

# Measuring & improving your business with pricing data

## Overview

This job aid provides an overview of the business questions, metrics or facts, and calculations that can be used to drive business performance with effective pricing.

## Business questions

When considering the business questions, you should evaluate your business against **your own business, your competitors' businesses** and the **overall category or market**. The questions below offer some insight into the types of business questions that RMS pricing data can help you resolve.

### Pricing

- Have price changes affected my performance?
- How are my items performing within specific price segments?
- How have price changes impacted my business over time?
- What are the price gaps for similar items?
- How is my price positioning against the competition?
- Is the price gap versus competition affecting my performance?
- How is my portfolio priced, compared to the Category Index?

## Best practices for pricing analyses

Consider the following recommendations when conducting an analysis:

Pricing data is typically most actionable when analyzed at lower levels of the product, market and time hierarchies. For optimal action-ability on data and insights, use the lowest possible levels from each hierarchy.

For example, analyzing items at a particular retailer will enable you to make recommendations and decisions that directly influence the sales of that item in that retailer. Conversely, if you analyze at the brand level, you will only be able to tell how your average price compares to other brands, which might be great directional insight, but it's not really actionable until you work to understand the items within brands of interest.

\*Throughout this chart, the term "Area" or "Areas" refers to any product or market data dimension, such as Brand, Segment, Item, Country or Region.



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## Best practices for pricing analyses (continued)

Match like items when comparing price to competition; select similar-sized competitive items for comparison.

Use the most recent period to measure baseline price. Longer timeframes may mask recent trends.

Use base price with caution when analyzing new items. New items are typically promoted heavily and baseline will have few non-promoted observations to determine “everyday” price

## Pricing terms and definitions

### Key terms

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Term	Definition	Origin or calculation
Price Per Volume (Average Weighted Selling Price)	A general term for the average weighted price of all stores selling product. Used to analyze the average price paid for products in a market, not the shelf price.	Total Value/Total Volume
Price per Unit (Price per Pack)	Average price according to an equivalized unit of measure. Price Per Unit allows comparison of price against competition.	Value Sales/Units

### Other pricing terms

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Term	Definition
Non-Promoted Price (Regular Price)	“Everyday” price (expected price in absence of a promotion) according to an equivalized unit of measure.
Promotional Price	The average of prices when stores’ prices are at least 5 or 10% (depending on local market) less than the regular price. Can also reflect average prices for items on display or features.
Price Index	Your price as compared to the average of any comparison set, like Category, Brand or specific item. Usually expressed as a percentage.