CASE STUDY:
Optimizing Pricing to Mitigate the Impact of Tariffs

FIRSTINSIGHT

PROBLEM:

A brand/retailer, concerned with the effect tariffs will have on their margins, wanted to understand in which retail channels they could increase prices on specific programs/items without receiving price resistance from customers.

SET-UP/SOLUTION:

The brand/retailer tested all items that had the potential for price increases through the First Insight solution to determine which programs/items could bear the price increase and which could not.

RESULT:

The brand/retailer utilized segmentation by retail channel to understand which items could absorb the price increases and generate additional margin for the business, while at the same time understanding which items could not absorb the price increase without resistance. As a result, the brand/retailer was able to markup all 5 items in retail channel #1, generating more margin than anticipated in this channel – while at the same time understanding that they would need to hold their current prices on all 5 items in retail channel #2, thus taking the margin hit in order to maintain unit sale levels.

RETAIL CHANNEL #1			
Item Name	Baseline: Willingness of Customers to Purchase at the Current Price Point	Tariff Increase: Willingness of Customers to Purchase at the Increased Tariff Price Point	% Change to Baseline - Indicates Whether Item Can Bear a Higher Price
Item #1	73%	77%	6%
Item #2	74%	81%	9%
Item #3	73%	73%	0%
Item #4	75%	82%	10%
Item #5	80%	84%	6%

RETAIL CHANNEL #2			
Item Name	Baseline: Willingness of Customers to Purchase at the Current Price Point	Tariff Increase: Willingness of Customers to Purchase at the Increased Tariff Price Point	% Change to Baseline - Indicates Whether Item Can Bear a Higher Price
Item #1	83%	77%	-7%
Item #2	90%	84%	-6%
Item #3	77%	71%	-8%
Item #4	90%	88%	-2%
Item #5	97%	90%	-7%