

Optimize Your Pricing Strategy

Determine the right base price and discounts to maintain shelf space

An automotive parts manufacturer was concerned it was going to lose shelf space to its competitors and a private-label brand because a buyer was pushing to simplify the shelf set. The company wanted to understand how discounting premium products might affect sales. For its products to stay on the shelves, the company also needed to prove the value of its offerings.

- How is the category performing? What is the upside potential?
- How do base price changes and promotions affect competition in the category?

Pricing Analytics from NPD revealed the category was gaining in importance in the market and to the retailer. **The category could support higher base prices and deeper discounts.** By discounting premium products, consumers could find value and trade up, leading to higher margins for the retailer. Using this pricing strategy, the manufacturer could also prevent leakage to other brands in key selling periods and drive retailer cross-shopping.

Support Higher Base Price and Deeper Discounts

The optimal selling strategy to position higher prices and deeper discounts conflicts with the manufacturer's targeted strategy for the category



Showing value to the retailer allowed the manufacturer to remain on the shelf and capitalize on a **\$17.9M opportunity**