

SALES UP 16%. PROFIT UP 5.7%

CLOSED PRICE GAPS AND ELIMINATED MARGIN SUBSIDIES

A Case In Point by Willard Bishop



Demand-Side Optimization



WILLARD BISHOP

To learn more about increasing profitable volume through demand optimization, contact Jim Hertel at jim.hertel@willardbishop.com 847.756.3712

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Challenges

Manufacturer was unaware of retailer's price position in the marketplace or their overall price strategy. Branded products experienced widening price gaps with private label product, and the manufacturer continued to lose share. Manufacturer believed retailer was unnecessarily giving away margin and they needed a new capability that could produce better pricing recommendations.

Inside the Insights

- Diagnosed retailer price position, strategy, tipping points, and gaps
- Determined household price sensitivities and developed optimal price segmentation gaps
- Developed pricing framework for manufacturer and transferred knowledge and capabilities

Reversed Trend: Sales Up 16%

- Closed price gaps to correct levels and eliminated margin subsidies
- Completely reversed share erosion with PL and manufacturer sales up 16%
- Category sales up 3.5% and profits up 5.7%



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Willard Bishop, with nearly 40 years of experience in consumer packaged goods (CPG) and food retailing, has earned the reputation as the industry's preeminent consulting firm. The company's rich history is steeped in delivering high-impact, high-value solutions across the CPG value chain.

Today, Willard Bishop continues to enhance the performance of its clients by using advanced analytics and superior insights to create game-changing outcomes.

Willard Bishop provides a solution matrix that combines expert knowledge and insight with custom-developed applications and tools, to improve client performance – from concept to consumer.

Willard Bishop practice areas include:

- Activity-Based Costing
- Retail Pricing/Promotion
- Localization Strategies
- Shopper Relevancy
- eCommerce
- Channel Development
- Collaborative Performance
- Product Positioning



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PRODUCTS

AD-IN™, developed by Willard Bishop and Prognos, is the first promotion productivity tool that optimizes the collective performance of a retailer's circulars and TPRs in order to gain margin and increase visits.



The Total Store SuperStudy™ (grocery) is a product performance benchmarking tool, created using 52 weeks of performance data from top retailers in the U.S. *SuperStudy™* sub-subscribers use this proprietary, aggregate data (available at total store, department, category, and brand levels) to make better decisions based on key financial metrics, including cost of goods, trade monies, margins, unit volume, profitability, ROI, and other financial performance measures.

The Convenience Store SuperStudy™ is a benchmarking and basket analysis tool used to improve decision making, and for developing fact-based performance initiatives. The 2014 *SuperStudy™* includes all key packaged goods and food service categories, as well as sub-categories, across three leading c-store chains.

The Localization Study™ is comprised of 60 million shoppers across select retailers in 25 states. The study is used by retailers and manufacturers to extract actionable insights from the study's transactional data, which spans 1,400 stores over a 104 week period. Subscribers use the *Localization Study™* to analyze category performance, customer behavior, and merchandising effectiveness.