

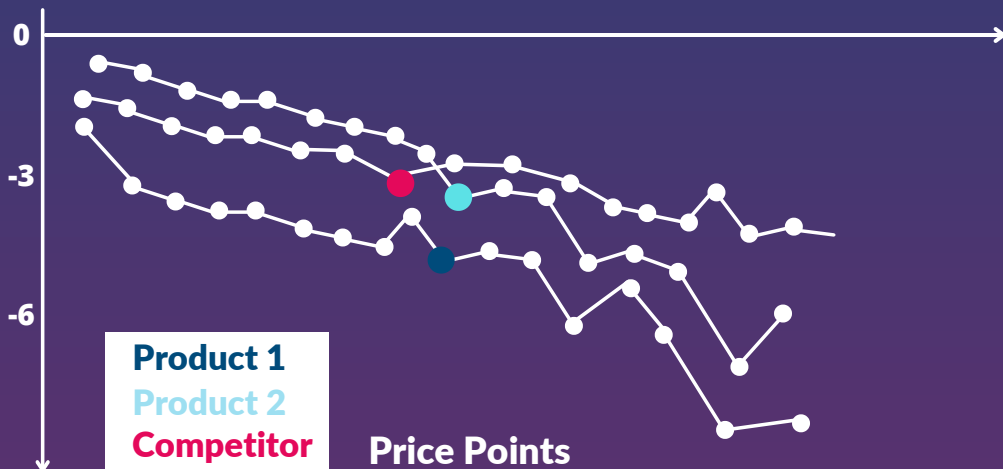
ELASTICITIES - AN UNNECESSARY EVIL

1 ELASTICITIES OVERSIMPLIFY REALITY

Elasticities condense a complex world into a single number. In reality price elasticity changes along all parts of the demand curve and when competitors change their offering.

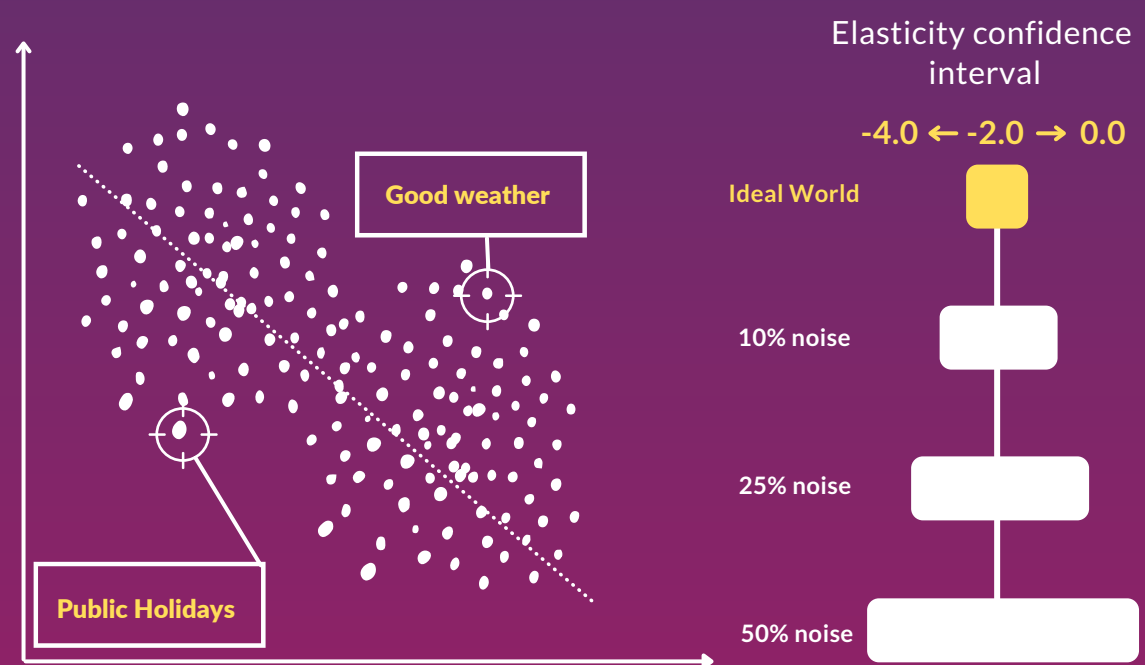
It requires a holistic agile solution that allows not only to flexibly adjust pricing decisions, but also to enable managers to adapt portfolio structures or product features precisely to the needs of consumers.

Elasticity



2 ELASTICITIES CAN'T COPE WITH NOISE

In a perfect world you can precisely measure price elasticity to maximize revenue or profit but obviously buying behavior is influenced by many more factors besides from price.



Systematic noise can be explained by external factors like seasonality, events or vacations. It is extremely challenging to identify, separate and quantify those factors.

Random noise arises from stochastic fluctuations and cannot be predicted (e.g. personal daily preference for consumption by a customer). There is no way to eliminate or correct for random noise, except by increasing the sample size.

3 TODAY'S DATA NEEDS NEW TOOLS!

Data quality has become too good to rely on elasticities only. Elasticities are a relict of the pen and paper era and as times have changed so has data quality and the potential to use it. Companies must use advanced analytics and new tools to make agile decisions. Using only Excel and elasticities will make you lose money eventually. You wouldn't put 5G in a cellphone from 2001!



BUYNOMICS HELPS YOU MAKE BETTER DECISIONS USING YOUR OWN DATA!

With its unique solution, buynomics is able to help managers overcome all the problems elasticities will never solve:

- It can predict customer behavior with >95% accuracy
- It uses your readily available data
- It offers a holistic solution for your whole portfolio

Book a demo to find out more!
www.buynomics.com/demo

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