

CASE STUDY

Luxury Cruise Retailer Revolutionizes Pricing Strategy with Contextual AI

This case study explores how a global luxury cruise retail operator transformed its onboard pricing strategy using Competera's contextual-AI pricing solution with demand-based pricing, leading to a 30% daily profit increase per passenger in their fragrance category during a 9-week pilot while reducing pricing team workload by 80%.

Executive Summary

A leading luxury retail operator managing operations across 89 premium cruise ships worldwide and part of a major luxury goods conglomerate faced unique pricing challenges: complex ship migration patterns, constant competitive price fluctuations across ports, and the need to optimize pricing for a fixed customer base during voyages. They partnered with Competera to pilot a data-driven solution powered by next-gen AI price optimization, focusing initially on their fragrance category. The partnership focused on addressing their specific needs: automated price adjustments based on ship location, real-time competitive monitoring across multiple ports, and dynamic pricing optimization for their captive audience environment.

* This case study is strictly confidential, so please ask permission from the Competera team to share it.

⊗ Challenges

Operating in the unique environment of cruise retail, the company faced several critical obstacles that hindered their pricing effectiveness:



Market Competitiveness

- Pricing misalignment increasingly driving passengers to shop onshore
- Need to remain competitive across multiple port locations
- Complex pricing requirements across premium and basic cruise segments



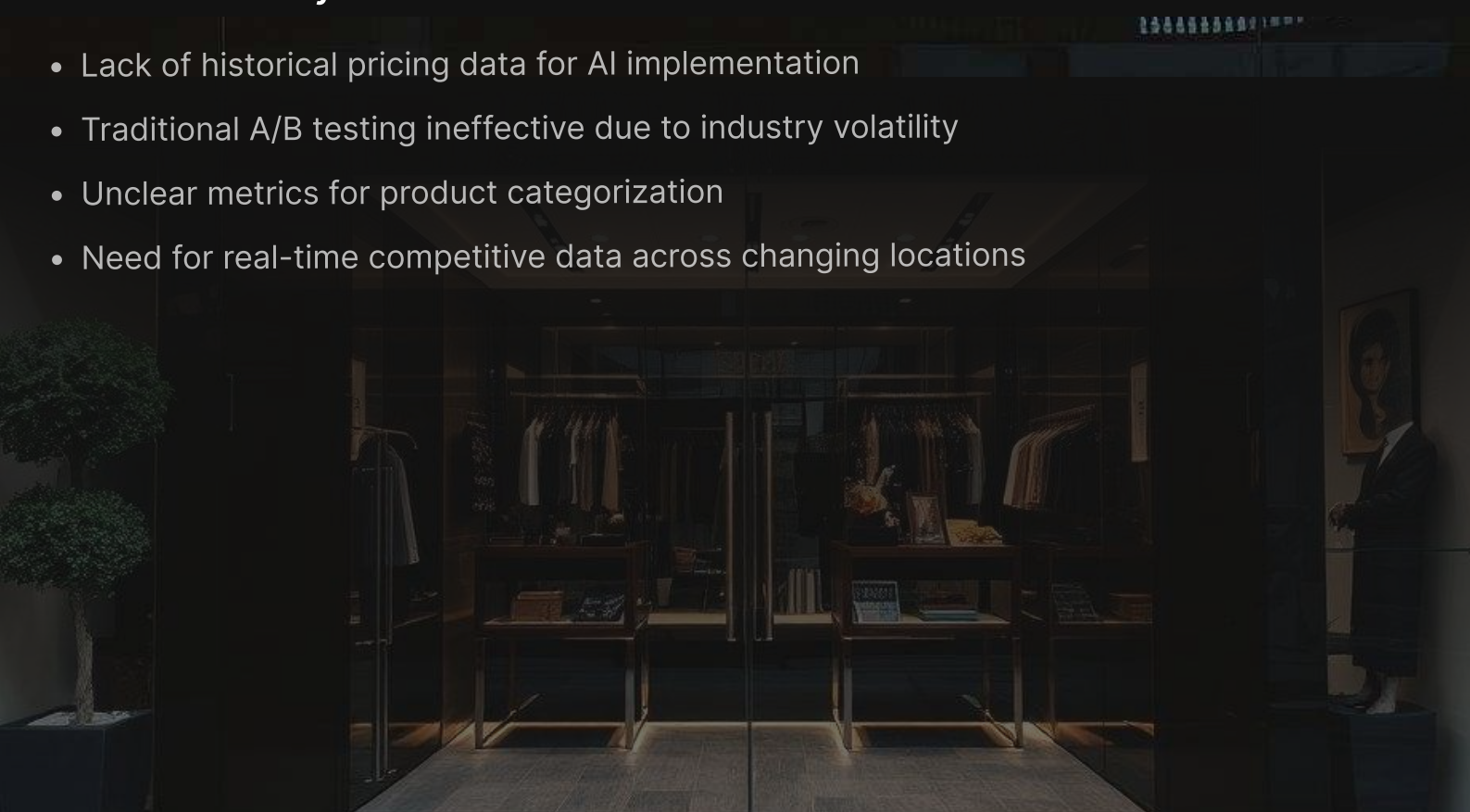
Operational Complexity

- Frequent location changes requiring constant price adjustments
- Annual repricing of entire assortment proving inefficient
- Managing pricing across 89 ships in different regions



Data and Analytics Limitations

- Lack of historical pricing data for AI implementation
- Traditional A/B testing ineffective due to industry volatility
- Unclear metrics for product categorization
- Need for real-time competitive data across changing locations



Solution

To address the unique pricing challenges of the luxury cruise retailer, Competera implemented a system of pricing rules to track and analyze price changes, gathering the necessary information for effective repricing. Using backtesting to predict pricing impact, the solution focused on long-term revenue growth while automating repricing for ship migration.

Using Competera's contextual AI-pricing solution, the retailer transformed its onboard pricing process by implementing demand-based pricing strategies that resonated with passengers. The platform ensures price stability during voyages while enabling effective pricing through AI-powered analytics and automation. The platform achieves this through several key components:



Comprehensive Analytics Dashboard

The platform provides all up-to-date comprehensive competitor data in a single, intuitive dashboard with unified measurement units and currencies, covering 70K goods across 15 categories from 30 competitors in 4 target regions. This centralized approach enables immediate access to critical market data for informed decision-making.



Demand-Driven Price Optimization

Utilizing contextual-AI models to analyze market trends and customer behavior, the platform delivers demand-based pricing strategies through KVIs and cruise-specific pricing rules. The system ensures optimal pricing decisions while maintaining alignment with overall business objectives.



Automated Repricing

The "one-click" repricing system provides human oversight of pricing decisions while streamlining operations, enabling efficient yet controlled pricing management aligned with cruise ship itineraries.

Key Results

The cruise retailer measures success in daily profit per passenger to normalize data across voyages with varying passenger counts. A 9-week pilot focused on the fragrance category revealed:

30%

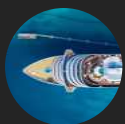
increase in daily profit per passenger

80%

reduction in pricing team workload



With a highly complex global operation structure, we needed a pricing solution suite that allowed us to set and maintain prices. Competera's suite is a game-changer that optimizes pricing across the product's lifecycle, incorporating multidimensional analytics and AI solutions to support decision-making.



Senior Director,
Business Performance and Analytics

Continued Partnership

The luxury cruise retailer **continues to expand their use of demand-based pricing strategies** through their partnership with Competera, implementing the solution across all regions where sufficient data exists.

The partnership between the cruise retailer and Competera demonstrates how **innovative pricing strategies can transform traditional luxury retail operations** in unique environments, enabling data-driven decisions that balance profitability with customer satisfaction in the distinctive cruise retail sector.