Case Study

Driving Margin Improvement
with Product & Pricing Analysis

The Challenge

The distributor wanted to drive incremental margin by identifying low-risk category-customer combinations where price increases could be implemented without customer churn.

Using CHAID Statistical Modeling Precision identified attributes of loyal customers and identified the best customer targets for price increases.

Deploying Precision's Category Role Model categories were segmented based on the buying behavior of existing customers and Routine and Convenience categories were targeted.

About the Client

A leading North American distributor of metalworking and maintenance, repair and operations (MRO) products and services.

- B2B Distributor
- 1.9M+ product offerings
- 3K+ supplier network
- 6K+ experienced associates

PRECISION

Actionable Big Data Solutions:

Precision partnered with the Distributor to analyze their sales, revenue, and margin data and benchmark against the industry leveraging Precision's proprietary Category Role Model. Then we:

- Analyzed the category role mix to identify under-indexed opportunities
- Performed pricing analysis to identify price increase opportunities for Routine and Convenience products
- Implemented pricing test on $152mm sales of non-sensitive Convenience skus

$4.4mm incremental gross margin achieved

Full Outcome & Results:

4% Implemented Price Increase

Incremental price increase to convenience & routine skus over mid year base

$8mm Actual Gross Margin

Actual incremental gross margin 3 months post implementation

Zero Customer Churn

Price increase proven to not impact customer churn using Test v Control Scorecarding

About Precision:

We help B2B distributors, suppliers, and wholesalers uncover growth opportunities, increase revenue, and maximize margin leveraging the inherent power of data and data insights. Leverage our 20+ years of experience to achieve your company's goals.

Connect with Us

+1 214-599-8933

info@precisioncorp.net

www.precisioncorp.net