

# Clothing retailer

5% increase in profit through value-based pricing supported by advanced analytics



## Client challenge

The client had a limited understanding of the potential pricing headroom for its new womenswear collection, and limited visibility of ROI from previous promotions (customer events, two for promotions and clearance). Pricing was often informed by cost, with wholesale changes made across the range and limited use of transaction data and competitor prices to inform decision-making.

## Our approach

In close collaboration with the client, our approach included:

- Running elasticity analysis to identify the potential pricing headroom for each product and category against commercial (GP and volume) targets.
- Creating a framework based on a range of factors (e.g., elasticity-recommendation, competitor price position, customer purchasing behaviour and product importance) to suggest pricing opportunities in terms of direction and magnitude of price change.
- Defining pricing and promotion actions to be executed to improve overall product Average Selling Price (ASP) to drive volume and margin.
- Providing product-level pricing opportunities to inform pricing for the autumn/winter 2024 collection, with supporting benefit cases.
- Developing a scenario model to test the impact of potential product price changes on volume and margin.
- Designing and developing a visualisation dashboard underpinned by analysis to support pricing decision-making on an on-going basis.

## Benefits for the client

- The client achieved a 5% increase in profit as a result of product-level pricing actions (direction and magnitude) on the autumn/winter 2024 collection.
- Updated pricing and promotion mechanics helped to improve ASP and drive volume and profit, with the new pricing framework aligned to value.
- The scenario tool enabled the client to test the impact of potential price changes on volume and profit, while the visualisation dashboard strengthened the client's pricing decision-making on an on-going basis.

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