NewAxiom

Public Pricing Benchmark Study: When Market-Aligned Pricing Still Requires Strategy

Executive summary

Pricing health is not only about finding prices that are too high.

In this companion public pricing benchmark study[1], NewAxiom was used to analyze an anonymized Canadian plumbing supplier product sample against public competitor benchmarks, modelled one-year demand history, and market-blended cost assumptions.

Unlike the earlier over-market benchmark sample, this dataset showed prices that were much closer to public market benchmarks. The average price gap was approximately 34% above competitor pricing, the median gap was approximately 28%, and only 5 of 49 products were more than 100% above the competitor benchmark.

As a result, the study was more nuanced and original product pricing was not broadly misaligned, however the analysis still surfaced targeted review opportunities like: margin-risk products, a small number of over-market demand risks, and materially different outcomes depending on whether the business objective was profit, revenue, volume, or inventory movement.

The clearest Strategy Builder[2] result came from the Profit and Revenue objectives, which selected the same modelled pricing posture:

Objective	Units change	Revenue change	Profit change
Profit / Revenue	+4.1%	+19.8%	+37.4%

While being modelled scenario comparisons, these results show how different pricing objectives may change the expected tradeoff between units, revenue, and profit under the assumptions used in the study.

[1] Companion refers to an initial Public Pricing Benchmark Study: From Over-Market Pricing Risk to Pricing Strategy Tradeoffs. https://www.newaxiom.ca/resources/public-pricing-benchmark-study.pdf

[2] Strategy Builder is a decision-support tool for comparing pricing scenarios before execution. It helps teams evaluate alternative pricing paths and review estimated margin, revenue, and unit-volume tradeoffs across products, categories, or segments. Outputs are based on available data and assumptions and should be reviewed before moving selected recommendations into price-list workflows; they are estimates, not guaranteed business results.

Purpose of the study

The goal of this study was to test a different pricing workflow question from the first benchmark report:

Can NewAxiom still help pricing teams make better decisions when prices are already relatively close to market benchmarks?

The study was not designed to prove actual demand, actual supplier cost, or actual realized customer behavior. Instead, it demonstrates how a pricing team can use structured workflow software to review market position, demand context, margin guardrails, and strategic objectives before approving price changes.

Data and methodology

The study used:

1. **An anonymized Canadian plumbing product pricing sample**
   Used as the current/list pricing context for 49 products.
2. **Public competitor benchmarks**
   Used to create market-position context and identify whether prices were below market, near market, slightly above market, or materially above market.
3. **Market-blended cost assumptions**
   Used because actual supplier costs are not public. Costs were modelled from public benchmark prices to create a directional margin context while avoiding unrealistic below-cost anomalies.
4. **Modelled one-year sales history**
   Used to provide demand context across recent and prior periods. The final demand file included activity through June 21, 2026 so the 30-day demand view reflected current activity.
5. **NewAxiom Pricing Workbench[3] and Strategy Builder**
   Pricing Workbench was used to test pricing responses while preserving margin guardrails. Strategy Builder was used to compare profit, revenue, volume, and inventory-oriented outcomes.

Important limitations

This study uses public and modelled data. It should not be interpreted as a claim about any company's actual transaction pricing, actual cost structure, customer demand, or realized sales performance.

Public prices may differ from account-level pricing. Many suppliers and distributors use customer-specific pricing, negotiated terms, branch-level pricing, discounts, or private price lists.

Demand history in this study is modelled. It provides demonstration context for pricing workflow analysis, not proof of actual customer demand.

[3] Pricing Workbench provides a structured environment for importing, mapping, reviewing, and updating product, cost, and pricing data. It helps teams establish a consistent pricing baseline, apply repeatable pricing logic across products and categories, review exceptions, save work for later, and prepare approved outputs for downstream workflows. It is designed to replace one-off spreadsheet edits with a more governable pricing process while still allowing human review.

Stage 1: Assess market alignment

The first finding was that this supplier sample was much closer to market than the earlier over-market benchmark study.

Market-position measure	Result
Products analyzed	49
Average price gap vs competitor	Approximately +34%
Median price gap vs competitor	Approximately +28%
Products priced below competitor	8
Products more than 100% above competitor	5
Demand levels	8 high, 29 mid, 12 low

This finding highlights that closer-to-market pricing create a different kind of pricing problem. In this study, the issue is not broad overpricing, the issue is deciding which products are already well aligned, which products carry margin risk, and which pricing objective should guide the next decision.

Stage 2: Use market-blended costs for margin context

Because actual supplier costs are not public, the study used market-blended cost assumptions. This approach created a directional cost baseline from public benchmark prices rather than assuming that one public price perfectly represented true cost.

The market-blended model helped avoid an unrealistic result where low public prices could appear to be below assumed cost simply because the cost estimate was derived from a higher benchmark.

With that cost context in place, the analysis could focus on the real pricing question:

When prices are already close to market, which products still need review because of margin, demand, or strategy tradeoffs?

Stage 3: Use Pricing Workbench to identify targeted review

The Pricing Workbench result was more measured than the earlier over-market study. The base pricebook was mostly workable, but not issue-free.

Dashboard signal	Result
Products needing review	7

Margin-risk products	6
Over-market / demand-risk products	1
High-demand underpriced products	0
Average current margin	32.4%

This is a useful pricing workflow result, as the analysis did not suggest a broad pricing reset. Instead, it narrowed attention to a small set of products where margin or market-position context supported review.

Stage 4: Compare Strategy Builder objectives

Strategy Builder showed that different objectives produced different pricing outcomes, even when the starting price position was relatively close to market.

Objective	Units change	Revenue change	Profit change	Interpretation
Profit	+4.1%	+19.8%	+37.4%	Protects and grows profit
Revenue	+4.1%	+19.8%	+37.4%	Same selected posture as Profit
Volume	+7.2%	-0.4%	-21.4%	More movement, lower profit
Reduce Inventory	+7.2%	-0.4%	-21.4%	Same selected posture as Volume

In this scenario, the Profit and Revenue objectives selected the same SKU-level pricing posture. This was not a reporting error; the model found one recommendation set that improved revenue while also protecting and growing profit. As a result, both objectives produced the same modelled outcome: +4.1% units, +19.8% revenue, and +37.4% profit.

Volume and Reduce Inventory also selected the same SKU-level posture. Both objectives emphasized unit movement, so the model selected a more movement-oriented recommendation set. That increased modelled units more aggressively, but revenue was roughly flat and profit declined materially.

This is an important finding. Strategy Builder does not need every objective to produce a different result to be useful. Its value is that it shows when objectives align, when they diverge, and what trade-offs each path creates before recommendations move into review or approval.

Key insight

The sample shows that market-aligned pricing still requires strategy.

When prices are dramatically above market, the pricing issue is easier to see. When prices are closer to market, the decision becomes more operational: which products should be protected for margin, which products can support more volume, and which recommendations should move into price-list approval?

That is where structured pricing workflow matters. It helps pricing teams move from “this price is close to market” to “this price fits the business objective.”

Practical workflow takeaway

The study shows that market benchmarks are most useful when they are treated as context, not automatic pricing instructions. A lower or higher comparison price does not automatically mean a price should change.

In this study, the pricing workflow moved through four steps:

- Current/list prices were compared against public market benchmarks.
- Modelled demand helped identify where market-position or margin review may be useful.
- Market-blended costs helped create a more realistic margin context.
- Pricing Workbench and Strategy Builder were used to compare pricing responses before approval.

The practical workflow is: Diagnose → Test → Compare → Approve.

Conclusion

The strongest finding is not that this supplier sample was mispriced. The stronger finding is that even mostly market-aligned pricing can benefit from structured review.

The sample was much closer to public competitor benchmarks than the earlier over-market study. Even so, NewAxiom identified targeted review opportunities and showed that different objectives could produce very different pricing decisions.

Within the Strategy Builder scenario, Profit and Revenue selected the same modelled posture: +4.1% units, +19.8% revenue, and +37.4% profit. Volume and Reduce Inventory increased units more aggressively but reduced profit.

That is where structured pricing workflow becomes useful. In a mostly market-aligned sample, the work is not about making broad price changes. It is about identifying exceptions, comparing tradeoffs, and choosing the pricing path that best supports the business objective.