



CUSTOMER STORY

Laithwaites

Boosting Margins Through Responsive Pricing While Mitigating the Effects of Brexit

Industry

- Retail - Wine

Solution

- PriceAI

Project Results

- 3.1 margin point increase
- £5.5M initial margin gain
- 3% increase in long-term revenues

About Laithwaites Wine

Laithwaites Wine is a leading UK wine retailer known best for importing private selection wines from Europe and all over the world. The UK-based company was one of the first to purchase wines bottled abroad and the first to sell fine French wines in the UK.

For over 50 years, Laithwaites had grown consistently. Its initial mail-order and then Internet-based business models allowed it to compete across the UK while keeping costs low. When the UK joined the European Union, this drove prices down even further.

Brexit, however, disrupted the business significantly. A sudden 20% increase in the cost of importing wines from Europe to the UK followed the referendum vote, and costs were expected to remain volatile in subsequent years.

The Unpredictable Impact of Brexit on the Wine Market

David Thatcher, CEO of Laithwaites, was facing an unprecedented pricing challenge. He needed to adapt quickly to fluctuating exchange rates and import costs and believed that automated market monitoring could inform a more responsive and effective pricing strategy.

“Brexit upended our business model. We needed to quickly understand how our competitors were responding to the disruption to adjust our own strategy in response. I was looking for a system that could collect all the relevant data from the wine market, analyze its impact, and optimize our prices based on that information without negatively impacting sales,” said Thatcher.

Additional, critical problems stood in his way:

1. **Complex Market:** Wine is a complex product with a diverse customer base. It wasn't clear whether a machine could accurately assess customer response to price changes in such a nuanced market.

2. **Potential Customer Pushback:** Thatcher feared that passing on increased costs to customers would shrink sales. New prices needed to lead to greater customer relevance without increasing promotional pressure.
3. **Wine Buyer Buy-In:** Experienced wine buyers played a critical role in building the Laithwaites' brand, making not only product but also pricing recommendations. Their support was crucial to success.



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- David Thatcher, Laithwaites CEO

Responsive Prices, Differentiating by Product Over Time

Laithwaites partnered with Evo, a ToolsGroup company, to implement Evo PriceAI as an integrated responsive pricing solution. Prescriptive AI made recommendations based on real-time competitor prices and evolving costs, allowing Laithwaites to remain competitive amid Brexit uncertainty.

“Evo showed us the agility of their model, and I was intrigued to see how quickly it can have a positive impact on our KPIs despite market turmoil,” said Thatcher.





Evo created a responsive pricing system, differentiating by product over time.

This approach relies on:

1. Tracking Historical Sales and Market Prices

Evo not only monitors sales but also collects market and competitor data. The system maximizes its impact by tracking extensive external data sets, including over one million market prices, data from 10 competitors and the consumer behavior of 27% of the UK population.

2. Identifying Daily Pricing Opportunities

Evo PriceAI gathers daily pricing and product-range data from the internet and analyzes this data to identify priority products for direct price matching and other pricing opportunities.

3. Quarterly Pricing Strategy Reviews

Evo delivers a CEO-level monthly pricing review pack and initiated a quarterly price review cycle. This combination allows Thatcher to re-assess the overall strategy regularly and accelerate margin growth.

“As an executive team, we wanted to engage actively with the pricing strategy. The Evo team was happy to partner with us, while the system worked autonomously to support critical decisions, never neglecting the human element,” said Thatcher.



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Initial Impact: 3.1 Extra Margin Points of Shareholder Value

After the first two waves of price changes, Evo recommendations generated an additional £5.5 million incremental margin. During that time, revenues increased by 3% and margin increased by 6%.

"I was surprised by how rapidly the Evo system could impact revenues. We had expected there would be a greater learning curve, but their technology easily adapted to market volatility."

The Evo system was able to deliver 3.1 extra margin points of shareholder value over time by analyzing over one million prices points every week.

By carefully calibrating price increases, Evo actually increased sales of those higher-cost items by 6%.

"This pricing strategy calmed shareholder worries and increased margins at a time when the industry was struggling," said Thatcher.



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Expanding Results: Comprehensive Pricing Strategy

After Laithwaites' success with the initial post-Brexit market tracking, Thatcher decided to expand their use of data-driven pricing-support technology. Evo tools were tasked with comprehensively reviewing all pricing and promotion strategies.

The UK impact was so significant that Thatcher wanted to scale the results across the organization. He expanded the geographical scope to also include the USA and Australia.

Evo conducted a review of Laithwaites relative position in those wine markets and recommended a pricing strategy to make the company more competitive globally.

"I can't recommend a better partner with whom to weather a market crisis. Evo helped at a critical time. Together we successfully navigated the impact of Brexit with a positive bottom line," said Thatcher.

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