

# Price Benchmarking

Good pricing decisions are critical for every company. A key input into pricing decisions is using market research data to benchmark against competitors. However, to be actionable on that data, Pricing Analysts must be able to identify key competitors to review related pricing indexes and performance. In many companies there is a large range of products that need to be priced. Therefore, providing automated pricing insights and suggestions can be game changing.



A data science team prepares a KNIME workflow which is deployed as an Analytical Application (Fig. 1) that assists Pricing Analysts in two ways. Firstly by automatically identifying key competitors based on pricing. Secondly, by benchmarking the selected baseline product against these competitors to establish an understanding of its relation to the trade channel and market. A key industry performance metric is the price index – the competitor’s price compared to the baseline product’s price.

On top of price analysis, regression models suggest prices based on two strategies:

- Market Trend: a regression model trained on average price of products to capture the market’s direction.
- Match Top Competitor: a regression model trained on a primary competitor, where price index (to baseline) is applied afterwards to ensure price distance is maintained.

The automated approach of providing the competitor’s product and prices increases the accuracy of the Pricing Analyst’s decisions. By showing trends and directions, decision makers can adjust goals and make better pricing decisions.

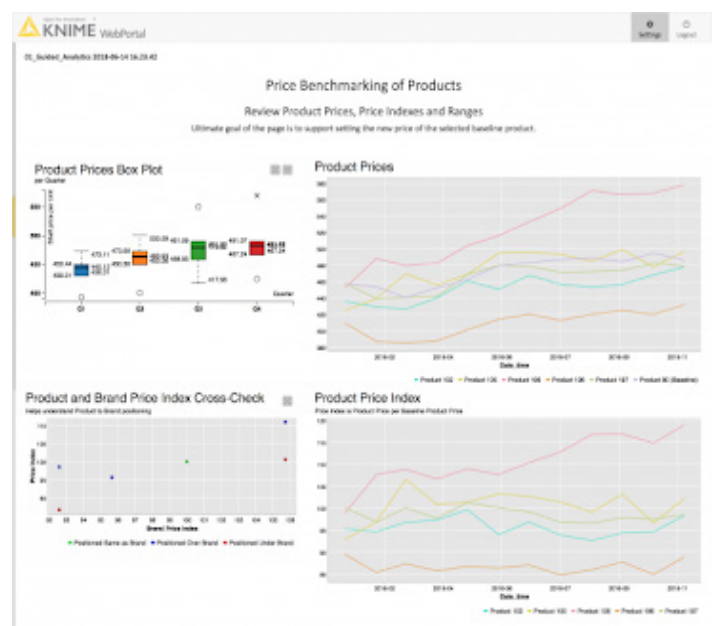


Fig. 1: Recommendation engine displayed in the KNIME WebPortal.

### Results:

With this Analytical Application, Pricing Analysts can make pricing decisions by providing and synthesizing:

- Historic prices for selected products on selected channels
- Market trends
- Calculation of the price ranges where a given is product likely to be sold
- Price recommendations which should be set based on various strategies



Fig. 2: High-level KNIME workflow

A KNIME workflow, deployed on KNIME Server is made available as an Analytical Application via the KNIME WebPortal to Pricing Analysts. The automated approach of providing the competitor’s product and prices increases the speed and accuracy of decision making. By showing trends and directions, decision makers can adjust goals and make better pricing decisions.

### Try it out for yourself!

This workflow is available on the KNIME Hub:  
[tinyurl.com/knime-price-benchmarking](https://tinyurl.com/knime-price-benchmarking)

