

In depth understanding of pricing and promotional investment by channel for brand planning optimisation



CLIENT

Large multinational pharmaceutical manufacturer

BUSINESS CONTEXT

- Retailers have been reducing the client's price on shelf.
- The client was interested in understanding price sensitivity and interactions with competitors across both UK main retailers and pharmacy channels.
- Client needed to better understand the role of promotional mechanics across the two channels to aid its promotional planning strategy.

PATH FOR GROWTH

IRI Marketing Mix Modeling provided price elasticities, thresholds and promotion response. It enables to:

- **Understanding role of price on portfolio**
Simulated market conditions to understand effects of various pricing strategies on client and category's business, to identify optimal pricing across products and channels.
- **Promo plan strategy development**
Analysed the impact of promotion mechanics by channel to understand key measures for input into future promotional planning.

IMPACT

- Simulated impact **was +0.4% (£50k) revenue gain in UK main retailers** and **+2% (£250k) in pharmacies.**
- **£700K size of prize** from optimising promotion.

RECOMMENDATIONS

- Identified the best pricing simulation scenarios to balance investment and sales by channel.
- Modified price architecture for each pack size by channel.
- For retailers:
 - Lower discount levels to optimise value
 - Reduce investment in displays as uplift versus shelf does not warrant additional cost
 - Utilise round £ over % save mechanic in key accounts
- For pharmacies
 - Lower discount levels (20%-30%) to limit value sales erosion
 - Re-allocate investment from UK retailers to pharmacy channel, as displays provide significant uplift in sales.
 - Utilise multi-buy over round £ mechanic

To know more, contact your IRI consultant or send an email to: EU.Marcom@IRIWorldwide.com