

Pricing study from ScanmarQED

ScanmarQED, 2022



What is included in this document?

- 1.** An overview of ScanmarQED's pricing studies on offer
- 2.** Types of questions you can get answered through our pricing studies
- 3.** Example deliverable, including situation and output
- 4.** About ScanmarQED

1. Types of Pricing Studies on offer

Basic

Investment Required:
€5,000 per category + € 300 per retailer / brand

What type of business questions can this study answer?

Description of your current segment/brand price architecture (pricing structure, positioning, segmentation)

What is the long-term pricing strategy for your brand, by channel?

What is the price gap versus the competitors?

When competitors change price, should you follow?

What is your brand / SKU price elasticity?

Which SKUs are more sensitive to price change?

Turnaround time: <2 weeks

Extended

Investment Required:
€7,500 per category + €1.200 per retailer / brand

What type of business questions can this study answer?

All questions from the Basic Study

+

What is the impact of increasing price by 5% or 10% etc.?

Which brands do you lose your volume to when pricing up?

What is the level of cannibalization between items within your portfolio?

Turnaround time: 2 - 4 weeks

2. Types of questions will you get answered with our studies

Basic Study



What is my current segment / brand price architecture?



What is the long-term pricing strategy for my brand, by channel?



What is the price gap versus my competitors?



When competitors change price, should I follow?



What is my brand / SKU price elasticity?



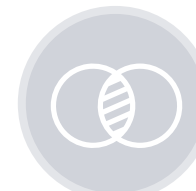
Which SKUs are more sensitive to price change?



What is the impact of increasing price by 5% or 10% etc.?



Which brands do I lose my volume to when pricing up?



What is the level of cannibalization between items within my portfolio?

2. Types of questions will you get answered with our studies

Extended Study



What is my current segment / brand price architecture?



What is the long-term pricing strategy for my brand, by channel?



What is the price gap versus my competitors?



When competitors change price, should I follow?



What is my brand / SKU price elasticity?



Which SKUs are more sensitive to price change?



What is the impact of increasing price by 5% or 10% etc.?



Which brands do I lose my volume to when pricing up?



What is the level of cannibalization between items within my portfolio?

Price Segmentation Sample Deliverables (1/3)

Price Segmentation: in what price range do segments play?

Overview
See all the SKUs per segment, how they are priced and how their total value is

What kind of information can you find here?

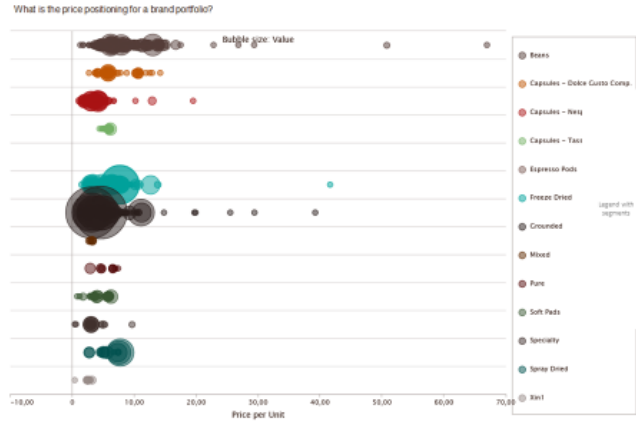
- Select the retailer you want to analyze
- Choose a combination of sub-categories
- Select your price measure

How to look for the information

See how the segments are positioned with all their respective SKUs

Tips

See what segments are more premium, and spot outlier products which should be priced differently



Price Segmentation: in what price range do brands play?

Overview
See all the SKUs per brand, how they are priced and how their total value is

What kind of information can you find here?

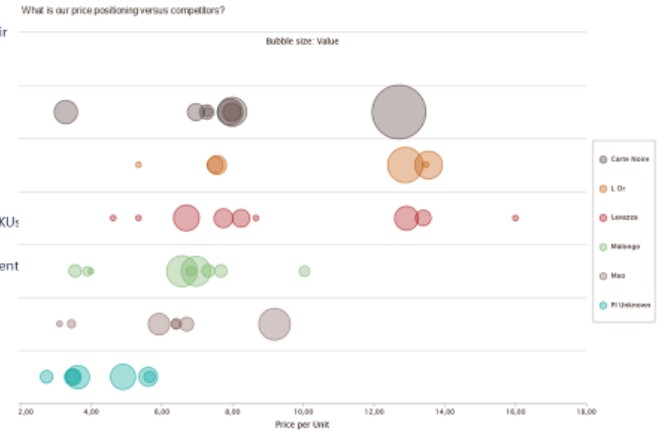
- Select the category you want to analyze: coffee cups
- Select the retailer you want to analyze: jumbo
- Choose the brands:
- Select your price measure: price/unit, price/kg etc

How to look for the information

See how the brands are positioned with all their respective SKUs

Tips

Check if your brands and its SKUs play in the right price segment compared to other brands within the subsegment.



Price Segmentation – How is a brands share in a price segment?

Overview

See which brands play in which price segments.

What kind of information can you find here?

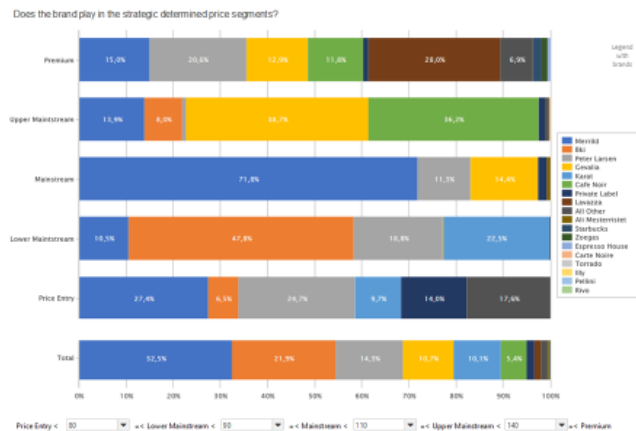
- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select the boundaries to determine the price groups based on the SKU prices vs. the average price. E.g. if a SKUs price distance to the average segment price is 120% (higher than average), the SKU is positioned in the Upper Mainstream segment. And the volume of this SKU is added to the brand share of the upper mainstream price segment.

How to look for the information

A brand can play in multiple price segments based in the different SKUs. Hover over the brand to see where the brand plays.

Tips

Click on the brand to deepdive to the SKUs within the brand overview.



Price Segmentation – How is the brand build up over the price segments, and by which SKUs?

Overview

Deepdive to the brand and its SKUs to see how the price segment of this brand is build up.

What kind of information can you find here?

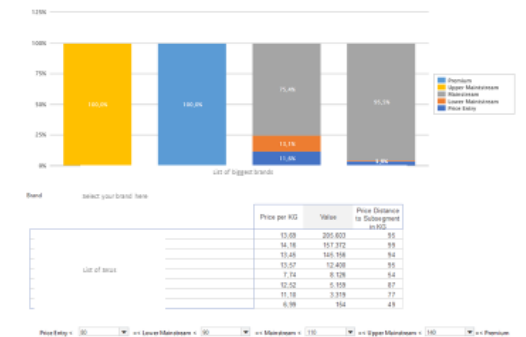
- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select the brand you want to analyze
- Click on the column in the table to sort the SKUs

How to look for the information

Compare your brand to the biggest brands in the segment by looking at the brand price segmentations of these brands in the chart.

Tips

Sort on price distance to see which SKUs might not follow your brand pricing strategy.



Price Elasticities Sample Deliverables (2/3)

Price Elasticities – How is the volume and price relation?

Overview
Compare all weeks to find the price elasticity of a product

What kind of information can you find here?

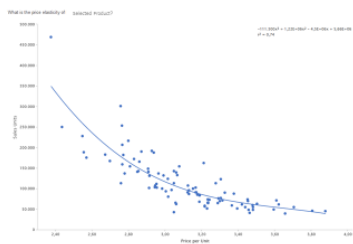
- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select your product (total brand, SKU, etc.)
- Select the week range you want to analyze
- Select the elasticity method (E.g., polynomial curve)
- Get the price elasticity by looking at the curve in the chart and its related formula.

How to look for the information

Check if the SKUs are close to the line or check the r^2 to see if there is a good elasticity model for this product.

Tips

Find good price points to run promotions, or if you can optimize your current price.



Price Elasticities – What are the competing products? - correlation

Overview
Compare correlations between the SKUs in a segment to determine the real competing products

What kind of information can you find here?

- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select your product lists (brands, SKUs, etc.)
- Select the week range you want to analyze

How to look for the information

Get the correlation results from the table between two products (note, the product with itself always returns 1 in the diagonal).

Tips

Close to -1 shows a big competitive product, where the volume of the competitor negatively influences our volume.

Which products compete?

SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select
1.0	0.9	0.8	0.2	0.2	0.1	0.2	0.2	0.2	0.3
0.9	1.0	0.9	0.1	0.1	-0.8	0.2	0.3	0.3	0.8
0.8	0.9	1.0	0.2	0.3	-0.2	0.4	0.4	0.2	-0.8
0.2	0.1	0.2	1.0	0.3	0.5	0.2	0.2	0.2	-0.3
0.2	0.3	0.3	0.3	1.0	-0.2	0.1	0.1	0.1	0.4
0.1	-0.8	-0.2	0.5	0.2	1.0	0.2	0.2	-0.3	0.4
-0.2	0.3	0.4	0.2	0.1	0.2	1.0	1.0	0.3	-0.2
-0.3	0.3	0.4	0.2	0.3	0.2	1.0	1.0	0.5	-0.2
0.2	0.3	0.2	0.2	0.3	-0.3	0.3	0.3	1.0	-0.3
0.3	0.8	0.8	0.3	0.4	0.4	0.2	0.3	-0.3	1.0

Price Elasticities – What are the competing products? – cross elasticities

Overview
Compare elasticities between the SKUs in a segment to determine the real competing products

What kind of information can you find here?

- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select your product lists (brands, SKUs, etc.)
- Select the week range you want to analyze

How to look for the information

Get the regression results from the table between two products. The price of the product in the columns is compared to the volume of the product in the rows of the table. In blue you can find the own elasticity in the diagonal.

Tips

Positive results shows a big competitive product, where the price of the product in the column negatively influences the volume of the product in the rows.

Which products compete?

SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select	SKU To Select
0.8	-1.2	0.7	0.4	-0.3	-0.1	0.1	0.1	0.1	0.1
0.5	-1.2	0.8	0.5	-0.2	0.3	0.4	0.3	0.3	0.1
0.7	0.2	0.7	0.3	-0.4	-0.3	0.3	0.1	1.0	0.1
0.4	-0.4	0.8	-0.1	0.1	-0.3	0.4	0.1	0.3	0.7
0.3	0.2	0.3	0.1	0.6	0.7	0.1	0.1	0.3	0.5
0.1	0.2	0.3	0.3	-0.9	-0.3	0.3	0.2	0.4	-0.1
0.4	0.2	0.3	0.3	-0.9	-0.3	0.3	0.2	0.4	-0.1
0.1	0.2	0.3	0.3	-0.9	-0.3	0.3	0.2	0.4	-0.1
0.5	0.7	0.1	0.2	0.2	-0.4	-0.2	0.2	0.3	-0.5
0.3	0.2	0.7	0.2	0.3	0.3	0.3	0.3	0.3	0.7
0.3	0.2	0.8	0.2	0.4	0.1	0.1	0.1	0.1	0.5

Price Elasticities – How is the volume and price relation between two products?

Overview
Compare all weeks to find the price elasticities between two products

What kind of information can you find here?

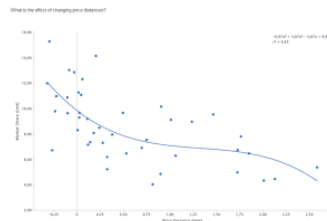
- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select two product (brands, SKUs, etc.)
- Select the week range you want to analyze
- Find out the price distance between the selected SKUs in each week
- Select the elasticity method (E.g., polynomial curve)
- Get the price elasticity by looking at the curve in the chart and its related formula.

How to look for the information

Check if the SKUs are close to the line or check the r^2 to see if there is a good elasticity model between these products.

Tips

Compare how promotional activities influence the shares of the two products. If product A goes in promo, it should take share from product B (and the price distance should change) and other way around.



Price Elasticities – Can we find optimal price points for our product?

Overview
Compare price bands and see how the average volume per week within the price range was.

What kind of information can you find here?

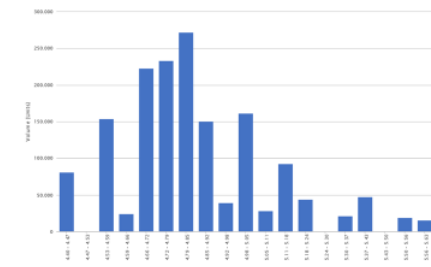
- Select the retailer you want to analyze
- Choose the segment you want to analyze
- Select a product (brands, SKUs, etc.)
- Select the week range you want to analyze

How to look for the information

The volume is an average volume based on the number of weeks where this price was used.

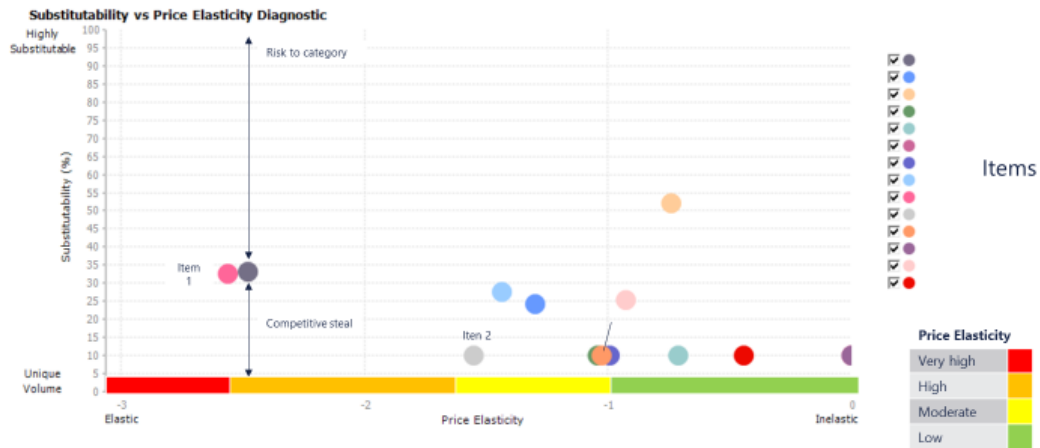
Tips

Find for big jumps in volume by slight price adjustments.

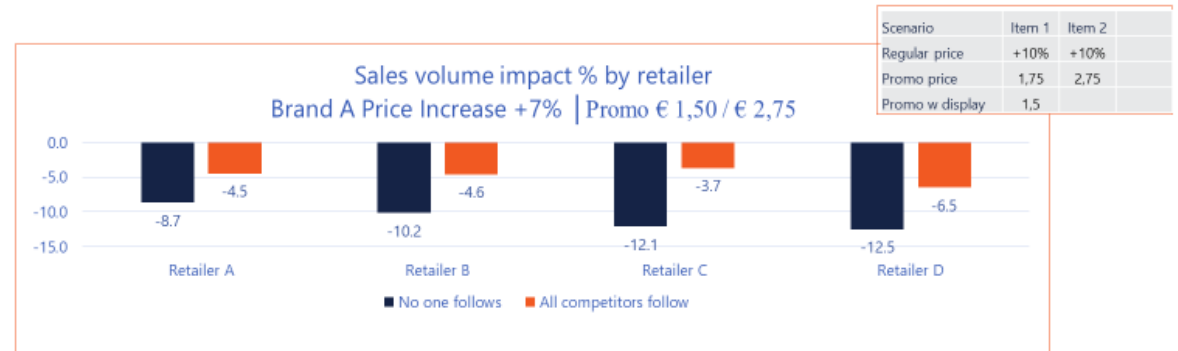


Extended Service Sample Deliverables (3/3)

Sample delivery – Extended Service – Substitution insight



Sample delivery – Extended Service – Wargaming scenarios aaS



	Retailer 1		Retailer 2		Retailer 3		Retailer 4	
	Brand A only	All follow	Brand A only	All follow	Brand A only	All follow	Brand A only	All follow
Retailer Volume	-2,7%	-4,1%	-3,3%	-4,0%	-9,8%	-15,9%	-6,87%	-7,5%
Retail Value	-3,1%	-1,0%	-1,0%	2,9%	-6,3%	1,1%	-4,24%	2,2%
Product Margin	-5,4%	-1,1%	-10,1%	-3,0%	-13,3%	-2,7%	-12,8%	-2,7%

3. Example Deliverable

Real client case - anonymized



The Situation

The Client

The client is a Food & Beverage manufacturer in the CPG sector who sells through supermarkets with no direct-to-consumer business model.

The 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.

Project Scope

The scope of the project included
1 country - 2 categories - 4 Retailers

Approach and Methodology

- Data was obtained from the syndicated database and reviewed with the client to determine the appropriate competitive set for our analysis – this removed irrelevant brands and also “long-tail” or “delisted” items from the set
- For each category, we fused the retail data with data related to weather from the Met Office to account for seasonality plus COVID related factors
- Models were built over two time periods – 12 and 24 months. The 12-month models were the better models given they suffered less from COVID related supply issues in the period
- Scenarios from the client were analyzed using our Forecasting capability to determine the likely impact on Brand and Category performance per retailer

The Output

The output included detailed insights (45 slides) delivered in 3 weeks.

We have summarized the insights by category:

- **Category 1:** There is little substitutability in this category, growth is incremental.
- **Category 2:** Higher elasticities but limited substitutability
- **Conclusion**
- **Scenarios**



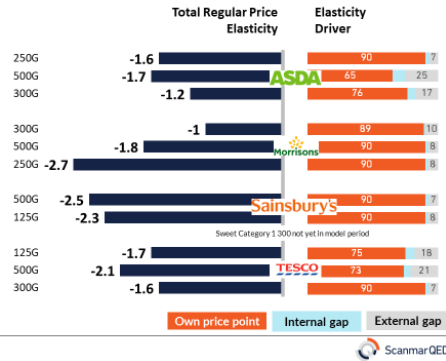
Category 1

There is little substitutability in this category, growth is incremental.

Category 1: Level + Drivers of elasticity

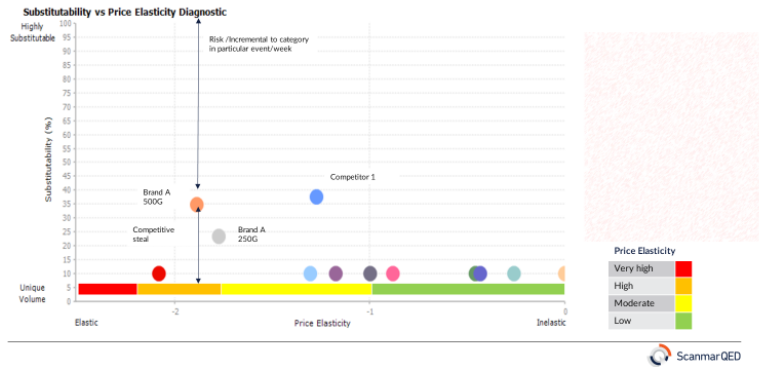
Retailer: combined

- Insight 1. Brand A shows mostly "own elasticity" in retailers where Brand A has just 1 item (signaling high brand loyalty)
- Insight 2. Brand A shows significant price gap interaction with its other own items in stores where multiple SKUs are present. Brand A can use this to its own benefit to incentivize heavy users (discounting the 500g relatively higher than the 250g)
- Insight 3. External gap is mostly driven by Competitor 3 and Competitor 4
- So what? Be cautious with price increase as it may need significant promo support to soften volume loss of price increase



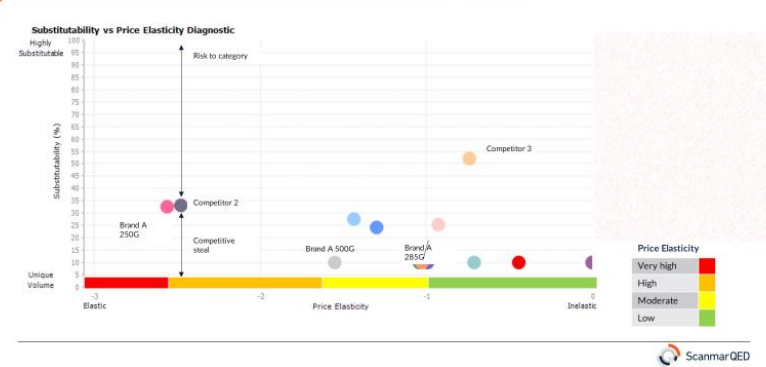
Incremental volume low priced brands driven by competition

Alternatively, if price of Private Label changes. 80% of the lost sales are gained by competitive items and the remaining 20% is lost from the category. Overall, there's little substitutability in this category.

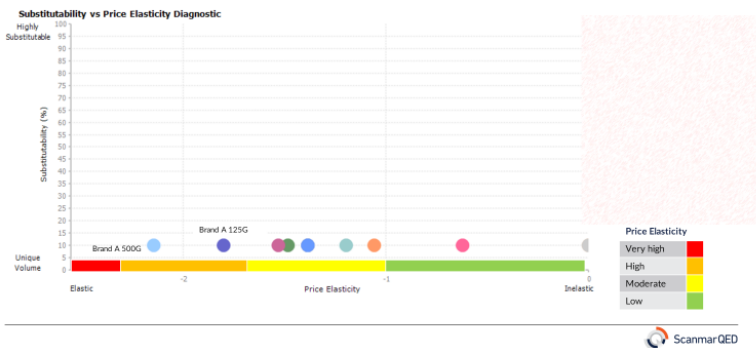


There's little substitutability in this category.

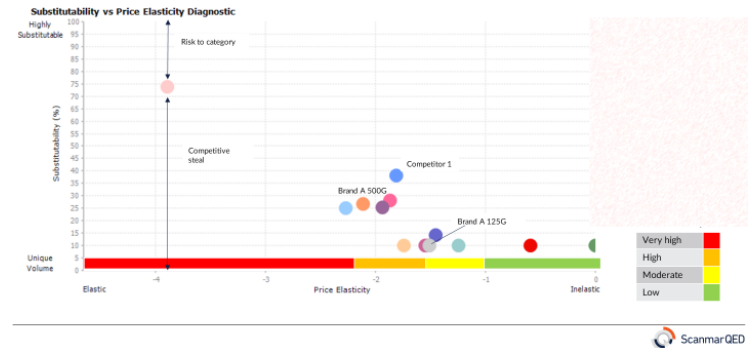
price of Brand A 250g changes. 30% of the incremental sales are gained from competitive items and the remaining 70% is incremental in the respective week. For 500g this is 90% of volume.



There is little substitutability in this category. growth is incremental

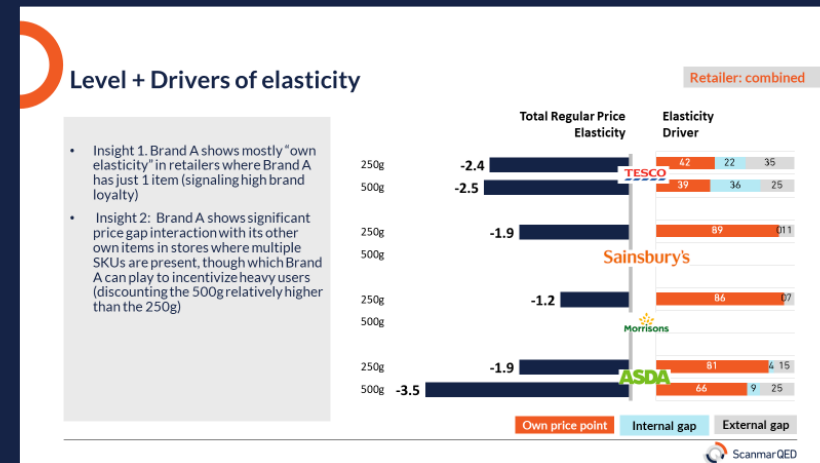
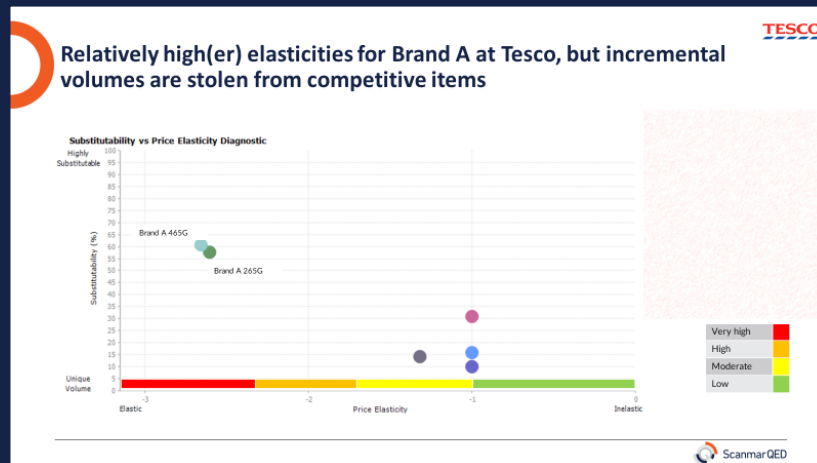
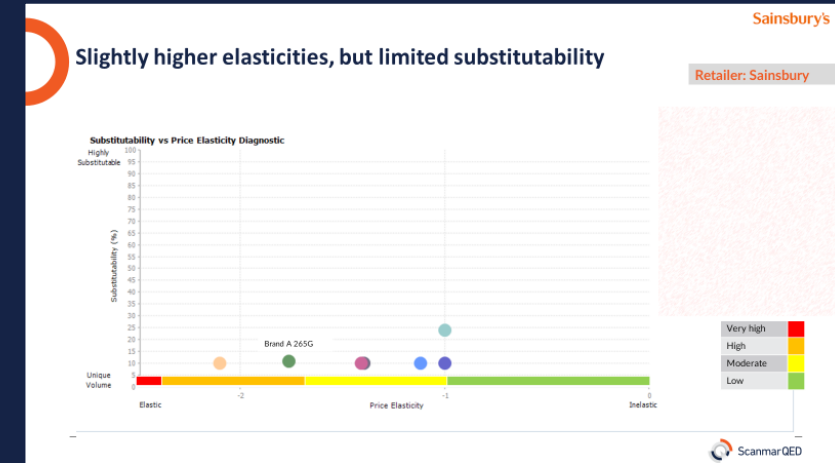
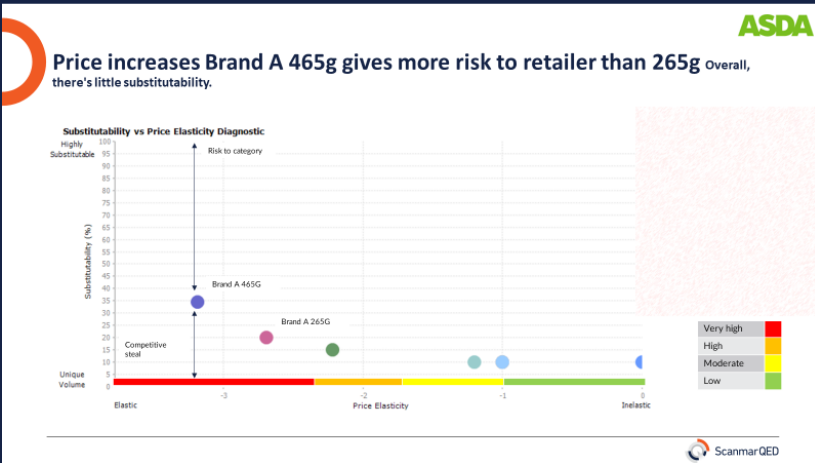


Other brands set to gain if Private Label is increasing prices



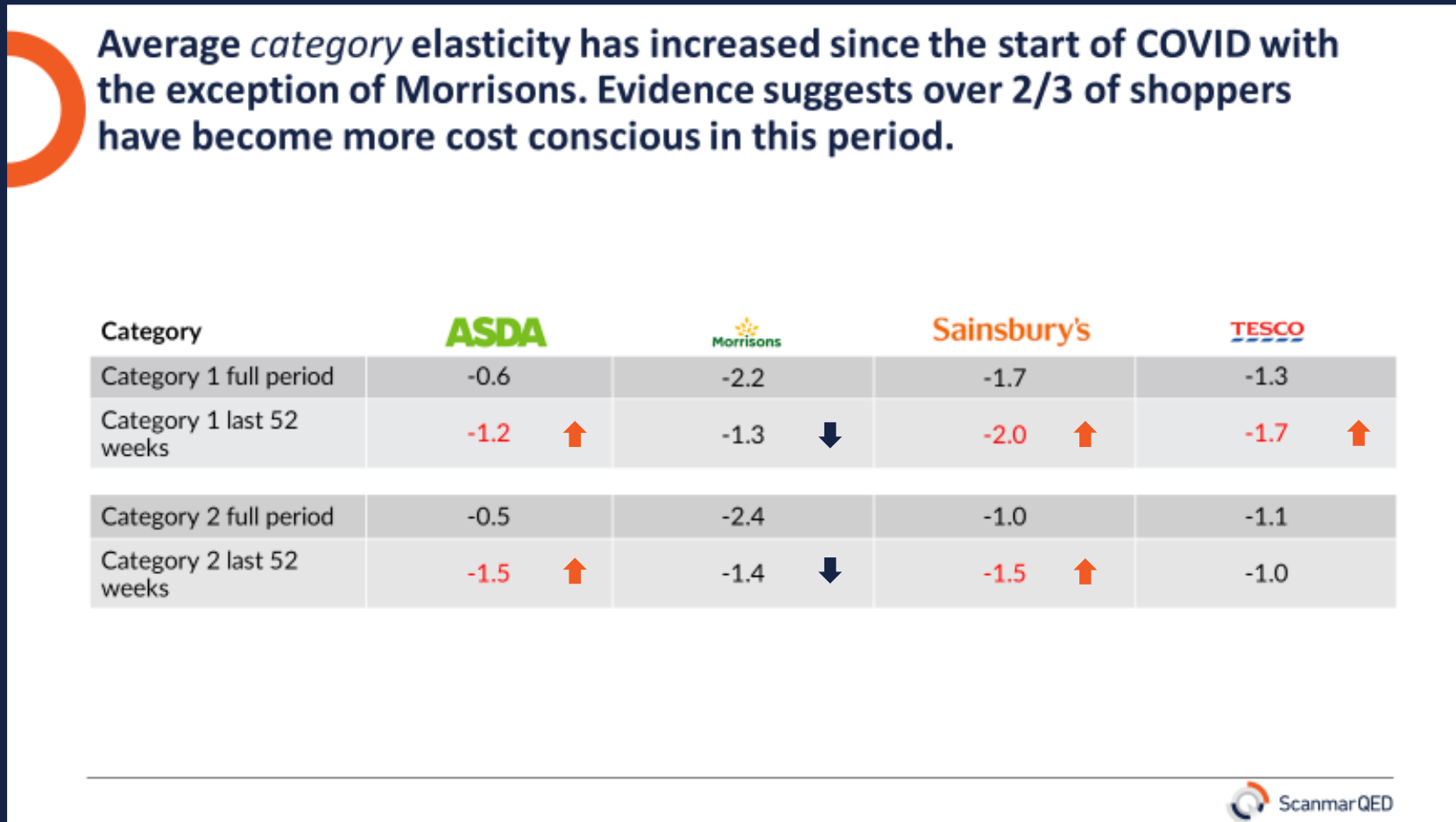
Category 2

Higher elasticities but limited substitutability



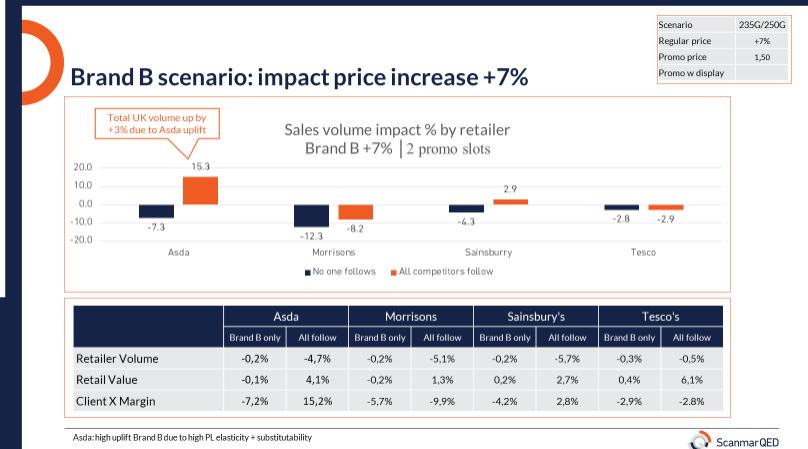
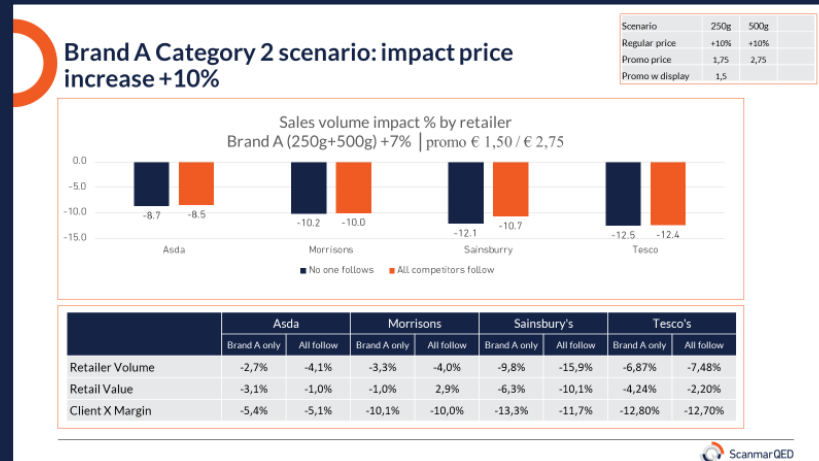
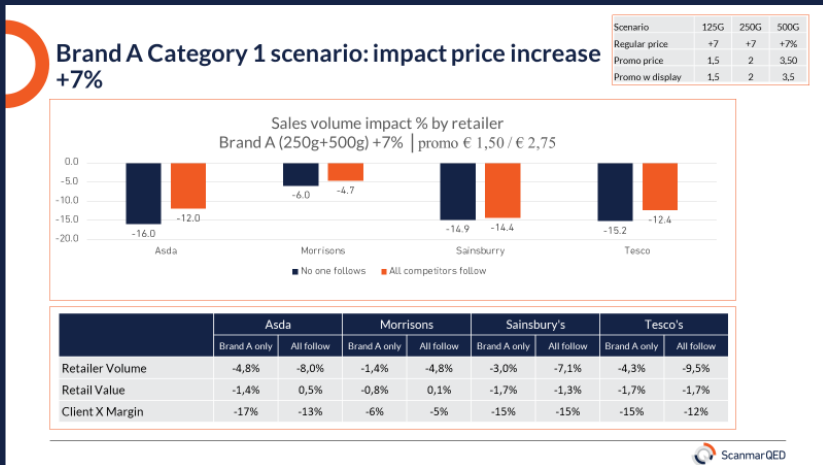
Conclusion

In 5 out of 8 category/retailer situation we see increased price elasticities if the model views post covid weeks only. Manufacturer subsequently made scenarios to understand the impact of price changes.



Scenarios

Understand the business impact of price increases for your portfolio as well as your retail partner under different competitive scenarios.



Please note: Sample data has been used in these slides





ScanmarQED

Marketing.Illuminated

www.scanmarqed.com

About ScanmarQED

We understand that brands face an enormous challenge to be the strongest in their category. Marketers need to be able to make complex decisions quickly and with confidence.

We create powerful software solutions that provide quick and accurate insights into your data and deliver the essential forecasts you need for success. We offer consulting and implementation services in areas such as analytical support and consulting, data management services, and cloud solutions.

To learn more about our solutions contact:



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