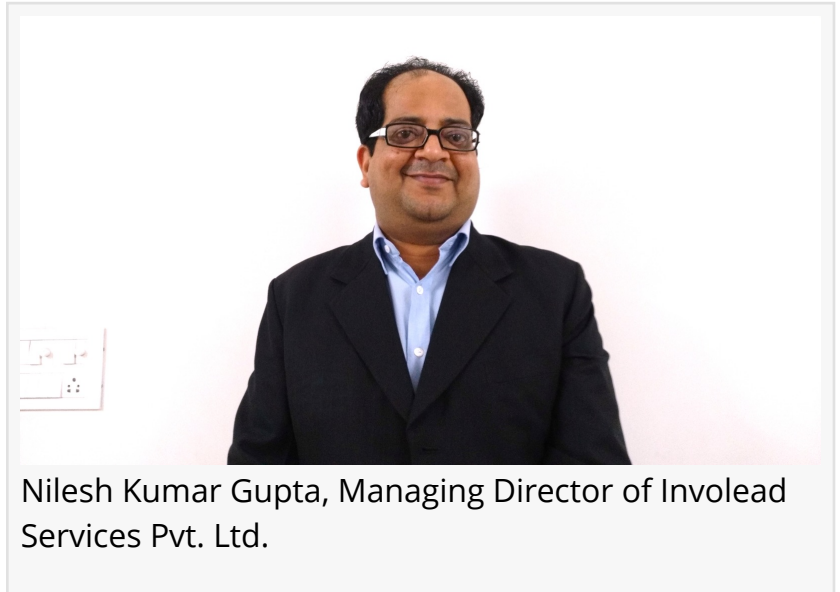


# Nilesh Gupta of Involead Services MD Explains the Importance of Data-Driven Right Pricing Strategies

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NEW DELHI, NEW DELHI, INDIA, June 27, 2023 /EINPresswire.com/ -- The single biggest factor behind every successful or growing business is how well the company has managed to get its bottom lines correct after negotiating all demand and supply-related factors across challenging situations. Instead of taking gut instincts on product/service pricing, taking an informed decision using data-driven analytics is a very important tool to increase profitability. Companies can increase prices because they can. Yet, the C-suite of companies always face harsh choices on pricing strategy. Question is how to arrive at the winning formula. We speak to Nilesh Kumar Gupta, the Managing Director at Involead Services Pvt Ltd, one of



Nilesh Kumar Gupta, Managing Director of Involead Services Pvt. Ltd.

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The market dynamics have changed a lot post COVID. So, instead of taking gut instincts on Pricing Strategy, take informed decision using data driven analytics to increase revenue and profitability.”

*Nilesh Kumar Gupta*

India’s leading new age data science consulting firms, to find out more.

1. Let us start with Pricing Analytics. What exactly is it? Here's a very simple example, A small vegetable vendor is an expert in pricing. He is well aware of the market demand of his locality and his customers purchasing behaviour. By knowing the willingness to pay, he charges hefty margins on low priced but high selling items and a thin margins on high priced items. Low margin from high pricing items helps him to prevent his customers going to the alternative vendors. He is doing all this based on his

gut feeling to maximize profit. However if he needs to manage 10000 items across 200 stores in 10 geographies then application of analytics becomes critical.

Hence, Pricing analytics is the practice of using data analysis techniques and statistical models to gain insights into [pricing strategies](#) and optimize pricing decisions. It involves analysing various factors and data points related to pricing, such as costs, customer behaviour, market dynamics, and competitor pricing, to determine the most effective pricing strategies for a product or service.

## 2. So what exactly makes Product Pricing so important?

Pricing is one of the most powerful levers for improving revenue and profitability. Setting the right price for a product ensures that the company can generate sufficient revenue to cover costs, invest in growth, and achieve profitability. It allows companies to optimize profit margins, stimulate demand, manage product lifecycles, and make strategic decisions that align with business objectives.

A review of the three largest US "food at home" companies by watchdog Accountable.US shows that they are doing quite well after announcing even more price hikes, according to Reforming America's Food Retail, a conference compendium sponsored by Thurman Arnold Project at the Yale School of Management, Information Society Project at Yale Law School and Yale Sustainable Food Program. ([https://law.yale.edu/sites/default/files/area/center/isp/documents/grocery-compendium\\_may2023.pdf](https://law.yale.edu/sites/default/files/area/center/isp/documents/grocery-compendium_may2023.pdf))

These companies' combined net earnings rose by 51% year on year to a combined \$3.47 billion during their first fiscal quarters of 2023. Among these companies are Mondeles and Kraft Heinz, whose Belvita biscuit and cheese-ketchup products respectively. Paul Donovan, the Chief Economist for UBS Wealth Management, told companies were "confident that they can convince consumers that it isn't their fault," while using bottlenecks and high energy prices as an excuse for hiking prices. Yet, if prices are pushed too high, the risk of customer attrition is very real and they will opt for alternatives. Food and beverage giant Nestlé saw its sales climb by nearly 6% during the first quarter of 2023 despite raising prices by nearly 10%. Simply raising prices across the board is an option that, used as a blunt tool, can also damage customer relationships, depress sales, and hurt margins. Businesses are caught between the proverbial rock and a hard place; re-pricing in an inflationary environment is necessary to sustain margins in a period of rising costs.

One general rule of thumb, though, is that pricing tends to become a bigger challenge as companies grow. Companies with lots of products sold at different price points, different customer tiers, or complex product bundles tend to see the greatest benefits from Pricing Analysis.

## 3. Why do companies need Pricing Analytics in today's day and age?

The market dynamics are changing a lot during COVID and post COVID. Instead of taking gut instincts on Pricing Strategy, taking the right inform decision using data driven analytics can lead the way on increasing revenue and profitability. Facing changing in market dynamics, growing

complexity and a multi-channel business strategy, companies need to be able to answer fundamental business questions—such as “Who is my most profitable customer and which items are important for them?”, “Which Products are price sensitive and which are in-elastic”, “What is my most profitable product and how they vary by regions?”, “What level of price promotions results in increased sales without devaluing the brand” and “How should I respond to Competitor’s pricing strategy”. Combine pricing with analytics empowers businesses to make informed pricing decisions based on data, customer insights, and market dynamics which act as a metrics engine for managing profitability. It leads to better pricing strategies, increased revenue, improved competitiveness, and enhanced customer satisfaction.

4. A lot of big to kid-sized companies still don’t understand the potential benefits of Pricing Analytics? How would you explain?

Pricing Analytics provides businesses with a range of potential benefits, including improved profitability, enhanced competitiveness, increased revenue and market share, better customer understanding, efficient resource allocation and data-driven decision-making. Our driving decisions to insights are as follows:

- More effective business decisions on defined issues such as which customers and which products to focus, how to respond to competitor’s pricing strategy using AI powered data driven insights rather than gut instincts.
- Automated tools/ accelerators that enable informed decision-making e.g. show the impacts of discounts on portfolio profitability.
- Responding to competitive pricing strategies and volatile market conditions and defining/refining pricing strategies.
- Clear feedback loop so that category manager/ teams can assess effectiveness and take inform pricing decisions.
- Ability to run simulations/ scenario modelling to avoid costly mistakes or missed opportunities.
- Monitor & measure the effectiveness of market rolled out pricing strategy and understand where to improve further.

5. How do you do what you do at Involead differently? How can you help companies to overcome these challenges?

Involead offers the best recipe for success based on proven foundations –

- **Expertise:** Our founders have 10+ years of significant prior experiences in implementing pricing analytics solutions for Retail and CPG industry across globe.
- **Quality & Robustness:** A pre-built and tested pricing modeling engine process flow provides the elasticities and the foundation for scenario planning.
- **Speed:** An advanced machine learning modeling engine can derive large numbers of models at the speed of business decision-making (provided sufficient data is available).
- **[Scalability](#):** The scalability and modularity of the solution are key for extending its scope of use, such as enabling it for more geographies, more retailers, and more product categories

6. Can you highlight some of the work you delivered for your clients?

Even though we are just a year-old organization, we are working with a US based retailer to recommend regular & promo pricing and promotional strategies.

7. So how would you conclude?

As the market dynamics are changing so fast, it is utmost important to take data driven right pricing strategies to make sustainable revenue, profitable or blended growth. We are well equipped with best-in-class pricing analytics solutions empowered by AI-ML driven cutting-edge solutions that are proven across industries and market.

To learn more about how to get your pricing analytics effort and benefits, please contact:

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