

# priceQED



## What is priceQED?

priceQED allows you to estimate the price and promotional sensitivity of all items within a category

## How does it work?

The two key inputs are volume sales and price, other factors, such as distribution and advertising, can also be included to fine-tune the analysis. Marketing mix models are created for each item within a category to measure the price elasticities.

## Inputs required

- Time series data for volume sales and price, by SKU
  - For own brand and competitors
- Can also include other factors, such as distribution, promotional metrics, advertising and seasonality

## Typical outputs

- Estimation of the real incremental sales and profit from a promotion, net of any cannibalisation from other products
  - From both the manufacturers and the retailers perspective
- Forecasted impact of promotional plans
- Identification of the best promotional plans
- The order in which SKUs should be delisted to minimise the impact on the rest of the category

## Who is it for?

priceQED is for any packaged goods company (that operates in a category where the products are directly substitutable) or supermarket that wants to:

- understand how changes in price will impact the sales and profitability of a brand and the category as a whole
- know which SKUs should be delisted first to minimise the impact on the rest of the category

## Case Study Example

A global cereal company had been running marketing mix modelling across several brands for a number of years. They found that they couldn't capture all of the price interactions with brand and pack size level models and category level models weren't feasible given the complexity of the arena in which they operated.

## The Results

Using priceQED they were able to gain a full understanding of the price interactions, both within their portfolio and the rest of the category. This was used to determine the best pricing strategy to maximise profitability. The insights gained about the impact of delisting SKUs enabled them to minimise losses.

