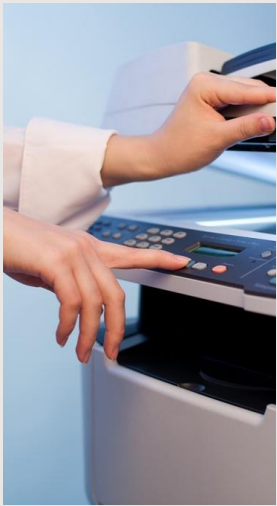


## Enabling a printer manufacturer to optimize pricing



A major office equipment manufacturer in Europe.

We investigated price elasticity in the European cartridge and toner market.

### Situation

Printer and copier companies earn a substantial portion of their profits from cartridge and toner sales. However, they face strong competition from third-party manufacturers that sell non-official consumables at a lower cost. Our client asked us to investigate cross-price elasticity in the printer and toner market so it could optimize its pricing.

### Approach

We analyzed the sales performance of 80% of our client's brand portfolio over three years across offline and online stores in Germany, France and the UK. Our team listed and ranked the toner stock keeping units (SKUs) the company sold in each country and identified the key competitors for each.

We looked not only at third-party products, but also how different pack sizes, cartridge capacities and formats (mono-color or multi-color packs) in the client's own portfolio competed. We built a statistical model that measured price elasticities in a manner that controlled for store size, market trends, seasonality, promotions and competitor activity.

### Outcome

The research helped the client understand in which territories and across which SKUs it could grow value by decreasing its price. It also provided insight into which items it could sell at higher prices without losing sales to third-party competitors.

In addition, we identified the key competitive SKUs where the brand needed to urgently address price gaps to protect its share of the market. The study also revealed where there was price competition between different pack sizes for the same products in its portfolio.

The client used our data in a simulation tool to estimate how different pricing scenarios might affect sales and market share.