

Case Study

Consumer Intelligence



Understanding the impact of price change on product sales

Business challenge

Price and promotions influence consumers' perceptions of products, which can directly impact sales. In order to support profitable sales growth, it is important to understand the impact of price changes and promotions on customers' perception of products.

To ensure that the future price changes do not negatively impact sales, the client, a confectionery manufacturer, wanted to understand the effect of price change on the sales of its product.

Solution

Netscribes employed standard econometric techniques for conducting the statistical analysis of the client's existing data such as retail audit, scanning, panel and BARB and meal advertising data and internal records on promotional activity/ weight changes. Using our in-house research and analytics capability, Netscribes carried out the following:

- Identified the impact of price changes separately from weight changes on consumer sales volume
- Estimated the impact of long term movements in relative value on consumer sales volume for key packs of selected core brands in selected retail outlets
- Assessed the impact of relative value on the market sector as a whole and within retail channels
- Assessed to what extent price/value elasticity may vary across packs and types of retail outlets
- Analyzed the impact of relative value on consumer sales of its core brands

Benefit

Through the analysis, the client could identify the price effect on brand sales. The price elasticity of key pack formats within the brands analyzed was established.

In summary, the client was able to predict probable changes in sales volumes resulting from a change in price.

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