

Home Furnishings Retailer Maximizes Revenue and Sales Win Rates with C3 AI Pricing Optimization



A major U.S. home furnishings company struggled to manage and optimize its pricing strategy. To secure sales deals, its 3,500 sales representatives routinely offered outsized discounts to prospective customers, which eroded margins and led to inconsistent sales performance. More than 80% of all deals were signed at prices below the company's established absolute minimum price threshold. The company wanted to equip its sales force with clear, data-driven pricing guidance to increase win rates, minimize unnecessary discounting, and improve overall margins.

To address these issues, the company partnered with C3 AI to implement C3 AI Pricing Optimization, an AI-driven pricing application that significantly improved sales win rates and margins while eliminating sales below the minimum price and adding pricing execution visibility throughout the organization.

The solution integrated over 7 million rows of historical customer and pricing data. The joint team developed price elasticity curves across products, market segments, and geographies to model the relationship between price, margin, and win rates. The new

AI-driven approach enabled the customer to balance margin contribution with the likelihood of closing a deal. To ensure confidence and adoption, C3 AI verified the results with robust testing and validation, such as A/B, switchback, and randomized tests.

The client received results within 3 months and the company saw measurable impact. C3 AI Pricing Optimization is estimated to generate \$15 million in additional revenue, a 2% increase in overall win rates, and more than \$3 million in added margin. In the ensuing months after deploying C3 AI Pricing Optimization, the company went from 80% to almost 0% deals closed below the minimum set price.

By standardizing the execution of pricing strategies, the company significantly reduced variation in pricing across its sales team. It also centralized all pricing intelligence into a single, data-driven source of truth. This shift not only streamlined decision-making but also strengthened the company's competitive position and improved overall profitability.

Project Objectives

- Provide clear, data-driven pricing guidance to the customer's sales force on a granular level, such as SKU/customer segment/location
- Minimize unnecessary discounting
- Increase win rates
- Improve overall pricing margins

Results

\$15M+

revenue increase

\$3M+

total margin increase

2%

sales win rate increase

3 months

from kick-off to an operational application

Challenges

Before partnering with C3 AI, a leading U.S. home furnishings retailer faced significant hurdles in its pricing strategy across its 40 operating markets, severely impacting its margin and total revenue capture on \$1B annual sales. Discounts were largely driven by individual sales representatives, resulting in inconsistent pricing across the organization. Without a centralized, data-driven, or AI-enabled pricing framework, the company struggled to maintain healthy margins, achieve consistent win rates, and deliver strong customer satisfaction.

Most of the company's pricing strategy and the sales expertise were fragmented and undocumented, making it virtually impossible to establish a scientific, fact-based approach to pricing and sales performance. This lack of structure made it difficult to align pricing strategies with actual sales outcomes, leading to missed opportunities for margin optimization.

The company also lacked automated analytical tools for real-time pricing insights. Decision-making was slow, and the long response cycles prevented the business from adjusting the strategies quickly. Additionally, there was limited visibility into key factors such as customer willingness to pay and market segmentation, making it difficult to tailor offers to specific customer needs.

Recognizing these challenges, the company sought a solution that could deliver AI-powered pricing insights, automate pricing analysis, and enable faster, more informed decision-making – ultimately to improve win rates, increase margins, and elevate customer satisfaction.

Approach

Over the course of a 12-week collaboration, the joint team successfully integrated over 7 million rows of pricing data from multiple customer sources. This created a comprehensive, data-driven foundation to support pricing optimization at scale. The approach began with collecting product-level data to analyze two critical relationships: margin-to-price and win rate-to-price.

These insights revealed how different price points impacted both profitability and deal conversion, helping the team understand pricing dynamics across the product portfolio.

Next, the team developed a new market segmentation framework based on the regions served—each with distinct goals, constraints, and levels of customer willingness to pay. This segmentation was designed to align with the company's strategic objectives while tailoring pricing strategies to specific market needs.

With a clear understanding of both products and market segments, the team constructed price elasticity curves for every SKU and market combination. These curves enabled the identification of optimal price points that would maximize total return by balancing margin contribution with win rate.

About the Company

- \$1 billion in annual revenue
- 75+ metropolitan areas
- 3,500+ sales consultants

Project Highlights

- 3 months from project kickoff to a fully operational, production-ready application
- Demand estimation through data pre-processing that accounted for stockouts true customer demand
- AI-driven segmentation to identify market segments, customer willingness to pay, and key product attributes
- Rigorous testing framework, including A/B tests, switchback tests, and randomized test to evaluate impact
- Cloud-native deployment hosted on Google Cloud



Once the pricing model was operational, the company began executing data-driven pricing decisions that improved margin contribution, increased sales win rates, and enhanced overall pricing effectiveness.

Crucially, the new application also enabled the company to systematically enforce its pricing strategy across its network of over 3,500 sales representatives, while tracking execution in real time. This empowered the organization to maintain consistent pricing discipline, improve operational efficiency, and strengthen its competitive position driving stronger, more sustainable financial outcomes.

Solution Architecture



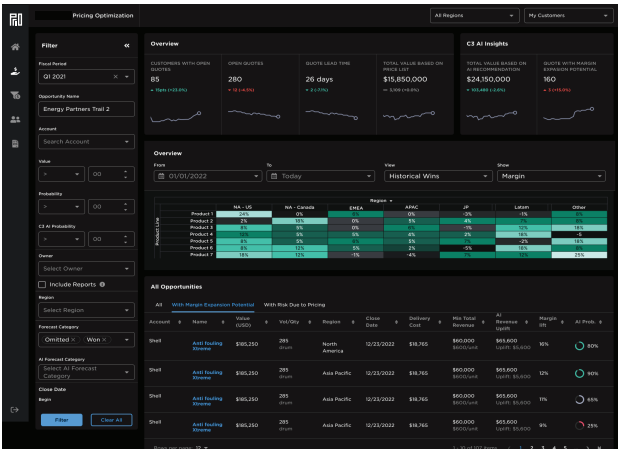
Enterprise Data

Traditional Internal and External Data Sources

- Sales Orders & Quote Data
- Sales History
- Price History
- Competitor Data
- Margin Data
- Direct & Indirect Cost Data
- Marketing Campaigns
- Promotions & Discounts
- Holidays & Other Events
- CRM
- Product Information & Hierarchy
- Sales Incentive Tiers
- Customer Information & Demographics
- Inventory Availability
- Historical Demand Forecasts
- Pricing Rules and Constraints
- Customer Feedback and Reviews
- Customer Segmentation

Additional External Data Sources

- Weather
- Commodity Price Indices
- News
- Macroeconomic Data (e.g. inflation, etc.)
- Keyword Search Trends
- Competitor Insights
- Product Information & Hierarchy
- Sales Incentive Tiers
- Customer Information & Demographics
- Inventory Availability



Benefits

With the C3 AI Pricing Optimization application, the home furnishings retailer can now:

Generate

\$15 million in additional revenue from 2% company-wide win rate increase

Increase

contribution margins by \$3M+

Institute

systematic pricing execution and evaluation across sales reps

Reduce

Pricing variation among sales representatives

Consolidate

Company's pricing intelligence in a single source of truth, instead of the previous tribal knowledge

Enterprise-wide

Pricing optimizations for the company's entire salesforce – **3,500 sales reps**

Proven Results in 6-Month Pilot Visit C3.ai/get-started