

Multinational Grocery Cross-Channel Pricing Strategy

Client

A multi-billion-dollar supermarket retailer operating multiple banners across Central and South America

Challenge

- The client lacked a cohesive pricing strategy, leading to inconsistent execution across categories, banners, and locations
- Existing pricing tools and processes were outdated, requiring excessive manual effort and limiting strategic pricing capabilities
- Competitive price positioning was challenged by evolving market conditions, requiring a more data-driven and dynamic pricing approach
- With SAP implementation underway, leadership recognized an opportunity to integrate advanced price optimization technology to drive profitability

Approach

- Conducted a comprehensive pricing assessment, reviewing pricing policies, competitive positioning, and internal processes
- Benchmarked against industry best practices to identify key opportunities for pricing improvement
- Led workshops with category directors and leadership to assess current capabilities and identify pain points
- Evaluated the client's SAP implementation to align future pricing solutions with system capabilities
- Developed a roadmap for implementing an advanced price optimization solution, prioritizing key initiatives for efficiency and profitability

Impact

- ✓ Identified \$4M+ in annual margin improvement through advanced pricing optimization
- ✓ Defined a strategic pricing roadmap, aligning pricing with brand positioning and market dynamics
- ✓ Recommended the implementation of a price optimization system, projected to yield 415% ROI

Areas of Potential Benefit: continued

Pricing Opportunities: Category Management

CHALLENGES	LEADING PRACTICES	GAP
There are significant changes in government policy, such as price controls and minimum wage rules, that impact the company's profitability and ultimately have to be reflected in pricing. There are no tools to aid Category Directors in preparing pricing scenarios and performing "what if" analyses to prepare and respond.	<ul style="list-style-type: none"> An advanced price optimization tool allows the development of alternate pricing and margin scenarios and supports easy "what if" analysis. A dedicated pricing team supports Category Management in analysis, decision-making, and execution of prices. 	
Price elasticities are reflected by classifying items into one of four clusters based on the income level of the surrounding market. All products within each cluster are assumed to have similar elasticity characteristics.	<ul style="list-style-type: none"> Price elasticities are generated for each item / product combination by an advanced price optimization solution. Items are grouped together into "price points" based on having similar price elasticity history and behavior. 	
Cross-product pricing relationships (good / better / best buys, price families, private label goods, etc.) are managed and monitored manually by Category Directors and are not captured in a system or database.	<ul style="list-style-type: none"> Cross-product pricing relationships are captured as part of item setup / master data. Cross-product pricing relationships are applied automatically by an advanced price optimization solution. 	
Due to limited resources, the Business Intelligence team does not have the time to analyze pricing information to support the Category Directors.	<ul style="list-style-type: none"> A dedicated pricing team supports Category Management in analysis, decision-making, and execution of prices. Analysis is automated and reported by an advanced price optimization solution. 	

Case Study

