

CASE STUDY

Quantzig's Pricing Analytics Solutions Helped a Spare Parts Manufacturer Redefine Their Pricing Strategy to Achieve >7% ROS Uplift



Why is Pricing Analytics Crucial from a Business Perspective?

With data volumes increasing day by day, there is an ever-growing need to analyze data to make crucial business decisions including 'pricing'. Tracking the key pricing metrics using advanced pricing analytics methodologies and tools can help businesses understand the impact of pricing activities on the overall sales, ROI, and business outcomes, thereby helping them optimize their [pricing strategy](#) for maximum revenue.

Today establishments across industries and different verticals can benefit by leveraging advanced pricing analytics solutions. Though the general rule of thumb is that- pricing tends to become complex as the company and its product portfolio expand. It has been proven that businesses with a diverse product portfolio and dissimilar customer tiers tend to benefit the most by leveraging pricing analytics to set and sell products at different price points.

What are the Different Types of Pricing Strategies?



Pricing is more critical than ever in today's ultra-competitive automotive market, especially when you're present in many countries with very different demands, it can be a tough call. In this case, a leading US-based automotive spare parts manufacturer overcame multiple challenges, both internal and external by embarking on a major transformation journey powered by Quantzig's advanced pricing analytics solutions.

The Challenge

The client- a leading automotive company faced several marginal and pricing issues across its product categories that included- exhaust system, braking systems, antilock braking systems, and other automotive spare parts.

To expand their market footprint the client was involved in rapid mergers and acquisitions, though it helped improve market presence it gradually led to a rise in pricing discrepancies both within and across the business units. To tackle these challenges the company's C suite executives realized that they needed to move from ad-hoc decision-making on products, deals, and sales to a structured customer-centric commercial process. To do so, they had to deploy a systematic approach to enhance [pricing transparency](#) across the organization and better respond to the cost pressures in emerging markets.

To address these issues, the company was looking for a solution that could provide transparency on their data and build the capabilities they needed to effectively price products. This is when they decided to collaborate with Quantzig, owing to its expertise in pricing analytics and the ability to provide custom pricing analytics solutions to enhance profits and drive business outcomes.

Quantzig's Approach

The automotive company approached Quantzig as they wanted to analyze the connection between demand and pricing at an organizational level to better plan, predict, and meet market demands. To help them address their challenges, our experts leveraged advanced [pricing analytics methodologies](#) to correlate data sets and offer real-time insights to meet all pricing requirements.

Quantzig's advanced pricing analytics solutions also helped them create a single source of truth to drive pricing excellence and enhance transparency across the entire organization. The first phase of this pricing analytics engagement revolved around data cleansing to validate sources and determine specific calculations and **pricing trends** to improve pricing elasticity. Pricing recommendations were then made per BU by country, taking into account potential impact at product and customer level.

Our advanced pricing analytics solutions empowered the client to leverage statistical methodologies and innovative tools to set targets and budgets with greater accuracy, track ROI, and reduce leakages through automated alerts. Adopting such a solution turned out to be crucial in enhancing their business processes by enabling them to devise new pricing strategies and review deal approval policies.

Business Outcome

As a result of embedding pricing analytics solutions in their decision-making processes, the client achieved the expected transparency and defined the right pricing strategies based on the product and region. The journey also sparked a rapid and lasting change of mindset across the organization, shifting people from being sales-oriented to value-oriented.

The pricing recommendations for the spare parts division were rolled out across BU's and were split into two-region-based pricing and customer-specific pricing, resulting in a **79%** increase in ROS.

Quantzig's pricing analytics solutions also enabled the automotive company to:

- Achieve commercial excellence through the implementation of advanced pricing strategies
- Drive sales and ROI across business units
- Improve pricing transparency
- Redefine their pricing strategy