



Case Study

How a Major Consumer Goods Company Identified 4-5% Additional Profit Potential with Buynomics

About Buynomics

“What will customers buy?”

is the key question underlying all commercial decisions in all companies. Buynomics has developed the Virtual Shoppers technology, which answers this question 100x faster and much more precisely than every other solution. This will end the common practice of gut feeling and Excels.

Our goal is to enable companies to make data-driven, transparent, and customer-centric commercial decisions. For that, we build the operating system for commercial decisions that provides companies with a single-source-of-truth to answer all their market-facing questions including pricing, product offers, promotions.



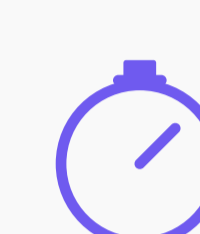
No bullshit

We will only make claims that are based on empirical evidence.



Meritocracy

We vest on the basis of talent, effort, and achievement.



Move fast

We recognize potential and act immediately.



Measure impact

We understand that only what gets measured gets done.



Radical transparency

We embrace constructive discussions to find the best solutions together.



Improve constantly

We aim for constant improvement so that tomorrow we can work on better challenges.



Dr. Ingo Reinhardt

Founder/Managing Director

Before Buynomics, Ingo was a Senior Director with Simon-Kucher & Partners, a global leader in pricing. He holds a PhD in Management from the University of Cologne and Master's degrees in Management and Mathematics. He was a PostDoc at the University of Oxford and published in the Strategic Management Journal.



Dr. Sebastian Baier

Founder/Managing Director

Before starting Buynomics, Sebastian was a Director with Simon-Kucher & Partners where he helped leading international companies improve their pricing and product offering. Sebastian holds a PhD in Physics from the University of Heidelberg and Master's degrees in Physics and Economics.

Foreword

This case study highlights how a leading consumer goods company leveraged Buynomics to optimize its promotion strategy and identify additional profit potential. Faced with challenges in portfolio and price optimization, the company recognized the need for a sustainable solution that could overcome the limitations of existing tools and deliver actionable insights.

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Initial Situation

The consumer goods company is one of the largest companies in its category. Its core is selling dairy products to consumers, including a significant B2B business of selling milk powder to other CPG companies that use it in chocolate production. Company executives sought to optimize their promotion strategy as they saw much improvement potential in this field.

Challenges

The company faced two significant challenges in portfolio- and price optimization:

01 - Promotions are a necessary evil:

Promotions are essential to remain competitive. The company's consumers are spoiled for choice and increasingly use new channels to purchase goods. On average, two-thirds of all trade promotions in the consumer goods industry do not break even. In the competitive CPG industry, trade promotions are carried out very frequently. In many categories, shoppers become accustomed to lower prices and expect them permanently. It is a vicious cycle where a lack of shopper loyalty leads to more promotions, which again undercuts loyalty. The company was confident it could tackle these challenges more effectively.

02 - Current solutions come with distinct disadvantages:

The company recognized that existing tools, such as Excel, did not deliver the full potential of technology needed to develop sustainably successful promotion strategies. They are often unable to incorporate all relevant data and market dynamics. In addition, it is complex to detect changes in the market. But time is a significant factor for success in the CPG industry. As a result, forecasts based on traditional market research are often unreliable, and decisions are made following outdated insights. To overcome these challenges of trade promotions, executives thought about hiring consultants. However, their work is often project-based, and not easily repeatable if the company faces similar challenges again in the future.

“ Two-thirds of CPG promotions do not break even. They often result in a vicious cycle of deteriorating margins and shopper loyalty. ”

Solution

All major strategy consultancies and large pricing software companies answered the company's global request for proposal. Having considered all pitches, however, it partnered 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 to create a base of Virtual Shoppers who behave exactly like their real counterparts. Pricing, channel, and portfolio strategies can be tested quickly and easily with the Virtual Shoppers.

Buynomics provided a sustainable solution for its client's challenges:

01 - Promotions as profitable opportunities:

Using its machine learning algorithm, Buynomics turns readily available data into actionable shopper insights. Promotion strategies can be tested on the Virtual Shoppers. This enables the company's decision-makers to run promotions that maximize their promotion return on invest (ROI). Simulating a new scenario takes five minutes, and detailed impacts on revenue and profit are instantly visible.

Buynomics is designed to deliver clear, actionable insights that truly make an impact.

02 - A holistic solution:

Buynomics can incorporate all available data sources into its simulations. This includes sales data, the competitors' offerings, and product interdependencies. Common Excel tools or manual analyses cannot match this level of comprehensiveness. There is no need to record changes manually - Buynomics' simulations always reflect the market's current dynamics. While consultants leave after a project is finished, Buynomics is an always-on self-service solution that generates perpetual insight. Data updates can be integrated easily, and analyses can be repeated anytime. Therefore, the firm could always keep its insights up-to-date with no additional effort.

“ Our client was able to identify 4-5% additional profit potential across the organization, delivering an immense return on investment. ”

Result:

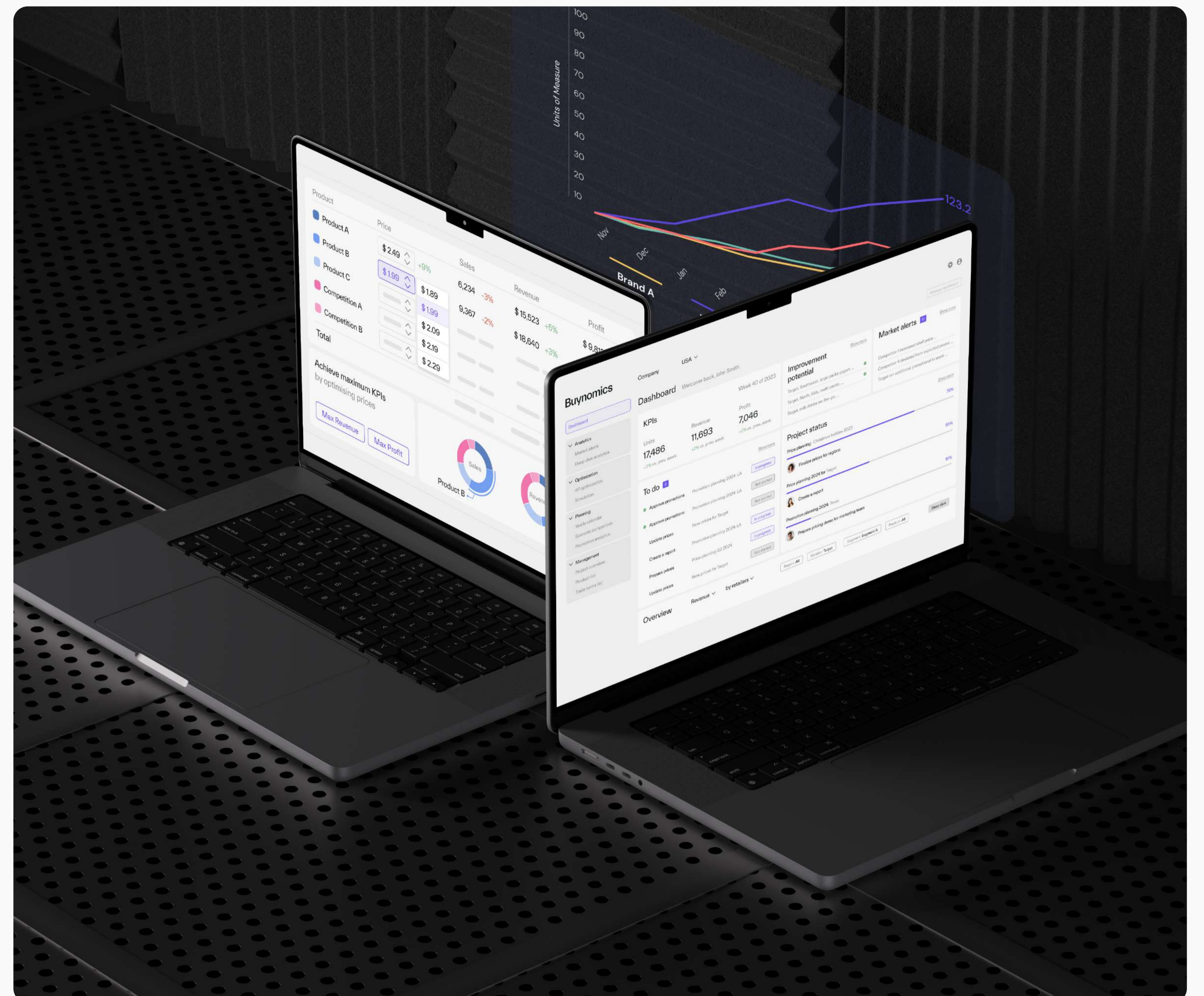
Using Buynomics, the client achieved immense ROS and operational improvement:

01 - Financial value:

Investing in Buynomics has paid off financially for the company. Thanks to the software's help, it was able to generate extra revenue with its promotions. Moreover, the client identified 4-5% in additional profit potential across the organization, delivering an immense return on investment.

02 - Operational improvement:

With the transparency that Buynomics has created, pricing executives can now make sustainable and effective promotion decisions. They no longer need to worry about lengthy market studies not reflecting a realistic picture of reality. Employees can devote the time saved to more strategic insights.



Buynomics is the only solution that forecasts shopper behavior with up to 95% accuracy.

It can simulate unlimited price-product-promo combinations and empowers companies to find the right prices, promotions, portfolio structures, and product designs.

If you want to learn more and see our software in action, book a free tool demo today!

[Book a demo →](#)