



Case Study

How a global CPG company achieved 100x ROI by optimizing its revenue management with Buynomics

Buynomics®

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Initial Situation

The company is one of the largest consumer goods companies in the world. Having undergone a large digitization strategy project, executives had decided to seek a partner for the digitization of its pricing and revenue operations.

They sought to overcome inefficiencies in its pricing organizations and invest in a comprehensive, sustainable digitization of its pricing tools to empower pricing and revenue executives to make better decisions.

Challenges

The company faced 4 major challenges in promotion- and price optimization



Inflexible set of tools: The company realized that common tools like Excel come with many pitfalls for pricing and promotions management. Changes are difficult to capture. This inflexibility makes it particularly challenging to navigate an ever-more dynamic market.



Difficulty to create sustainable solution: Developing a sustainable pricing and product strategy is difficult. Many times, such decisions are made reactively and result only in short-term success. The company was looking for a solution that promised sustainable and scalable success across the organization.



Time and resource intensity of current processes: To generate insights about consumers' product preferences and willingness to pay, the company relied on market studies like conjoint analyses which both take long to conduct and are very expensive.



Relatively low net margins in the industry: Strong competition, negotiation power of suppliers, and expectations of low-cost products from customers are squeezing margins in the consumer goods sector. Any initiative that favors an increase in margins is therefore crucial for consumer goods companies like the client.

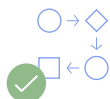
“Having considered all pitches from major strategy consultancies, our client decided to partner with an emerging software provider: Buynomics”

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 helped solve its client’s major challenges



Flexibility: Buynomics always incorporates all available data sources into its simulation including sales data, competitors’ offerings, and interdependencies between products. Common Excel tools or human analyses cannot match this level of comprehensiveness.

“With the help of Buynomics, our client increased its return on sales by 4%, thus paying back its initial pilot investment more than 100x”



Sustainable advantage: While consultants leave after a project is finished, Buynomics’ self-service solution empowers executives to create perpetual insight. Data updates can be integrated easily and analyses can be repeated at any time. Therefore, the firm could always keep its insights up-to-date with no additional effort.



Time and resource efficiency: Simulating a new scenario takes five minutes, and detailed impacts on revenue and profit are instantly visible.



Measurable topline impact: Thanks to its unique forecast algorithm, Buynomics is able to identify optimal price and product combinations, leading to a sustainable profit increase.

Result

Buynomics improved financial performance and operational processes

Financial value

Thanks to the accurate forecasts delivered by Buynomics, our client was enabled to determine the best prices across its portfolio and price new innovations according to market demand. Moreover, Buynomics helped identify 4% in return on sales on billions in annual revenue. The company paid back its pilot investment over 100x thanks to this immense value lever.

Operational improvement

Each simulation with Buynomics only takes few minutes instead of several weeks of market research and wargaming. This huge time saving empowered company executives to focus on other more important issues. In addition, they now make more informed decisions without the fear of costly losses.

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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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