



Public Pricing Benchmark Study: From Over-Market Pricing Risk to Pricing Strategy Tradeoffs

Executive summary

Pricing health is not just margin health.

In this anonymized public pricing benchmark study, NewAxiom was used to analyze a Canadian plumbing distributor product sample against public competitor distributor benchmarks, modelled demand history, and a competitor-derived cost scenario.

The study found that the original/list pricing sample appeared materially above public market benchmarks. That created a potential pricing issue that would not be visible from margin alone: some products may look profitable, while still being positioned too high relative to market alternatives and demand context.

To make the simulation more realistic, the study used competitor-derived costs rather than costs derived from the higher distributor/list prices. This helped avoid the unrealistic assumption that major retail competitors were selling most comparable products below cost.

After running the analysis, NewAxiom showed two useful outputs:

1. **Diagnosis:** which SKUs appeared over-market and at risk of weak demand.
2. **Response scenarios:** how different pricing objectives could change modelled units, revenue, and profit within the ¹Strategy Builder scenario.

¹ 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.

The strongest strategic result came from the Revenue objective, which produced a modelled outcome of:

Objective	Units change	Revenue change	Profit change
Revenue	+22.0%	+8.2%	+12.2%

The Revenue objective produced the strongest balanced modelled result relative to the Strategy Builder scenario baseline. However, this should not be interpreted as a claim that revenue would be higher than the original public/list-price scenario.

Because the original list prices were materially higher than competitor benchmarks, moving prices closer to market could reduce revenue per unit. The business question is whether improved unit movement, better market alignment, and reduced pricing friction could offset that lower unit price.

Purpose of the study

The goal of this study was to test a practical pricing workflow question:

Can NewAxiom help identify when prices are too far above market benchmarks, then compare pricing responses based on different business goals?

The study was not designed to prove actual lost sales, actual customer demand, or actual competitor margins. Instead, it demonstrates how a pricing team can use structured workflow software to compare pricing, demand context, market benchmarks, cost assumptions, and strategic trade-offs.

Data and methodology

The study used:

1. An anonymized Canadian plumbing product pricing sample

Used as the original/list pricing context.

2. Public competitor benchmarks

Public pricing from major Canadian retail sources was used to create market-position context.

3. Competitor-derived cost assumptions

Instead of deriving cost from the higher list price, a market-based cost model was derived from competitor pricing.

4. Modelled sales-history data

A one-year sales history was simulated for demonstration purposes. Demand was modelled as weaker where original/list prices appeared materially above market benchmarks.

5. NewAxiom Pricing Workbench and Strategy Builder

The Pricing Workbench² was used to test competitive and dynamic pricing methods. 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 list prices may differ materially from actual account-level pricing. Many distributors use customer-specific pricing, discounts, rebates, negotiated terms, branch-level pricing, or private price lists.

Demand history in this study is modelled. It does not represent actual customer demand.

The purpose of the study is to demonstrate pricing workflow methodology, not to make definitive claims about any specific company.

Stage 1: Diagnose market-position risk

The first finding was that the original/list pricing sample appeared materially above public competitor benchmarks. This matters because high list prices can create an appearance of strong margin, while still creating possible market-position risk.

A pricing team looking only at margin might ask:

“Are we protecting profitability?”

But a better pricing workflow also asks:

² 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.

“Are we priced so far above market that demand, volume, or revenue opportunity may be at risk?”

NewAxiom helps surface this second question by connecting pricing, cost, benchmark, and demand context in one workflow.

Stage 2: Use competitor-derived costs for a cleaner market simulation

The cost model used costs derived from the competitor pricing as using the higher priced distributor/list price would have created an unrealistic issue as most competitor prices would appear to be below assumed cost.

This made the simulation cleaner because competitor prices became economically plausible and it allowed the analysis to focus on the real pricing question:

If comparable products can be sold near these benchmark prices while preserving viable margins, then the key question becomes: which original/list prices are positioned too far above the market?

Stage 3: Use the Pricing Workbench to test pricing responses

Using a mix of competitive and dynamic pricing methods, the key Workbench finding was:

Segment	Result
Competitive rows	Moved much closer to market while preserving margin guardrails
Dynamic rows	Remained much further above market and carried more over-market / demand-risk signals

This is important as it shows that NewAxiom does not only identify a pricing issue but also allows the team to test different pricing methods and see how those choices affect price position and margin. The competitive method did not blindly match or undercut the market when margin guardrails prevented it. Instead, margin protection pushed some prices above the competitor benchmark. That is exactly what a pricing workflow should do: respect business rules before approving price changes.

Stage 4: Compare Strategy Builder objectives

Strategy Builder showed the clearest business story.

Different objectives created different tradeoffs:

Objective	Units change	Revenue change	Profit change	Interpretation
Profit	-9.7%	+3.4%	+14.5%	Protects profit, accepts lower unit volume
Revenue	+22.0%	+8.2%	+12.2%	Best balanced commercial result
Volume	+27.0%	+0.6%	-13.1%	Increases unit movement, sacrifices profit
Reduce Inventory	+27.3%	+0.1%	-14.8%	Most aggressive volume/inventory posture

The Revenue objective produced the strongest balanced outcome inside the Strategy Builder scenario because it improved modelled units, revenue, and profit relative to that scenario baseline.

The Profit objective produced the highest profit gain, but with fewer units. Volume and Reduce Inventory increased units more aggressively, but at the cost of profit.

This is the core value of Strategy Builder:

It helps pricing teams compare tradeoffs instead of relying on one formula.

Key insight

The study demonstrates that pricing decisions should not be reduced to a single question like:

“What margin do we want?”

A better pricing review asks:

- Are we above or below market?

- Is demand strong or weak?
- Are margins protected?
- Are we trying to maximize profit, revenue, volume, or inventory movement?
- Which SKUs need review before prices are approved?

NewAxiom helps structure that decision.

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. It becomes useful when combined with demand signals, margin expectations, cost assumptions, and the business objective behind the pricing decision.

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

- Original/list prices were compared against public market benchmarks.
- Modelled demand helped identify where market-position risk may exist.
- Competitor-derived 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 simply that some prices were high, the stronger finding is that NewAxiom can help pricing teams move from raw price gaps to structured pricing decisions.

The original/list pricing sample appeared materially above market benchmarks. By using competitor-derived cost assumptions and modelled demand history, NewAxiom helped identify where market-position risk may exist. From there, Workbench tested pricing responses while preserving margin guardrails, and Strategy Builder showed how different pricing objectives affected units, revenue, and profit. Within the Strategy Builder scenario, the Revenue objective produced the strongest balanced modelled result: +22.0% units, +8.2% revenue, and +12.2% profit. This should not be read as a claim that revenue would be higher than the original public/list-price scenario.

That is the practical value of a pricing workflow system, it does not just tell teams to raise or lower prices, it helps them understand which pricing decision fits the business goal.