Buynomics

Case Study

How A Dairy Company Leveled Up Their RGM Strategy With Up To 90% Forecasting Accuracy

Buynomics

01.Background

This company is a global leader in food and beverages, offering dairy and plant-based products.

With over 90% of its sales in health-focused categories and products available in 120+ countries, it continues to expand its mission of promoting nutrition.

The company previously used simple price elasticities for their RGM[1] forecasting, but this method lacked accuracy, as it didn't account for all RGM[1] levers, competitor actions, or market constraints.

With the rising cost of goods (COGS), they needed a faster, more accurate tool to model price and distribution changes, optimizing profitability while considering multiple variables and uncertainties.

1. Revenue Growth Management

02.Challenges

Increase in COGS ①

Manufacturers faced an inflationary increase in the cost of goods sold (COGS). Leading to margin pressure and the need to increase prices across the portfolio.

Static Price Elasticities ②

Static price elasticity modeling with traditional, time-consuming tools lead to uncertainty of impacts of planned price changes on unit sales, revenues, and profits.

Channel-level Sales Data Impacting Accuracy ③

When setting up the Buynomics tool, the manufacturer was concerned about the results' accuracy because they only had channel-level sales data instead of SKU-level sales data.

The company aimed to gain a holistic understanding of how they can mitigate increases in COGS with price and distribution changes.

03.Solution

To address their challenges, the manufacturer integrated Buynomics' software into their Revenue Growth Management (RGM) processes in Italy. Following onboarding, they compared Buynomics' projections with actual sell-out data from the same sales period to validate model accuracy. The RGM teams were using Buynomics' tool to model the portfolio and distribution changes.

Results

After completing the 12-week onboarding period, the Buynomics platform was actively used to model and analyze price and distribution changes across different levels, including SKU, portfolio, and category.

Price elasticity accuracy served as a key performance indicator, providing valuable insights into market responsiveness and the impact of pricing decisions.

Price increases were modelled on several key products, and implementation impact in the market was monitored by comparing forecasted price elasticities:

Buynomics price elasticity: **-0.5**
Actual resulting price elasticity: **-0.4**

*Exemplary for one product, same accuracy for all tested products*

04.Impact

With the Buynomics tool, the team can now model price, price pack architecture, promotions, and distribution changes with up to 90% accuracy in minutes. This efficiency enables them to focus their time on making strategic RGM decisions.

>90%

accuracy in forecasting sales impact based on price elasticity.

80%

**time saved** on RGM analytics in a dynamic market environment.
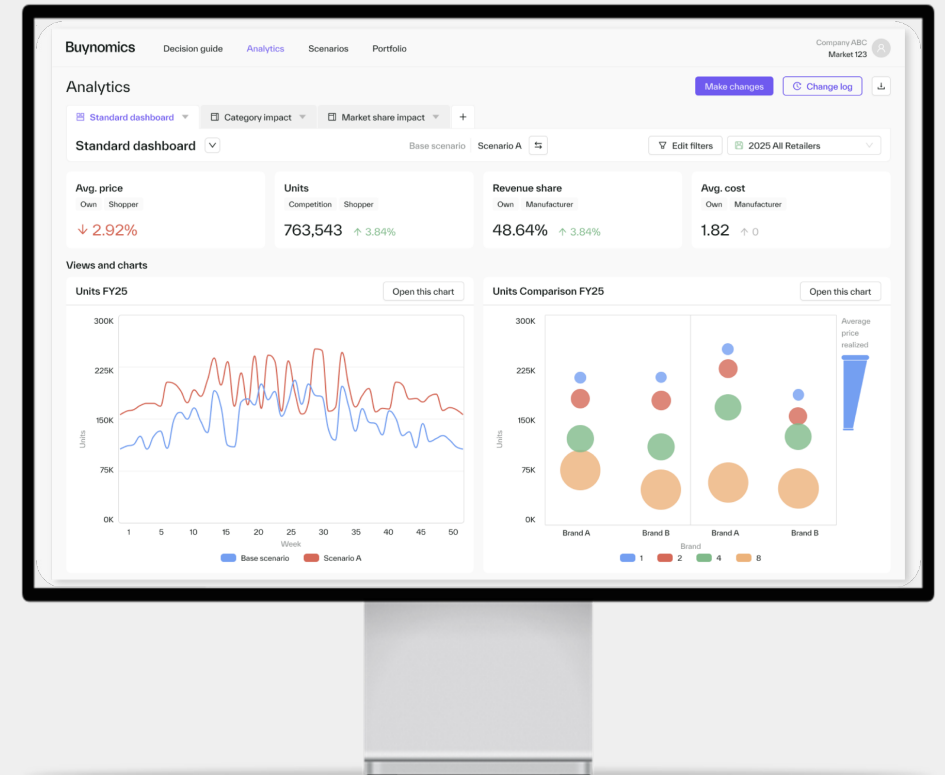
05.About Buynomics

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
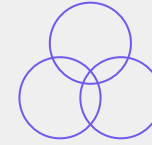
Portfolio optimization considering the effects of all product portfolio changes.

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