



Price+ Pushes Profits up 11.5% for Global Parts Leader

DESCRIPTION:	Fortune 500 Components and Parts Company
REVENUE:	\$18.7 Billion
KEY BUSINESS CHALLENGE:	Deliver targeted, market-based price guidance by product and customer

This customer success story is about one of the world's leading parts companies. Their name has been redacted, per their request, to protect the market advantage they enjoy by using this product.

The Challenge

This global Fortune 500 company is known for their strong brand, vast product assortment, and commitment to quality in serving its very large customer base.

Managing prices across an extensive network of products, customers, and channels had become unwieldy and inefficient. Why? Their existing strategy was to gain market flexibility by using list price sheets and local discount authority.

This resulted in sales teams pricing in a rudderless fashion with little rhyme or reason behind any given customer price.

Making matters worse, dealing with seemingly endless price exceptions had created an administrative nightmare.

Leadership had to find a way to regain control of their pricing. Centralizing more of the pricing authority was a consideration, but top management knew markets were diverse, so leadership struggled with how to achieve both control and localized market fit.

But something had to be done, since profits had become unpredictable and customer churn was increasing. It was time to act.

What Didn't Work

They had tried off-the-shelf price optimization software, but it objectively failed, falling far short of the pre-sale promises made by the vendor. No one trusted the math, leading to poor adoption.

Who could blame them? The system didn't fit their complex network of channels and ignored the nuance of their product set. For example many "long-tail" products and custom-fit application restrictions rendered broad, out-of-the-box price strategies useless.

Next, they tried top-tier management consultants, which cost the company deeply.

Why? The peanut-butter price actions were based on product volume and customer size — which resulted in customers already paying well above market rates to receive a hefty price increase. Unsurprisingly, this caused them to churn and take their business to their competitors.

The Winning Solution

A new VP of Pricing was hired to lead the charge in fixing the pricing problem. He'd heard about Revenue Analytics through his network of pricing professionals.

Revenue Analytics was engaged with two objectives:

1. Generate a statistically significant granular customer segmentation by market through which to price and execute market strategies

2. Deploy Price+'s proprietary market-based pricing approach to provide targeted price guidance to prove the value of the approach in opaque and highly-varied markets

It worked, delivering consistent, rational, market-calibrated price guidance for every customer and product.

The result? Customer churn was minimized, market reps were pleased with their price guidance, and no new headcount was required to tame the unwieldy pricing.

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