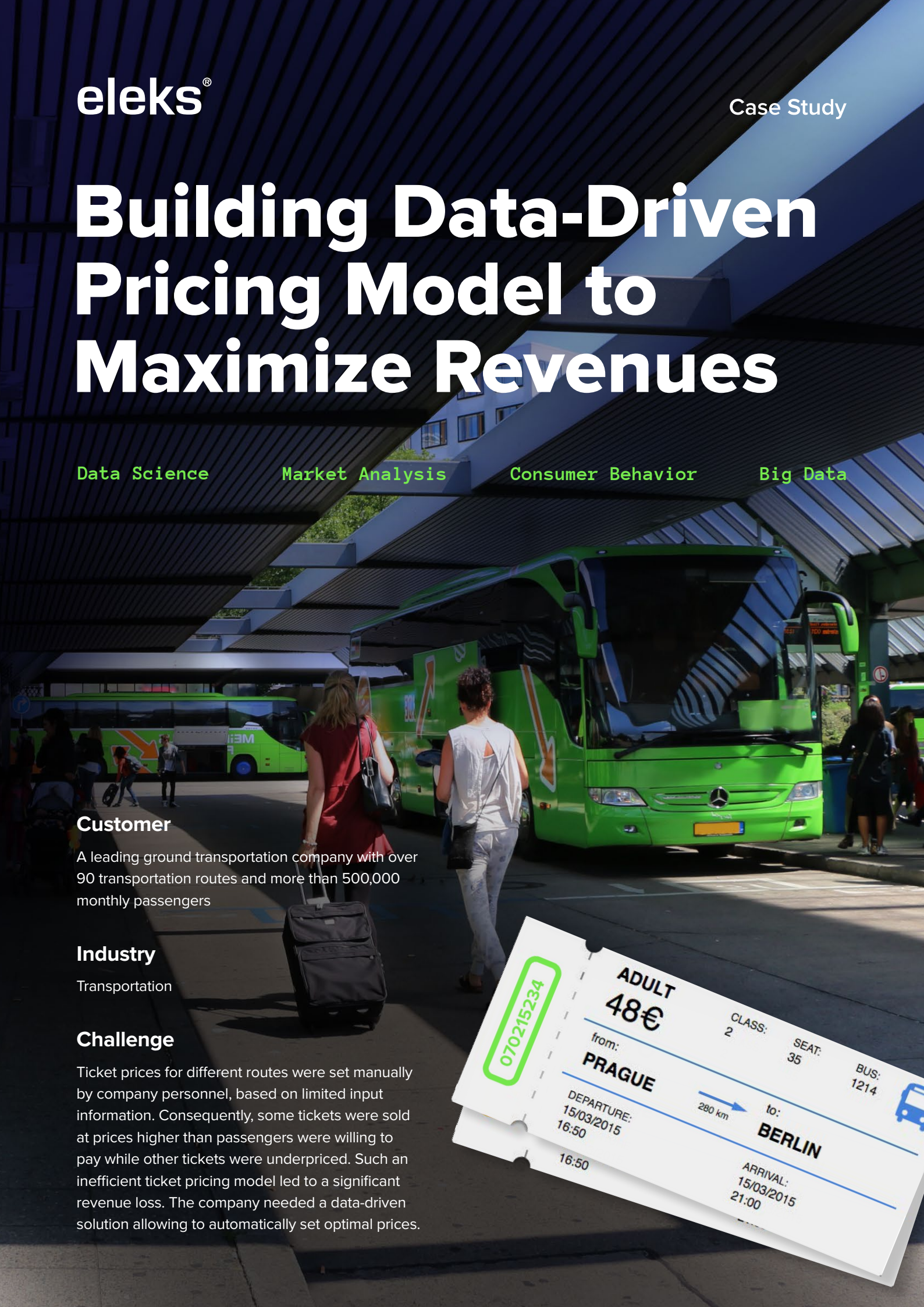
eleks®

Case Study

Building Data-Driven Pricing Model to Maximize Revenues

Data Science Market Analysis Consumer Behavior Big Data



Customer

A leading ground transportation company with over 90 transportation routes and more than 500,000 monthly passengers

Industry

Transportation

Challenge

Ticket prices for different routes were set manually by company personnel, based on limited input information. Consequently, some tickets were sold at prices higher than passengers were willing to pay while other tickets were underpriced. Such an inefficient ticket pricing model led to a significant revenue loss. The company needed a data-driven solution allowing to automatically set optimal prices.

Solution

To effectively address the business problem, ELEKS split the project into a number of steps:

1

We performed an in-depth market analysis to identify market conditions formed by aggregate supply and competition;

2

By analyzing historic data, we identified the dependencies between transportation routes, itineraries and the number of purchased tickets;

3

We analyzed additional attributes such as distance between travel points, cost of transportation per passenger, average revenue per kilometer and more to better understand the nature of individual travel decisions;

4

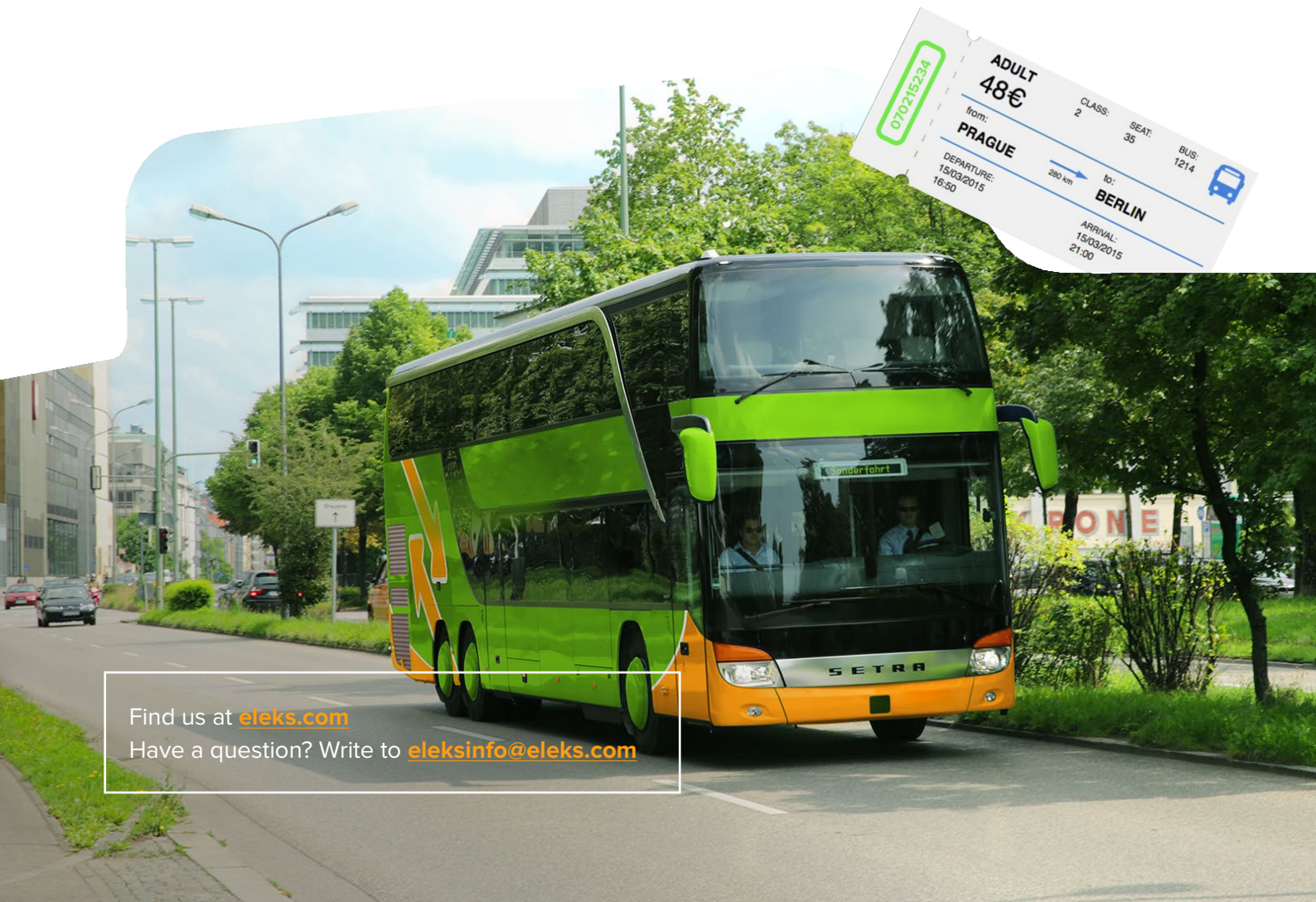
Based on the above, we created an efficient pricing model that maximizes revenue based on the desired travel parameters, consumer behaviors and demand.

Business Benefits

- Increase in ticket sales;
- Significant revenue increase, up to 21% for specific routes;
- Lower operating costs due to automated price setting.

Success Factors

- Comprehensive investigation of the problem as well as thorough analysis of the existing market and its economic drivers;
- Dataset enrichment;
- Building a solution model based on various travel and transportation parameters rather than merely considering consumer demand.



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