Pricing & Revenue Analysis

Understanding how price, discounting, mix and customer behaviour interact - without reducing pricing to a single average.

THE BUSINESS PROBLEM

Revenue can change because of price, volume, product mix, customer mix or discounting. Pricing analysis separates these effects and explores how demand responds across products and customer groups. Strong analysis supports decisions, but causal price sensitivity usually requires experiments or careful quasi-experimental design.

Three questions guide the analysis

01

What drove revenue change?

Separate price, volume and mix effects where possible.

02

Who responds differently?

Compare products, customer groups, markets or channels.

03

What can safely be changed?

Use evidence and controlled tests before making broad pricing decisions.

What evidence could we use?

Product	List price	Avg. sold	Units	Revenue
P01	£25	£23	8,400	£193k
P02	£60	£51	3,100	£158k
P03	£110	£108	1,450	£157k

Illustrative data only. The exact variables, definitions and observation windows should be determined by the business decision and available evidence.

How the analysis works

1

Decompose revenue

What changed: price, volume or mix?

2

Map discounting

Where and for whom are discounts used?

3

Assess response

How does demand vary with price context?

4

Model scenarios

What might alternative pricing imply?

5

Test & monitor

Validate changes before scaling.

Possible analytical approaches

Price-volume-mix	Decompose revenue movement into major drivers.
Discount analysis	Compare realised versus list price and outcomes.
Elasticity concepts	Estimate how quantity may respond to price changes.
Scenario analysis	Evaluate potential revenue and margin trade-offs.

From Analysis to Business Action

The analytical output is only useful when it changes a decision, can be interpreted responsibly and has a measurable outcome.

WORKED EXAMPLE

The example below is illustrative rather than a claim about a real dataset. It shows how analytical output can be translated into business interpretation and action.

Illustrative pricing signals

SIGNAL	OBSERVATION	INTERPRETATION
High discount / flat volume	Discounts rose; units unchanged	Possible margin leakage; investigate causality.
Price up / stable demand	Price +4%; units broadly stable	Potential pricing headroom, subject to context.
Mix shift	Premium share increased	Revenue growth may reflect mix rather than price.
Segment difference	Response varies by customer type	One price strategy may not fit every segment.

Illustrative results only. Definitions, thresholds and recommendations should be validated in the context of the organisation, decision and available data.

Potential business applications

DISCOUNTING
Reduce unnecessary discount leakage.

PACKAGING
Test price / feature combinations.

SEGMENTATION
Recognise different willingness-to-pay contexts.

MARGIN
Balance revenue growth with contribution economics.

How success should be measured

Revenue / margin	Does pricing improve economic contribution?
Volume / conversion	What demand response follows the change?
Customer outcomes	Are retention, complaints or satisfaction adversely affected?

DELIVERABLES
Analysis framework · Business interpretation · Prioritised actions · Measurement approach

APPLICABLE ACROSS INDUSTRIES
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