

IMPROVED THE PROCESS OF PRICE NEGOTIATIONS WITH NATIONAL BRAND VENDORS



For an American multinational retail corporation

ABOUT THE CLIENT

Client is an American multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores. They have more than 10,000 stores across 20+ countries carrying SKUs in over 900 categories.

CHALLENGE

The client wanted to define the process for price negotiations with the national vendors making sure the decisions were data driven and based on facts not just based on heuristics. This to find the best price for acquiring the raw material and revisit the price at the right time based on the fluctuation in costs of the components of the bill of material. The manual process of renegotiating was not efficient and didn't yield the best rates possible. Automating the process would make it faster, repeatable more frequently and based on data insights.

APPROACH

- Identified right subcategory based on private label penetration, price fluctuations etc.
- Analyzed data availability & coverage at SKU level
- Found the desired private label brand comparable for each national brand

- Analyzed price fluctuations and BoM variations between national and private brands to identify the root cause
- Created interactive dashboards using standardized data for better decision making
- Extended the process to all feasible product categories

KEY BENEFITS

- ✓ *The price negotiation process was automated and made it feasible to run the analysis frequently to validate the raw material costs with higher visibility and transparency into vendor prices*
- ✓ *The dashboard helped understand the price fluctuations between national brands and private brands to make an informed decision*
- ✓ *AI driven product mapping 3rd party website scrapping helped in improving the coverage of all national brand products for better comparison*

RESULTS

The client was able to negotiate better prices for the raw material and re-negotiate the price when the raw material costs fluctuated, this ended up in 3% average savings for procurement