasticity also changes over time due to changes in spending behavior

We offer insights on many topics

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Your Key Benefits

Enable teams across divisions to quickly understand:

- How changes in drivers can lead to increased revenue
- Where and how to use this lever for maximum revenue growth

Plan for growth:

- Capitalize on opportunities effectively, with levers that you are in control of
- Plan actions and keep track of the results with a feedback loop to the SWOT

We don't just report the data, we show how to capitalize on opportunities

Pricing deep-dives
- Brand price architecture
- Price elasticities
- Price distances
- Cannibalization

Assortment deep-dives
- Offer share analysis
- White spots analysis
- Range optimization

Promotional deep-dives
- Promotion effectiveness & impact
- Promo type & timing optimization
- Retail Margin development

NPD deep-dives
- Gain to share
- NPD comparison
- Brand innovation position

Distribution deep-dives
- Retailer portfolio
- Brand channel performance
- SKU distribution optimization

Competitor deep-dives
- KPI & driver comparison
- Early warning system
- Brand strength

We've been doing this for brands around the world for over 20 years!

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- RSA
- BETMGM
- MORE TH>N WE DO MORE
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- Ladbrokes
- AAA

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- COTY
- Northwestern Medicine
- NOVANT HEALTH

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Contact us

Contact us now for a tailored strategy session and start optimizing your profits today

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