



CASE STUDY

Creating a pricing optimization solution for our client to save money and improve margins

Creating a pricing optimization solution

for a large agriculture co-operative purchasing animals from thousands of farmers to save money and improve margins

Challenges

- **A suboptimal pricing process** where prices were set anecdotally and manually without the aid of any model
- **Paid a minimal threshold price** to farmers rather than pricing to maximize margins

Objectives

- To streamline pricing, and capture more market value
- Align pricing with co-operative goals
- Maximize operational efficiency, and maintain long-term relationships

Approach

- Developed the price architecture by identifying all the price drivers and their impact on purchase price
- Built a base model using linear regression analysis to understand the factors at play and pricing dynamics
- Tweaked the model with rules to match the constraints and work within the commercial objectives
- Built outputs in Tableau to display price from model and historic comparisons in similar environments

Deliverables

Tableau Final Output



- Client can now pay the right prices to farmers based on product, supplier, market, and competitor dynamics
- Optimized year-end rebates
- Final output allowed easy price comparison at an overall level, and with financial impact by farmer



The dynamic pricing model helped our client save between **1–2 percent per animal**

Contacts



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