

Electronic Component Market Price Competitiveness & How Lytica Calculates It



At [Lytica](#), we pride ourselves on having the world's only database of real-world prices paid by real customers for millions of electronic components. This gives us unprecedented insight into the market as a whole, and allows us to analyze each customer's standing in the marketplace.

“What is Market Price Competitiveness?”

1. Market Competitiveness is the measure of how the supply chain sees that company.
2. Price competitiveness is a statistically derived ranking expressed as a percentile where 100% represents best in class spending performance. A 50th percentile company would be average, companies ranked less than 50% would be worse than average.
3. A company should expect to pay a price commensurate with their Competitiveness within that particular commodity.
4. Company standing and “influence” affect competitiveness.

“Does volume matter in electronic component pricing?”

1. The short answer is no - and certainly not at the individual part number level.
2. We can debunk the common misperception that price is directly related to volume.
3. Many variables impact component prices, such as commodity spend, channel, geography, alternate sources and many more.
4. Rather than focus on volume, think in terms of how badly this supplier wants my business and why. Also, how much do I need this supplier and why?
5. The total spend with a manufacturer has influence – you should expect a price appropriate with your total annual spend with that supplier.

“How do I know my Market Competitiveness rating is accurate?”

1. With a constant influx of current data from customers, we have true market visibility that no one else has. We anonymize and analyze client pricing versus our database for comparison and compute their competitiveness scoring.
2. Lytica makes use of artificial intelligence and machine learning to accelerate and augment our data collection and put it into action. Our AI and statistical methods enable us to accurately provide price information and suggest alternative parts at a form, fit and function equivalent level.
3. Lytica has price models for most electronic components derived from our customer

data that we use to characterize your pricing, point to component price anomalies, and set appropriate targets for you.

“How will knowing my Market Competitiveness “score” affect my price negotiations?”

1. Lytica provides the science and your buyers provide the art in negotiations.
2. Competitiveness helps quantify how your company is doing overall in the market place and along side your industry peers.
3. If you have a competitiveness level of 65%, you should be paying no more than 65th percentile prices for your parts.
4. Customers have proven time and time again that using Lytica’s price prediction approach for electronic components delivers a high and ongoing ROI with minimal effort compared to traditional cost reduction techniques.

Lytica’s [SupplyLens™ Pro](#) SaaS platform was built with one primary goal: arm our customers with the data and analysis they need to build better and stronger supply chains. If you’d like to learn how you can help your company or your client realize unprecedented levels of cost reduction and risk intelligence, [schedule a demo](#) with the Lytica team today.

SupplyLens™ PRO



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