

# Leveraging technology to glean investment insight from unstructured, alternative data

## Client

UK-based long/short hedge fund with AuM of approximately US\$6 bn.

## Opportunity

The client had a significant long position across component manufacturers and wanted to analyse the relative pricing power of products supplied by various players (O'Reilly Auto Parts, AutoZone and Advance Auto Parts) for different car models of the auto makers (Honda, Toyota and Nissan). As part of the competitive benchmarking exercise, the client wanted to compare the prices of various parts offered by the component manufacturers on their individual websites versus their prices on third-party marketplaces (e.g. Amazon).

**>100**

Product combinations analysed

**10x**

More sample size compared to a similar manual effort

**12+**

Quarters of continued use of the solution

## Solution

- Finalized the list of various products supplied by the component manufacturers e.g. brake rotors, water pumps, etc. that could be compared across the two pricing platforms and prepared profiles of those products.
- Discussed with the client on the significant time investment required to collect such data manually, given the varied possible combinations of products supplied to different models and makes across various auto manufacturers.
- Post approval from client, designed a solution in cooperation with our in-house dedicated data analytics team including a web scraping tool, data extraction, data structuring and data presentation.
- Delivered an insightful solution that:
  - i) leveraged technology for efficient turnaround and
  - ii) provided a top-down analysis of the relative pricing power of the component manufacturers.

## Value Delivered

1

An automated tool that reduced the turnaround time by ~80% as compared to the manual method.

2

A flexible, easy-to-use and scalable solution with an option of increasing the scope of the data collection by adding more component manufacturers, auto companies and car model.



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