Case Study

How a major consumer software company improved its profits by 20% with Buynomics

Buynomics®

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Initial Situation

The company is a major consumer software provider. For years it has outperformed its peers in its efficacy to protect consumers from malware. In recent years, the industry has been affected by the "prevention paradox", i.e., consumers thinking about the software just as "nice to have" despite rising importance of its existence. This resulted in a significant portfolio diversification of the company and thus greater portfolio complexity which is extremely challenging to navigate for pricing and product experts while using their conventional tools.

Challenges

The company faced 3 major challenges in portfolio- and price optimization

Complexity of the product portfolio: As the number of products offered by the client increased, so did the complexity of its product portfolio. Determining which price and product combination will lead to the greatest success was an increasingly difficult task that was hard to master with traditional tools.

Inflexibility of common methods: One of the major challenges of the existing Excel-based toolset was to capture the ever-changing portfolio. Current tools are simply too inflexible - capturing and analyzing portfolio changes is tedious and complicated.

Time pressure: The company was looking for a solution that delivers results quickly, instead of the long processes that traditional tools entail. Time pressure played a crucial role for our client, as the company's shareholders were aiming for a fast increase in the company's value.

"Buynomics' comprehensive model is holistic, more flexible and faster than conventional solutions."

Solution

The company's global request for proposal was answered by all major strategy consultancies as well as large pricing software companies. Having considered all pitches, however, it decided to partner with an emerging software provider: Buynomics. Buynomics is a SaaS-based solution that leverages behavioral models and machine learning algorithms. It uses readily available market information and creates a sample of Virtual Shoppers who behave exactly like their real counterparts. Pricing, channel, and portfolio strategies can be tested on the Virtual Shoppers easily and without any risk.

Buynomics' unique technology delivered three core benefits to the company

"With the help of Buynomics, our client increased its profits by a staggering 20% during the pilot alone."

Comprehensive method: Buynomics offers a comprehensive solution in which all available data leads to a holistic outcome - as opposed to one-dimensional solutions that only work in isolation. The solution is not limited to pricing but also takes portfolio composition, product features and much more into account.

Flexible forecasting: Thanks to Buynomics' machine learning capabilities, all changes related to the product portfolio can be accurately forecasted. Different price and product combinations can be tested without risk and the expected outcome is immediately visible.

Time and resource efficiency: Each scenario analysis with Buynomics takes only a few minutes. Market studies, on the other hand, would take several weeks. In addition, Buynomics provides a coherent solution, as it collects all relevant data and forms it into one holistic picture.

Result

Buynomics improved financial performance and operational processes

Financial value

With Buynomics, the company increased its profits by a staggering 20% during the pilot alone. Better yet, the accuracy of the forecast meant that this advantage was far from a one off. Buynomics had proven in an A/B/C test with >40K real customers that it was 98% accurate in forecasting revenue per user and 97% accurate in forecasting customer life-time value.

Operational improvement

With Buynomics' solution, executives can now make quick and confident decisions. This enables them to act in a more agile way and react faster to potential changes without worrying about potential losses. With the immense time savings, executives can now focus on important strategic issues.

Buynomics is the only solution which forecasts shopper behavior with >95% accuracy. Buynomics can simulate an unlimited number of price-product-promo combinations. It empowers to find the right prices, portfolio, promotions and product design.

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If you want to know more - get a demo today!

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