Introduction to **PACE**—Pricing Aligned with Consumer Economics

TELLUSANT
Streamlining Corporate Decision Making

PACE (Pricing Aligned with Consumer Economics) is a new and revolutionary web app by Tellusant to find latent demand.

It integrates seamlessly with TelluBase; our consumer classes insights app.

Tellusant is the world leader in automating key aspects of strategy development with its suite of products.

StrategyAI: self-populated strategy documents in an ecosystem driving interactivity

PACE: Pricing Aligned with Consumer Economics

TelluPlan
The integrated management strategy platform

PoluSim: market models and easy-to-manage scenarios

QuantRisk: understand risks quantitatively

TelluBase: The world like no one has seen it in data

Strategy Consulting

Where in the world is the market: Actual and latent? Current and future? **PACE** answers this

The PACE app allows companies to:

- Quantify how much consumers could buy at a given price point, by household income level

- Compare this to what they are actually consuming

- Make changes to price assumptions to see how the opportunity changes

Use-case examples:

- Find why sales could grow faster or slower than GDP. Is your consumer base changing dramatically? *Car sales in China grew significantly faster than GDP for years. How?*

- Identify opportunity to unlock untapped consumers. *Cell phones in Ethiopia grew at an unprecedented rate in early 2000s. Why?*

- Optimize price points to access new consumers. *Craft beer tapped price-insensitive consumers. Where?*

PACE integrates seamlessly with TelluBase. This gives global coverage 10 years into the future:

- 218 countries
- 2,600 cities with more than 300,000 people (US and EU >100,000)
- 2,500 primary subdivisions and sub-subdivisions (states, provinces, prefectures, etc.) and 25,000 secondary subdvisions
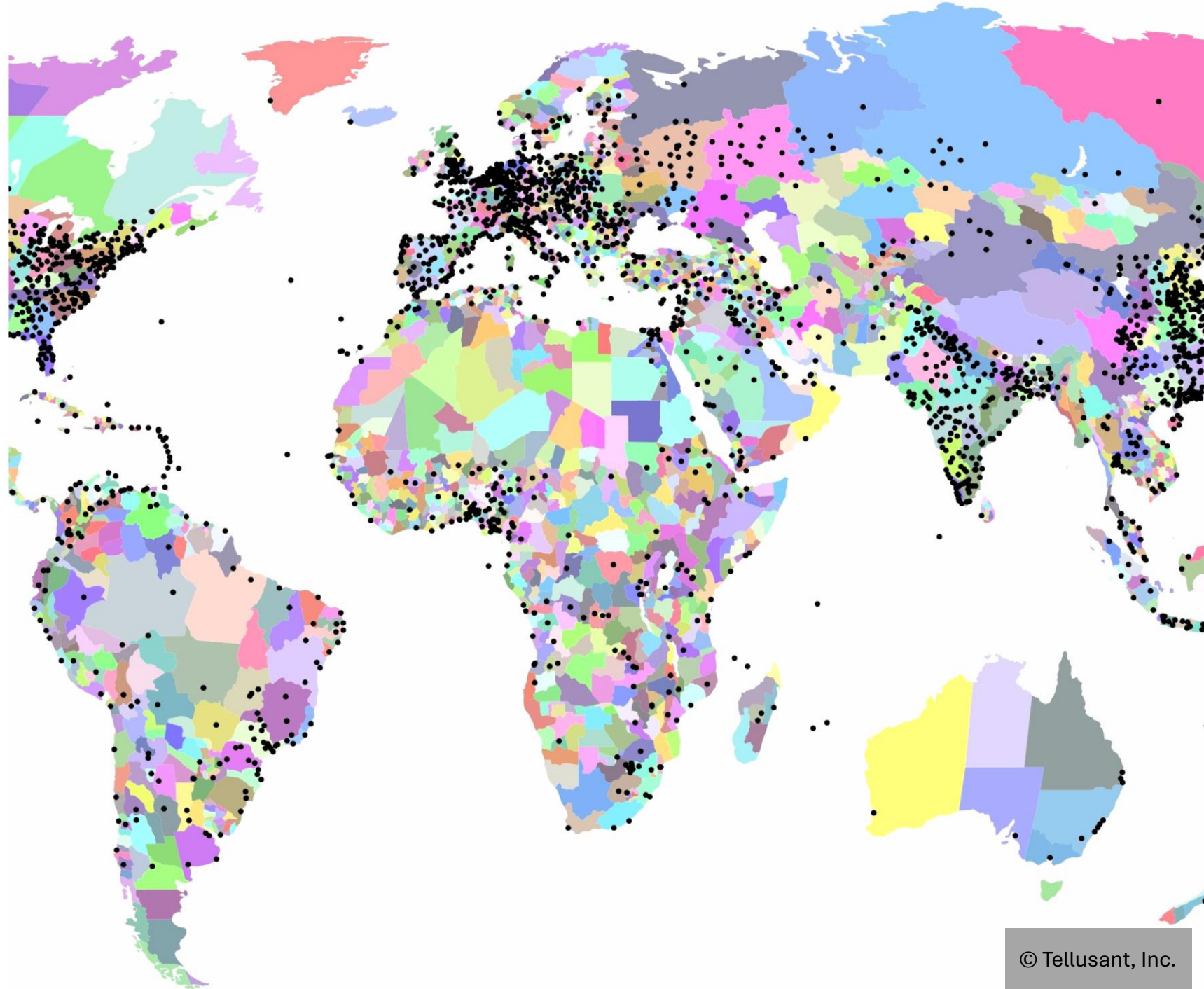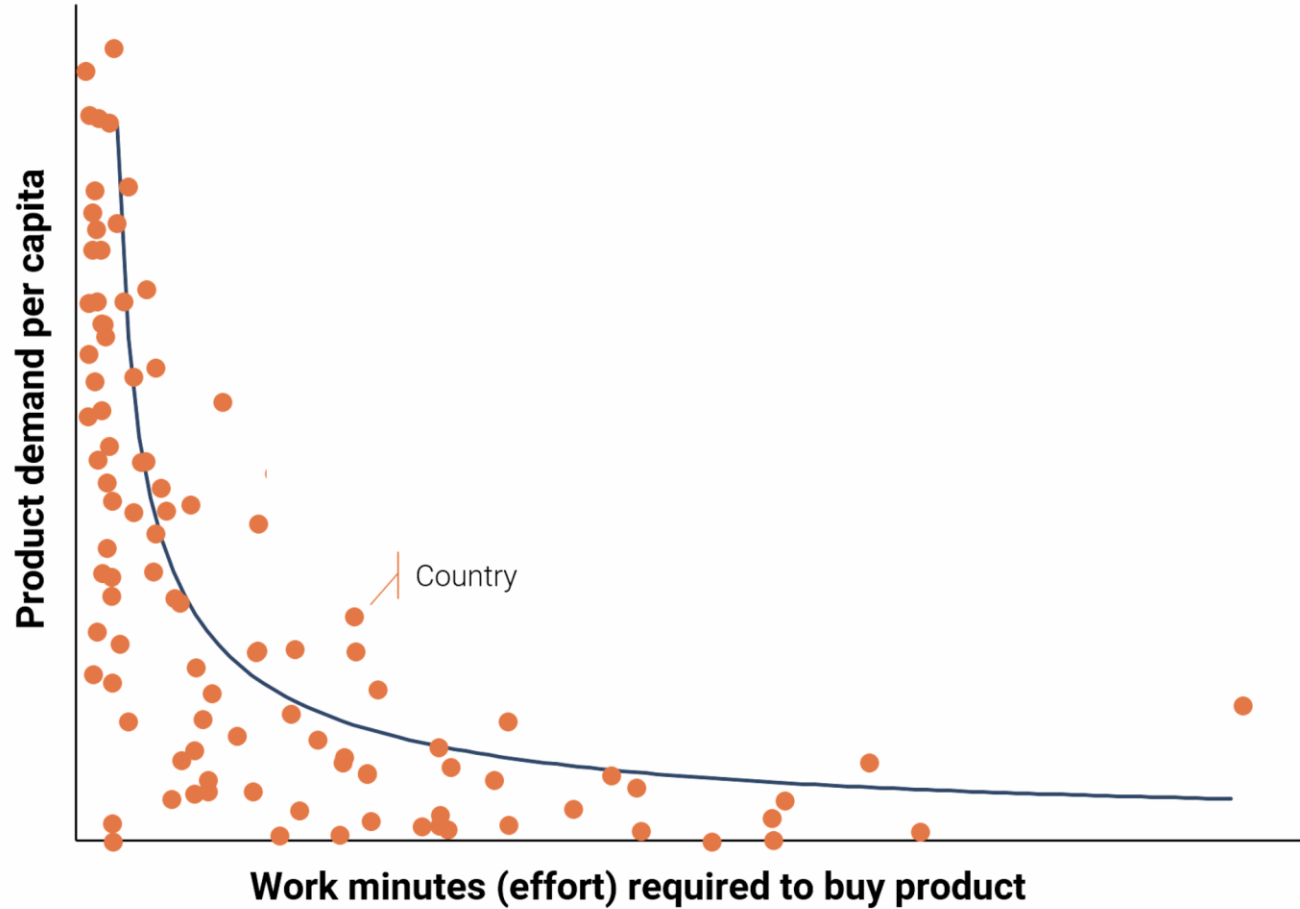
PACE utilizes several concepts: work minutes — income distribution — s-curves — and more

TELLUSANT'S LAW OF EFFORT

Product demand per capita (y-axis) vs. Work minutes (effort) required to buy product (x-axis)
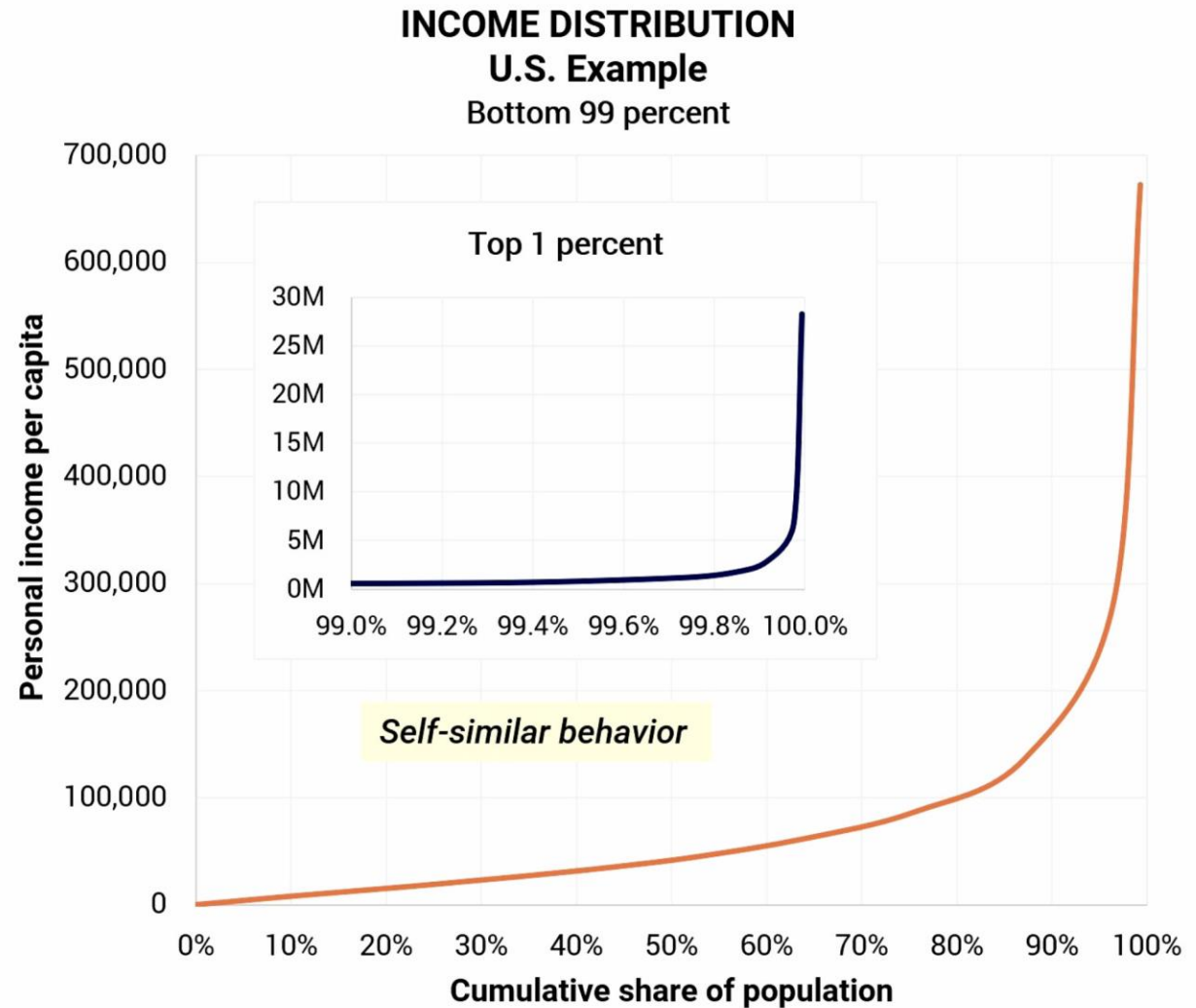
Country

The work minutes (effort) concept is fundamental to understanding demand

- Work minutes and demand follow a highly predictable pattern regardless of category
- The work minutes approach makes comparisons possible between countries
- The work minutes concept is easy to understand and discuss
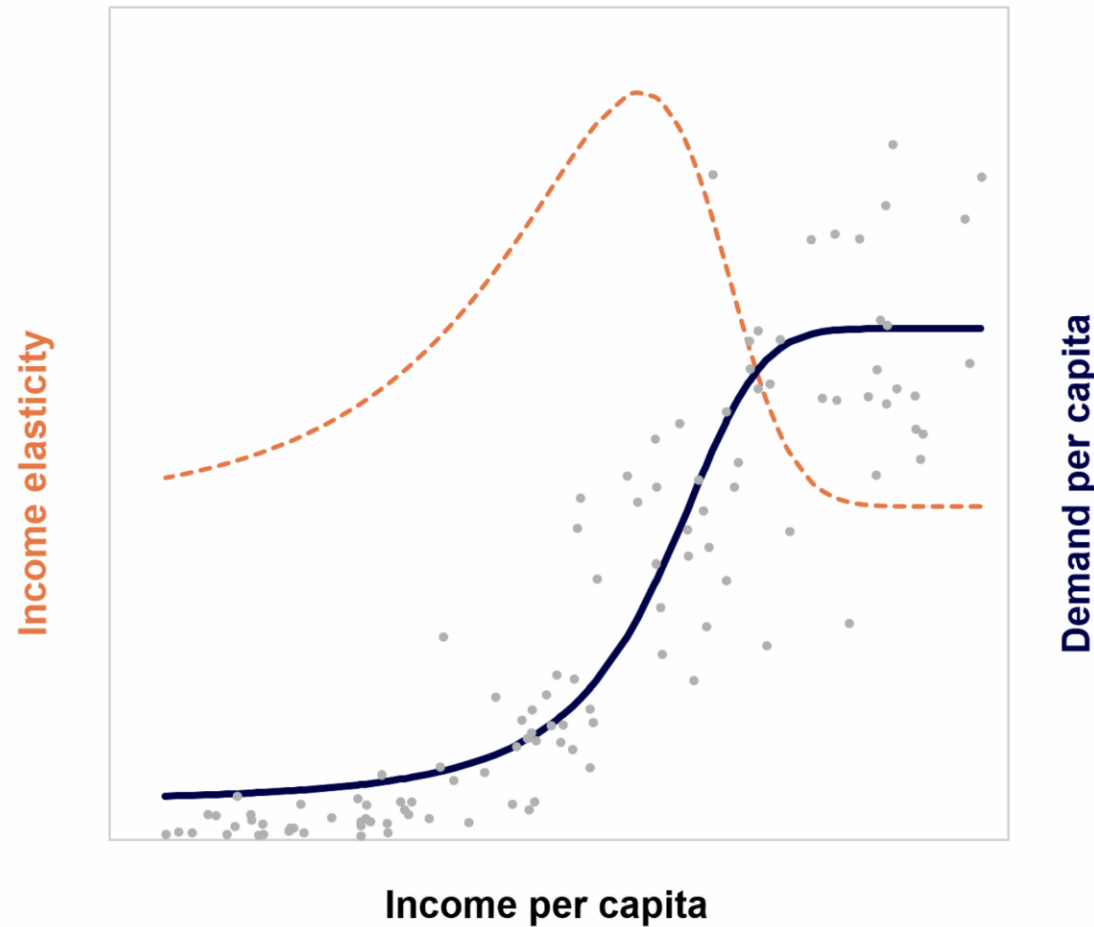
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Income distribution reveals demand patterns:

- National average income conceals the true story
- One should know how many households have a certain purchasing power in a given geography
- The result is much better predictive power when sizing markets

Income distribution is a mathematically challenging problem. Tellusant has uniquely solved it.

INCOME DISTRIBUTION
U.S. Example
Bottom 99 percent

Top 1 percent

Self-similar behavior

Personal income per capita

Cumulative share of population

S-CURVE WITH CORRESPONDING INCOME ELASTICITY

Income elasticity

Demand per capita

Income per capita

S-curves are fundamental to PACE:

- S-curves show how demand changes with income changes, in a nonlinear fashion

- From the s-curve, income elasticities are derived

- This allows for dynamic predictions

When combined with work minutes and income distribution, PACE models become highly accurate.
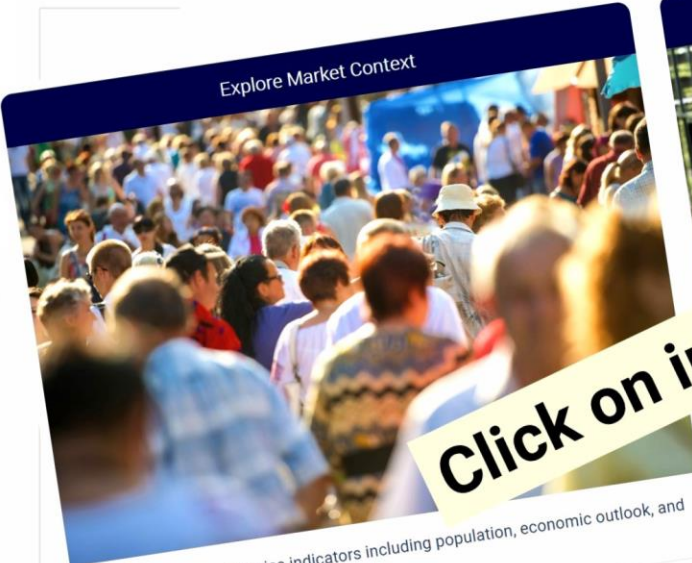
Pricing Impact On Co...

Income Fractiles (i)

Global view...

Global v **Work Minutes** (i)

Work minutes at an average core price

2026

View

Explore Market Opportunity

Explore Market Context

Manage Data

Click on image to flip through screenshots

Find potential consumers based on different price points.

Change market volume and price data in the data manager.

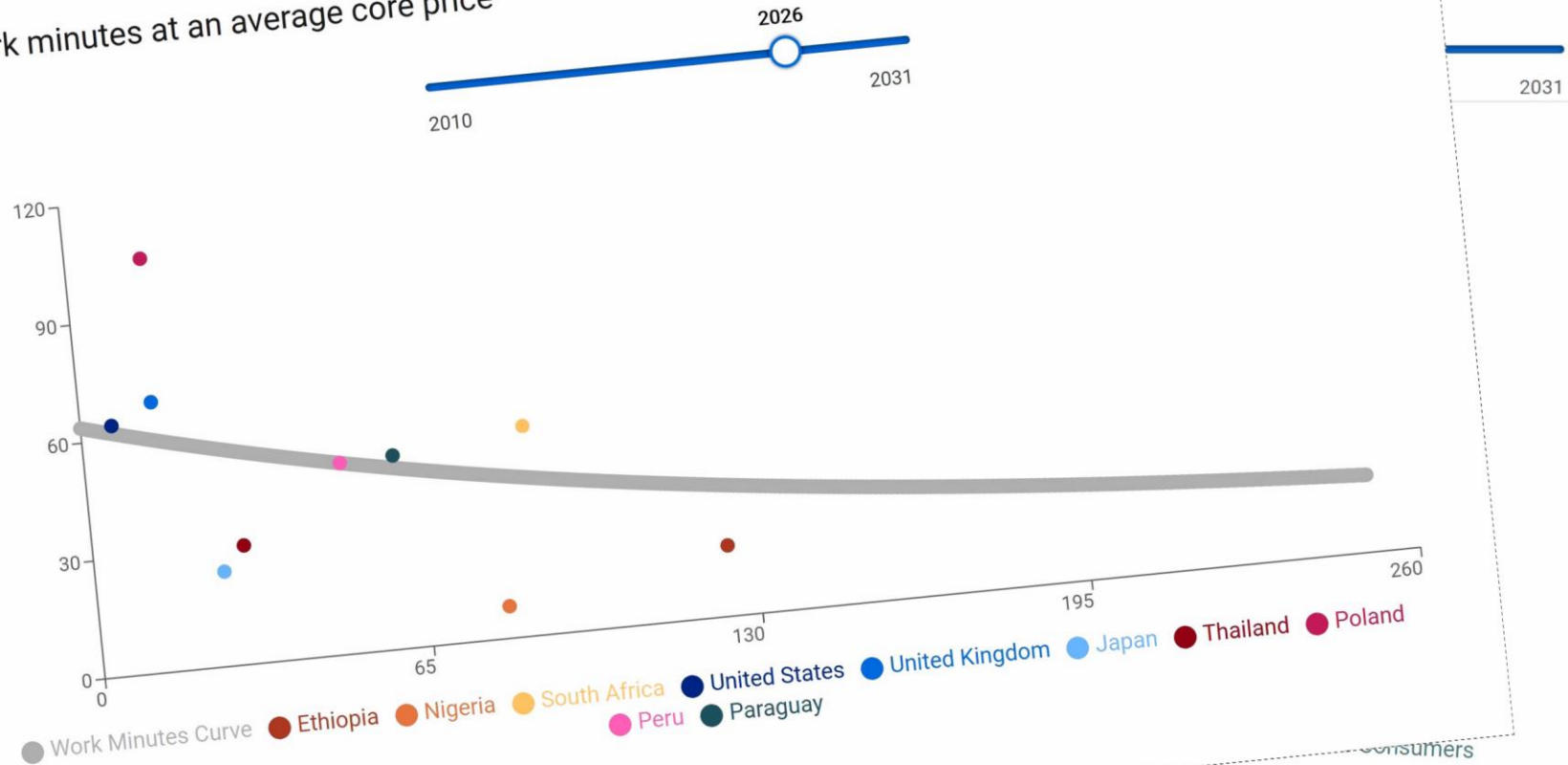View key macroeconomics indicators including population, economic outlook, and more.

260

195

130

65

0
0

● Work Minutes Curve ● Ethiopia ● Nigeria ● South Africa ● United States ● United Kingdom ● Japan ● Thailand ● Poland
● Peru ● Paraguay

Consumers

Income Fractiles ⓘ

Pricing Impact On C...

Global v...

Global v...

View

2031

Work Minutes ⓘ

Work minutes at an average core price

2010   **2026**   2031

Work minutes at an average core price

120

90

60

30

0

0   65   130   195   260

● Work Minutes Curve   ● Ethiopia   ● Nigeria   ● South Africa   ● United States   ● United Kingdom   ● Japan   ● Thailand   ● Poland
● Peru   ● Paraguay

Consumers

Pricing Impact On Consumer

Income Fractiles (i)

Global view - Age income fractile

View | Age income fractile

Global view - Age income fractile

View | Age income fractile

Age group | 18-34

Fractile | Multiple fractiles

2026
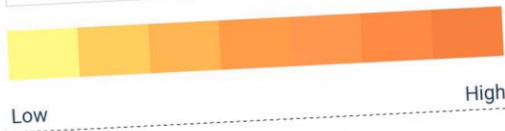
2000

2022

2031

Low

High

us Entrants

ss Consumers

Income Fractiles ⓘ

Global view - Age income fractile   ⤓

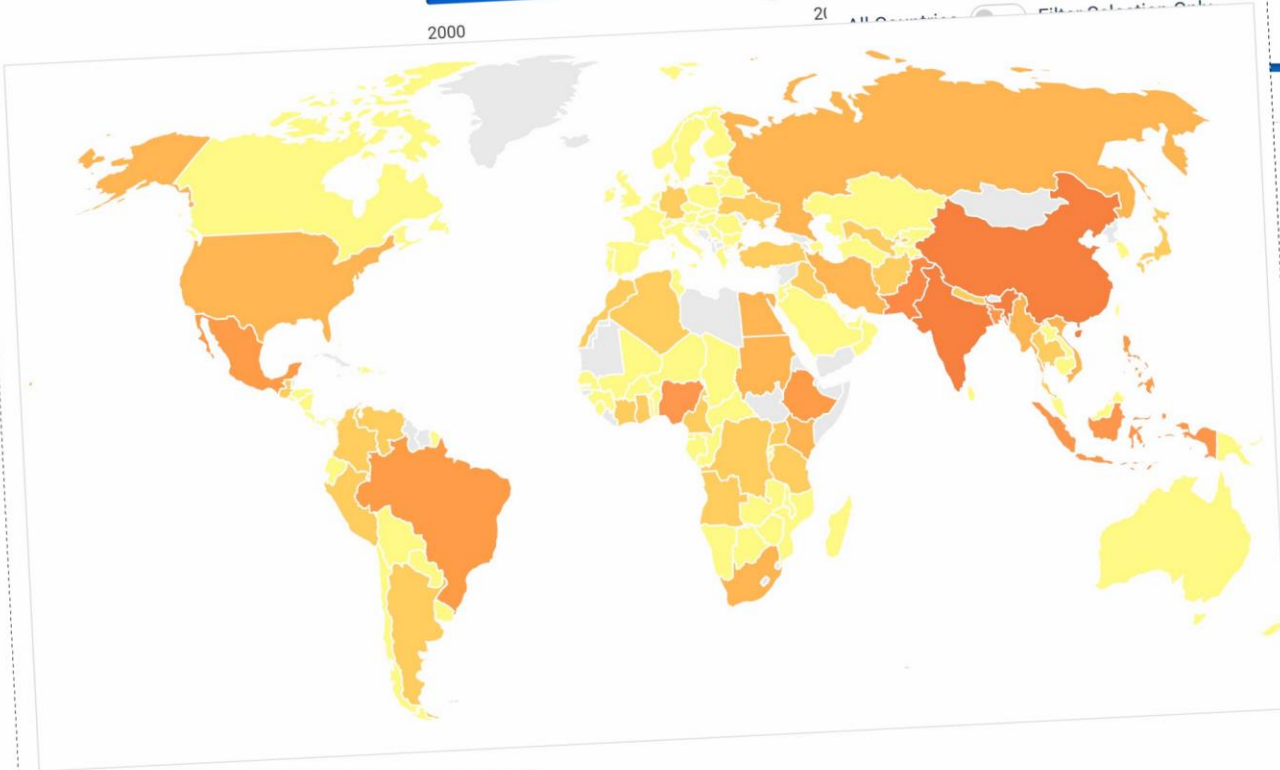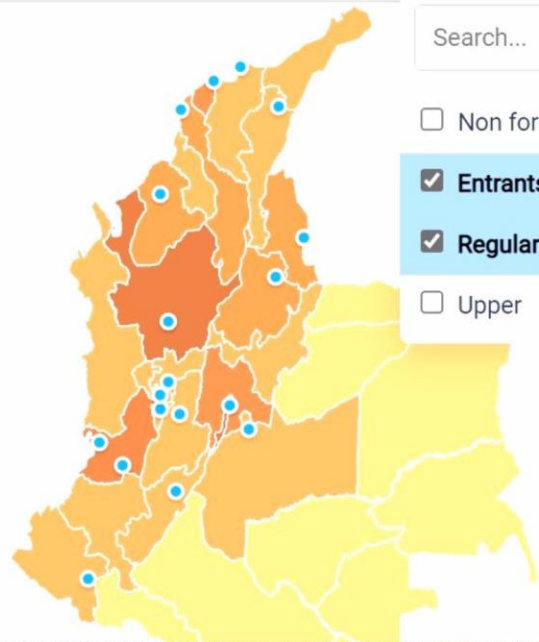| View | Age income fractile ⌄ | Age group | 18-34 ⌄ | Fractile | Multiple fractiles ⌄ |

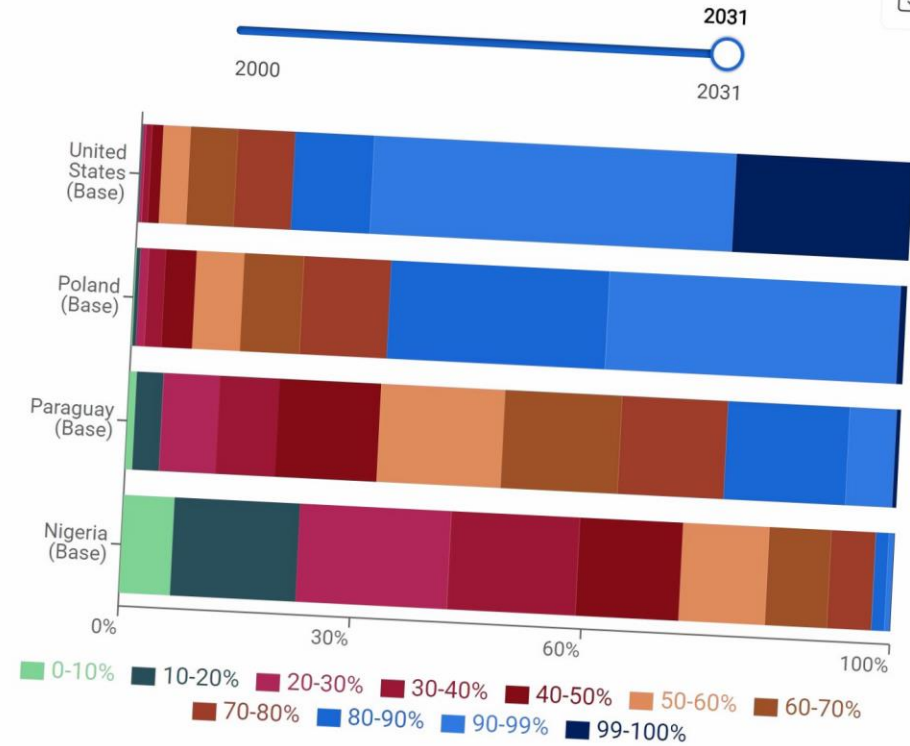2022

2000   2031

Search... 🔍

☐ Non formal

☑ **Entrants**

☑ **Regular**

☐ Upper

■ Regular Formal Goods Consumers   ■ Upper Class Consumers

Income Fractiles (i)

Income fractiles by country in 2031

2031

2000 — 2031

United States (Base)

Poland (Base)

Paraguay (Base)

Nigeria (Base)

0%   30%   60%   100%

■ 0-10% ■ 10-20% ■ 20-30% ■ 30-40% ■ 40-50% ■ 50-60% ■ 60-70%
■ 70-80% ■ 80-90% ■ 90-99% ■ 99-100%

Change in income fractiles from 2022 to 2031

2022   2031

2000

United States (Base)

Poland (Base)

Paraguay (Base)

Nigeria (Base)

-20.0M   0.0M   20.0M   40.0M   60.0M

■ Non Formal Goods Consumers   ■ Formal Goods Entrants
■ Regular Formal Goods Consumers ■ Upper Class Consumers

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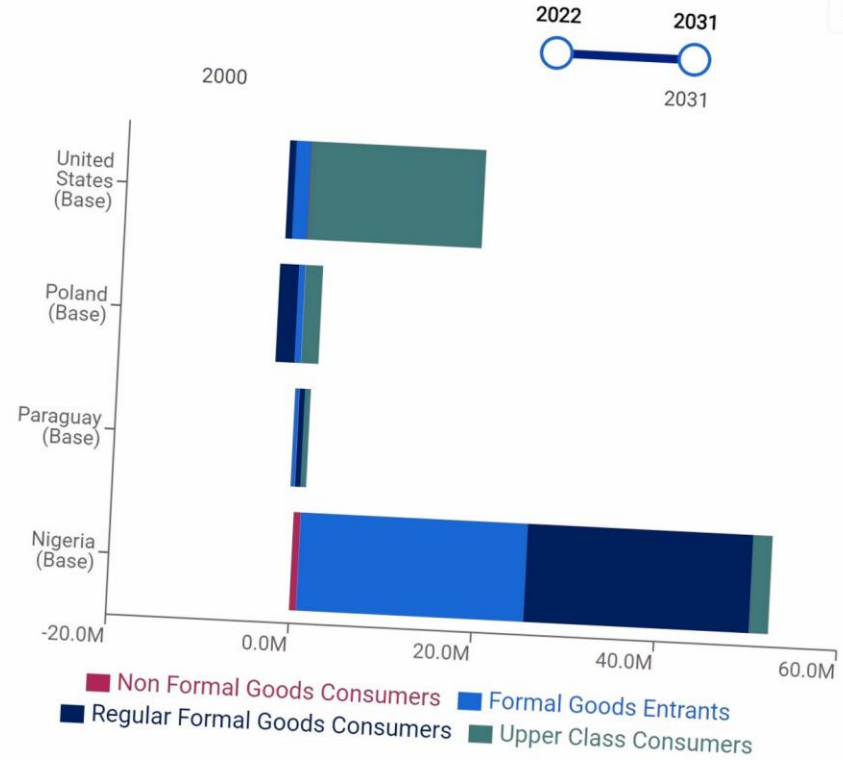
Pricing Impact On Consumption ⓘ

USD   2.68

In 2022 real values

2010   **2024**   2031

Share of population by consumer type

Consumer Type	Population Share
Peak Consumer	87.31%
Regular Consumer	9.21%
Occasional Consumer	3.40%
Rare Consumer	0.07%
Cannot Afford	0.00%

0.00%   25.00%   50.00%   75.00%   100.00%
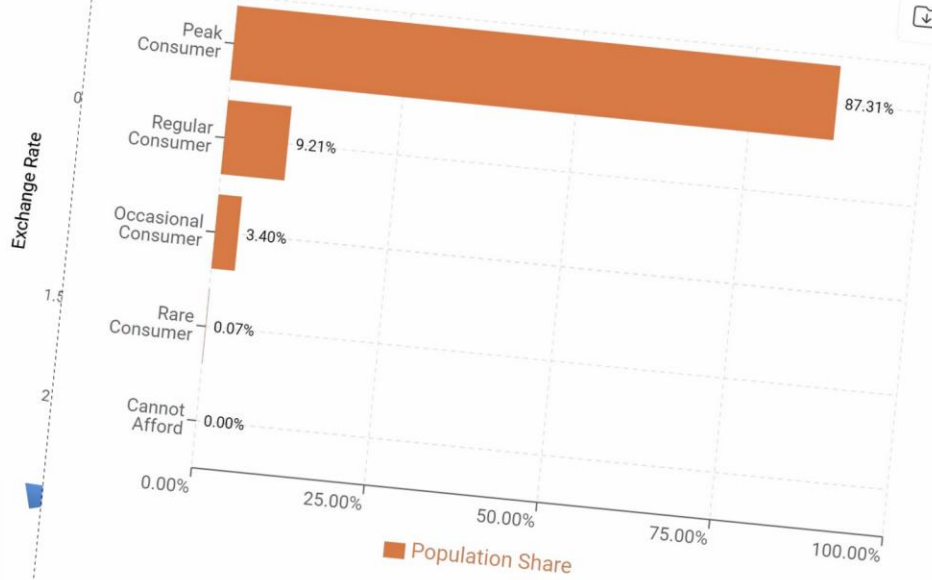
■ Population Share

Per capita consumption by share of population

250
200
150
100
50
0

0%   20%   40%   60%   80%   100%

■ Max PCC   ■ Actual PCC
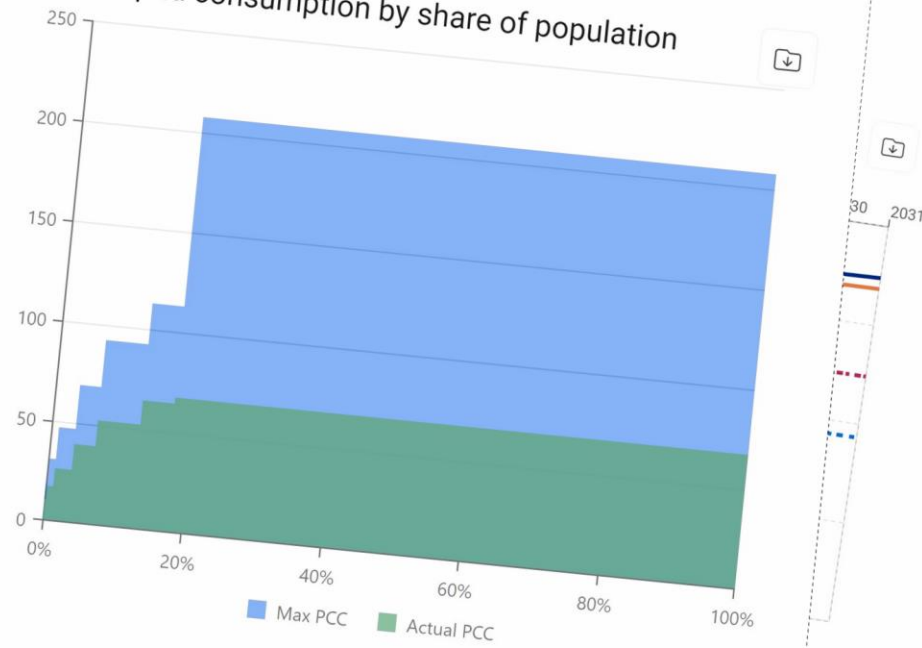
Exchange Rates ⓘ

Base Country: Thailand ⌄

Comparison Country: India ⌄

Rate Source: Tellubase estimate ⌄

Anchor Year: 2022

2000 ——————○ 2031
2000   2031

Exchange rate: INR (Rupee) vs THB (Baht)

Exchange Rate (Y-axis): 0, 0.5, 1, 1.5, 2

X-axis years: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031
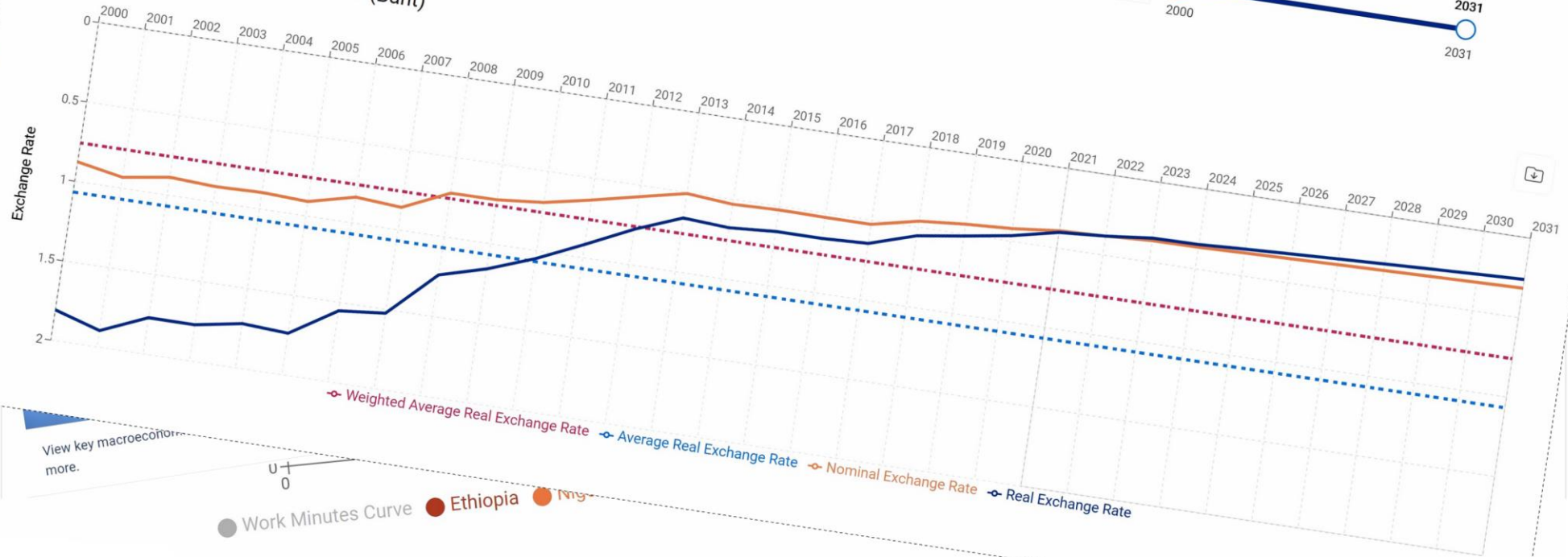
Legend:
- —○— Weighted Average Real Exchange Rate
- —○— Average Real Exchange Rate
- —○— Nominal Exchange Rate
- —○— Real Exchange Rate

View key macroecon... more.

Work Minutes Curve ● Ethiopia ● N...

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