Buynomics

Case Study

How A Global Beauty Brand Optimized Their Portfolio And Avoided Cannibalization

Buynomics

01. Background

This global beauty and personal care manufacturer 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.

The manufacturer sought to optimize their portfolio beyond traditional pricing methods, which were resulting in missed revenue opportunities by failing to account for cannibalization and other market interactions.

02. Challenges

Price Optimization Across Portfolio (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 while considering cross effects.

Avoiding Cannibalization On E-commerce (2)

The manufacturer aimed to optimize its portfolio on their 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 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

Allowed Price Changes:
From 0% up to 10%

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

Decision guide / **New discovery**

Weighted Price Increase ✎

Estimated completion time: Up to 2 hours ⓘ

✓ **Starting point scenario**   Change
Market price

✓ **Scope**   Change
1 subsegment, 1 region and more

③ **Target KPIs**
Direct the discovery process by selecting two KPIs for maximization.

[✓ Units] [Units Market Share] [Litre] [Litre Market Share] [✓ Revenue Manufacturer] [Revenue Retailer]
[Revenue Market Share] [Profit Manufacturer] [Profit Retailer]

2 out of 2 selected

[Update and continue]   [Discard changes and continue]

✓ **KPI constraints** (optional)   Change
Not applied

✓ **Product groups**   Change
Counting product groups...

⑥ Pricing rules

⑦ Competitor price changes

03. Solution

The Decision Guide took forty-five minutes to come back with a differentiated price increase strategy across all brands within their portfolio, ensuring the brands will not cannibalize each other and the manufacturer will be able to reach expected revenue and unit sales.
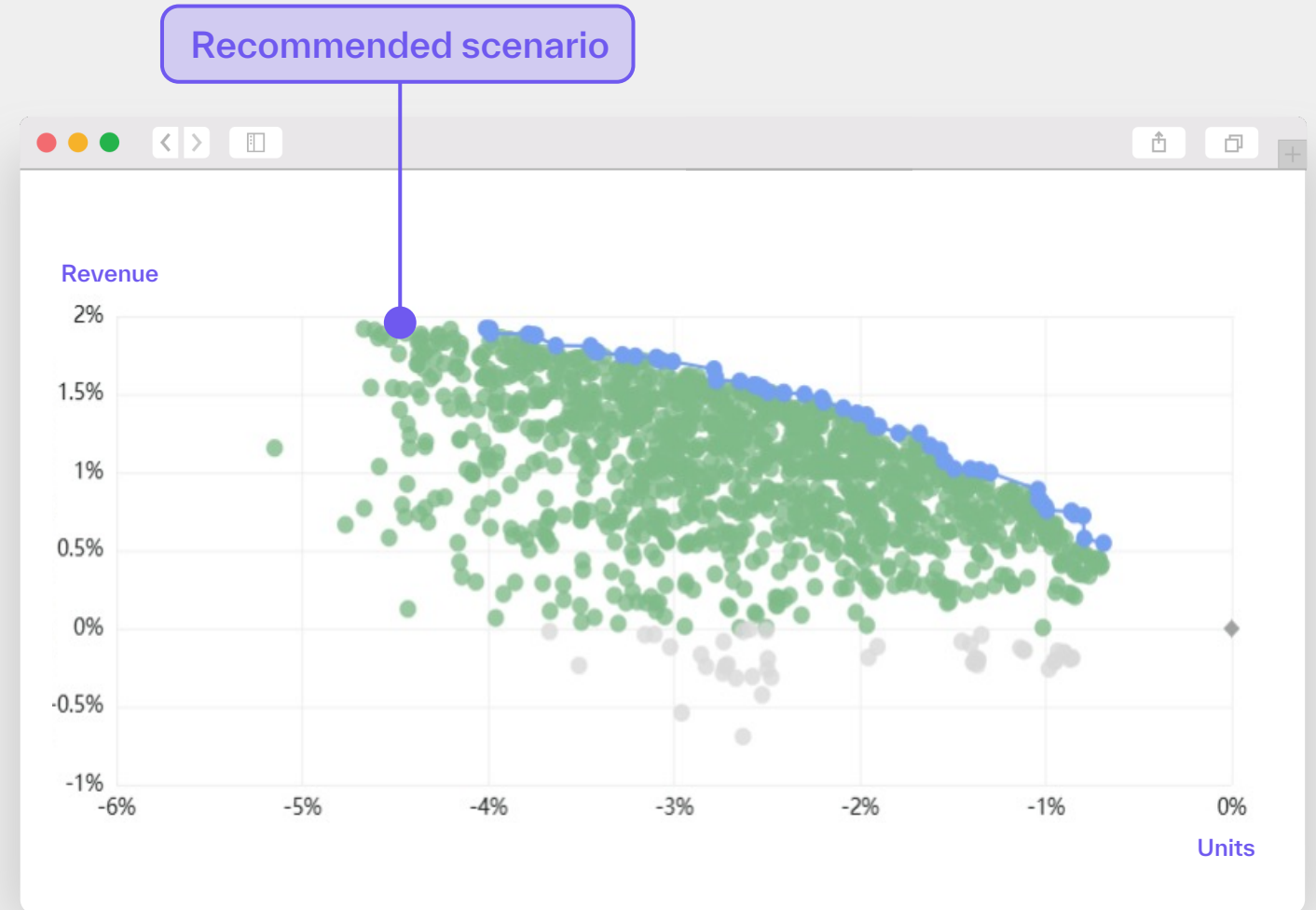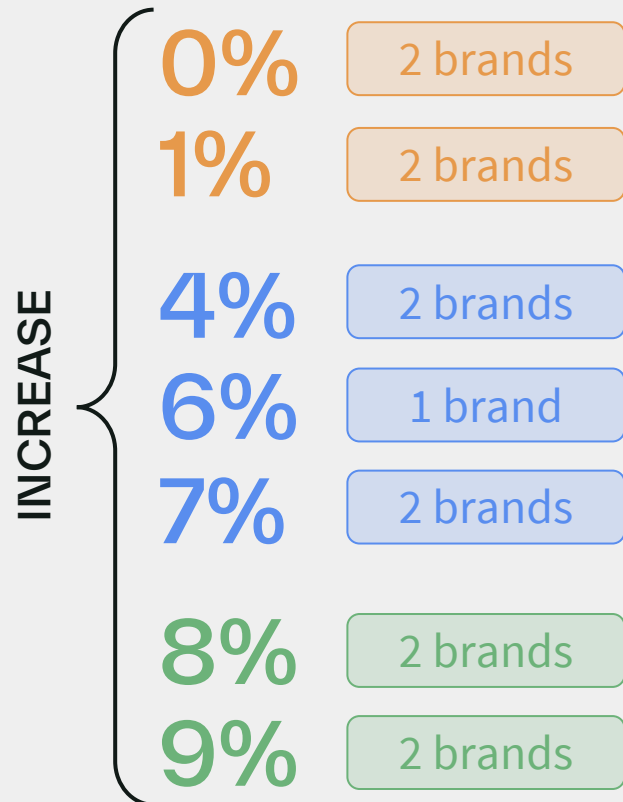
03. Solution

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

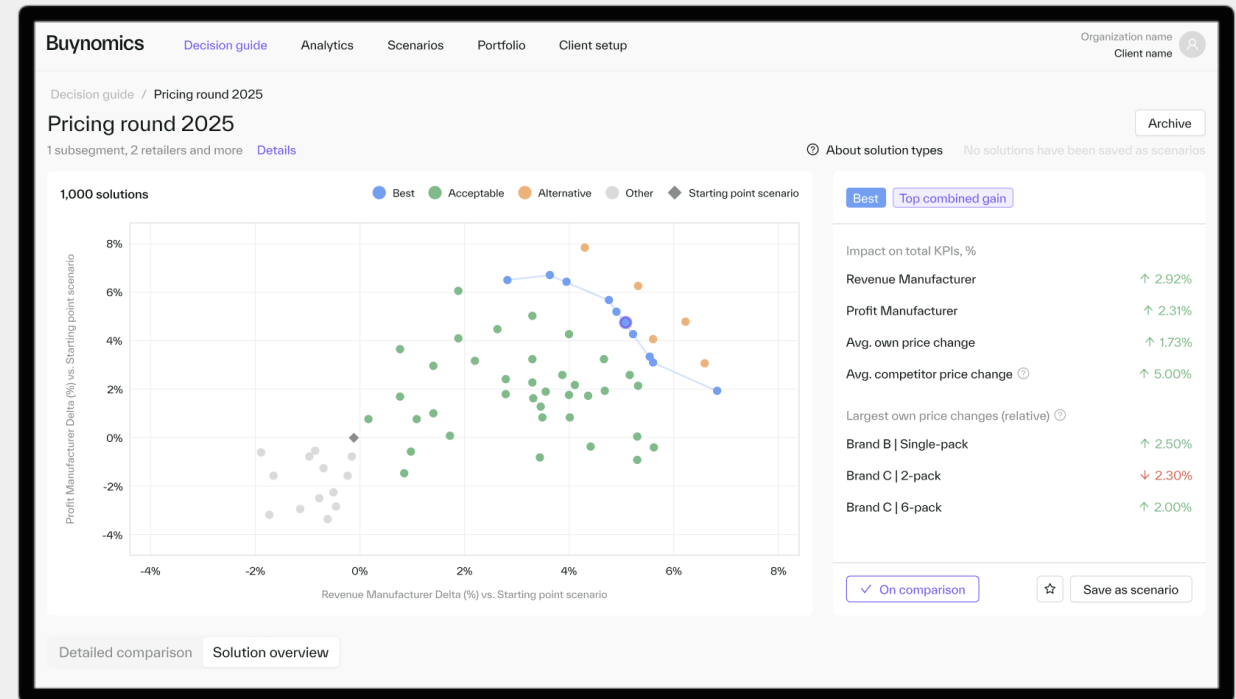Recommended scenario

Revenue

Units

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.
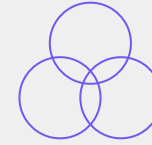
05. About Buynomics

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.

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

05. About Buynomics

Decision Guide

Buynomics Decision Guide helps to make the best pricing decision taking into account 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