Buynomics

Case Study

How A Global Beauty Brand Optimized Their Portfolio And Avoid Cannibalization

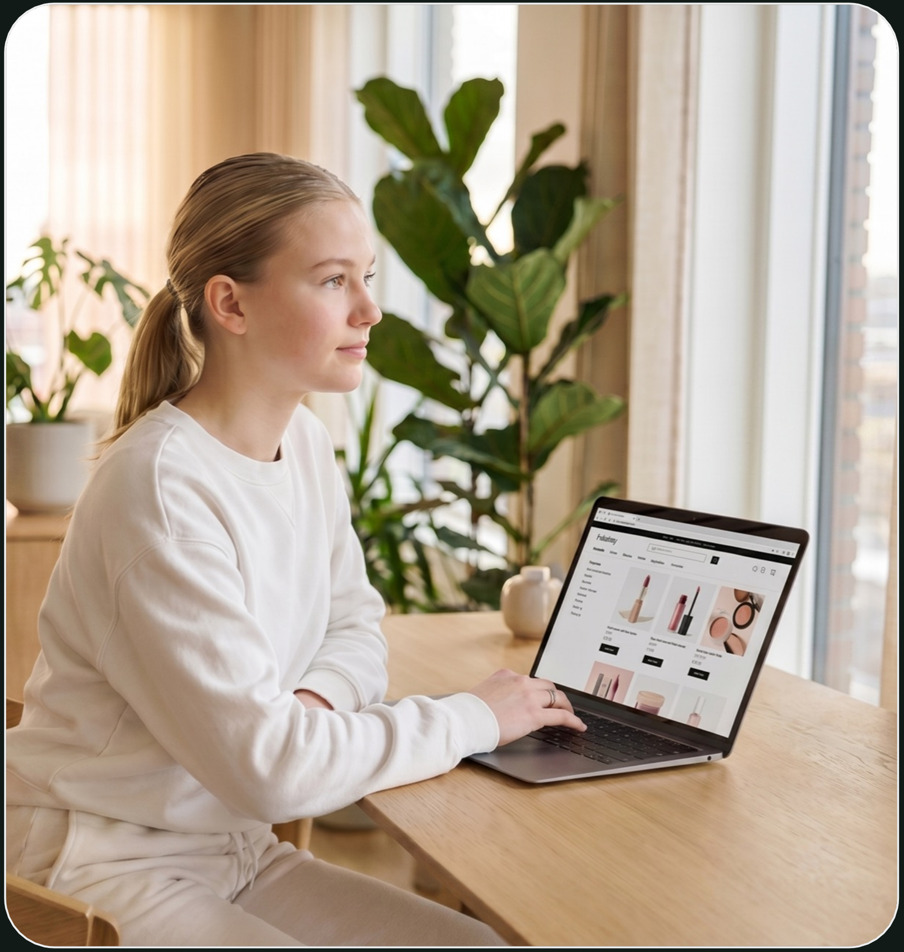


Table of Contents

01. Background

This global beauty and personal care company has established itself as a leader in the industry, renowned for its commitment to sustainability, ethical sourcing, and innovation.

With a diverse portfolio of skincare, haircare, fragrance, and cosmetic products, the company has built a strong presence across multiple international markets.

Its focus on using natural ingredients and eco-conscious formulations has resonated with consumers, driving impressive financial performance with revenues exceeding billions annually.

02. Challenges

Portfolio Optimization

1

The manufacturer aimed to identify the optimal price increase for each brand in its portfolio and assess the resulting impact on revenue and unit sales.

Avoiding Cannibalization On E-commerce

2

The manufacturer aimed to optimize its portfolio on an e-commerce channel dedicated exclusively to its own brands, making it critical to prevent portfolio cannibalization.

Before adopting Buynomics, the manufacturer lacked a reliable method to analyze product interactions across its portfolio. As a result, it applied a uniform 5% price increase across its entire portfolio on the e-commerce channel.

However, because consumers react differently to price changes across products, this approach partly resulted in portfolio cannibalization and shoppers leaving the manufacturer's e-commerce website for other sales channels or competitor products.

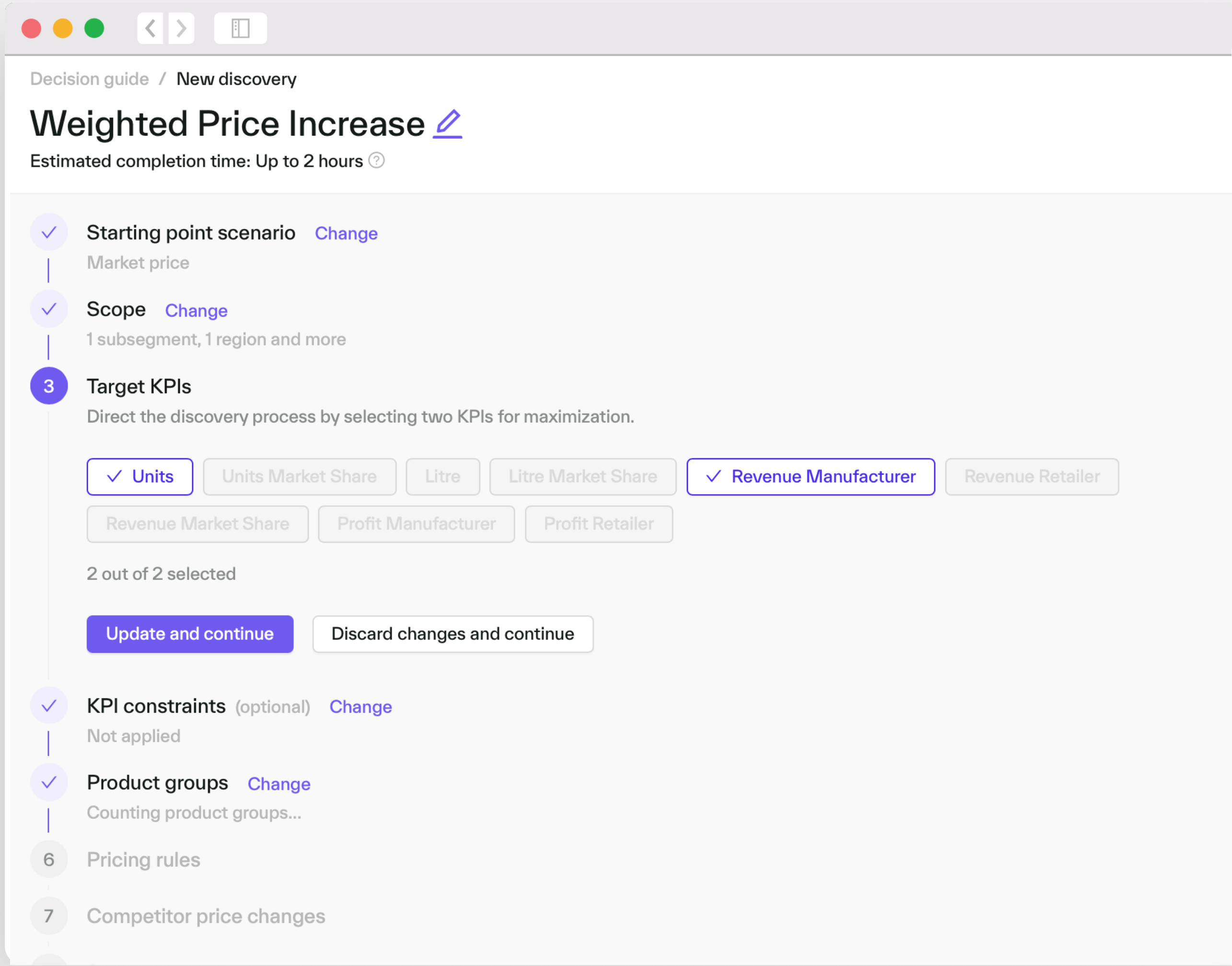
By adopting the Buynomics platform, the manufacturer aimed to differentiate & optimize the portfolio pricing while simultaneously avoiding cannibalization to reach revenue and unit sale targets on their e-commerce channel.

03. Solution

Leveraging Buynomics' Decision Guide Pricing tool, the Revenue Growth Management (RGM) set the following requirements to optimize the relevant key performance indicators:

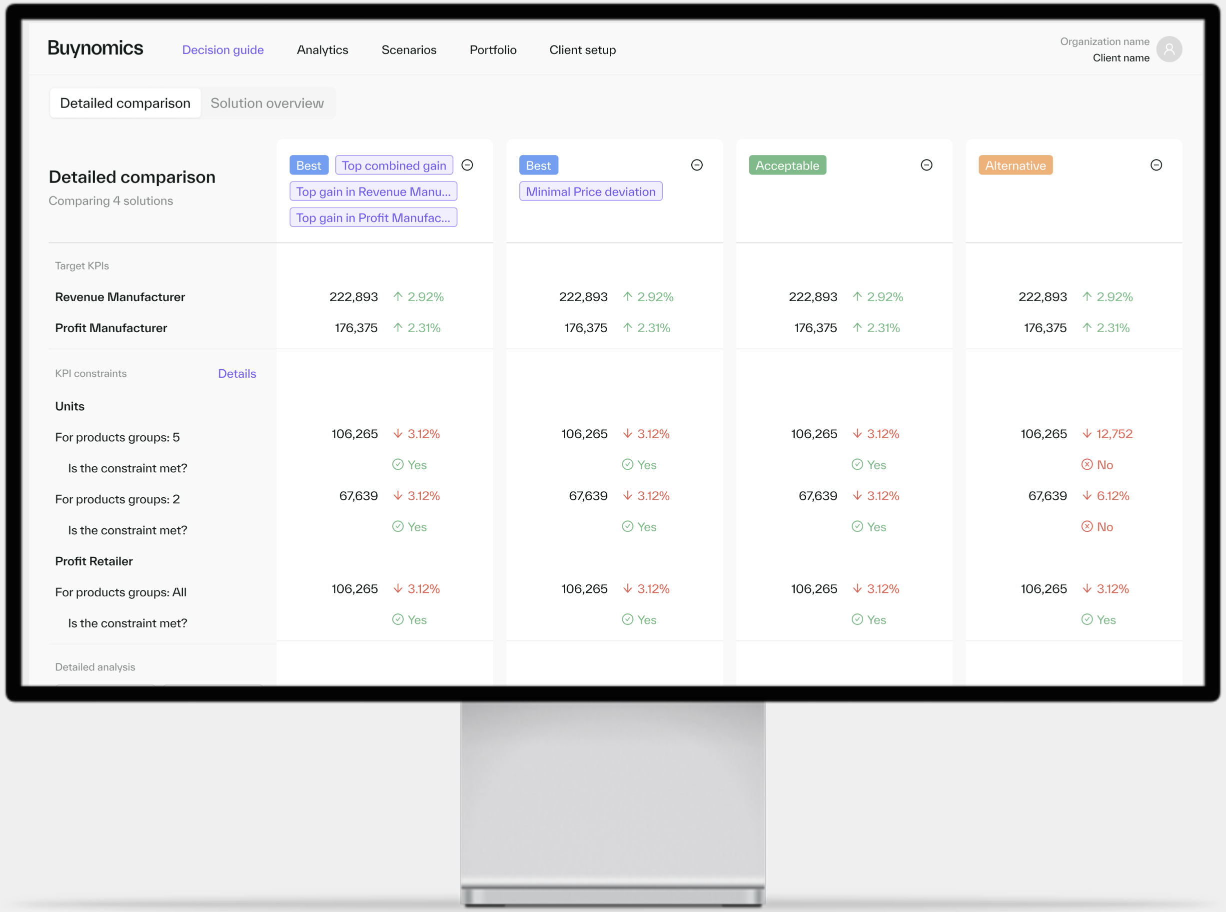
- Scope:
  E-commerce, entire portfolio
- KPIs to optimize:
  Revenue & Units
- Price Constraints:
  From 0% up to 10%

The Buynomics Decision Guide, powered by Virtual Shoppers AI technology, searched millions of pricing combinations based on the requirements and provided multiple scenarios that were most likely to help the manufacturer reach their revenue and unit sales KPIs.



03. Results

The Decision Guide took less than an hour to come back with a weighted price increase strategy across the entire brand's portfolio, ensuring the brands will not cannibalize each other and the manufacturer will be able to reach expected revenue and unit sales.

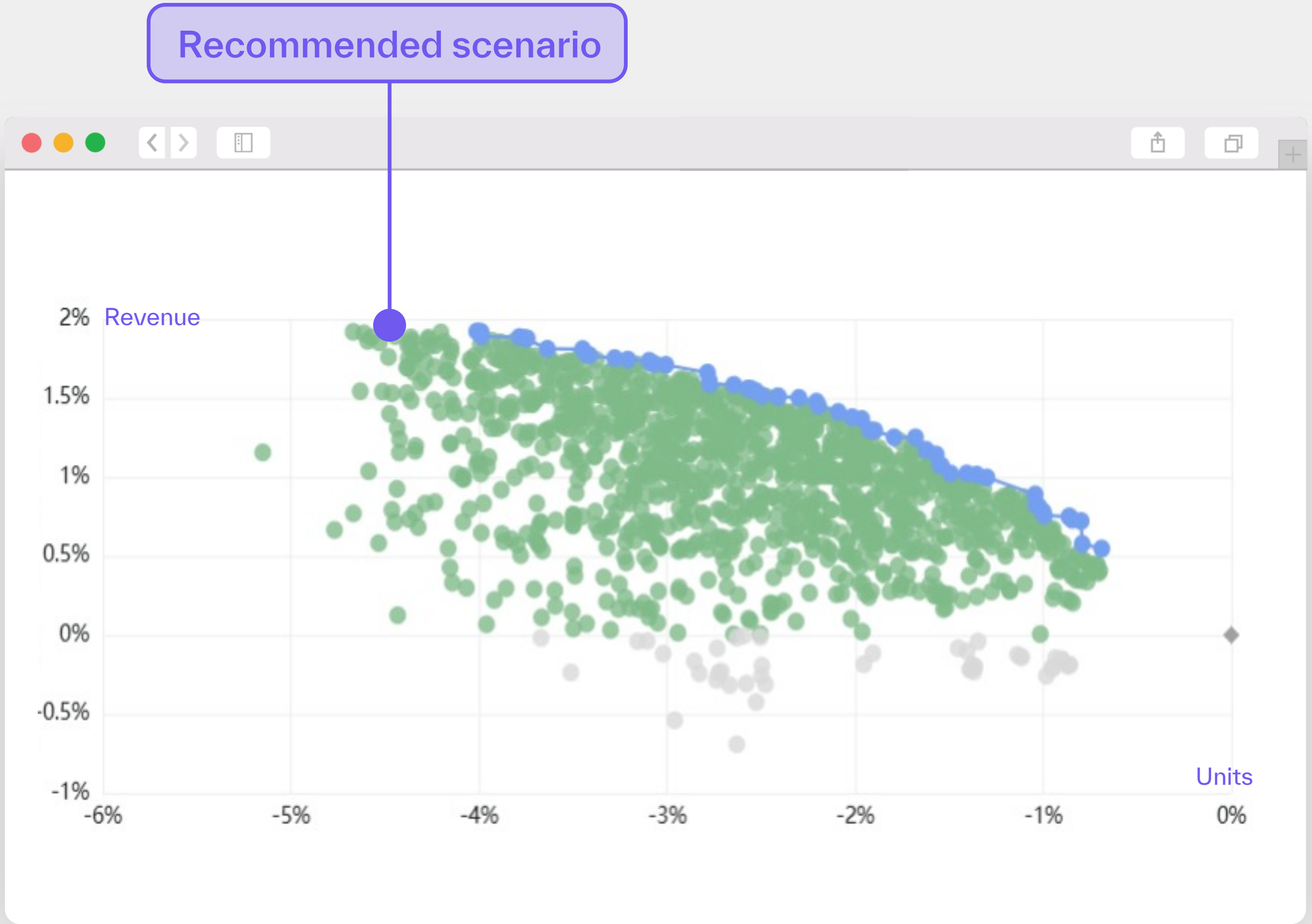


03. Results

Below is the breakdown of price increases across the portfolio:

INCREASE

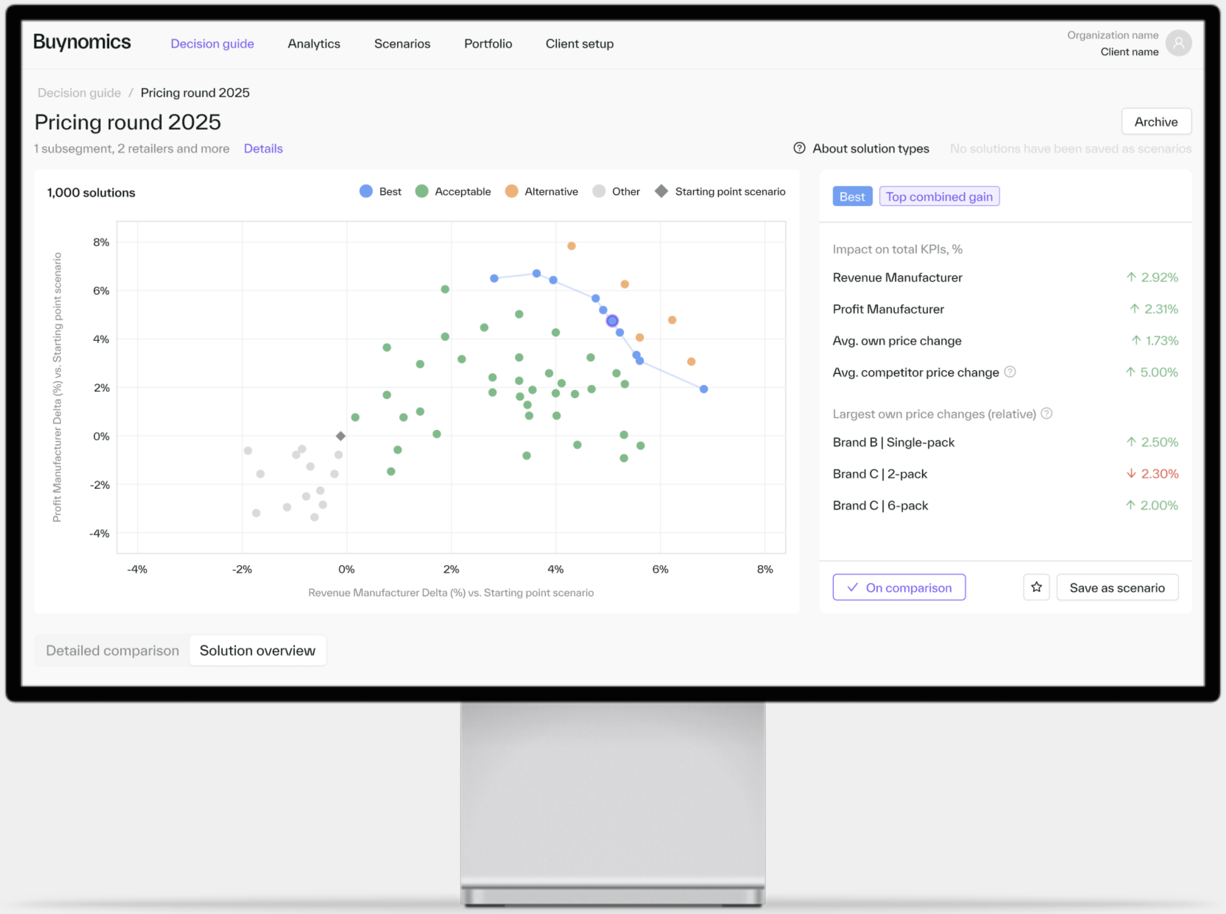
0%	2 brands
1%	2 brands
4%	2 brands
6%	1 brand
7%	2 brands
8%	2 brands
9%	2 brands



04. Impact

Using the Buynomics software, the team was able to set KPIs and receive optimal recommendations to reach it.

2% **Revenue Uplift**



The strategy provided by Buynomics' Decision Guide allowed the manufacturer to identify the total revenue increase potential of 2% across the entire portfolio.

05. About Buynomics

Buynomics is the leading Revenue Growth Management (RGM) platform for holistic optimization across all revenue levers.

By integrating multiple data sources with cutting-edge AI, it empowers RGM teams in enterprise organizations to make faster, more profitable, data-driven, and customer-focused decisions.

Learn More

Holistic approach

Portfolio optimization considering the effects of all product portfolio changes.

Speed to insight

Large number of scenarios simulated and compared in minutes, reducing the time spent on forecasting by 70-90%.

Predictive accuracy

Best in class predictive accuracy of up to 95%[1] of expected market behavior.

1: Depending on data quality and completeness

Profitability

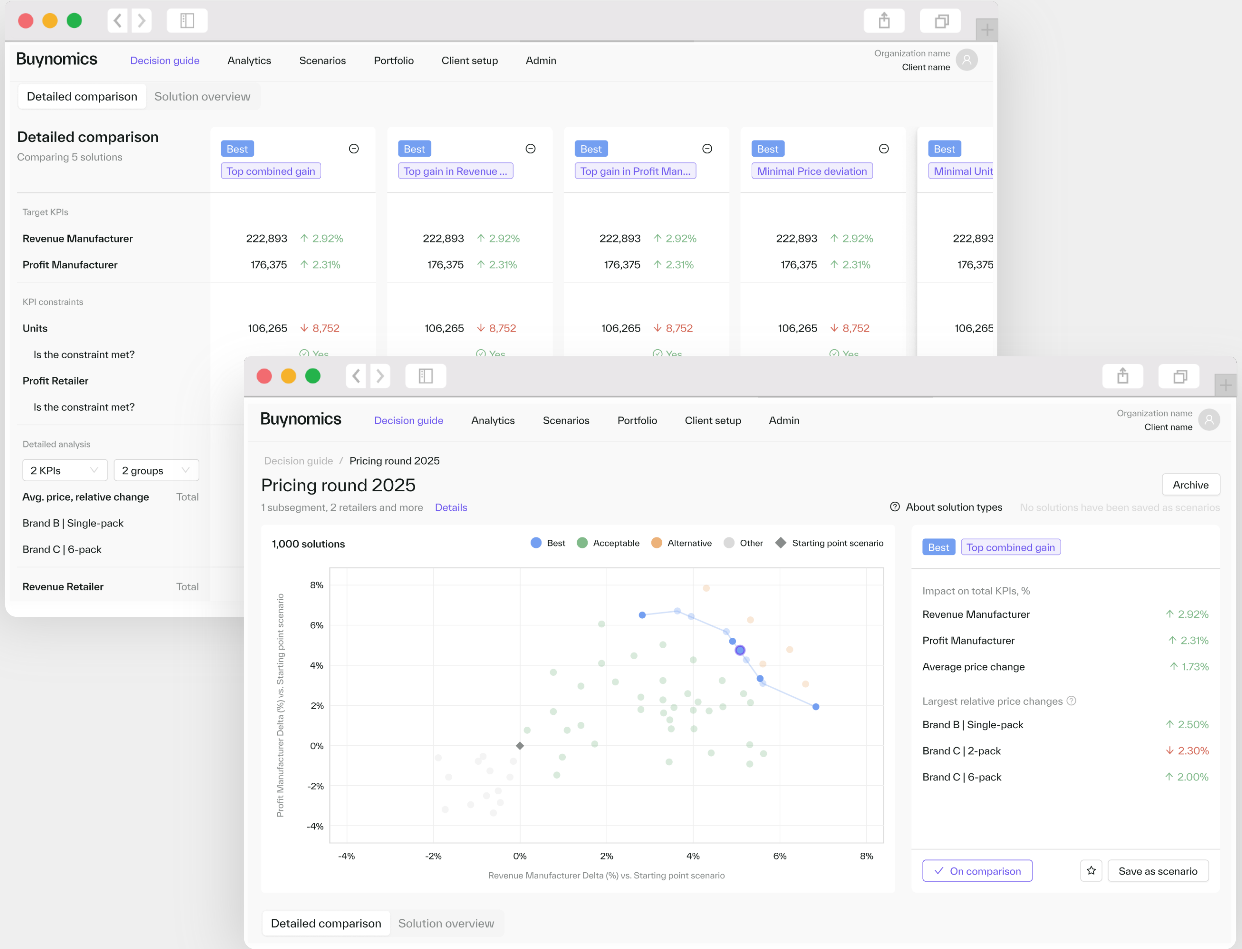
Up to 2-4% higher gross profits through a better offering.

05. About Buynomics

Decision Guide

Buynomics' Decision Guide helps to make the best pricing decision considering relevant constraints and target KPI trade-offs

- **Automatically identify differentiated price optimization potential** for your entire portfolio based on relevant target KPIs (e.g., revenue & profit)
- **Implement relevant existing guardrails** such as capacity constraints, price ladder input, max. change thresholds, etc.
- **Include competitor reaction** for best response definition based on all market participants



Unilever DANONE General Mills pladis L'ORÉAL HARRY'S essity BIC