

Guided Analytics for Competitive Pricing Decisions.

Great pricing decisions are critical for every company. A key input into pricing decisions is benchmarking against competitors using market research data. However, to be actionable on that data, one must be able to identify key competitors to review related pricing indexes and performance. In many companies there is a large range of products that need to be priced. Therefore, providing automated pricing insights and suggestions can be game changing.

This Innovation Note demonstrates how a Guided Analytics Pricing Application assists analysts on various levels. Firstly, it automatically identifies key competitors based on pricing. Secondly, the selected baseline product can be benchmarked against these competitors to establish an understanding of its relation to the trade channel and market. A key industry performance metric is the price index – the competitor’s price compared to the baseline product’s price. On top of price analysis, regression models suggest prices based on two strategies:

Market Trend: a regression model trained on average price of products to capture the market’s direction.

Match Top Competitor: a regression model trained on a primary competitor, where price index (to baseline) is applied afterwards to ensure price distance is maintained.

The automated approach of providing the competitor’s product and prices increases the accuracy of the pricing analyst’s decision making. By showing trends and directions, decision makers can adjust goals and make better pricing decisions. This application can be seen in Figure 1.

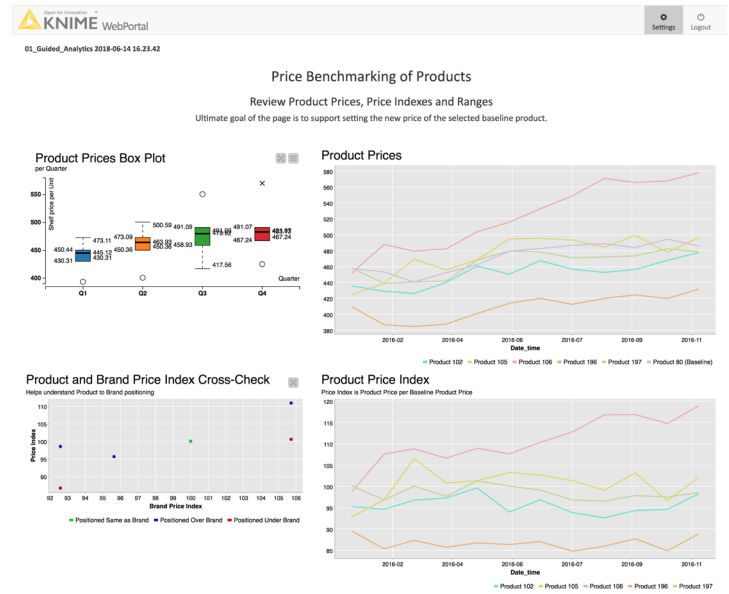


Fig. 1: The Guided Analytics Pricing Application dashboard highlighting how price benchmarking leads to a better understanding of the competitive landscape.

Results:

A Guided Analytics Application assists analysts in achieving the optimal price by providing and synthesizing:

- Historic prices for selected products on selected channels
- Market trends
- Calculation of the price ranges where a given is product likely to be sold
- Price recommendations which should be set based on various strategies, giving way to further automation



Fig. 2: High-level KNIME workflow.

Using KNIME Server and Guided Analytics, a pricing application has been created that guides the pricing analyst through the analysis steps, increasing the velocity of effective pricing decisions.

This Innovation Note was written by our partner:



Try it out for yourself!
Access reference workflows and data from within KNIME via the Examples Server:
44_Price_Benchmarking